

PLEASE NOTE: This packet contains two notices relating to separate proposed settlements. Please read both carefully. Your rights may be affected by the proposed settlements.

Also enclosed is the proposed plan of allocation for the settlement proceeds that applies to all of the settlements, and a claim form. NOTE: **ONLY ONE CLAIM FORM SHOULD BE SUBMITTED.** It will apply to all of the settlements.

Notice of Proposed Settlement with  
Audit Committee and THL Defendants

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: 05 Civ. 8626 (JSR)  
In re REFCO, INC. SECURITIES LITIGATION :  
: :  
: :  
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**NOTICE OF (I) PROPOSED SETTLEMENT OF CLASS ACTION WITH THE AUDIT  
COMMITTEE AND THL DEFENDANTS, (II) HEARING ON PROPOSED SETTLEMENT AND (III)  
MOTION FOR AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES**

**If you purchased or otherwise acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco (CUSIP No. 75866G109) during the period July 1, 2004 through and including October 17, 2005, you might be a member of the settlement class in this action making you eligible for relief in connection with a partial settlement of the action.**

*A federal court authorized this Notice. This is not a solicitation from a lawyer.*

- This notice relates to a securities class action brought by investors who claim that the prices of Refco, Inc. common stock and Refco Group Ltd., LLC/ Refco Finance Inc. 9% Senior Subordinated Notes due 2012 ("Refco Notes") were artificially inflated as a result of false statements, non-disclosures, and fraudulent conduct in violation of the federal securities laws.
- On July 30, 2010, the Court preliminarily approved a partial settlement of this class action (the "Settlement") between the Court-appointed Lead Plaintiffs RH Capital Associates LLC and Pacific Investment Management Company LLC ("Lead Plaintiffs") and Defendants Ronald L. O'Kelley, Leo R. Breitman and Nathan Gantcher (collectively, the "Audit Committee Defendants"); Thomas H. Lee Equity Fund V, L.P., Thomas H. Lee Parallel Fund V, L.P., and Thomas H. Lee Equity (Cayman) Fund V, L.P. (the "THL Funds"); Thomas H. Lee Partners, L.P. ("THLP"), THL Equity Advisors V, LLC, Thomas H. Lee Investors Limited Partnership and The 1997 Thomas H. Lee Nominee Trust (collectively, the "THL Entities"); and Thomas H. Lee, David V. Harkins, Scott L. Jaeckel and Scott A. Schoen (collectively, the "Individual THL Defendants" and together with the THL Entities and the THL Funds, the "THL Defendants"). The Audit Committee Defendants and THL Defendants are referred to herein collectively as the "Settling Defendants."
- The Settlement, if approved, will resolve all claims between the members of the proposed Settlement Class and the Settling Defendants, but it is only a partial settlement of this Action; it does not resolve the claims against numerous other defendants against whom the Action remains pending (the "Remaining Defendants").
- The Settlement provides that Settling Defendants will cause \$130,000,000 to be paid to the Settlement Class in cash and also provides for the possible payment of an additional payment of up to \$10,000,000 as described in the Stipulation and Agreement of Settlement entered into by and between Lead Plaintiffs and the Settling Defendants, dated March 29, 2010 and amended on May 3, 2010 (the "Stipulation").<sup>1</sup>
- The proceeds of the Settlement described in this Notice will be combined with amounts recovered in a previously approved settlement,<sup>2</sup> amounts recovered in the concurrently proposed settlements with the Underwriter Defendants, and certain restitution funds obtained by Lead Plaintiffs from the United States government for the benefit of class members (the "Restitution Amount" and collectively with the settlement amounts, the "Total Settlement Amount"). If all proposed settlements are approved, the Total Settlement Amount is expected to be approximately \$380.488 million. The Total Settlement Amount with interest earned thereon is referred to as the "Total Settlement Fund".
- After payment of taxes, the costs of providing notice and administering the settlements, and the attorneys' fees and litigation expenses awarded by the Court, the remainder of the Total Settlement Fund (the "Net Total Settlement Fund") will be distributed to class members who submit timely and valid Proof of Claim forms. The Net Total Settlement Fund will be distributed in accordance with a plan of allocation (the "Plan of Allocation") approved by the Court. The proposed Plan of Allocation is set forth in a separate document enclosed with this Notice. The Plan of Allocation is not intended to be an estimate of the amount a Settlement Class Member might have been able to recover after a trial. It is solely a basis for determining the relative position of Settlement Class Members.
- Lead Plaintiffs' damages expert estimates that approximately 30,475,000 shares of Refco common stock and approximately 390,000 Refco Notes purchased during the relevant period could have been affected by the conduct at issue in the Action. If all eligible class members elect to participate in the settlements, the estimated average recovery from the Total Settlement Fund would be approximately \$9.83 per affected share of common stock and \$207.43 per affected Note, before the deduction of attorneys' fees, costs and expenses. Settlement Class Members should note, however, that these are only estimates based on the overall number of potentially affected shares and Notes. Some Settlement Class Members may recover more or less than these estimated amounts.
- If you request to be excluded from the Settlement Class, you will not be eligible to share in the proceeds of this Settlement or the recoveries from any other settlements that are presented to the Court for its consideration at the Settlement Hearing (as

<sup>1</sup> All capitalized words or terms, not otherwise defined herein, shall have the meaning as set forth in the Stipulation.

<sup>2</sup> You were previously advised that Lead Plaintiffs entered into an earlier partial settlement in this Action that was presented to and approved by the Court. Details of that settlement can be found at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com).

Lead Plaintiffs have now negotiated agreements of settlement with other defendants, in addition to the settlement with the Audit Committee Defendants and the THL Defendants described herein, that will be presented to the Court. Separate notice regarding those other settlements is being sent.

defined in Paragraph 24 below) or in any other recoveries that might be obtained in the Action, other than the recovery from the prior settlement that has already been approved by the Court.

- Lead Plaintiffs and the Settling Defendants disagree as to both liability and damages and do not agree on the average amount of damages per share and per Note that would be recoverable if Lead Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) whether the Settling Defendants engaged in conduct that would give rise to liability under the federal securities laws; (2) whether the Settling Defendants have valid defenses to any of the claims against them; and (3) the amount, if any, by which the prices of Refco's securities were artificially inflated as a result of the Settling Defendants' alleged violations of the federal securities laws. The Settlement was reached because it provides significant benefits to Settlement Class Members and avoids the costs and risks of continuing the lawsuit against Settling Defendants.
- Lead Plaintiffs' Counsel, who have been prosecuting this Action on a wholly contingent basis since its inception in 2005, will apply to the Court for an award of attorneys' fees in the amount of 7% of the first \$108 million of the previously approved settlement (no application for attorneys' fees was made at the time the earlier settlement was approved), and 18% of the proposed settlements now before the Court for approval (i.e., the settlements with the Underwriter Defendants and the Settlement described in this Notice), plus interest thereon at the same rate as earned by the settlement funds. If all the settlements are approved and the requested fee is awarded, the award will equal approximately 11.1% of the Total Settlement Fund.

In addition, Lead Plaintiffs' Counsel, who have advanced the costs of the litigation since its inception, will apply for reimbursement of expenses incurred in connection with the prosecution of the Action (which may include the reasonable costs and expenses of Lead Plaintiffs directly related to their representation of the Settlement Class), in an amount not to exceed \$11 million with interest thereon on at the same rate as earned by the settlement funds to be paid from the Total Settlement Fund.

If the Court approves all of the settlements being presented and approves Lead Plaintiffs' Counsel's fee and expense application as requested, the average cost of fees and expenses, assuming claims are filed for all affected shares and Notes, will be approximately \$1.38 per affected share of Refco stock and approximately \$29.02 per affected \$1,000 face amount Refco Note.

Lead Plaintiffs and the Settlement Class are being represented by Salvatore J. Graziano, Esq., of Bernstein Litowitz Berger & Grossmann LLP, and Megan D. McIntyre, Esq., of Grant & Eisenhofer P.A., the Court-appointed Lead Counsel ("Lead Plaintiffs' Counsel"). Any questions regarding the Settlement should be directed to Mr. Graziano at Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, [blbg@blbglaw.com](mailto:blbg@blbglaw.com), or Ms. McIntyre, at Grant & Eisenhofer P.A., 1201 N. Market Street, Wilmington, DE 19801, (302) 622-7000, [mmcintyre@gelaw.com](mailto:mmcintyre@gelaw.com).

- **If you are a member of the Settlement Class and the Settlement is approved, your legal rights will be affected whether you act or not. Read this notice carefully and in its entirety to see what your options are in connection with the Settlement.**

**YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT**

<p><b>Submit a Proof of Claim Form by November 9, 2010</b></p>	<p>If this Settlement is approved and you are a member of the Settlement Class, you may be entitled to receive a payment from the Settlement. You must submit a Proof of Claim form to share in the Settlement proceeds. A copy of the Proof of Claim form is enclosed, and is also available at <a href="http://www.refcosecuritieslitigation.com">www.refcosecuritieslitigation.com</a>.</p> <p>If you remain in the Settlement Class, you will be bound by the Settlement and will give up any "Released Plaintiffs' Claims" (as defined below) you may have against the Settling Defendants and the other "Released Defendant Persons" (as defined below), so, if you remain in the Settlement Class, it is in your interest to submit a Proof of Claim form.</p>
<p><b>Exclude Yourself from the Settlement Class by submitting a written request for exclusion so that it is received no later than October 7, 2010.</b></p>	<p>If you exclude yourself, you will not be eligible to get a payment from the Settlement. This is the only option that allows you to ever be part of any other lawsuit against any of the Settling Defendants or other Released Defendant Persons concerning the claims that were, or could have been, asserted in this case.</p> <p>If you exclude yourself, you also will not be eligible to participate in the recoveries from any other settlements that are presented to the Court for its consideration at the Settlement Hearing or in any future recoveries that may be obtained from any of the Remaining Defendants; and you may jeopardize your right to receive any portion of any amounts that Lead Plaintiffs receive from the United States government on behalf of the class in connection with the criminal proceedings arising from Refco's bankruptcy.</p>
<p><b>Object to the Settlement by submitting a written objection so that it is received no later than October 7, 2010.</b></p>	<p>If you do not exclude yourself, but you wish to object to any part of the Settlement, the proposed Plan of Allocation and/or Lead Plaintiffs' Counsel's motion for attorneys' fees and reimbursement of litigation expenses, you may write to the Court about your objections.</p>
<p><b>Attend the Hearing on October 27, 2010 and file a Notice of Intention to Appear so that it is received no later than October 7, 2010.</b></p>	<p>Filing a written objection and notice of intention to appear by October 7, 2010, allows you to speak in Court about the fairness of the proposed Settlement, the Plan of Allocation and/or the request for attorneys' fees and reimbursement of litigation expenses. If you have submitted a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objections.</p>

- These rights and options -- **and the deadlines to exercise them** -- are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement and the Plan of Allocation. The Settlement Fund will be available for distribution to the Settlement Class only if the Settlement and a plan of allocation are approved and that approval is upheld following any appeals.

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**BASIC INFORMATION**

<b>1. Why did I get this Notice?</b>
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You or someone in your family may have purchased or acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco (CUSIP No. 75866G109) during the period July 1, 2004 through and including October 17, 2005. The Court caused this Notice to be sent to you because, if you purchased or acquired those securities during that period, the Class Period, you have a right to know about the proposed Settlement and about all of your options before the Court decides whether to approve the Settlement.

This Notice describes the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of this case is the United States District Court for the Southern District of New York. The case is known as *In re Refco Inc. Securities Litigation*, Case Number 05 Civ. 8626 (JSR).

## **2. What is a class action?**

In a class action, one or more plaintiffs, called “lead plaintiffs” or “class representatives”, sue on behalf of people who have similar claims. All of the individuals and entities on whose behalf the class representatives are suing are known as class members. One court resolves the issues in the case for all class members, except for those who choose to exclude themselves from the class if exclusion is permitted by applicable rules of procedure.

## **3. What is this lawsuit about?**

This lawsuit (the “Action”) is a class action alleging violations of the federal securities laws by various persons, including those affiliated with Refco, Inc. and its predecessors and affiliates (including, but not limited to, Refco Group Ltd., LLC, Refco Finance Holdings LLC, and Refco Finance Inc.) (Refco, Inc. and its predecessors and affiliates are referred to collectively as the “Company” or “Refco” in this Notice). The Court has appointed Pacific Investment Management Company LLC and RH Capital Associates LLC to serve as Lead Plaintiffs in the Action, and has appointed the law firms of Grant & Eisenhofer P.A. and Bernstein Litowitz Berger & Grossmann LLP to serve as Lead Plaintiffs’ Counsel on behalf of the class. The Action was brought against more than forty individuals and entities, including certain current and former executive officers of Refco (including Phillip Bennett, Santo Maggio and Robert Trosten), the members of Refco’s audit committee, Refco’s outside auditing firm (Grant Thornton LLP), fifteen Wall Street investment banks (including Credit Suisse Securities, Banc of America Securities, Deutsche Bank and Goldman Sachs & Co.), the private equity firm of Thomas H. Lee Partners, L.P., certain affiliates and certain other persons associated with them, Refco’s outside law firm (Mayer Brown) and one of its partners (Joseph Collins), and Austrian bank BAWAG P.S.K. Bank Für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (“BAWAG”) (collectively, the “Defendants”). Lead Plaintiffs allege that Defendants are liable for violations of the federal securities laws because they actively participated in the Company’s manipulative accounting practices and misstatements during the Class Period, knew or should have known about them in the exercise of due diligence or are otherwise responsible for misstatements and/or omissions made by the Company.

As alleged in the Second Amended Consolidated Class Action Complaint (the “Complaint”), which was filed in the Action on December 3, 2007, a little more than two months after completing an Initial Public Offering, Refco admitted that its financial statements “should no longer be relied upon” given a previously undisclosed receivable owed to the Company by an entity owned by its Chief Executive Officer, Phillip Bennett (“Bennett”). The Complaint further alleges that while this admission only partially revealed the true extent of the problems at the Company, it set into motion a chain of events and subsequent disclosures that led to Refco’s bankruptcy filing.

The Complaint alleges that the THL Defendants who invested in Refco in June 2004 in a leveraged buyout (the “LBO”) and the Audit Committee Defendants are responsible for the materially false and misleading statements made by the Company in connection with bonds issued by Refco as part of the LBO and subsequently in Refco’s August 2005 Initial Public Offering and that these false and misleading statements caused the price of Refco securities to be artificially inflated, causing investors who purchased such securities during the Class Period to suffer damages. The Complaint alleges claims under Sections 11 and 15 of the Securities Act of 1933 (the “Securities Act”) against the Audit Committee Defendants and certain of the THL Defendants, claims pursuant to Section 12(a) (2) of the Securities Act against certain of the THL Defendants, claims pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”) against the Audit Committee Defendants and certain of the THL Defendants and a claim pursuant to Section 20A of the Exchange Act against certain of the THL Entities.

The Settling Defendants moved to dismiss certain of the claims asserted against them. By Order, dated April 30, 2007, the Court dismissed the claims asserted against the Audit Committee and THL Defendants under Sections 12(a)(2) and 15 of the Securities Act on behalf of purchasers of unregistered Refco bonds (“Rule 144A Bonds”), and certain claims under Sections 11 and 15 of the Securities Act on behalf of those persons who exchanged Rule 144A Bonds for registered bonds. The remaining claims against the Settling Defendants are pending but will be dismissed with prejudice if the Settlement is approved.

While the Court has ruled that certain of Lead Plaintiffs’ claims should not be dismissed at this stage of the litigation, the Court has made no substantive determination on the merits of the claims against the Settling Defendants or against any other Defendant. The Settling Defendants continue to deny any allegations of fault, wrongdoing or liability with respect to the allegations in the Complaint.

