

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In re REFCO, INC. SECURITIES LITIGATION	:	05 Civ. 8626 (JSR)
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**LEAD PLAINTIFFS' MEMORANDUM OF LAW IN
 FURTHER SUPPORT OF (A) LEAD PLAINTIFFS' MOTION FOR FINAL
 APPROVAL OF SETTLEMENTS WITH GRANT THORNTON LLP AND THE
 SETTLING OFFICER DEFENDANTS, AUTHORIZATION OF APPLICATION OF
 THE PREVIOUSLY APPROVED PLAN OF ALLOCATION TO THE ADDITIONAL
 SETTLEMENTS AND FINAL CERTIFICATION OF A CLASS FOR SETTLEMENT
 PURPOSES AND (B) LEAD COUNSEL'S MOTION FOR AN AWARD OF
ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES**

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*Co-Lead Counsel for Lead Plaintiffs Pacific Investment
 Management Company, LLC and RH Capital Associates LLC and the Putative Class*

Lead Plaintiffs RH Capital Associates LLC (“RH Capital”) and Pacific Investment Management Company LLC (“PIMCO”) and Lead Counsel respectfully submit this memorandum of law in further support of Lead Plaintiffs’ motion for (i) final approval of the proposed settlements with defendant Grant Thornton LLP (“Grant Thornton”) and defendants Joseph J. Murphy, Dennis A. Klejna and William M. Sexton (the “Settling Officer Defendants”) (the “Additional Settlements”); (ii) authorization to apply the previously approved Plan of Allocation to the Additional Settlements; and (iii) final certification of the Settlement Class for purposes of the Additional Settlements; and in further support of Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of litigation expenses.¹

PRELIMINARY STATEMENT

Lead Plaintiffs and Lead Counsel are pleased to advise the Court that there is *not a single objection* to the proposed Additional Settlements or to Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of expenses and there have been *no requests for exclusion* submitted by any Settlement Class Member in connection with the Additional Settlements.

As set forth in the Affidavit of Stephen J. Cirami Regarding (A) Mailing of the Notice Packet for the Additional Settlements; (B) Publication of the Summary Notice; and (C) Report on Requests for Exclusion (the “Cirami Affidavit”, attached hereto as Exhibit 1), the Claims Administrator, The Garden City Group, Inc. (“GCG”), provided notice of the proposed Additional Settlements in accordance with the directions set forth in the Preliminary Approval Order. *See* Ex. 1, Cirami Affidavit at ¶¶ 7-11. On December 15, 2010, GCG mailed 40,508 copies of the Notice Packet – consisting of the Notice of (I) Proposed Settlement of Class Action

¹ Unless otherwise noted, capitalized terms shall have the meanings set out in the Joint Declaration of Salvatore J. Graziano and Megan D. McIntyre, dated February 4, 2011 (Dkt. 775).

with Defendants Grant Thornton LLP, Joseph J. Murphy, Dennis A. Klejna and William M. Sexton, (II) Hearing on Proposed Settlement and (III) Motion for Award of Attorneys' Fees and Reimbursement of Expenses (the "Notice") and the Approved Plan of Allocation Updated to Apply to Settlements Achieved with Defendants Grant Thornton LLP, Joseph J. Murphy, Dennis A. Klejna and William M. Sexton (the "Updated Plan of Allocation") – to potential Settlement Class Members and nominees who had been identified in connection with the mailing of notices of the settlements previously achieved in the Action. *See id.* at ¶ 8. From December 16, 2010 through February 25, 2011, GCG mailed an additional 2,747 Notice Packets, bringing the total number mailed as of February 25, 2011 to 43,265. *See id.* at ¶¶ 9-10. In addition, the Summary Notice was published in *Investor's Business Daily* on December 21, 2010 in accordance with the Preliminary Approval Order. *Id.* at ¶ 11.²

The Notice set out the essential terms of the Additional Settlements and informed potential Settlement Class Members of their rights to opt out of the Settlement Class or object to the Additional Settlements and/or Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses. *See Exhibit A to the Cirami Affidavit.* As set forth in the Notice and as directed by the Court in the Preliminary Approval Order, any objections to the Additional Settlements or Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses or any requests for exclusion from the Additional Settlements were required to be submitted so as to be received no later than 20 calendar days prior to the March 11, 2011 final

