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August 12, 2008

**By Hand Delivery**

The Honorable Gerard E. Lynch  
United States District Court  
Southern District of New York  
Daniel Patrick Moynihan Courthouse  
500 Pearl Street  
New York, New York 10007-1312

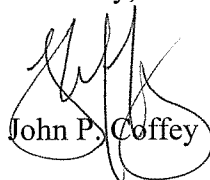
Re: *In re Refco, Inc. Sec. Litig.*, 05 Civ. 8626 (GEL)

Dear Judge Lynch:

On behalf of Lead Plaintiffs RH Capital and PIMCO and Co-Lead Counsel Grant & Eisenhofer, P.A., we are pleased to advise the court of another partial settlement in the above-referenced action. Specifically, yesterday Lead Plaintiffs and Sandler O'Neill & Partners L.P. signed a memorandum of agreement resolving the Class' claims against that bank. As the Court may recall, Sandler O'Neill is one of several junior underwriters of Refco's August 2005 initial public offering and a defendant in Counts V and VII of the pending complaint, which claims arise pursuant to the Securities Act of 1933. Sandler O'Neill underwrote approximately 2.8% of that stock offering.

Pursuant to the memorandum, Sandler O'Neill will pay \$3,500,000 to the Class in return for a release of the Class' asserted and potential claims. The parties intend to enter into a more comprehensive stipulation of settlement and present it to the Court for preliminary approval in due course.

Sincerely,



John P. Coffey

cc: (by email):  
Sharon Nelles, Esq. (Settlement Counsel for Sandler O'Neill)  
All Counsel of Record