## **4. What should I do if my address changes, or if this notice was sent to the wrong address?**

If this Notice was sent to you at the wrong address, or if your address changes in the future, please send prompt written notification of your correct address to the Claims Administrator at the following address:

Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987

## **WHO IS IN THE SETTLEMENT CLASS**

### **5. How do I know whether I am part of the Settlement?**

The Court has preliminarily certified for purposes of the Settlement a Settlement Class that consists of, subject to certain exceptions identified below, the following individuals and entities:

*All persons and entities who purchased or otherwise acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco (CUSIP No. 75866G109) during the period July 1, 2004 through and including October 17, 2005, and who were damaged thereby.*

### **6. Are there exceptions to being included?**

Even if you fall within the Settlement Class definition, you are not a member of the Settlement Class if you are a Defendant in the Action; if you were a partner, executive officer, director, controlling person, subsidiary, or affiliate of Refco or any Defendant during the Class Period; if you are an immediate family member of any of the individual Defendants; if you are an entity in which Refco or any Defendant has a controlling interest; or if you are a legal representative, heir, estate, administrator, predecessor, successor, or assign of any of these excluded persons or entities.<sup>3</sup>

### **7. I am still not sure whether I am included.**

If you are still not sure whether you are included, you can ask for help, which will be provided to you at no cost. You can call the Claims Administrator toll free at (888) 212-5574, or write to the Claims Administrator at the address stated in the answer to Question #4 above.

## **SUMMARY OF SETTLEMENT**

### **8. How and when was the Settlement reached?**

Lead Plaintiffs reached an agreement-in-principle with Settling Defendants regarding the Settlement on January 19, 2010. Thereafter, Lead Plaintiffs and Settling Defendants executed the Stipulation to formalize their agreement.

The Settlement was reached after arms'-length negotiation between Lead Plaintiffs' Counsel and counsel for the Settling Defendants, and only after Lead Plaintiffs' Counsel had (i) obtained access to, and reviewed, extensive documentation pertinent to the claims and the Settling Defendants' defenses to those claims, (ii) taken the depositions of 110 people believed to have knowledge of this case, including each of the Audit Committee Defendants; eight current and former employees of the THL Entities, including each of the THL Individual Defendants; six attorneys currently or formerly employed by the THL Entities' outside counsel with regard to the LBO and/or which represented Refco in the IPO; and nine individuals currently or formerly employed by organizations retained by the THL Funds in connection with their due diligence at the time of the LBO; (iii) conducted a mediation with the Settling Defendants before the Hon. Daniel Weinstein, a retired judge; (iv) investigated and analyzed all available evidence; and (v) researched the applicable law with respect to the claims against the Settling Defendants and the potential defenses thereto.

### **9. What does the Settlement provide?**

The Settlement provides for the Settling Defendants to cause \$130,000,000 in cash to be paid to the Settlement Class, with the possibility of an additional payment of up to \$10,000,000 in cash under certain conditions specified in the Stipulation. The \$130,000,000 has been deposited into an interest bearing escrow account for the benefit of the Settlement Class.

If the Settlement is approved by the Court, then, as of the Effective Date, all members of the Settlement Class will be deemed to have released all claims against Settling Defendants and the Released Defendant Persons that arise out of or relate to, among other things, the allegations in the Complaint and/or the acquisition or disposition of Refco common stock or Refco Notes between July 1, 2004 and October 17, 2005, as further described in Question 16 below. This means, among other things, that, upon the Effective Date, all Settlement Class Members will be permanently barred from asserting any of the claims described in the Stipulation against the Settling Defendants and other released persons. In addition, upon the Effective Date, the Settling Defendants will be precluded from suing the Lead Plaintiffs, members of the Settlement Class, or Lead Plaintiffs' Counsel in connection with the Action.

### **10. What are the reasons for the Settlement?**

Lead Plaintiffs agreed to the Settlement because of the substantial monetary benefit it will provide to the Settlement Class, compared to the risk that recovery might not be achieved after a contested trial. Even if the plaintiffs were successful at trial, Settling Defendants might well appeal the verdict, resulting in further uncertainty and delay.

<sup>3</sup> Any investment company or pooled investment fund, including but not limited to mutual fund families, exchange-traded funds, fund of funds and hedge funds, in which any Underwriter Defendant or affiliate has or may have a direct or indirect interest or act as an investment advisor, but in which the Underwriter Defendant or affiliate is not a majority owner and does not hold a majority beneficial interest is not excluded from the Settlement Class by definition.

Although the Settling Defendants believe that the claims in the Action are without merit and that they would ultimately prevail, they nevertheless recognize the uncertainty and the risk of the outcome of any litigation, especially complex securities litigation, and the difficulties and substantial burdens, expense and length of time necessary to defend this proceeding. To eliminate the burden and expense of further litigation, the Settling Defendants have agreed to settle and resolve the Action.

**11. What is the potential outcome of the lawsuit absent the Settlement?**

If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the other members of the Settlement Class would recover anything from the Settling Defendants. Also, if the Settling Defendants were successful in proving any of their defenses, the members of the Settlement Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

**THE SETTLEMENT BENEFITS – WHAT YOU GET**

**12. How much will be distributed to investors?**

The Settlement will create a cash settlement fund in the aggregate principal amount of \$130,000,000 and a possible additional payment of up to \$10,000,000 for a total possible settlement amount of up to \$140,000,000. If the Settlement is approved by the Court and the Effective Date, as defined in the Stipulation occurs, after deduction of the costs of notice and administration, taxes and tax-related expenses, and any attorneys' fees and expenses that are approved by the Court, the balance of the settlement fund, plus accrued interest, will be available for distribution to members of the Settlement Class.

Eligible members of the Settlement Class who submit timely and valid Proofs of Claim will be eligible to receive distributions, not only from the Settlement that is the subject of this Notice, but also from the net settlement funds created by (i) the previously approved settlement pursuant to which \$140 million was recovered; (ii) concurrently proposed settlements with the Underwriter Defendants that provide for payment of \$53 million to the Settlement Class, if those settlements are approved; and (iii) the Restitution Amount. If all settlements are approved, the Total Settlement Amount is expected to be approximately \$380.488 million. The costs of notice and administration, taxes and tax-related expenses, and any attorneys' fees and expenses that are approved by the Court will be deducted from the Total Settlement Fund before the funds are distributed to eligible members of the Settlement Class.

**13. How much will my payment be?**

The amounts to be distributed to individual Settlement Class Members will depend on a variety of factors, including: the number of other Settlement Class Members who submit valid Proof of Claim forms; the number of shares of stock or number of Notes you purchased; the prices and dates of those purchases; and the prices and dates of any sales of your stock or Notes. The proceeds of the Settlement described in this Notice (together with the Restitution Amount) will be distributed in accordance with the plan of allocation approved by the Court. The proposed Plan of Allocation is set forth in a separate document enclosed with this Notice. Depending upon which securities you purchased and the timing of your transactions, you may be entitled to recover from the Net Total Settlement Fund for all, none, or only some of the claims asserted in the Complaint.

**HOW TO GET A PAYMENT**

**14. What do I have to do to receive a share of the Settlement?**

To be eligible for a settlement payment from the proceeds of the Settlement, you **must** send in the Proof of Claim form. A Proof of Claim form is enclosed with this Notice. You also may get a claim form on the Internet at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com) or by calling the Claims Administrator. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign the form, and mail it postmarked no later than November 9, 2010. By submitting the Proof of Claim form, you will be making a claim to receive payment from the settlements achieved by Lead Plaintiffs in the Action. If you request exclusion from this Settlement, you will not be eligible to receive a payment from this Settlement with these Settling Defendants, from any other settlements that are presented to the Court for its consideration at the Settlement Hearing, from the Restitution Amount, or from any other recoveries that might be obtained in the Action, other than the previously achieved settlement described in footnote 2 above. Please timely submit your Proof of Claim form.

**15. When will I receive my payment?**

Lead Plaintiffs cannot, at this time, say when they will be able to distribute the Settlement proceeds to members of the Settlement Class. Distribution may be delayed in the interest of the Settlement Class in order to minimize the number and cost of distributions during the course of the Action, and to allow for the proceeds of the Settlement to be distributed in combination with future settlements or recoveries from other Defendants which are separate from this Settlement.

Any settlement payments from the Settlement proceeds are contingent upon the Court approving the Settlement and a plan of allocation and on such approval becoming final and no longer subject to any appeals. Even if the Court approves the Settlement, there still might be appeals, which can take more than a year to resolve.

The Settlement Fund will be kept in an interest-bearing account until it is ready for distribution, and the accrued interest will be added to the principal that will be distributed to the Settlement Class.

## 16. What am I giving up to get a payment or stay in the Settlement Class?

If you remain a member of the Settlement Class and do not exclude yourself, you will be bound by the orders and judgment entered by the Court regarding the Settlement. If the Settlement is approved, you will not be able to sue, continue to sue, or be part of any other lawsuit involving any claims released in the Settlement. You will be bound by the orders of the Court whether or not you submit a Proof of Claim form and/or receive a payment

The Judgment will dismiss with prejudice the claims against the Settling Defendants and will provide that Lead Plaintiffs, all other Settlement Class Members and the other Releasing Plaintiffs (as defined below) shall by operation of the Judgment fully, finally and forever release, relinquish and discharge each and every one of the Released Defendant Persons (as defined below) from any and all of the Released Plaintiffs' Claims (as defined below).

"Released Defendant Persons" means each and all of the following: (a) the Settling Defendants; (b) the Settling Defendants' respective past and/or present affiliates, subsidiaries, general partners, parents and limited partners (including those who co-invested in Refco alongside the THL Funds in August 2004) (the "Affiliated Releasees"); (c) the past and/or present employees, officers, partners and directors of any of the Settling Defendants or any of the Affiliated Releasees (the "Additional Releasees," together with the Settling Defendants and the Affiliated Releasees, the "Releasees"); and (d) the Releasees' past and/or present representatives, agents, managing directors, attorneys, insurers, reinsurers, principals, members, managers, families, stockholders, heirs, executors, trustees, personal representatives, estates, administrators, predecessors, divisions, successors and assigns. Nothing in this definition is intended to release any claims asserted in the Action by Lead Plaintiffs (or any member of the Settlement Class) against any Non-Settling Defendant.

"Released Plaintiffs' Claims" means any and all claims, demands, actions, causes of action, obligations, debts, judgments and liabilities of any kind, nature and description, whether direct or derivative, whether at law or in equity (upon any legal or equitable theory, whether contractual, common law or statutory, whether arising under federal, state, common or foreign law, whether based on allegedly intentional, negligent or reckless conduct, whether asserted as claims, cross-claims, counterclaims or third-party claims in any pleadings, in this Court, in any federal or state court, or in any other court, arbitration proceeding, administrative agency or other forum in the United States or elsewhere), whether such are known or Unknown (as that term is defined below), secured or unsecured, contingent or absolute, choate or inchoate, liquidated or unliquidated, perfected or unperfected, that previously existed or that currently exist as of the date of the approval of the Settlement by the Court or that may arise in the future that were or could have been asserted by any or all of the Releasing Plaintiffs against any or all of the Released Defendant Persons that: (a) in any way arise out of, are based upon, relate to or concern the facts, matters, occurrences, allegations, representations, omissions, actions, transactions or conduct alleged, set forth, referred to, involved in or which could have been raised in the Complaint or the Action; and/or (b) in any way arise out of, are based upon, relate to or concern the purchase, acquisition, disposition or sale of, or other transaction in, any and all publicly traded Refco securities, including, Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or Refco common stock (CUSIP No. 75866G109) during the Class Period, including without limitation, claims that arise out of or relate to any disclosures, Securities and Exchange Commission filings, press releases, registration statements, offering memoranda or other public statements by Refco during the Class Period.

"Releasing Plaintiffs" means each and all of the following: Lead Plaintiffs and every Settlement Class Member (regardless of whether or not any individual Settlement Class Member submits a Proof of Claim Form or seeks or obtains a distribution from the Settlement Fund); each and all of their respective predecessors, successors, representatives, agents, heirs, executors, trustees, personal representatives, estates, administrators, and assigns; and any other person or entity who has the right, ability, standing or capacity to assert, prosecute or maintain any of the Released Plaintiffs' Claims belonging to a Settlement Class Member to obtain the proceeds of any recovery on those claims but only with respect to those claims.

"Unknown Claims" in the definition of Released Claims includes claims that each of the Releasing Persons currently does not know or suspect to exist at the time he, she or it executes the release, but which, if known by him, her or it, might affect his, her or its agreement to execute or grant the release or might affect a decision with respect to the Settlement (including the decision to object or not to object to the Settlement). The Settling Parties and the Releasing Persons expressly acknowledge that they may hereafter discover facts in addition to or different from those that he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but that it is nevertheless his, her or its intention to fully, finally and forever settle and release the Released Claims, including those Unknown as that term is employed in this paragraph, and will be deemed to have done so by operation of the Final Order and Judgment; and the Settling Parties and the Releasing Persons expressly acknowledge that the inclusion of "Unknown" claims as defined herein was separately bargained for and was a key element of the Settlement (of which the releases provided herein are a material and essential part) and each expressly waives and relinquishes to the fullest extent permitted by law, and shall be deemed by operation of the Final Order and Judgment to have waived and relinquished, the benefits of: (i) the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims, which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

and (ii) any and all provisions or rights conferred by any law of any state or territory of the United States or principle of common law, which is similar, comparable or equivalent to Section 1542 of the California Civil Code.

Notwithstanding anything to the contrary above, the Released Claims do not include claims: (a) to enforce the Judgment and the Settlement, and any or all of their terms, including but not limited to the releases provided for in the Judgment; or (b) claims by Settlement Class Members pending on January 19, 2010 that do not arise out of the acquisition or sale of Refco debt or equity securities, including but not limited to the claims asserted, and/or recoveries sought, by plaintiffs and putative class members in: (i) *Capital Management Select Fund Ltd. v. Bennett*, No. 08-6166-cv (2d Cir. 2008); (ii) *In re Refco Capital Markets, Ltd. Brokerage Customer Securities Litigation*, No. 08-6167-cv (2d Cir. 2008); (iii) *VR Global Partners LP. v. Bennett, et al.*, No. 08-6230-cv (2d Cir. 2008); and (iv) *Capital Management Select Fund Ltd. et al. v. Bennett et al.*, 08 Civ. 09810 (JSR)(S.D.N.Y.).

## **EXCLUDING YOURSELF FROM THE SETTLEMENT**

### **17. What if I want to be excluded from the Settlement?**

To exclude yourself from the Settlement, you must send a letter by mail to the Claims Administrator saying that you want to be excluded from *In re Refco Inc. Securities Litigation*. You **must** include: (i) your name, address, telephone number; (ii) your Social Security Number or Taxpayer Identification Number; (iii) a list stating the par amount of Refco Notes and number of shares of Refco common stock purchased and sold during the period July 1, 2004 through and including October 17, 2005, and the dates and prices of each purchase and sale; (iv) a statement indicating whether you sold or disposed of any Refco Notes after October 17, 2005, and if you did, stating the amount of money you received for the Notes; and (v) your signature. Your exclusion request must be **received** no later than October 7, 2010. Mail your request to:

Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987

If you request exclusion on behalf of any person or entity other than yourself (such as, for example, a trust, a minor, or a pension fund), you also must state the basis of your legal authority to make a request for exclusion on behalf of that person or entity.

You cannot exclude yourself on the phone or by e-mail. If you do not follow the above procedures – including meeting the deadline for receipt of your request and including all of the information described above – you will not be excluded from the Settlement Class, and you will be bound by all of the orders and judgments entered by the Court regarding the Settlement. You must exclude yourself even if you already have a pending case against Settling Defendants based on the claims being released, if you wish to be able to continue that case.

If you ask to be excluded, you will not be eligible to get any payment from this proposed Settlement (or the recoveries from any other settlements that are presented to the Court for its consideration at the Settlement Hearing, the Restitution Amount, or any other recoveries that might be obtained in the Action, other than the recovery from the prior settlement that has already been finally approved by the Court), you cannot object to the Settlement or the motion for reimbursement of expenses, and you will not be legally bound by anything that happens in this lawsuit with respect to the Settling Defendants or with respect to the Remaining Defendants.<sup>4</sup> If you exclude yourself from the Settlement, you might be able to sue Settling Defendants and the Remaining Defendants in the future.