² The Notice informed Settlement Class Members that if they had submitted a Proof of Claim in connection with the previous settlements in the Action, they were not required to submit another Proof of Claim to participate in the Additional Settlements. If Settlement Class Members had not previously submitted a Proof of Claim, they were advised that they could download a copy at www.refcosecuritieslitigation.com or call the Claims Administrator's toll-free number and request that a Proof of Claim be mailed to them.

approval hearing, *i.e.*, by February 19, 2011. *Id.* That deadline has now passed. As set forth above, there are no objections to the Additional Settlements or Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses and there have been no requests for exclusion by Settlement Class Members received in connection with the Additional Settlements.³

**THE SETTLEMENT CLASS'S REACTION
SUPPORTS APPROVAL OF THE ADDITIONAL SETTLEMENTS
AND THE REQUESTED ATTORNEYS' FEE AND EXPENSE AWARD**

Lead Plaintiffs and Lead Counsel respectfully submit that their opening papers in support of the proposed Additional Settlements and the request for attorneys' fees and reimbursement of expenses demonstrate why approval of each motion is warranted. Now that the time for objecting or requesting exclusion from the Settlement Class has passed, the reaction of the Class powerfully buttresses that conclusion. The fact that there are no objections and there were no requests for exclusion submitted in response to the Additional Settlements is a strong indication that the Additional Settlements are fair and in the best interests of the Settlement Class and that Lead Counsel's request for fees and expenses is reasonable.

In considering approval of a proposed class action settlement, the reaction of the class is the second factor listed by the Court of Appeals in *City of Detroit v. Grinnell Corp.*, 495 F.2d 448, 463 (2d Cir. 1974). As stated in *Wal-Mart Stores, Inc. v. Visa U.S.A. Inc.*, 396 F.3d 96, 119 (2d Cir. 2005), "the favorable reaction of the overwhelming majority of class members to the Settlement is perhaps the most significant factor in our Grinnell inquiry." Accordingly, courts are particularly inclined to approve a class action settlement as fair and reasonable when, as here,

³ One individual who previously requested exclusion from the Settlement Class in connection with the Initial Settlements will be excluded from the Settlement Class for the purposes of the Additional Settlements as well. The 300 shares of common stock purchased by that individual during the Class Period represent a tiny fraction of the shares eligible to participate in the Settlement Class.

not a single objection has been lodged. *See In re Flag Telecom Holdings, Ltd. Sec. Litig.*, No. 02-CV-3400, 2010 WL 4537550, at *16 (S.D.N.Y. Nov. 8, 2010) (where more than 43,450 notices were mailed to class members, the lack of objections or opt-outs was an “exceptionally strong indication of the fairness of the Settlement”); *In re Veeco Instruments Inc. Sec. Litig.*, No. 05 MDL 01695 (CM), 2007 WL 4115809, at *7 (S.D.N.Y. Nov. 7, 2007) (“The lack of objections provides effective evidence of the fairness of the Settlement.”); *Maley v. Del. Global Techs. Corp.*, 186 F. Supp. 2d 358, 362 (S.D.N.Y. 2002) (the fact that “not a single objection to the Settlement was received” and that there were very few exclusions from the class was “strong evidence that the Settlement is fair, reasonable, and adequate”).

The fact that there have been no objections from the Settlement Class also strongly supports Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of litigation expenses. The reaction of class members to an application for fees and expenses “is entitled to great weight by the Court” and the absence of any objections “suggests that [a] fee request is fair and reasonable.” *In re Veeco Instruments Inc. Sec. Litig.*, No. 05 MDL 01695 (CM), 2007 WL 4115808, at *10 (S.D.N.Y. Nov. 7, 2007). *See also Flag Telecom*, 2010 WL 4537550, at *29 (“the lack of objection from members of the class is one of the most important factors in determining the reasonableness of a requested fee”); *Maley*, 186 F. Supp. 2d at 374 (the “overwhelmingly positive response by the Class attests to the approval of the Class with respect to the Settlement and the fee and expense application”).