The THL Entities, provided they unanimously agree, on behalf of the Settling Defendants, have the right to terminate the Settlement, if valid requests for exclusion are received from Persons entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and the Settling Defendants.

### **18. If I don't exclude myself, can I sue Settling Defendants for the same thing later?**

No. Unless you exclude yourself, you give up any right to sue Settling Defendants for the claims that the Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Settlement Class to continue your own lawsuit.

### **19. If I exclude myself, can I get money from the Settlement?**

No. Only Settlement Class Members who do not exclude themselves will be eligible to recover money in the Settlement or from the Restitution Amount.

## **THE LAWYERS REPRESENTING YOU**

### **20. Do I have a lawyer in this case?**

The Court has appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP and Grant & Eisenhofer P.A. as Lead Plaintiffs' Counsel to represent Lead Plaintiffs and all other Settlement Class Members in the Action. If you have any questions about the proposed Settlement, you may contact Lead Plaintiffs' Counsel as follows: Megan D. McIntyre, Esq., Grant & Eisenhofer P.A., 1201 N. Market St., Wilmington, Delaware 19801, (302) 622-7000; or Salvatore J. Graziano, Esq., Bernstein Litowitz Berger & Grossmann, LLP, 1285 Avenue of the Americas, New York, New York 10019, (800) 380-8496.

If you want to be represented by your own lawyer, you may hire one at your own expense.

### **21. How will the lawyers be paid?**

You will be not charged directly for the fees or expenses of the Lead Plaintiffs' Counsel appointed by the Court. Instead, those lawyers intend to apply to the Court for payment of fees and expenses out of the proceeds of any recoveries achieved in the Action.

Lead Plaintiffs' Counsel have not received any payment for their services in prosecuting this Action. (When the previously approved settlement was presented to the Court for approval, Lead Plaintiffs' Counsel did not apply for fees or expenses.) Before final approval of the Settlements, Lead Plaintiffs' Counsel intend to apply to the Court of an award of attorneys' fees in the amount of 7% of

<sup>4</sup> PLEASE NOTE, the time to exclude yourself from the previously approved settlement in the Action has passed. If you did not exclude yourself from that settlement, you are bound by the judgment entered by the Court with respect to that settling defendant and you also may be eligible for a distribution from the amount recovered. Please submit your Proof of Claim.

the first \$108 million of the previously approved settlement, and 18% of the proposed settlements now before the Court for approval (i.e., the Settlements with the Underwriter Defendants and the Settlement described in this Notice), plus interest thereon at the same rate as earned by the settlement funds. If all the settlements are approved and the requested fee is awarded, the award will equal approximately 11.1% of the Total Settlement Fund.

Lead Plaintiffs' Counsel have not been reimbursed for any of their out-of-pocket litigation expenses incurred in connection with the prosecution of the Action. Before final approval of the Settlement, Lead Plaintiffs' Counsel intend to apply for reimbursement of litigation expenses incurred in connection with the prosecution of the Action (which may include the reasonable costs and expenses of Lead Plaintiffs directly related to their representation of the Settlement Class), in an amount not to exceed \$11 million with interest thereon at the same rate as earned by the settlement funds. The Court will determine the amount to be awarded to Lead Plaintiffs' Counsel. (PLEASE NOTE: While Lead Plaintiffs' Counsel have stated their intent to apply for reimbursement of litigation expenses in both this notice and the notice enclosed herewith concerning the proposed settlements with the Underwriter Defendants, they are seeking only one reimbursement of their expenses to be paid out of the Total Settlement Fund.)

**OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION OR THE EXPENSE APPLICATION**

**22. How do I tell the Court that I don't like the Settlement?**

If you are a Settlement Class Member and you do not exclude yourself, you can object to the Settlement or any part of it, including the proposed Plan of Allocation and Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses, and give reasons why you think the Court should not approve it. To object, you must send a letter or other filing saying that you object to the proposed Settlement, Plan of Allocation and/or Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses in *In re Refco, Inc. Securities Litigation*, Case No. 05 Civ. 8626 (JSR). Be sure to include your name, address, telephone number, signature, and the reasons for your objection, as well as a list of your purchases and sales of Refco, Inc. common stock or Refco Notes made during the Class Period, including the dates, the number of securities purchased or sold, and the price(s) paid or received per security for each such purchase or sale. Your written objection must be sent to the following counsel and must be **received** by them no later than October 7, 2010:

**Counsel for Settling Defendants**

Greg A. Danilow, Esquire  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, NY 10153

**Lead Plaintiffs' Counsel**

Megan D. McIntyre, Esquire  
GRANT & EISENHOFER P.A.  
1201 N. Market Street  
Wilmington, DE 19801

and

Salvatore J. Graziano, Esquire  
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP  
1285 Avenue of the Americas  
New York, NY 10019

You must **also** file your objection with the clerk of the United States District Court for the Southern District of New York, so it is **received** no later than October 7, 2010. The address is:

Clerk of the U.S. District Court for the Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

Any member of the Settlement Class who does not object in the manner provided above will be deemed to have waived all objections to the Settlement, the Plan of Allocation and Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses.

**23. What's the difference between objecting and requesting exclusion?**

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you are a Settlement Class Member.

Excluding yourself is telling the Court that you do not want to be part of the Settlement Class for purposes of the Settlement. If you exclude yourself, you have no basis to object, because the case no longer affects you. If you do not exclude yourself, you will be bound by the Settlement and all orders and judgments entered by the Court regarding the Settlement, regardless of whether the Court accepts or denies your objection.

**24. When and where will the Court decide whether to approve the Settlement?**

The Court has scheduled a hearing on the proposed Settlement for October 27, 2010 at 4:00 p.m., before the Honorable Jed S. Rakoff in the U.S. District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007. At this hearing, the Court will consider whether the Settlement and the Plan of Allocation is fair, reasonable, and adequate, and will consider Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses. If there

are objections, the Court will consider them. At or after the hearing, the Court will decide whether to approve the Settlement, the Plan of Allocation, and the motion for attorneys' fees and reimbursement of litigation expenses.

Please note that the date of the Court hearing is subject to change without further notice. If you plan to attend the hearing, you should check with Lead Plaintiffs' Counsel to be sure no change to the date and time of the hearing has been made.

**25. Do I have to come to the hearing?**

No. Lead Plaintiffs' Counsel will answer any questions the Court might have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection so that it was received by the deadline, it will be before the Court when the Court considers whether to approve the Settlement. You may also pay your own lawyer to attend the hearing, but attendance is not necessary.

**26. May I speak at the hearing?**

If you are a Settlement Class Member who has not asked to be excluded from the Settlement Class, you may ask the Court for permission to speak at the hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re Refco, Inc. Securities Litigation*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be filed with the Clerk of the Court and sent to the counsel listed above in the answer to Question #22 so it is **received** by the Court and counsel no later than October 7, 2010. You cannot speak at the hearing if you have asked to be excluded from the Settlement Class.

**IF YOU DO NOTHING**

**27. What happens if I do nothing at all?**

If you do nothing in response to this Notice, you will remain a member of the Settlement Class and will be bound by the Settlement. You will not be able to start, continue, or be part of any other lawsuit or arbitration against the Settling Defendants or the other Released Defendant Persons based on the claims in the Action. If you do not submit a proof of claim, you will not be eligible to receive a payment from the Settlement or the Restitution Amount.

**GETTING MORE INFORMATION**

**28. Are there more details about the Settlement?**

This Notice contains only a summary of the proposed Settlement. The complete Settlement is set out in a Stipulation and Agreement of Settlement dated March 29, 2010 and amended on May 3, 2010. You may request a copy of the Stipulation in writing to *Refco Securities Litigation*, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9087, Dublin, Ohio 43017-0987. There may be a charge for copying and mailing the Stipulation. Copies of the Stipulation may be obtained for free at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com).

**29. How do I get more information?**

You can also call the Claims Administrator toll free at (888) 212-5574, write to the Claims Administrator at the above address, or visit the website at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com), where you will find a copy of the Stipulation, the Complaint, and certain other documents relating to the Action and the Settlement. Anyone interested in more detail regarding the Action is invited to visit the Office of the Clerk of the United States District Court for the Southern District of New York at the United States Courthouse, 500 Pearl Street, New York, NY, 10007, during regular business hours, to inspect the Stipulation, the pleadings, and the other papers maintained there in Case No. 05 Civ. 8626 (JSR).

**PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.**

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or otherwise acquired Refco Notes or common stock during the Class Period for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice Packet (including this Notice, a second notice concerning the settlements with the Underwriter Defendants, the Plan of Allocation and the Proof of Claim form) to such beneficial owner, postmarked no later than seven (7) days after you receive this Notice, or (ii) provide the names and addresses of such persons no later than seven (7) days after you receive this Notice to Refco Securities Litigation, c/o The Garden City Group, Inc., P.O. Box 9087, Dublin, Ohio 43017-0987. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owner. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of the Notice Packet can be obtained from [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com) or by calling toll-free (888) 212-5574, or from Lead Plaintiffs' Counsel's websites, [www.blbglaw.com](http://www.blbglaw.com) and [www.gelaw.com](http://www.gelaw.com).

Dated: August 11, 2010

BY ORDER OF THE COURT

Hon. Jed S. Rakoff  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

Notice of Proposed Settlement with  
the Underwriter Defendants

----- X  
In re REFCO, INC. SECURITIES LITIGATION : 05 Civ. 8626 (JSR)  
----- X

**NOTICE OF (I) PROPOSED SETTLEMENTS OF CLASS ACTION WITH THE UNDERWRITER DEFENDANTS, (II) HEARING ON PROPOSED SETTLEMENTS AND (III) MOTION FOR AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES**

**If you purchased or otherwise acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco (CUSIP No. 75866G109) during the period July 1, 2004 through and including October 17, 2005, you might be a member of the settlement class in this action making you eligible for relief in connection with partial settlements of the action.**

*A federal court authorized this Notice. This is not a solicitation from a lawyer.*

- This notice relates to a securities class action brought by investors who claim that the prices of Refco, Inc. common stock and Refco Group Ltd., LLC/ Refco Finance Inc. 9% Senior Subordinated Notes due 2012 ("Refco Notes") were artificially inflated as a result of false statements, non-disclosures, and fraudulent conduct in violation of the federal securities laws.
- The Court has preliminarily approved two partial settlements of this class action (the "Settlements") between the Court-appointed Lead Plaintiffs RH Capital Associates LLC and Pacific Investment Management Company LLC ("Lead Plaintiffs") and (i) defendant Sandler O'Neill & Partners, L.P. ("Sandler O'Neill") and (ii) defendants Credit Suisse Securities (USA) LLC, Banc of America Securities LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities Inc., HSBC Securities (USA) Inc., William Blair & Company, L.L.C., BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.), Samuel A. Ramirez & Company, Inc., Muriel Siebert & Co., Inc., and The Williams Capital Group, L.P. (the "Other Settling Underwriter Defendants" and, together with Sandler O'Neill, the "Settling Defendants").
- The Settlements, if approved, will resolve all claims between the members of the proposed Settlement Class and the Settling Defendants, but they are only partial settlements of this Action. The Settlements do not resolve the claims against Grant Thornton LLP and certain other individual defendants against whom the Action remains pending (the "Remaining Defendants").
- The Settlements provide that the Settling Defendants will cause a total of \$53,000,000 in cash to be paid to the Settlement Class.<sup>1</sup>
- The proceeds of the Settlements described in this Notice will be combined with amounts recovered in the previously approved BAWAG settlement, amounts recovered in the concurrently proposed settlement with the Audit Committee and THL Defendants, and certain restitution funds obtained by Lead Plaintiffs from the United States government for the benefit of class members (the "Restitution Amount" and collectively with the settlement amounts, the "Total Settlement Amount"). If all proposed settlements are approved, the Total Settlement Amount is expected to be approximately \$380.488 million. The Total Settlement Amount with interest earned thereon is referred to as the "Total Settlement Fund".
- After payment of taxes, the costs of providing notice and administering the settlements, and the attorneys' fees and litigation expenses awarded by the Court, the remainder of the Total Settlement Fund (the "Net Total Settlement Fund") will be distributed to class members who submit timely and valid Proof of Claim forms. The Net Total Settlement Fund will be distributed in accordance with a plan of allocation (the "Plan of Allocation") approved by the Court. The proposed Plan of Allocation is set forth in a separate document enclosed with this Notice. The Plan of Allocation is not intended to be an estimate of the amount a Settlement Class Member might have been able to recover after a trial. It is solely a basis for determining the relative position of Settlement Class Members.
- Lead Plaintiffs' damages expert estimates that approximately 30,475,000 shares of Refco common stock and approximately 390,000 Refco Notes purchased during the relevant period could have been affected by the conduct at issue in the Action. If all eligible class members elect to participate in the settlements, the estimated average recovery from the Total Settlement Fund would be approximately \$9.83 per affected share of common stock and \$207.43 per affected Note, before the deduction of attorneys' fees, costs and expenses. Settlement Class Members should note, however, that these are only estimates based on the overall number of potentially affected shares and Notes. Some Settlement Class Members may recover more or less than these estimated amounts.
- If you request to be excluded from the Settlement Class, you will not be eligible to share in the proceeds of the Settlements, the settlement with the Audit Committee Defendants and THL Defendants, or any other recoveries that might be obtained in the Action, other than the recovery from the prior settlement with BAWAG that has already been approved by the Court.

<sup>1</sup> The Settlements are in addition to (i) a previous partial settlement with BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG") that has already been approved by the Court in which \$140 million in cash was recovered; and (ii) a concurrently proposed partial settlement with the Audit Committee Defendants and THL Defendants providing for a payment of \$130 million in cash with the possible payment of an additional \$10 million. Notice of the BAWAG settlement was disseminated in March 2007. Details of that settlement can be found at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com). The proposed settlement with the Audit Committee Defendants and THL Defendants is the subject of a separate notice enclosed with this notice.

- Lead Plaintiffs and the Settling Defendants disagree as to both liability and damages and do not agree on the average amount of damages per share and per Note that would be recoverable if Lead Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (i) whether the Settling Defendants engaged in conduct that would give rise to liability under the federal securities laws; (ii) whether the Settling Defendants have valid defenses to any of the claims against them; and (iii) the amount, if any, by which the prices of Refco's securities were artificially inflated as a result of the Settling Defendants' alleged violations of the federal securities laws. The Settlements were reached because they provide significant benefits to Settlement Class Members and avoid the costs and risks of continuing the lawsuit against Settling Defendants.
- Lead Plaintiffs' Counsel, who have been prosecuting this Action on a wholly contingent basis since its inception in 2005, will apply to the Court for an award of attorneys' fees in the amount of 7% of the first \$108 million of the previously approved BAWAG Settlement (no application for attorneys' fees was made at the time of the BAWAG Settlement), and 18% of the proposed settlements now before the Court for approval (i.e., the settlement with the Audit Committee and THL Defendants and the Settlements described in this Notice), plus interest thereon at the same rate as earned by the settlement funds. If all the settlements are approved and the requested fee is awarded, the award will equal approximately 11.1% of the Total Settlement Fund.

In addition, Lead Plaintiffs' Counsel, who have advanced the costs of the litigation since its inception, will apply for reimbursement of expenses incurred in connection with the prosecution of the Action (which may include the reasonable costs and expenses of Lead Plaintiffs directly related to their representation of the Settlement Class), in an amount not to exceed \$11 million, with interest thereon at the same rate as earned by the settlement funds, to be paid from the Total Settlement Fund.

If the Court approves all of the settlements being presented and approves Lead Plaintiffs' Counsel's fee and expense application as requested, the average cost of fees and expenses, assuming claims are filed for all affected shares and Notes, will be approximately \$1.38 per affected share of Refco stock and approximately \$29.02 per affected \$1,000 face amount Refco Note.