CONCLUSION

For the reasons set forth herein and in Lead Plaintiffs' and Lead Counsel's initial memoranda of law, Lead Plaintiffs and Lead Counsel respectfully request that the Court approve the proposed Additional Settlements as fair, reasonable and adequate, approve the application of the Plan of Allocation to the Additional Settlements, finally certify the Settlement Class for purposes of the Additional Settlements, and approve Lead Counsel's request for attorneys' fees and reimbursement of expenses.

Dated: New York, New York
March 3, 2011

Respectfully submitted,

GRANT & EISENHOFER P.A.

**BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP**

/s/ James J. Sabella

/s/ Salvatore J. Graziano

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Exhibit 1

mailing campaign (the “2007 Mailing”) in which it mailed the Notice of (I) Pendency and Proposed Partial Settlement of Class Action with BAWAG, and (II) Hearing on Proposed Partial Settlement (the “BAWAG Notice”) to persons and entities identified as potential BAWAG Class Members. To identify these potential BAWAG Class Members, GCG, among other things, mailed copies of the BAWAG Notice to brokerage firms, banks, institutions and other potential nominees (the “Nominees”) listed in GCG’s proprietary Nominee Database. In response, the Nominees provided the names and addresses of their clients who were potential BAWAG Class Members or requested additional copies of the BAWAG Notice for forwarding directly to their clients. In connection with the 2007 Mailing, GCG mailed a total of approximately 32,700 BAWAG Notices.

3. As more fully stated in my October 20, 2010 affidavit entitled “Affidavit of Stephen J. Cirami Regarding (A) Mailing of the Notices and Proof of Claim and Release Concerning Settlements with the THL and Audit Committee Defendants, the Settling Underwriter Defendants and Sandler O’Neill & Partners L.P.; (B) Publication of Summary Notices Concerning the Settlements with the THL and Audit Committee Defendants, the Settling Underwriter Defendants and Sandler O’Neill & Partners L.P.; and (C) Report on Requests for Exclusion,” pursuant to three Orders dated July 30, 2010, GCG disseminated four documents to potential Settlement Class Members: (1) the 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 (the “Underwriter Notice”);² (2) the Notice of (I) Proposed Settlement of Class Action with the Audit Committee and THL Defendants and (II) Hearing on Proposed Settlement and (III) Motion for Award of Attorneys’

² The settlement with Sandler O’Neill Partners L.P. was included in the Underwriter Notice.

Fees and Reimbursement of Expenses (the “THL Notice”); (3) the Plan of Allocation; and (4) the Proof of Claim and Release. Collectively, these four documents comprise the “THL/Underwriter Claim Packet”. The THL/Underwriter Claim Packets were mailed to potential Settlement Class Members (the “THL/Underwriter Mailing”).

4. Beginning on August 11, 2010 and continuing through December 14, 2010, GCG mailed 40,208 THL/Underwriter Claim Packets by first-class mail to potential Settlement Class Members and Nominees, including all potential Settlement Class Members identified in connection with the 2007 Mailing, the Nominees who had requested BAWAG Notices in bulk for forwarding to their clients, the potential Nominees listed in GCG’s proprietary Nominee database,³ and additional individuals who requested THL/Underwriter Claim Packets or were identified by Nominees as potential Settlement Class Members during the course of the THL/Underwriter Mailing.

MAILING OF THE NOTICE PACKET FOR THE ADDITIONAL SETTLEMENTS

5. Pursuant to the Preliminary Approval Order, GCG has been responsible for disseminating (I) the Notice of (I) Proposed Settlements of Class Action with Defendants Grant Thornton LLP, Joseph J. Murphy, Dennis A. Klejna and William M. Sexton, (II) Hearing on Proposed Settlements, and (III) Motion for Award of Attorneys’ Fees and Reimbursement of Expenses (the “Notice”); and (2) the Approved Plan of Allocation Updated to Apply to Settlements Achieved with Defendants Grant Thornton LLP, Joseph J. Murphy, Dennis A.

³ This Nominee database was substantially the same as the database used for the 2007 Mailing. GCG continuously updates its Nominee database with new addresses when they are received, and eliminates duplicate or obsolete addresses when identified (as brokers merge or go out of business). The THL/Underwriter Claim Packets sent to these Nominees included a letter explaining that if the Nominees had previously submitted names and addresses in connection with the 2007 Mailing, or had previously requested BAWAG Notices in bulk, they did not need to submit these names and addresses or bulk requests again.