- Lead Plaintiffs and the Settlement Class are being represented by Salvatore J. Graziano, Esq., of Bernstein Litowitz Berger & Grossmann LLP, and Megan D. McIntyre, Esq., of Grant & Eisenhofer P.A., the Court-appointed Lead Counsel ("Lead Plaintiffs' Counsel"). Any questions regarding the Settlements should be directed to Mr. Graziano at Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, [blbg@blbglaw.com](mailto:blbg@blbglaw.com), or Ms. McIntyre, at Grant & Eisenhofer P.A., 1201 N. Market Street, Wilmington, DE 19801, (302) 622-7000, [mmcintyre@gelaw.com](mailto:mmcintyre@gelaw.com).
- **If you are a member of the Settlement Class and the Settlements are approved, your legal rights will be affected whether you act or not. Read this notice carefully and in its entirety to see what your options are in connection with the Settlements.**

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT</b>	
<b>Submit a Proof of Claim Form by November 9, 2010.</b>	If you remain in the Settlement Class, you will be bound by the Settlements and will give up any "Settled Claims" (as defined below) you may have against the Settling Defendants and the other "Released Defendant Persons" (as defined below), so, if you remain in the Settlement Class, it is in your interest to submit a Proof of Claim form.
<b>Exclude Yourself from the Settlement Class by submitting a written request for exclusion so that it is received no later than October 7, 2010.</b>	If you exclude yourself, you will not be eligible to get a payment from the Settlements. This is the only option that allows you to ever be part of any other lawsuit against any of the Settling Defendants or other Released Defendant Persons concerning the claims that were, or could have been, asserted in this case. If you exclude yourself, you also will not be eligible to participate in the recoveries from any other settlements that are presented to the Court for its consideration at the Settlement Hearing or in any future recoveries that may be obtained from any of the Remaining Defendants; and you may jeopardize your right to receive any portion of any amounts that Lead Plaintiffs receive from the United States government on behalf of the class in connection with the criminal proceedings arising from Refco's bankruptcy.
<b>Object to the Settlement(s) by submitting a written objection so that it is received no later than October 7, 2010.</b>	If you do not exclude yourself, but you wish to object to any part of the Settlement(s), the proposed Plan of Allocation and/or Lead Plaintiffs' Counsel's motion for attorneys' fees and reimbursement of litigation expenses, you may write to the Court about your objections.
<b>Attend the Hearing on October 27, 2010 and file a Notice of Intention to Appear so that it is received no later than October 7, 2010.</b>	Filing a written objection and notice of intention to appear by October 7, 2010, allows you to speak in Court about the fairness of the proposed Settlement(s), the Plan of Allocation and/or the request for attorneys' fees and reimbursement of litigation expenses. If you have submitted a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objections.

- These rights and options -- **and the deadlines to exercise them** -- are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlements and the Plan of Allocation. The Settlement Funds will be available for distribution to the Settlement Class only if the Settlements and a plan of allocation are approved and that approval is upheld following any appeals.

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**BASIC INFORMATION**

**1. Why did I get this Notice?**

You or someone in your family may have purchased or acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco (CUSIP No. 75866G109) during the period July 1, 2004 through and including October 17, 2005. The Court caused this Notice to be sent to you because, if you purchased or acquired those securities during that period, the Class Period, you have a right to know about the proposed Settlements and about all of your options before the Court decides whether to approve the Settlements.

This Notice describes the lawsuit, the Settlements, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of this case is the United States District Court for the Southern District of New York. The case is known as *In re Refco Inc. Securities Litigation*, Case Number 05 Civ. 8626 (JSR).

## 2. What is a class action?

In a class action, one or more plaintiffs, called “lead plaintiffs” or “class representatives”, sue on behalf of people who have similar claims. All of the individuals and entities on whose behalf the class representatives are suing are known as class members. One court resolves the issues in the case for all class members, except for those who choose to exclude themselves from the class if exclusion is permitted by applicable rules of procedure.

## 3. What is this lawsuit about?

This lawsuit (the “Action”) is a class action alleging violations of the federal securities laws by various persons, including those affiliated with Refco, Inc. and its predecessors and affiliates (including, but not limited to, Refco Group Ltd., LLC, Refco Finance Holdings LLC, and Refco Finance Inc.) (Refco, Inc. and its predecessors and affiliates are referred to collectively as the “Company” or “Refco” in this Notice). The Court has appointed Pacific Investment Management Company LLC and RH Capital Associates LLC to serve as Lead Plaintiffs in the Action, and has appointed the law firms of Grant & Eisenhofer P.A. and Bernstein Litowitz Berger & Grossmann LLP to serve as Lead Plaintiffs’ Counsel on behalf of the class. The Action was brought against more than forty individuals and entities, including certain current and former executive officers of Refco (including Phillip Bennett, Santo Maggio and Robert Trosten), the members of Refco’s audit committee, Refco’s outside auditing firm (Grant Thornton LLP), the private equity firm of Thomas H. Lee Partners, L.P., certain affiliates and certain other persons associated with them, Refco’s outside law firm (Mayer Brown) and one of its partners (Joseph Collins), the Austrian bank BAWAG, the Settling Defendants, CMG Institutional Trading LLC (“CMG”) and Utendahl Capital Partners, L.P. (“Utendahl”) (collectively, the “Defendants”). Lead Plaintiffs allege that Defendants are liable for violations of the federal securities laws because they actively participated in the Company’s manipulative accounting practices and misstatements during the Class Period, knew or should have known about them in the exercise of due diligence or are otherwise responsible for misstatements and/or omissions made by the Company.

Lead Plaintiffs alleged that a little more than two months after completing an Initial Public Offering, Refco admitted that its financial statements “should no longer be relied upon” given a previously undisclosed receivable owed to the Company by an entity owned by its Chief Executive Officer, Phillip Bennett (“Bennett”). They further alleged that while this admission only partially revealed the true extent of the problems at the Company, it set into motion a chain of events and subsequent disclosures that led to Refco’s bankruptcy filing.

Lead Plaintiffs further alleged that the Settling Defendants are statutorily responsible for materially false and misleading statements that were made in connection with (i) a leveraged buyout in June 2004 in conjunction with which Refco issued and sold \$600 million in bonds; and (ii) Refco’s August 2005 Initial Public Offering, and that these false and misleading statements caused the price of Refco securities to be artificially inflated, causing investors who purchased such securities during the Class Period to suffer damages. Claims were asserted under Sections 11 and 12(a)(2) of the Securities Act of 1933 (the “Securities Act”) against the Settling Defendants.

The Settling Defendants moved to dismiss certain of the claims asserted against them in the Consolidated Class Action Complaint filed on April 3, 2006. By Order dated April 30, 2007, the Court dismissed the claims asserted against certain of the Settling Defendants under Sections 12(a)(2) and 11 that were related to unregistered Refco bonds (“Rule 144A Bonds”). Lead Plaintiffs replead their claims in the Second Amended Consolidated Class Action Complaint (the “Complaint”), which was filed in the Action on December 3, 2007. Certain of the Settling Defendants again moved to dismiss the claims relating to the Rule 144A Bonds and the exchange of those bonds for bonds registered pursuant to a Form S-4 Registration Statement. On August 14, 2008, the Court granted that motion. The remaining claims against the Settling Defendants are pending but will be dismissed with prejudice if the Settlements are approved.

While the Court has ruled that certain of Lead Plaintiffs’ claims should not be dismissed at this stage of the litigation, the Court has made no substantive determination on the merits of the claims against the Settling Defendants or against any other Defendant. The Settling Defendants continue to deny any allegations of fault, wrongdoing or liability with respect to the allegations in the Complaint.

## 4. What should I do if my address changes, or if this notice was sent to the wrong address?

If this Notice was sent to you at the wrong address, or if your address changes in the future, please send prompt written notification of your correct address to the Claims Administrator at the following address:

Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987

### **WHO IS IN THE SETTLEMENT CLASS**

## 5. How do I know whether I am part of the Settlement Class?

The Court has preliminarily certified, for purposes of the Settlements, a Settlement Class that consists of, subject to certain exceptions identified below, the following individuals and entities:

*All persons and entities who purchased or otherwise acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco (CUSIP No. 75866G109) during the period July 1, 2004 through and including October 17, 2005, and who were damaged thereby.*

**6. Are there exceptions to being included?**

Even if you fall within the Settlement Class definition, you are not a member of the Settlement Class if you are a Defendant in the Action; if you were a partner, executive officer, director, controlling person, subsidiary, or affiliate of Refco or any Defendant during the Class Period; if you are an immediate family member of any of the individual Defendants; if you are an entity in which Refco or any Defendant has a controlling interest; or if you are a legal representative, heir, estate, administrator, predecessor, successor, or assign of any of these excluded persons or entities.<sup>2</sup>

**7. I am still not sure whether I am included.**

If you are still not sure whether you are included, you can ask for help, which will be provided to you at no cost. You can call the Claims Administrator toll free at (888) 212-5574, or write to the Claims Administrator at the address stated in the answer to Question 4 above.

**SUMMARY OF SETTLEMENTS**

**8. How and when were the Settlements reached?**

Lead Plaintiffs reached an agreement-in-principle to settle with Sandler O'Neill on August 11, 2008. Thereafter, the terms and conditions of the settlement between Lead Plaintiffs and Sandler O'Neill (the "Sandler O'Neill Settlement") were formalized in a Stipulation and Agreement of Settlement between Lead Plaintiffs and Defendant Sandler O'Neill & Partners, L.P., dated October 10, 2008 (the "Sandler O'Neill Stipulation").

Lead Plaintiffs reached an agreement-in-principle to settle with the Other Settling Underwriter Defendants on March 4, 2010. Thereafter, the terms and conditions of the settlement between Lead Plaintiffs and the Other Settling Underwriter Defendants (the "Other Settling Underwriter Defendants Settlement") were formalized in a Stipulation and Agreement of Settlement between Lead Plaintiffs and the Settling Underwriter Defendants, dated April 20, 2010 (the "Other Settling Underwriter Defendants Stipulation").

Both of the Settlements were reached only after arms'-length negotiation between Lead Plaintiffs' Counsel and counsel for Sandler O'Neill and the Other Settling Underwriter Defendants, respectively. The Sandler O'Neill Settlement was reached only after Lead Plaintiffs' Counsel had (i) obtained access to, and reviewed, extensive documentation pertinent to the claims and the Sandler O'Neill's defenses to those claims, (ii) taken multiple depositions; (iii) investigated and analyzed all available evidence; and (iv) researched the applicable law with respect to the claims against Sandler O'Neill and the potential defenses thereto. When Lead Plaintiffs reached an agreement to settle with the Other Settling Underwriter Defendants, they had (i) obtained access to, and reviewed, additional extensive documentation pertinent to the claims and the Other Settling Underwriter Defendants' defenses to those claims, (ii) taken a significant number of additional depositions (at the time this Settlement was reached more than one hundred people, including current and former employees of the Other Settling Underwriter Defendants and attorneys currently or formerly employed by the Other Settling Underwriter Defendants' outside counsel had been deposed); (iii) conducted a mediation with the Other Settling Underwriter Defendants before the Hon. Layn R. Phillips, a retired judge; (iv) investigated and analyzed all available evidence; and (v) researched the applicable law with respect to the claims against the Other Settling Underwriter Defendants and the potential defenses thereto.

**9. What do the Settlements provide?**

The Settlements provide for the Settling Defendants to cause a total of \$53,000,000 in cash to be paid to the Settlement Class. Specifically, (i) the Other Settling Underwriter Defendants Settlement provides for the payment of \$49,500,000 in cash, and (ii) the Sandler O'Neill Settlement provides for the payment of \$3,500,000 in cash. The Sandler O'Neill Settlement Amount has been deposited in an interest bearing escrow account for the benefit of the Settlement Class and the Other Settling Underwriter Defendants Settlement Amount will be deposited in an interest bearing escrow account for the benefit of the Settlement Class no later than September 2, 2010.

If the Settlements are approved by the Court, then, as of the Effective Date, all members of the Settlement Class will be deemed to have released all claims against the Released Defendant Persons (as defined below) that arise out of or relate to, among other things, the allegations in the Complaint and the acquisition or disposition of Refco common stock or Refco Notes between July 1, 2004 and October 17, 2005, as further described in Question 16 below. This means, among other things, that, upon the Effective Date, all Settlement Class Members will be permanently barred from asserting any of the Settled Claims (as defined below in Question 16) against the Settling Defendants and other Released Defendant Persons. In addition, upon the Effective Date, the Settling Defendants will be precluded from suing the Lead Plaintiffs, members of the Settlement Class, or Lead Plaintiffs' Counsel in connection with the Action.

**10. What are the reasons for the Settlements?**

Lead Plaintiffs agreed to the Settlements because of the substantial monetary benefits they will provide to the Settlement Class, compared to the risk that recovery might not be achieved after a contested trial. Even if the plaintiffs were successful at trial, Settling Defendants might well appeal the verdict, resulting in further uncertainty and delay.

<sup>2</sup> Any investment company or pooled investment fund, including but not limited to mutual fund families, exchange-traded funds, fund of funds and hedge funds, in which any Settling Underwriter Defendant or affiliate has or may have a direct or indirect interest or act as an investment advisor, but in which the Settling Underwriter Defendant or affiliate is not a majority owner and does not hold a majority beneficial interest is not excluded from the Settlement Class by definition.

Although the Settling Defendants believe that the claims in the Action are without merit and that they would ultimately prevail, they nevertheless recognize the uncertainty and the risk of the outcome of any litigation, especially complex securities litigation, and the difficulties and substantial burdens, expense and length of time necessary to defend this proceeding. To eliminate the burden and expense of further litigation, the Settling Defendants have agreed to settle and resolve the Action.

**11. What is the potential outcome of the lawsuit absent the Settlements?**

If there were no Settlements and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the other members of the Settlement Class would recover anything from the Settling Defendants. Also, if the Settling Defendants were successful in proving any of their defenses, the members of the Settlement Class likely would recover substantially less than the amount provided in the Settlements, or nothing at all.

**THE BENEFITS OF THE SETTLEMENTS – WHAT YOU GET**

**12. How much will be distributed to investors?**

The Settlements will create a cash settlement fund in the aggregate principal amount of \$53,000,000. If the Settlements are approved by the Court and the Effective Dates, as defined in the respective Stipulations occur, after deduction of the costs of notice and administration, taxes and tax-related expenses, and any attorneys' fees and expenses that are approved by the Court, the balance of the Settlement Funds, plus accrued interest, will be available for distribution to members of the Settlement Class.

Eligible members of the Settlement Class who submit timely and valid Proofs of Claim will be eligible to receive distributions, not only from the Settlements that are the subject of this Notice, but also from the net settlement funds created by (i) the previously approved settlement with BAWAG pursuant to which \$140 million was recovered; (ii) a concurrently proposed settlement with the Audit Committee Defendants and THL Defendants that provides for a payment of \$130 to \$140 million to the Settlement Class, if that settlement is approved; and (iii) the Restitution Amount. If all settlements are approved, the Total Settlement Amount is expected to be approximately \$380.488 million. The costs of notice and administration, taxes and tax-related expenses, and any attorneys' fees and expenses that are approved by the Court will be deducted from the Total Settlement Fund before the funds are distributed to eligible members of the Settlement Class.

**13. How much will my payment be?**

The amounts to be distributed to individual Settlement Class Members will depend on a variety of factors, including: the number of other Settlement Class Members who submit valid Proof of Claim forms; the number of shares of stock or number of Notes you purchased; the prices and dates of those purchases; and the prices and dates of any sales of your stock or Notes. The proceeds of the Settlements described in this Notice (together with the Restitution Amount) will be distributed in accordance with the plan of allocation approved by the Court. The proposed Plan of Allocation is set forth in a separate document enclosed with this Notice. Depending upon which securities you purchased and the timing of your transactions, you may be entitled to recover from the Net Total Settlement Fund for all, none, or only some of the claims asserted in the Complaint.

**HOW TO GET A PAYMENT**

**14. What do I have to do to receive a share of the Settlements?**

To be eligible for a payment from the proceeds of the Settlements, you **must** send in the Proof of Claim form. A Proof of Claim form is enclosed with this Notice. You also may get a claim form on the Internet at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com) or by calling the Claims Administrator. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign the form, and mail it postmarked no later than November 9, 2010. By submitting the Proof of Claim form, you will be making a claim to receive payment from the settlements achieved by Lead Plaintiffs in the Action. If you request exclusion from the Settlements, you will not be eligible to receive a payment from the Settlements with these Settling Defendants, the concurrently proposed settlement with the Audit Committee Defendants and THL Defendants, the Restitution Amount, or from any other recoveries that might be obtained in the Action, other than the previously achieved \$140 million settlement with BAWAG. Please timely submit your Proof of Claim form.

**15. When will I receive my payment?**

Lead Plaintiffs cannot, at this time, say when they will be able to distribute the proceeds of the Settlements to members of the Settlement Class. Distribution may be delayed in the interest of the Settlement Class in order to minimize the number and cost of distributions during the course of the Action, and to allow for the proceeds of the Settlements to be distributed in combination with future settlements or recoveries from other Defendants which are separate from these Settlements.

Any settlement payments from the settlement proceeds are contingent upon the Court approving the Settlements and a plan of allocation, and on such approval becoming final and no longer subject to any appeals. Even if the Court approves the Settlements, there still might be appeals, which can take more than a year to resolve.

The settlement funds will be kept in interest-bearing accounts until they are ready for distribution, and the accrued interest will be added to the principal that will be distributed to the Settlement Class.

## 16. What am I giving up to get a payment or stay in the Settlement Class?

If you remain a member of the Settlement Class and do not exclude yourself, you will be bound by the orders and judgments entered by the Court regarding the Settlements. If the Settlements are approved, you will not be able to sue, continue to sue, or be part of any other lawsuit involving any claims released in the Settlements. You will be bound by the orders of the Court whether or not you submit a Proof of Claim form and/or receive a payment.

The Judgments will dismiss with prejudice the claims against the Settling Defendants, CMG and Utendahl and will provide that Lead Plaintiffs and all other Settlement Class Members, by operation of the Judgments, shall release and forever discharge each and every one of the Released Defendant Persons (as defined below) from any and all of the Settled Claims (as defined below).

"Released Defendant Persons" means each and all of the following:

- (a) the Other Settling Underwriter Defendants, CMG, Utendahl and each of their past or present parents, subsidiaries, affiliates, investment funds, predecessors, successors, and any of their respective past, present, or future officers, directors, partners, members, managing directors, principals, employees, agents, advisors, insurers, and attorneys; and
- (b) Sandler O'Neill, its present and former parents, subsidiaries, divisions, and affiliates, including without limitation Sandler O'Neill & Partners, L.P. employees, officers, partners, principals, and directors, including without limitation, the insurers, and agents of each of them, and the predecessors, heirs, successors, and assigns of each, and any person or entity in which any such released person has or had a controlling interest or which is or was related to or affiliated with any such released person.

"Settled Claims" means:

- (a) as to the Other Settling Underwriter Defendants, CMG, Utendahl and their related Released Defendant Persons, all claims, debts, demands, rights, or causes of action or liabilities whatsoever, known or Unknown (as defined below), whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or un-matured, whether class or individual in nature, that (i) were or could have been asserted in the Action, or (ii) relate to the subject matter of the Action and/or the allegations of the Complaint, and (iii) relate to the purchase, ownership or acquisition during the Class Period of Refco Stock, 144A Bonds, or Registered Bonds;
- (b) as to Sandler O'Neill and its related Released Defendant Persons, any and all claims of every nature and description, including both known and Unknown Claims (as defined below), asserted by or that could have been asserted by Plaintiffs arising out of or relating to investments in securities issued by Refco during the Class Period, or arising out of and relating to any disclosures, registration statements or other statements by Refco during the Class Period, including without limitation claims asserted by or that could have been asserted by Plaintiffs in the Complaint based on or related to the Securities Act of 1933, the Securities Exchange Act of 1934, or any state statute or common law, including without limitation any claims based on allegedly intentional, reckless, or negligent conduct, whether arising under state, federal, or foreign law as claims, cross-claims, counterclaims, or third-party claims, whether asserted in the Complaint, in this Court, in any federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere.

"Unknown Claims" means any and all Settled Claims which Lead Plaintiffs or any Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Persons, which if known by him, her or it might have affected his, her or its decision with respect to the Settlement(s). With respect to any and all Settled Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and the Settling Defendants shall expressly, and each Settlement Class Member shall be deemed to have, and by operation of the Judgments shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and the Settling Defendants acknowledge, and other Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims was separately bargained for and was a key element of each Settlement.

### **EXCLUDING YOURSELF FROM THE SETTLEMENTS**

## 17. What if I want to be excluded from the Settlements?

To exclude yourself from the Settlements, you must send a letter by mail to the Claims Administrator saying that you want to be excluded from *In re Refco Inc. Securities Litigation*. You **must** include: (i) your name, address, telephone number; (ii) your Social Security Number or Taxpayer Identification Number; (iii) a list stating the par amount of Refco Notes and number of shares of Refco common stock purchased and sold during the period July 1, 2004 through and including October 17, 2005, and the dates and prices of each purchase and sale; (iv) a statement indicating whether you sold or disposed of any Refco Notes after October 17, 2005, and if you did, stating the amount of money you received for the Notes; and (v) your signature. Your exclusion request must be **received** no later than October 7, 2010. Mail your request to:

Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987

If you request exclusion on behalf of any person or entity other than yourself (such as, for example, a trust, a minor, or a pension fund), you also must state the basis of your legal authority to make a request for exclusion on behalf of that person or entity.

You cannot exclude yourself on the phone or by e-mail. If you do not follow the above procedures – including meeting the deadline for receipt of your request and including all of the information described above – you will not be excluded from the Settlement Class, and you will be bound by all of the orders and judgments entered by the Court regarding the Settlements. You must exclude yourself even if you already have a pending case against Settling Defendants based on the claims being released.

If you ask to be excluded, you will not be eligible to get any payment from these proposed Settlements, the concurrently proposed settlement with the Audit Committee Defendants and THL Defendants, the Restitution Amount, or any other recoveries that might be obtained in the Action (other than the recovery from the prior settlement with BAWAG that has already been finally approved by the Court), you cannot object to the Settlements, the Plan of Allocation or the motion for attorneys' fees and reimbursement of expenses, and you will not be legally bound by anything that happens in this lawsuit with respect to the Settling Defendants or with respect to the Remaining Defendants.<sup>3</sup> If you exclude yourself from the Settlements, you might be able to sue the Settling Defendants and the Remaining Defendants in the future.

The Settling Defendants have the right to terminate the Settlements, if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and the Settling Defendants.

**18. If I don't exclude myself, can I sue Settling Defendants for the same thing later?**

No. Unless you exclude yourself, you give up any right to sue Settling Defendants for the claims that the Settlements resolve. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Settlement Class to continue your own lawsuit.

**19. If I exclude myself, can I get money from the Settlements?**

No. Only Settlement Class Members who do not exclude themselves will be eligible to recover money in the Settlements or from the Restitution Amount.

**THE LAWYERS REPRESENTING YOU**

**20. Do I have a lawyer in this case?**

The Court has appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP and Grant & Eisenhofer P.A. as Lead Plaintiffs' Counsel to represent Lead Plaintiffs and all other Settlement Class Members in the Action. If you have any questions about the proposed Settlements, you may contact Lead Plaintiffs' Counsel as follows: Megan D. McIntyre, Esq., Grant & Eisenhofer P.A., 1201 N. Market St., Wilmington, Delaware 19801, (302) 622-7000; or Salvatore J. Graziano, Esq., Bernstein Litowitz Berger & Grossmann, LLP, 1285 Avenue of the Americas, New York, New York 10019, (800) 380-8496.

If you want to be represented by your own lawyer, you may hire one at your own expense.

**21. How will the lawyers be paid?**

You will be not charged directly for the fees or expenses of the Lead Plaintiffs' Counsel appointed by the Court. Instead, those lawyers intend to apply to the Court for payment of fees and expenses out of the proceeds of any recoveries achieved in the Action.

Lead Plaintiffs' Counsel have not received any payment for their services in prosecuting this Action. (When the BAWAG settlement was presented to the Court for approval, Lead Plaintiffs' Counsel did not apply for fees or expenses.) Before final approval of the Settlements, Lead Plaintiffs' Counsel intend to apply to the Court of an award of attorneys' fees in the amount of 7% of the first \$108 million of the previously approved BAWAG Settlement, and 18% of the proposed settlements now before the Court for approval (i.e., the Settlement with the Audit Committee and THL Defendants and the Settlements described in this Notice), plus interest thereon at the same rate as earned by the settlement funds. If all the settlements are approved and the requested fee is awarded, the award will equal approximately 11.1% of the Total Settlement Fund.

Lead Plaintiffs' Counsel have not been reimbursed for any of their out-of-pocket litigation expenses incurred in connection with the prosecution of the Action. Before final approval of the Settlements, Lead Plaintiffs' Counsel intend to apply for reimbursement of litigation expenses incurred in connection with the prosecution of the Action (which may include the reasonable costs and expenses of Lead Plaintiffs directly related to their representation of the Settlement Class), in an amount not to exceed \$11 million, with interest thereon at the same rate as earned by the Settlement Funds. The Court will determine the amount to be awarded to Lead Plaintiffs' Counsel. (PLEASE NOTE: While Lead Plaintiffs' Counsel have stated their intent to apply for reimbursement of litigation expenses in both this notice and the notice enclosed herewith concerning the proposed settlement with the Audit Committee Defendants and the THL Defendants, they are seeking only one reimbursement of their expenses to be paid out of the Total Settlement Fund.)

<sup>3</sup> PLEASE NOTE, the time to exclude yourself from the BAWAG settlement has passed. If you did not exclude yourself from that settlement, you are bound by the judgment entered by the Court with respect to BAWAG and you also may be eligible for a distribution from the \$140 million recovered. Please submit your Proof of Claim.

## **OBJECTING TO THE SETTLEMENTS, THE PLAN OF ALLOCATION OR THE FEE AND EXPENSE APPLICATION**

### **22. How do I tell the Court that I don't like the Settlement(s)?**

If you are a Settlement Class Member and you do not exclude yourself, you can object to the Settlement(s) or any part of them, including the proposed Plan of Allocation and Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses, and give reasons why you think the Court should not approve them. To object, you must send a letter or other filing saying that you object to the proposed Settlement(s), Plan of Allocation, and/or Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses in *In re Refco, Inc. Securities Litigation*, Case No. 05 Civ. 8626 (JSR). Be sure to include your name, address, telephone number, signature, and the reasons for your objection, as well as a list of your purchases and sales of Refco, Inc. common stock or Refco Notes made during the Class Period, including the dates, the number of securities purchased or sold, and the price(s) paid or received per security for each such purchase or sale. Your written objection must be sent to Lead Plaintiffs' Counsel and counsel for the applicable Settling Defendants at the addresses set forth below so that the papers are **received** by them no later than October 7, 2010:

#### **Lead Plaintiffs' Counsel**

Megan D. McIntyre, Esq.  
GRANT & EISENHOFER P.A.  
1201 N. Market Street  
Wilmington, DE 19801

-and-

Salvatore J. Graziano, Esq.  
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP  
1285 Avenue of the Americas  
New York, NY 10019

#### **Counsel for Sandler O'Neill**

Theresa Trzaskoma, Esq.  
BRUNE & RICHARD LLP  
80 Broad Street, 30th Floor  
New York, NY 10004

#### **Other Settling Underwriter Defendants' Counsel**

Andrew B. Weissman, Esq.  
WILMER CUTLER PICKERING HALE  
AND DORR LLP  
1875 Pennsylvania Avenue, NW  
Washington, DC 20006

You must **also** file your objection with the clerk of the United States District Court for the Southern District of New York, so that it is **received** no later than October 7, 2010. The address is:

Clerk of the U.S. District Court for the Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

Any member of the Settlement Class who does not object in the manner provided above will be deemed to have waived all objections to the Settlements, the Plan of Allocation and Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses.

### **23. What's the difference between objecting and requesting exclusion?**

Objecting is simply telling the Court that you do not like something about the Settlement(s). You can object only if you are a Settlement Class Member.

Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object, because the case no longer affects you. If you do not exclude yourself, you will be bound by the Settlements and all orders and judgments entered by the Court regarding the Settlements, regardless of whether the Court accepts or denies your objection.

### **24. When and where will the Court decide whether to approve the Settlements?**

The Court has scheduled a hearing on the proposed Settlements for October 27, 2010 at 4:00 p.m., before the Honorable Jed S. Rakoff in the U.S. District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007 (the "Settlement Hearing"). At the Settlement Hearing, the Court will consider whether the Settlements and the Plan of Allocation are fair, reasonable, and adequate, and will consider Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses. If there are objections, the Court will consider them. At or after the Settlement Hearing, the Court will decide whether to approve the Settlements, the Plan of Allocation, and the motion for attorneys' fees and reimbursement of litigation expenses.

Please note that the date of the Settlement Hearing is subject to change without further notice. If you plan to attend the hearing, you should check with Lead Plaintiffs' Counsel to be sure no change to the date and time of the hearing has been made.

**25. Do I have to come to the Settlement Hearing?**

No. Lead Plaintiffs' Counsel will answer any questions the Court might have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection so that it was received by the deadline, it will be before the Court when the Court considers whether to approve the Settlements. You may also pay your own lawyer to attend the hearing, but attendance is not necessary.

**26. May I speak at the Settlement Hearing?**

If you are a Settlement Class Member who has not asked to be excluded from the Settlement Class, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re Refco, Inc. Securities Litigation*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be filed with the Clerk of the Court and sent to the counsel listed above in the answer to Question 22 so it is **received** by the Court and counsel no later than October 7, 2010. You cannot speak at the hearing if you have asked to be excluded from the Settlement Class.

**IF YOU DO NOTHING**

**27. What happens if I do nothing at all?**

If you do nothing in response to this Notice, you will remain a member of the Settlement Class and will be bound by the Settlements. You will not be able to start, continue, or be part of any other lawsuit or arbitration against the Settling Defendants or the other Released Defendant Persons based on the claims in the Action. If you do not submit a Proof of Claim, you will not be eligible to receive payment from the Settlements or the Restitution Amount.

**GETTING MORE INFORMATION**

**28. Are there more details about the Settlements?**

This Notice contains only a summary of the proposed Settlements. The complete terms of the Settlements are set out in (i) the Stipulation and Agreement of Settlement between Lead Plaintiffs and Defendant Sandler O'Neill & Partners, L.P., dated October 10, 2008 and (ii) the Stipulation and Agreement of Settlement between Lead Plaintiffs and the Settling Underwriter Defendants, dated April 20, 2010. You may request a copy of these stipulations in writing to *Refco, Securities Litigation*, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9087, Dublin, Ohio 43017-0987. There may be a charge for copying and mailing the stipulations. Copies of the stipulations may be obtained for free at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com).

**29. How do I get more information?**

You can also call the Claims Administrator toll free at (888) 212-5574, write to the Claims Administrator at the above address, or visit the website at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com), where you will find copies of the Stipulations, the Complaint, and certain other documents relating to the Action and the Settlements. Anyone interested in more detail regarding the Action is invited to visit the Office of the Clerk of the United States District Court for the Southern District of New York at the United States Courthouse, 500 Pearl Street, New York, NY, 10007, during regular business hours, to inspect the stipulations, the pleadings, and the other papers maintained there in Case No. 05 Civ. 8626 (JSR).

**PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.**

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or otherwise acquired Refco Notes or common stock during the Class Period for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice Packet (including this Notice, a second notice concerning the settlement with the Audit Committee and THL Defendants, the Plan of Allocation, and the Proof of Claim form) to such beneficial owner, postmarked no later than seven (7) days after you receive this Notice, or (ii) provide the names and addresses of such persons no later than seven (7) days after you receive this Notice to Refco Securities Litigation, c/o The Garden City Group, Inc, P.O. Box 9087, Dublin, Ohio 43017-0987. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owner. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of the Notice Packet can be obtained from [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com) or by calling toll-free (888) 212-5574, or from Lead Plaintiffs' Counsel's websites, [www.blbgilaw.com](http://www.blbgilaw.com) and [www.gelaw.com](http://www.gelaw.com).