Klejna and William M. Sexton (the “Updated Plan of Allocation”) (collectively, the “Notice Packet”). A copy of the Notice Packet is attached hereto as Exhibit A.

6. In December 2010, GCG created a mailing file consisting of 35,052 names and addresses compiled as a result of the 2007 Mailing and the THL/Underwriter Mailing and as a result of a review of claims received in response to the THL/Underwriter Mailing. On December 15, 2010, Notice Packets were disseminated to those 35,052 potential Settlement Class Members by first class mail and 3,048 Notice Packets were mailed to 28 Nominees who had made requests for bulk forwarding to their clients in the 2007 Mailing or THL/Underwriter Mailing. In addition, on December 15, 2010, Notice Packets were mailed to 2,408 names and addresses of potential Nominees listed in GCG’s proprietary Nominee database.⁴ These 2,408 Notice Packets included a letter explaining that if the Nominees had previously submitted names and addresses in connection with the 2007 Mailing and/or THL/Underwriter Mailing, or had previously requested packets in bulk, they did not need to submit these names and addresses or bulk requests again. A copy of that letter is attached as Exhibit B.

7. From December 15, 2010 to February 25, 2011, GCG has received an additional 2,720 names and addresses of potential Settlement Class Members from individuals or Nominees requesting Notice Packets to be mailed. Also, GCG has received requests from brokers and other nominee holders for an additional 37 Notice Packets to be forwarded by them to their customers. All such requests have been complied with in a timely manner.

⁴ This Nominee database was substantially the same as the database used for the THL/Underwriter Mailing other than for the updating that GCG does as noted in footnote 3.

8. As of February 25, 2011, 43,265 Notice Packets had been promptly disseminated to potential Class Members by first-class mail.⁵

PUBLICATION OF THE SUMMARY NOTICE

9. Pursuant to the Preliminary Approval Order, GCG Communications, the media division of GCG, caused the Summary Notice of (I) Proposed Settlements of Class Action with Defendants Grant Thornton LLP, Joseph J. Murphy, Dennis A. Klejna and William M. Sexton, (II) Hearing on Proposed Settlements, and (III) Motion for Award of Attorneys' Fees and Reimbursement of Expenses (the "Summary Notice") to be published on December 21, 2010 in *Investor's Business Daily*. Attached hereto as Exhibit C is the affidavit of Kathy Murray, of *Investor's Business Daily*, attesting to this publication.

TELEPHONE HOTLINE

10. In 2007, GCG established a toll-free Interactive Voice Response ("IVR") system to accommodate potential Class Members in connection with the settlement with BAWAG. On or about August 11, 2010, that IVR system was updated for information concerning the settlements with THL, the Audit Committee, the Settling Underwriter Defendants and Sandler O'Neill & Partners L.P. On or about December 15, 2010, that IVR system was further updated for information concerning the settlements with Grant Thornton LLP, and Joseph J. Murphy, Dennis A. Klejna and William M. Sexton. From December 15, 2010 to February 25, 2011, GCG has received a total of 1,737 calls, out of which 313 potential Claimants left messages and/or requests to speak with GCG administrators. All of the requests for a return phone call have been handled.


⁵ In addition, GCG re-mailed 593 Notice Packets to updated addresses provided to GCG by the U.S. Postal Service.

WEBSITE

11. On or about December 15, 2010, copies of the Notice and the Updated Plan of Allocation were posted on GCG's website (www.gcginc.com). The website also lists the exclusion, objection and claim filing deadlines, as well as the date and time of the Court's Settlement Hearing. The website also contains a link to a document that contains detailed instructions for institutions submitting their claims electronically. In addition, this website also gives claimants the opportunity to file their claims online, including the ability to upload supporting documentation. GCG's website also provides a link to the settlement website maintained by Lead Counsel (www.refcosecuritieslitigation.com).