Dated: August 11, 2010

BY ORDER OF THE COURT

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Hon. Jed S. Rakoff  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

# Plan of Allocation

----- X  
: 05 Civ. 8626 (JSR)  
In re REFCO, INC. SECURITIES LITIGATION :  
: :  
: :  
----- X

**PLAN OF ALLOCATION**

If approved by the Court, the plan of allocation set forth below (the "Plan of Allocation") will determine how the net proceeds of the settlements achieved to date will be distributed to Class Members who submit timely and valid Claim Forms. For purposes of this Plan of Allocation only: "Class Member" shall refer to any member of the Settlement Class established for the BAWAG settlement or any member of the Settlement Classes described in the accompanying settlement notices.

**PLEASE READ THE ACCOMPANYING NOTICES AS THEY DESCRIBE HOW YOUR RIGHTS ARE AFFECTED BY THESE SETTLEMENTS AND PROVIDE DEFINITIONS OF TERMS USED HEREIN.**

**GENERAL PROVISIONS**

1. At this time, it is not possible to make any determination as to how much a Class Member may receive from the Settlements.

2. If all of the settlements to be considered by the Court at the October 27, 2010 Settlement Hearing are approved, these settlements, together with the previously approved settlement with BAWAG and certain restitution funds that Lead Plaintiffs obtained from the government for the benefit of class members, will create a fund of approximately \$380.488 million, plus interest thereon (the "Total Settlement Fund"). This Total Settlement Fund will be divided into two parts: a Section 11 Fund consisting of \$314.448 million, plus interest thereon, and a Section 10(b) Fund consisting of \$66 million, plus interest thereon. As provided below, the Section 11 Fund will be used to compensate eligible claimants to the extent their estimated damages under Section 11 of the Securities Act and Section 10(b) of the Exchange Act are coextensive. The Section 10(b) Fund is intended to provide compensation to eligible claimants to the extent they have claims under only Section 10(b) or have claims in which the estimated Section 10(b) damages exceed their estimated Section 11 damages.

3. The allocation of the Total Settlement Fund into the Section 11 Fund and Section 10(b) Fund was determined by Lead Plaintiffs and Lead Counsel after consideration of various factors, including (i) damage estimates prepared by Lead Plaintiffs' damages expert with respect to each class of claims; (ii) the comparative ease of maintaining Section 11 claims through trial and proving those claims at trial (as compared to Section 10(b) claims); and (iii) the fact that certain defendants, whose aggregate contribution to the Total Settlement Fund will be \$53 million, did not face any Section 10(b) claims, and, thus, the recovery obtained from them can only be allocated to Section 11 claims. (If the Court approves some but not all of the settlements to be considered at the Settlement Hearing, the Total Settlement Fund will include only the proceeds of the settlements approved by the Court and the amounts of the Section 11 Fund and Section 10(b) Fund will be adjusted accordingly.)

4. After approval of the Settlements by the Court, and upon satisfaction of the other conditions to the Settlements, the Net Total Settlement Fund (*i.e.*, the Total Settlement Fund less (i) all federal, state, and local taxes on any income earned by the Total Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Total Settlement Fund (including reasonable expenses of tax attorneys and accountants); (ii) the costs and expenses in connection with providing notice to Class Members and administering the Settlements and the Total Settlement Fund on behalf of Class Members; and (iii) any attorneys' fees and expenses awarded by the Court to Lead Plaintiffs' Counsel) will be distributed to Class Members who submit valid claims that are accepted by the Court ("Authorized Claimants") in accordance with the provisions of the Plan of Allocation. The taxes, costs, fees and expenses deducted from the Total Settlement Fund shall be deducted from the Section 11 Fund and Section 10(b) Funds proportionally based on the size of each of those funds in comparison to the size of the Total Settlement Fund.

5. Settling Defendants are not entitled to get back any portion of their respective contributions to the Total Settlement Fund once the Court's Order approving their respective Settlement becomes Final. Settling Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlements or disbursement of the Net Total Settlement Fund or the Plan of Allocation.

6. Approval of the Settlements is independent from approval of the Plan of Allocation. Any determination as to the Plan of Allocation will not affect the Settlements, if approved.

7. Only those Class Members who purchased or acquired (i) Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) ("Refco Notes") and/or (ii) common stock of Refco (CUSIP No. 75866G109) ("Refco Common Stock") during the Class Period **AND WERE DAMAGED AS A RESULT OF SUCH PURCHASES OR ACQUISITIONS**, will be eligible to share in the distribution of the Net Total Settlement Fund. Each person wishing to participate in the distribution must timely submit a valid Proof of Claim and Release form ("Claim Form") establishing membership in the

Class, and including all required documentation, postmarked no later than November 9, 2010, to the address set forth in the Claim Form. Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked no later than November 9, 2010, shall be forever barred from receiving payments pursuant to the Settlements but will in all other respects remain a Class Member and be subject to the provisions of the applicable Stipulations, including the terms of any Judgments entered and releases given.

8. The Court has reserved continuing jurisdiction to allow, disallow, or adjust the Claim of any Class Member on equitable grounds.

9. The Court has also reserved the right to modify the Plan of Allocation without further notice to Class Members. Any Orders regarding a modification of the Plan of Allocation will be posted on the settlement website, <http://www.refcosecuritieslitigation.com>.

10. Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Lead Plaintiffs' Counsel, the Claims Administrator or other agent designated by Lead Plaintiffs' Counsel arising from distributions made substantially in accordance with the Stipulations, the Plan of Allocation, or further orders of the Court. Lead Plaintiffs, Settling Defendants, their respective counsel, and all other Released Defendant Persons shall have no responsibility or liability whatsoever for the investment or distribution of the Total Settlement Fund, the Net Total Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Total Settlement Fund, or any losses incurred in connection therewith.

11. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her or its Claim Form.

12. **PLEASE NOTE:** Persons and entities that excluded themselves from the Settlement Class in connection with the BAWAG settlement and exclude themselves from any of the current Settlement Classes will not be eligible to receive a distribution from the Net Total Settlement Fund and should not submit Claim Forms. Persons and entities that exclude themselves from any of the current Settlement Classes, but did not exclude themselves from the BAWAG Settlement Class and wish to participate in the distribution of the BAWAG Settlement may submit a Claim Form.

13. Each Claim Form **must** provide all of the information requested therein and provide sufficient supporting documentation as set forth therein.

14. A "Recognized Loss Amount" will be calculated for each purchase or acquisition of Refco Common Stock or Refco Notes that is listed in the Claim Form and for which adequate documentation is provided. The calculation of the Recognized Loss Amount will depend upon several factors, including (i) when the Refco Common Stock or Refco Notes were purchased or acquired (ii) whether they were held until the conclusion of the Class Period or (iii) whether they were sold, and if so, when they were sold. The total of a Claimant's Recognized Loss Amounts shall be the Claimant's Recognized Claim.

15. The objective of the Plan of Allocation is to equitably distribute the Net Total Settlement Fund to those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws, as opposed to losses caused by market and industry factors or Company-specific factors not related to those alleged violations. The Plan of Allocation reflects Lead Plaintiffs' damages expert's analysis undertaken to that end, including a review of publicly available information regarding Refco and statistical analyses of the price movements of Refco Securities and the price performance of relevant market and industry indices during the Class Period. Lead Plaintiffs' damages expert has estimated the artificial inflation in Refco Common Stock and Refco Notes during the Class Period, as reflected in Tables A and B.

16. The Plan of Allocation generally measures the amount of loss that a Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Total Settlement Fund to Authorized Claimants. The Plan of Allocation is not a formal damage analysis. Recognized Loss Amounts are based on the level of alleged artificial inflation and/or deflation in the price of Refco Securities at the time of purchase or acquisition and at the time of sale. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts between July 1, 2004 through and including October 17, 2005, which had the effect of artificially inflating the prices of Refco Securities. Defendants deny all such allegations. The proposed Plan of Allocation reflects Lead Plaintiffs' allegations that the prices of Refco Securities were artificially inflated during the Class Period due to Defendants' misrepresentations and/or omissions.

17. In order to have recoverable damages, disclosure of the truth concerning the alleged misrepresentations must be the cause of the decline in the price of the security. Corrective disclosures that removed artificial inflation from the price of Refco Securities occurred on October 10, 2005 and daily from October 11, 2005 through October 17, 2005, culminating in Refco's filing for Chapter 11 bankruptcy after the close of the market on October 17, 2005. Accordingly, in order to have a Recognized Loss Amount:

- (i) a Refco Security purchased or otherwise acquired from July 1, 2004 through October 9, 2005 must be held until at least the beginning of trading on October 10, 2005, the day of the first corrective disclosure;
- (ii) a Refco Security purchased or otherwise acquired after the start of trading on October 10, 2005 through and including October 17, 2005, must be held at least until the next trading day.

18. To the extent a Claimant does not satisfy either of the conditions set forth in the preceding paragraph, its Recognized Loss Amount for those transactions will be zero.

19. To the extent a Claimant had a gain from his, her or its overall transactions in Refco Securities during the Class Period, its Recognized Claim will be zero. Such Claimants will, in any event, still be bound by the Settlements.

### **SPECIFIC RECOGNIZED LOSS AMOUNTS**

20. In the calculations below, if the Recognized Loss Amount calculates to a negative number, the Recognized Loss Amount shall be zero.

#### **21. Refco Common Stock:**

- (a) For each share of Refco Common Stock purchased or otherwise acquired between July 1, 2004 and October 9, 2005, inclusive and:
- (i) Sold prior to the close of trading on October 9, 2005, the Recognized Loss Amount is \$0.00.
  - (ii) Sold at a loss between October 10, 2005 and October 17, 2005, the Recognized Loss Amount shall be **the lesser of:** (i) \$26.96 *minus* the amount of artificial inflation per share of Common Stock as set forth in Table A on the date of the sale; or (ii) purchase price *minus* the sale price.
  - (iii) Held as of the close of trading on October 17, 2005, the Recognized Loss Amount shall be **the lesser of:** (i) \$26.96; or (ii) the purchase price *minus* \$0.65.
- (b) For each share of Refco Common Stock purchased or otherwise acquired between October 10, 2005 and October 17, 2005, inclusive and:
- (i) Sold at a loss between October 10, 2005 and the October 17, 2005, inclusive, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share of Common Stock as set forth in Table A on the date of purchase *minus* the amount of artificial inflation per share of Common Stock as set forth in Table A on the date of sale; or (ii) the purchase price *minus* the sale price.
  - (ii) Held as of the close of trading on October 17, 2005, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per share of Common Stock as set forth in Table A on the date of purchase; or (ii) the purchase price *minus* \$0.65.
- (c) For Refco Common Stock transactions in which the purchase price per share was less than or equal to \$22.00, the Recognized Loss Amount, if any, is a Section 11 Loss Amount.
- (d) For Refco Common Stock transactions in which the purchase price per share was greater than \$22.00, the Recognized Loss Amount shall be allocated into Section 11 and Section 10(b) Loss Amounts as follows: The Section 11 Loss Amount on the transaction shall be the difference between \$22.00 per share and the sales price per share (or, for those shares held as of the close of trading on October 17, 2005, the Section 11 Loss Amount shall be \$21.35 per share) but, in any event, the Section 11 Loss Amount shall not be greater than the Recognized Loss Amount. The Section 10(b) Loss Amount on the transaction shall be the Recognized Loss Amount on that transaction less the Section 11 Loss Amount, but not less than zero.

#### **22. Refco Notes:**

- (a) For each Refco Note purchased or otherwise acquired between July 1, 2004 and October 17, 2005, inclusive and:
- (i) Sold prior to the close of trading on October 9, 2005, the Recognized Loss Amount is \$0.00.
  - (ii) Sold at a loss between October 10, 2005 and December 15, 2006, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of inflation per Note as set forth in Table B on the date of purchase *minus* the amount of inflation per Note as set forth in Table B on the date of sale; or (ii) the purchase price *minus* the sale price.
  - (iii) Held as of the close of trading on December 15, 2006, the Recognized Loss Amount shall be **the lesser of:** (i) the amount of artificial inflation per Note as set forth in Table B on the date of purchase; or (ii) the purchase price *minus* \$834.20.
- (b) For Refco Notes purchased or otherwise acquired from July 1, 2004 through and including April 7, 2005, the Recognized Loss Amount, if any, is a Section 10(b) Loss Amount.
- (c) For Refco Notes Purchased after April 7, 2005, the Recognized Loss Amount shall be allocated into Section 11 and Section 10(b) Loss Amounts as follows: The Section 11 Loss Amount on the transaction shall be the difference between \$1000.00 per Note and the sales price per Note (or, for those Notes held as of the close of trading on December 15, 2006, the Section 11 Loss Amount shall be \$165.80 per Note) but, in any event, the Section 11 Loss Amount shall not be greater than the Recognized Loss Amount. The Section 10(b) Loss Amount on the transaction shall be the Recognized Loss Amount on that transaction less the Section 11 Loss Amount, but not less than zero.

## ADDITIONAL PROVISIONS

23. The Net Total Settlement Fund will be allocated among all eligible Class Members who are Authorized Claimants.
24. Each Authorized Claimant's Recognized Claim shall be the total of his, her or its Recognized Loss Amounts. If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Total Settlement Fund is greater than the Net Total Settlement Fund, however, each such Authorized Claimant shall be allocated *pro rata* shares of the Section 11 Fund and/or Section 10(b) Fund. Specifically, each Authorized Claimant shall receive a distribution equal to (i) a *pro rata* share of the Section 11 Fund based on the amount of the Authorized Claimant's Section 11 Loss Amount in comparison to the total Section 11 Loss Amounts of all Authorized Claimants, plus (ii) a *pro rata* share of the Section 10(b) Fund based on the amount of the Authorized Claimant's Section 10(b) Loss Amount in comparison to the total Section 10(b) Loss Amounts of all Authorized Claimants. If the Authorized Claimant's distribution payment calculates to less than \$20.00, it will not be included in the calculation and it will not be distributed.
25. The amount of a Class Member's Recognized Claim, Section 11 Loss Amount, and Section 10(b) Loss Amount as computed above are not intended to be estimates of what a Class Member might have been able to recover at trial, and are not estimates of the amount that will be paid pursuant to these Settlements. Instead, these computations are only a method to weigh Class Members' claims against one another. Authorized Claimants will receive *pro rata* shares of the Section 11 Fund and/or Section 10(b) Fund based on their Section 11 and Section 10(b) Loss Amounts.
26. If a Class Member has more than one transaction in Refco Securities during the Class period, all purchases/acquisitions and sales of like securities shall be matched on a First-In-First-Out ("FIFO") basis, and Class Period sales will be matched against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.
27. Purchases, acquisitions and sales of Refco Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of Refco Securities during the Class Period shall not be deemed a purchase, acquisition or sale of these Refco Securities for the calculation of an Authorized Claimant's Recognized Loss Amounts nor shall such receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Refco Securities unless (i) the donor or decedent purchased or otherwise acquired the Refco Securities during the Class Period; (ii) no Proof of Claim was submitted by or on behalf of the donor or decedent, or by anyone else with respect to such Refco Securities; and (iii) it is specifically so provided in the instrument of gift or assignment.
28. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of Refco Securities. The date of a "short sale" is deemed to be the date of sale of Refco Securities. However, the Recognized Loss Amount on "short sales" shall be \$0.
29. If a Claimant had a market gain from his, her or its overall transactions in the Refco Securities during the Class Period, the value of his, her or its Recognized Claim, Section 11 Loss Amount and Section 10(b) Loss Amount will be \$0. To the extent a Claimant suffered an overall market loss on his, her or its overall transactions in Refco Securities during the Class Period, but that market loss was less than the Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss (and the Claimant's Section 11 Loss Amount and Section 10(b) Loss Amount shall be reduced proportionally).
30. For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in Refco Securities during the Class Period or suffered an overall loss, the Claims Administrator shall: (i) total the amount the Claimant paid for all Refco Securities purchased or acquired during the Class Period (the "Total Purchase Amount"); (ii) total the amount received from sales of Refco Common Stock during the Class Period *and* the amount received from sales of Refco Notes purchased or acquired during the Class Period and sold between July 1, 2004 and December 15, 2006 (together, the "Sales Proceeds"), and (iii) ascribe a holding value of \$0.65 per share to all shares of Refco Common Stock purchased or acquired during the Class Period and still held as of the close of trading on October 17, 2005 and a holding value of \$834.20 per Note to all Refco Notes purchased or acquired during the Class Period and still held as of the close of trading on December 15, 2006 (the "Holding Value"). The difference between (a) the Total Purchase Amount and (b) the sum of the Sales Proceeds and the Holding Value will be deemed a Claimant's gain or loss on his, her or its overall transactions in the Refco Securities during the Class Period.
31. The Recognized Claim of any Claimant who excluded him, her or itself from any of the current Settlement Classes, but did not exclude him, her or itself from the BAWAG Settlement Class shall be reduced by 50% (and such Claimant's Section 11 Loss Amount and Section 10(b) Loss Amount shall be reduced by 50%).
32. If any funds remain in the Net Total Settlement Fund after the initial distribution because of uncashed distributions or other reasons, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distribution checks, any balance remaining in the Net Total Settlement Fund one (1) year after the initial distribution shall be redistributed to Class Members who have cashed their initial distributions and who would receive at least \$20.00 from such redistribution based on their Recognized Claim, after payment of any unpaid costs or fees incurred in administering the Net Total Settlement Fund. If any funds remain in the Net Total Settlement Fund after such re-distribution, additional re-distributions shall occur thereafter in six-month intervals until Lead Plaintiffs' Counsel, in consultation with the Claims Administrator, determine that a re-distribution is not cost effective, at which time the balance of the Net Total Settlement Fund will be donated to non-sectarian, not-for-profit 501(c)(3) organization(s) designated by Lead Plaintiffs' Counsel subject to approval by the Court.
33. The Plan of Allocation set forth herein is the Plan that is being proposed by Lead Plaintiffs and Lead Plaintiffs' Counsel to the Court for approval. The Court may approve this plan as proposed or it may modify the plan or approve a different plan of allocation without further notice to the Class.

**TABLE A – Refco Common Stock**

<b>Date</b>	<b>Artificial Inflation per Share</b>
Prior to 10/10/2005	\$26.96
10/10/2005	\$14.15
10/11/2005	\$12.68
10/12/2005	\$10.07
10/13/2005	\$7.23
After 10/13/2005	\$0.00

**TABLE B – Refco Notes**

<b>Date</b>	<b>Inflation Per Note</b>
Prior to and Including 10/7/2005	\$241.54
10/11/2005	\$71.90
10/12/2005	-\$44.08
10/13/2005	-\$379.41
10/14/2005	-\$566.87
10/17/2005	-\$404.07
10/18/2005	-\$300.13
10/19/2005	-\$290.54
10/20/2005	-\$330.07
10/21/2005	-\$271.79
10/24/2005	-\$143.87
10/25/2005	-\$139.49
10/26/2005	-\$175.13
10/27/2005	-\$165.30
10/28/2005	-\$130.82
10/31/2005	-\$110.95
11/1/2005	-\$118.23
11/2/2005	-\$131.86
11/3/2005	-\$98.66
11/4/2005	-\$64.26
11/7/2005	-\$57.37
11/8/2005	-\$58.16
11/9/2005	-\$51.71
11/10/2005	-\$71.60
11/11/2005	-\$31.02
11/14/2005	-\$29.09
11/15/2005	-\$65.04
11/16/2005	-\$77.61
11/17/2005	-\$91.35
11/18/2005	-\$79.68

<b>Date</b>	<b>Inflation Per Note</b>
11/21/2005	-\$99.32
11/22/2005	-\$98.66
11/23/2005	-\$121.45
11/25/2005	-\$121.45
11/28/2005	-\$117.46
11/29/2005	-\$113.94
11/30/2005	-\$110.88
12/1/2005	-\$110.88
12/2/2005	-\$112.83
12/5/2005	-\$115.39
12/6/2005	-\$56.36
12/7/2005	-\$56.36
12/8/2005	-\$100.60
12/9/2005	-\$89.09
12/12/2005	-\$45.40
12/13/2005	-\$47.15
12/14/2005	-\$53.40
12/15/2005	-\$50.10
12/16/2005	-\$50.10
12/19/2005	-\$50.10
12/20/2005	-\$61.75
12/21/2005	-\$57.88
12/22/2005	-\$57.88
12/23/2005	-\$57.88
12/27/2005	-\$70.36
12/28/2005	-\$70.36
12/29/2005	-\$70.36
12/30/2005	-\$70.36
1/3/2006	-\$68.85
1/4/2006	-\$71.46

Date	Inflation Per Note
1/5/2006	-\$83.74
1/6/2006	-\$82.09
1/9/2006	-\$74.03
1/10/2006	-\$60.59
1/11/2006	-\$60.59
1/12/2006	-\$57.95
1/13/2006	-\$54.94
1/17/2006	-\$47.56
1/18/2006	-\$48.82
1/19/2006	-\$51.15
1/20/2006	-\$53.36
1/23/2006	-\$149.09
1/24/2006	-\$152.65
1/25/2006	-\$168.55
1/26/2006	-\$176.68
1/27/2006	-\$183.29
1/30/2006	-\$176.86
1/31/2006	-\$184.92
2/1/2006	-\$178.59
2/2/2006	-\$175.68
2/3/2006	-\$196.36
2/6/2006	-\$173.77
2/7/2006	-\$167.92
2/8/2006	-\$158.41
2/9/2006	-\$169.86
2/10/2006	-\$176.06
2/13/2006	-\$178.56
2/14/2006	-\$191.59
2/15/2006	-\$198.88
2/16/2006	-\$253.40
2/17/2006	-\$253.40
2/21/2006	-\$315.49
2/22/2006	-\$317.99
2/23/2006	-\$302.15
2/24/2006	-\$239.01
2/27/2006	-\$230.74
2/28/2006	-\$238.92
3/1/2006	-\$264.33
3/2/2006	-\$266.13
3/3/2006	-\$258.83

Date	Inflation Per Note
3/6/2006	-\$259.58
3/7/2006	-\$264.05
3/8/2006	-\$269.23
3/9/2006	-\$259.06
3/10/2006	-\$267.28
3/13/2006	-\$304.35
3/14/2006	-\$333.00
3/15/2006	-\$344.35
3/16/2006	-\$313.03
3/17/2006	-\$288.20
3/20/2006	-\$323.84
3/21/2006	-\$309.55
3/22/2006	-\$312.76
3/23/2006	-\$303.12
3/24/2006	-\$295.34
3/27/2006	-\$263.24
3/28/2006	-\$249.07
3/29/2006	-\$241.27
3/30/2006	-\$239.44
3/31/2006	-\$239.44
4/3/2006	-\$232.19
4/4/2006	-\$218.41
4/5/2006	-\$202.80
4/6/2006	-\$194.98
4/7/2006	-\$194.98
4/10/2006	-\$194.98
4/11/2006	-\$194.98
4/12/2006	-\$194.98
4/13/2006	-\$190.89
4/17/2006	-\$186.88
4/18/2006	-\$190.99
4/19/2006	-\$183.33
4/20/2006	-\$187.61
4/21/2006	-\$178.93
4/24/2006	-\$171.90
4/25/2006	-\$161.46
4/26/2006	-\$135.49
4/27/2006	-\$90.97
4/28/2006	-\$38.23
5/1/2006	-\$30.34

Date	Inflation Per Note
5/2/2006	\$6.53
5/3/2006	-\$27.80
5/4/2006	-\$35.16
5/5/2006	-\$37.35
5/8/2006	-\$36.11
5/9/2006	-\$36.11
5/10/2006	\$1.82
5/11/2006	-\$2.68
5/12/2006	-\$2.68
5/15/2006	-\$11.46
5/16/2006	-\$15.67
5/17/2006	-\$16.67
5/18/2006	-\$27.79
5/19/2006	-\$32.15
5/22/2006	-\$32.15
5/23/2006	-\$32.15
5/24/2006	-\$63.21
5/25/2006	-\$41.50
5/26/2006	-\$38.83
5/30/2006	-\$33.23
5/31/2006	-\$33.23
6/1/2006	-\$33.23
6/2/2006	-\$33.23
6/5/2006	-\$23.09
6/6/2006	-\$15.36
6/7/2006	-\$18.07
6/8/2006	-\$18.07
6/9/2006	-\$18.07
6/12/2006	-\$16.37
6/13/2006	-\$16.37
6/14/2006	-\$16.37
6/15/2006	-\$16.37
6/16/2006	-\$12.64
6/19/2006	-\$14.21
6/20/2006	-\$14.21
6/21/2006	-\$14.21
6/22/2006	-\$14.21
6/23/2006	-\$14.21
6/26/2006	-\$18.06
6/27/2006	-\$20.10

Date	Inflation Per Note
6/28/2006	-\$20.10
6/29/2006	-\$30.53
6/30/2006	-\$30.53
7/3/2006	-\$30.53
7/5/2006	-\$30.53
7/6/2006	-\$30.54
7/7/2006	-\$30.54
7/10/2006	-\$30.54
7/11/2006	-\$30.54
7/12/2006	-\$30.54
7/13/2006	-\$30.54
7/14/2006	-\$30.54
7/17/2006	-\$30.54
7/18/2006	-\$30.54
7/19/2006	-\$36.63
7/20/2006	-\$46.36
7/21/2006	-\$48.54
7/24/2006	-\$48.54
7/25/2006	-\$48.54
7/26/2006	-\$50.39
7/27/2006	-\$50.39
7/28/2006	-\$47.87
7/31/2006	-\$47.87
8/1/2006	-\$47.87
8/2/2006	-\$47.87
8/3/2006	-\$47.87
8/4/2006	-\$59.47
8/7/2006	-\$59.47
8/8/2006	-\$59.47
8/9/2006	-\$59.47
8/10/2006	-\$59.47
8/11/2006	-\$59.47
8/14/2006	-\$65.07
8/15/2006	-\$65.07
8/16/2006	-\$80.41
8/17/2006	-\$57.05
8/18/2006	-\$57.05
8/21/2006	-\$54.26
8/22/2006	-\$47.68
8/23/2006	-\$47.68

Date	Inflation Per Note
8/24/2006	-\$46.95
8/25/2006	-\$46.95
8/28/2006	-\$40.14
8/29/2006	-\$38.33
8/30/2006	-\$28.33
8/31/2006	-\$28.33
9/1/2006	-\$28.33
9/5/2006	-\$21.37
9/6/2006	-\$21.37
9/7/2006	-\$21.37
9/8/2006	-\$18.95
9/11/2006	-\$18.95
9/12/2006	-\$18.95
9/13/2006	-\$26.80
9/14/2006	-\$12.89
9/15/2006	-\$7.97
9/18/2006	-\$11.98
9/19/2006	-\$19.75
9/20/2006	-\$14.18
9/21/2006	-\$17.52
9/22/2006	-\$19.20
9/25/2006	-\$23.63
9/26/2006	-\$16.58
9/27/2006	-\$16.58
9/28/2006	-\$13.70
9/29/2006	-\$13.70
10/2/2006	-\$13.70
10/3/2006	-\$6.09
10/4/2006	-\$6.57
10/5/2006	-\$4.97
10/6/2006	-\$15.77
10/9/2006	-\$15.77
10/10/2006	-\$15.77
10/11/2006	-\$8.39
10/12/2006	-\$8.39
10/13/2006	-\$8.39
10/16/2006	-\$8.39
10/17/2006	\$1.89
10/18/2006	\$1.89
10/19/2006	\$1.89

Date	Inflation Per Note
10/20/2006	\$5.90
10/23/2006	\$4.99
10/24/2006	\$5.28
10/25/2006	\$5.28
10/26/2006	\$5.28
10/27/2006	\$5.28
10/30/2006	\$5.28
10/31/2006	\$5.28
11/1/2006	\$5.28
11/2/2006	\$5.28
11/3/2006	\$5.28
11/6/2006	-\$3.89
11/7/2006	-\$3.89
11/8/2006	-\$3.89
11/9/2006	-\$3.89
11/10/2006	\$2.06
11/13/2006	\$2.06
11/14/2006	\$2.06
11/15/2006	\$2.06
11/16/2006	\$2.06
11/17/2006	\$6.61
11/20/2006	\$6.61
11/21/2006	\$6.61
11/22/2006	\$6.61
11/24/2006	\$6.61
11/27/2006	\$1.15
11/28/2006	-\$1.65
11/29/2006	-\$1.93
11/30/2006	-\$1.93
12/1/2006	-\$1.93
12/4/2006	-\$1.93
12/5/2006	-\$2.99
12/6/2006	-\$2.99
12/7/2006	-\$2.99
12/8/2006	-\$2.99
12/11/2006	-\$2.99
12/12/2006	-\$2.99
12/13/2006	-\$2.99
12/14/2006	-\$2.99
12/15/2006	-\$12.25

# Proof of Claim

**Must be Postmarked  
No Later Than  
November 9, 2010**

**Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987  
[www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com)**



Claim Number:

Control Number:

## **PROOF OF CLAIM AND RELEASE**

***THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN NOVEMBER 9, 2010.***

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**In re Refco, Inc. Securities Litigation**

**PART I - CLAIMANT INFORMATION**

Last Name (Claimant)

First Name (Claimant)



Last Name (Beneficial Owner if Different From Claimant)

First Name (Beneficial Owner)



Last Name (Co-Beneficial Owner)

First Name (Co-Beneficial Owner)



Company/Other Entity (If Claimant Is Not an Individual)

Contact Person (If Claimant Is Not an Individual)



Trustee/Nominee/Other

Account Number (If Claimant Is Not an Individual)

Trust/Other Date (If Applicable)



Address Line 1

Address Line 2 (If Applicable)

City

State

Zip Code




Foreign Province

Foreign Country

Foreign Zip Code




Telephone Number (Day)

Telephone Number (Night)



Beneficial Owner's Employer Identification Number or

Social Security Number <sup>1</sup>

**Email Address** *(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)*

**IDENTITY OF CLAIMANT (check only one box):**

- |  |  |                                      |
|--|--|--------------------------------------|
| <input type="checkbox"/> Individual                                  | <input type="checkbox"/> Joint Owners  | <input type="checkbox"/> Estate      |
| <input type="checkbox"/> Corporation                                 | <input type="checkbox"/> Trust   | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Private Pension Fund                        | <input type="checkbox"/> IRA, Keogh, or other type of individual retirement plan |                                      |
| <input type="checkbox"/> Legal Representative                        | (indicate type of plan, mailing address, and name of current custodian)          |                                      |
| <input type="checkbox"/> Other (specify, describe on separate sheet) | _____  |                                      |
|  | _____  |                                      |

<sup>1</sup> The taxpayer identification number (TIN), consisting of a valid Social Security number (SSN) for individuals or employer identification number (EIN) for business entities, trusts, estates, etc., and telephone number of the beneficial owner(s) may be used in verifying this claim.

**PART II - GENERAL INSTRUCTIONS**

**A.** It is important that you completely read and understand the notices of proposed settlements (“Settlement Notices”) and Plan of Allocation that accompany this Proof of Claim and Release form (“Claim Form”). The Settlement Notices and this Proof of Claim contain the definitions of many of the defined terms (which are indicated by initial capital letters) used in this form, as well as a description of partial settlements reached to date and how they affect Settlement Class Members. By signing and submitting this Claim Form, you will be certifying that you have read and that you understand the Settlement Notices, including the terms of the releases described therein and provided for herein.

**B.** By submitting this Claim Form, you will be making a request to share in the proceeds of the settlements described in the Settlement Notices. This Proof of Claim will also be used for purposes of determining the amount that you may be eligible to receive from the prior recovery achieved in the Action, the Restitution Amount and any future recoveries that might be obtained in the Action. If you request exclusion from either of the settlements described in the Settlement Notices, you will not be eligible to receive a payment from either of these Settlements, the Restitution Amount or from any other recoveries that might be obtained in the Action, but you may still be eligible to receive a distribution from the previously achieved Court-approved settlement. You must submit a Claim Form in accordance with the instructions herein in order to be eligible to receive a distribution from the earlier settlement.

**C.** TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION, YOU MUST MAIL YOUR COMPLETED AND SIGNED CLAIM FORM TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL, POSTAGE PREPAID, **POSTMARKED BY NOVEMBER 9, 2010**, ADDRESSED AS FOLLOWS:

Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987

**D.** This Proof of Claim is directed to all persons and entities who purchased or otherwise acquired Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) and/or common stock of Refco, Inc. (CUSIP No. 75866G109) (collectively, “Refco Securities”) during the period July 1, 2004 through and including October 17, 2005 (the “Class Period”) and who were damaged thereby (the “Settlement Class”).

**E.** “Settlement Class Members” means any persons and entities who purchased or otherwise acquired Refco Securities during the Class Period and are not excluded by definition from the Settlement Class and who do not timely submit a proper request for exclusion in accordance with the requirements set forth in the Settlement Notices. Persons and entities excluded from the Settlement Class by definition are (a) Refco; (b) the Defendants in the Action; (c) any person or entity who was a partner, executive officer, director, controlling person, subsidiary, or affiliate of Refco or of any Defendant during the Class Period; (e) members of the Defendants’ immediate families; (f) entities in which Refco or any Defendant has a controlling interest; and (g) the legal representatives, heirs, estates, administrators, predecessors, successors or assigns of any of the foregoing excluded persons and entities, except that any Investment Vehicle, as defined in the Stipulation with the Settling Underwriter Defendants, is not excluded.

**F.** IF YOU ARE NOT A SETTLEMENT CLASS MEMBER, YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN ANY OF THE RECOVERIES OBTAINED IN THIS ACTION. IF YOU WOULD BE A SETTLEMENT CLASS MEMBER BUT FOR YOUR REQUEST TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN CONNECTION WITH THE SETTLEMENTS DESCRIBED IN THE ACCOMPANYING SETTLEMENT NOTICES, YOU MAY NOT DIRECTLY OR INDIRECTLY PARTICIPATE IN THE RECOVERIES OBTAINED IN THOSE SETTLEMENTS OR IN ANY OTHER RECOVERIES THAT MIGHT BE OBTAINED IN THE ACTION, BUT YOU MAY STILL BE ELIGIBLE TO PARTICIPATE IN THE EARLIER APPROVED SETTLEMENT IF YOU SUBMIT A TIMELY AND VALID CLAIM FORM.

**G.** All Settlement Class Members will be bound by the terms of the judgments entered in connection with the settlements described in the Settlement Notices WHETHER OR NOT A CLAIM FORM IS SUBMITTED, unless a valid request for exclusion from the Settlement Class is received by October 7, 2010. The judgments will release and enjoin the filing or continued prosecution of Released Plaintiffs’ Claims, Settled Claims and Settled Plaintiffs’ Claims as defined in the respective Stipulations (collectively referred to herein as “Released Claims”) against the Released Defendant Persons, as described in the respective Settlement Notices.

**H.** You may only participate in the settlements described in the Settlement Notices, the earlier \$140 million settlement, and the distribution of the Restitution Amount if you are a member of the Settlement Class and if you complete and return this form as specified below. If you fail to file a timely, properly addressed, and completed Claim Form, your claim may be rejected and you may be precluded from receiving any proceeds from the settlements described in the Settlement Notices and the earlier settlement.

**I.** **Submission of this Claim Form does not guarantee that you will share in the proceeds of the settlements described in the Settlement Notices, the earlier settlement, the Restitution Amount, or any other recoveries in the Action.** Distribution of those proceeds, after payment of attorneys’ fees, expenses and other costs, will be governed by the accompanying Plan of Allocation, if approved by the Court, or such other plan of allocation as the Court approves.

**QUESTIONS? CALL 1-888-212-5574 OR VISIT [WWW.REFCOSECURITIESLITIGATION.COM](http://WWW.REFCOSECURITIESLITIGATION.COM)**

**PART II - GENERAL INSTRUCTIONS (CONTINUED)**

**J.** Use Section III of this Claim Form entitled "SCHEDULE OF TRANSACTIONS IN REFCO SECURITIES" to supply all required details of your transaction(s) in Refco Securities. On the schedules, provide all of the requested information with respect to all purchases and other acquisitions (including free receipts) and all sales (including free deliveries) of Refco Notes from July 1, 2004 through and including December 15, 2006 and of Refco common stock from July 1, 2004 through and including October 17, 2005, as well as the par value of Refco Notes you held as of the close of trading on December 15, 2006 and the number of shares of Refco common stock you held as of the close of trading on October 17, 2005. If you need more space, follow the instructions set forth in that section. **Failure to report all transactions during the requested periods may result in the rejection of your claim.**

**K.** You are required to submit genuine and sufficient documentation for all your transactions in and holdings of Refco Securities as set forth in the Schedule of Transactions in Part III. Documentation may consist of copies of brokerage confirmations or monthly statements. **IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OR EQUIVALENT CONTEMPORANEOUS DOCUMENTS FROM YOUR BROKER. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS. Please keep a copy of all documents that you send to the Claims Administrator.**

**L.** Separate Claim Forms should be submitted for each separate legal entity (e.g., a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity on one Claim Form, no matter how many separate accounts that entity has (e.g., a corporation with multiple brokerage accounts should include all transactions made in all accounts on one Claim Form).

**M.** All joint beneficial owners must each sign this Claim Form. If you purchased or acquired Refco Securities during the Class Period and held the securities in your name, you are the beneficial owner as well as the record owner. If, however, you purchased or acquired Refco Securities during the Class Period and the securities were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial owner of these securities, but the third party is the record owner.

**N.** Agents, executors, administrators, guardians, and trustees must complete and sign the Claim Form on behalf of persons represented by them, and they must:

- (a) expressly state the capacity in which they are acting;
- (b) identify the name, account number, Social Security Number (or taxpayer identification number), address and telephone number of the beneficial owner of (or other person or entity on whose behalf they are acting with respect to) the Refco Securities; and
- (c) furnish herewith evidence of their authority to bind to the Claim Form the person or entity on whose behalf they are acting. (Authority to complete and sign a Claim Form cannot be established by stockbrokers demonstrating only that they have discretionary authority to trade stock in another person's accounts.)

**O.** By submitting a signed Claim Form, you will be swearing that you:

- (a) own(ed) the Refco Securities you have listed in the Claim Form; or
- (b) are expressly authorized to act on behalf of the owner thereof.

**P.** By submitting a signed Claim Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

**Q. NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com) or you may e-mail the Claims Administrator at [eClaim@gardencitygroup.com](mailto:eClaim@gardencitygroup.com). Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at [eClaim@gardencitygroup.com](mailto:eClaim@gardencitygroup.com) to inquire about your file and confirm it was received and acceptable.

**R.** If you have questions concerning the Claim Form, or need additional copies of the Claim Form or the Notice, you may contact the Claims Administrator, The Garden City Group, Inc., at the above address or by toll-free phone at (888) 212-5574, or you may download the documents from [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com).

**QUESTIONS? CALL 1-888-212-5574 OR VISIT [WWW.REFCOSECURITIESLITIGATION.COM](http://WWW.REFCOSECURITIESLITIGATION.COM)**



**PART III - SCHEDULE OF TRANSACTIONS IN REFCO SECURITIES**

Failure to provide proof of all purchases, sales, and closing positions will impede proper processing of your claim. Please include proper documentation with your Claim Form as described in detail in Section I, Paragraph K, above.

**A. REFCO NOTES:** (CUSIP Nos. 75866HAA5 and/or 75866HAC1):

1. **PURCHASES:** Separately list each and every purchase and/or acquisition, **IF NONE, CHECK HERE**  
including free receipts, of Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 during the period **July 1, 2004 through and including December 15, 2006**

Date(s) of original purchase or acquisition (List Chronologically) (Month/Day/Year)	Par amount purchased/acquired	Original purchase price per unit (excluding interest, commissions, taxes, & fees)	Proof of purchase enclosed
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No

2. **SALES:** Separately list each and every sale, including free deliveries, of **IF NONE, CHECK HERE**  
Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 during the period from **July 1, 2004 through and including December 15, 2006.**

Date(s) of sales (List Chronologically) (Month/Day/Year)	Par amount sold	Sale price per unit (excluding interest, commissions, taxes, & fees)	Proof of sale enclosed
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No
/ /		\$ .	<input type="checkbox"/> Yes <input type="checkbox"/> No

3. **BALANCE:** State the par value of the Refco Group Ltd., LLC/Refco Finance Inc. 9% Senior Subordinated Notes due 2012 you held as of the close of trading on **December 15, 2006.**

**IF YOU REQUIRE ADDITIONAL SPACE, ATTACH EXTRA SCHEDULES IN THE SAME FORMAT AS ABOVE. PRINT THE BENEFICIAL OWNER'S FULL NAME AND TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE.**



**PART III - SCHEDULE OF TRANSACTIONS IN REFCO SECURITIES (CONTINUED)**

Failure to provide proof of all purchases, sales, and closing positions will impede proper processing of your claim. Please include proper documentation with your Claim Form as described in detail in Section I, Paragraph K, above.

**B. REFCO COMMON STOCK:** (CUSIP No. 75866G109):

1. **PURCHASES:** Separately list each and every purchase and/or acquisition, **IF NONE, CHECK HERE** including free receipts, of Refco, Inc. common stock during the period **July 1, 2004 through and including October 17, 2005.**

Date(s) of original purchase or acquisition (List Chronologically) (Month/Day/Year)	Number of shares purchased/acquired	Purchase price per share (excluding commissions, taxes, & fees)	Proof of purchase enclosed
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

2. **SALES:** Separately list each and every sale, including free deliveries, of Refco, Inc. common stock during the period from **July 1, 2004 through and including October 17, 2005.** **IF NONE, CHECK HERE**

Date(s) of sales (List Chronologically) (Month/Day/Year)	Number of shares sold	Sale price per share (excluding commissions, taxes, & fees)	Proof of sale enclosed
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text" value="/ /"/>	<input type="text"/>	<input type="text" value="\$"/> . <input type="text"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

3. **BALANCE:** State the number of shares of Refco common stock you held as of the close of trading on **October 17, 2005.**

**IF YOU REQUIRE ADDITIONAL SPACE, ATTACH EXTRA SCHEDULES IN THE SAME FORMAT AS ABOVE. PRINT THE BENEFICIAL OWNER'S FULL NAME AND TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE.**



**PART IV - RELEASE OF CLAIMS AND SIGNATURE**

**YOU MUST ALSO READ THE RELEASE AND CERTIFICATION BELOW AND SIGN ON PAGES 7-8 OF THIS CLAIM FORM.**

A. I (we) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, relinquish, and discharge each and every one of the Released Defendant Persons with respect to any and all of the Released Claims, as those terms are defined in the respective accompanying Settlement Notices.

B. I (we) hereby acknowledge that as of the Effective Date, I (we) shall (a) have and be deemed to have fully, finally and forever released, relinquished and discharged each and every one of the Released Defendant Persons from any and all of the Released Claims; (b) have and be deemed to have covenanted not to sue any of the Released Defendant Persons with respect to any and all of the Released Claims; and (c) forever be barred and enjoined from filing, commencing, prosecuting, intervening in, participating in (as a class member or otherwise) or receiving any benefits or other relief from any other lawsuit, arbitration or other proceeding or order in any jurisdiction that is based upon, arises out of or relates to any and all of the Released Claims against any of the Released Defendant Persons. Nothing in this Paragraph is intended to release any claims asserted by Lead Plaintiffs (or the Settlement Class) against any of the Non-Settling Defendants in the Action other than CMG Institutional Trading, LLC and Utendahl Capital Partners, L.P.

**CERTIFICATION**

By signing and submitting this Claim Form, the claimant(s) or the person(s) who represents the claimant(s) certifies, as follows:

1. that I (we) have read and understand the contents of the Settlement Notices, the Plan of Allocation and the Claim Form, including the releases provided for in the Settlements;
2. that the claimant(s) is a (are) Settlement Class Member(s), as defined in the Notice, and is (are) not excluded from the Class;
3. that the claimant has not submitted a request for exclusion from the Settlement Class;
4. that I (we) own(ed) the Refco Securities identified in the Claim Form and have not assigned the claim against the Released Defendant Persons to another, or that, in signing and submitting this Claim Form, I (we) have the authority to act on behalf of the owner(s) thereof;
5. that the claimant has not submitted any other claim covering the same purchases, sales, or holdings of Refco Securities and knows of no other person having done so on his/her/its behalf;
6. that the claimant submits to the jurisdiction of the Court with respect to his/her/its claim and for purposes of enforcing the releases set forth herein;
7. that I (we) agree to furnish such additional information with respect to this Claim Form as the parties, the Claims Administrator or the Court may require;
8. that the claimant waives the right to trial by jury, to the extent it exists, and agrees to the Court's summary disposition of the determination of the validity or amount of the claim made by this Claim Form;
9. that I (we) acknowledge that the claimant will be bound by and subject to the terms of any judgment that may be entered in the Action; and
10. that the claimant is NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (a) the claimant is exempt from backup withholding or (b) the claimant has not been notified by the IRS that he/she/it is subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified the claimant that he/she/it is no longer subject to backup withholding. **If the IRS has notified the claimant that it is subject to backup withholding, please strike out the language in the preceding sentence indicating that the claim is not subject to backup withholding in the certification above.**

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED BY ME (US) ON THIS FORM IS TRUE, CORRECT, AND COMPLETE, AND THAT THE DOCUMENTS SUBMITTED HEREWITH ARE TRUE AND CORRECT COPIES OF WHAT THEY PURPORT TO BE.

\_\_\_\_\_  
Signature of Claimant

\_\_\_\_\_  
Print Name of Claimant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Claimant, if any

\_\_\_\_\_  
Print Name of Joint Claimant

\_\_\_\_\_  
Date

**QUESTIONS? CALL 1-888-212-5574 OR VISIT WWW.REFCOSECURITIESLITIGATION.COM**



**PART IV - RELEASE OF CLAIMS AND SIGNATURE (CONTINUED)**

*If Claimant is other than an individual, or is not the person completing this form,  
the following also must be provided:*

\_\_\_\_\_  
Signature of Person Completing Form

\_\_\_\_\_  
Print Name of Person Completing Form

\_\_\_\_\_  
Date

\_\_\_\_\_  
Capacity of person signing on behalf of claimant, if other than  
an individual, e.g., executor, president, custodian, etc.

THIS PROOF OF CLAIM MUST BE SUBMITTED NO LATER THAN NOVEMBER 9, 2010,  
AND MUST BE MAILED TO:

Refco Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9087  
Dublin, Ohio 43017-0987

A Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by November 9, 2010 and if a postmark is indicated on the envelope and it is mailed First Class, and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to fully process all of the Claim Forms. Distribution of the settlement proceeds may be delayed pending the resolution of claims against other parties in the Action. Please notify the Claims Administrator of any change of address.

**REMINDER CHECKLIST**

1. Please sign the above release and certification. If this Claim Form is being made on behalf of joint claimants, then both must sign.
2. Remember to attach only **copies** of acceptable supporting documentation.
3. Please do not highlight any portion of the Claim Form or any supporting documents.
4. Do not send original stock certificates or documentation. These items cannot be returned to you by the Claims Administrator.
5. Keep copies of the completed Claim Form and documentation for your own records.
6. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator toll free at 1-888-212-5574.
7. If your address changes in the future, or if this Claim Form was sent to an old or incorrect address, please send the Claims Administrator written notification of your new address. If you change your name, please inform the Claims Administrator.
8. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the above address or at 1-888-212-5574, or visit [www.refcosecuritieslitigation.com](http://www.refcosecuritieslitigation.com).

**QUESTIONS? CALL 1-888-212-5574 OR VISIT [WWW.REFCOSECURITIESLITIGATION.COM](http://WWW.REFCOSECURITIESLITIGATION.COM)**