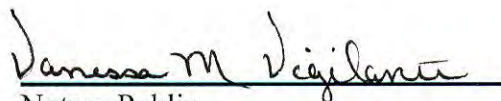
REPORT ON EXCLUSION REQUESTS RECEIVED

12. The Notice informed potential Settlement Class Members that any written requests for exclusion were to be mailed addressed to Refco Securities Litigation, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9087, Dublin, OH 43017-0987, such that they were received no later than February 19, 2011. GCG has been monitoring all mail delivered to that Post Office Box. To date, GCG has not received any requests for exclusion in response to the mailing of the Notice Packet. As noted in my October 20, 2010 affidavit, one request for exclusion was previously received in response to the THL/Underwriter Mailing.



Stephen V. Cirami

Sworn to before me this
3rd day of March, 2011



Notary Public

VANESSA M. VIGILANTE
Notary Public, State of New York
No. 61VI6149817
Qualified in Queens County
My Commission Expires 1-17-2014

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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

**NOTICE OF (I) PROPOSED SETTLEMENTS OF CLASS ACTION
WITH DEFENDANTS GRANT THORNTON LLP,
JOSEPH J. MURPHY, DENNIS A. KLEJNA AND WILLIAM M. SEXTON
(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 additional settlements achieved in the action.¹

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 additional settlements in 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 Grant Thornton LLP ("Grant Thornton") and (ii) defendants Joseph J. Murphy, Dennis A. Klejna and William M. Sexton (the "Settling Officer Defendants" and, together with Grant Thornton, the "Settling Defendants").²
- The Settlements, if approved, will resolve all claims between the members of the Settlement Class and the Settling Defendants.
- The settlement with Grant Thornton provides for the payment of \$25,000,000 in cash for the benefit of the Settlement Class (as defined below). The settlement with the Settling Officer Defendants provides for the payment of \$300,000 in cash for the benefit of the Settlement Class. The Settlement Amounts will be deposited into interest-bearing escrow accounts (the "Settlement Funds"). The two Settlement Amounts are collectively referred to herein as the "Total Settlement Amount" and the two Settlement Funds are collectively referred to herein as the "Total Settlement Fund".
- The Settling Officer Defendants have also separately agreed with the United States to forfeit amounts totaling \$8,300,000 to the United States government, a significant portion of which will be distributed to members of the Settlement Class.
- If the Settlements are approved, the proceeds of the Settlements in combination with the amounts recovered in the previously approved settlements and the restitution funds obtained by Lead Plaintiffs from the United States government for the benefit of class members (the "Restitution Amount") represent a total recovery by Lead Plaintiffs for the benefit of the Settlement Class of approximately \$409 million plus interest accrued thereon.
- 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, in connection with the earlier achieved settlements submitted Proof of Claim forms that are valid and approved for payment by the Court, and class members that did not previously submit such Proof of Claim forms but do so now. The Net Total Settlement Fund will be distributed in accordance with the Plan of Allocation approved by the Court on October 27, 2010. A copy of the Plan of Allocation, updated to reflect its application to these Settlements, is 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 \$0.66 per affected share of common stock and \$13.66 per affected Note, before deduction of attorneys' fees, costs and expenses. This brings the total estimated average recovery from all recoveries achieved to date to \$10.49 per affected share of common stock and \$221.09 per \$1,000 par amount of affected Notes. 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 were previously excluded from the Settlement Class or you now request to be excluded from the Settlement Class, you will not be eligible to share in the proceeds of the Settlements.

¹ Any capitalized terms used in this Notice that are not otherwise defined, shall have the meanings ascribed to them in the respective Stipulations and Agreements of Settlement pertaining to the newly achieved settlements discussed in this Notice.

² The Settlements are in addition to (i) a \$140 million cash settlement with BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG"); (ii) a \$140 million cash settlement with the Audit Committee Defendants and THL Defendants, and (iii) settlements with the Underwriter Defendants totaling \$53 million in cash. Each of these settlements was previously approved by the Court. Details of these earlier settlements can be found at www.refcosecuritieslitigation.com.

- 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 the Settling Defendants.
- Lead Plaintiffs' Counsel, who prosecuted this Action on a wholly contingent basis since its inception in 2005, will apply for reimbursement of expenses which were incurred in connection with the prosecution and resolution of the Action and which were not applied for in connection with the earlier achieved settlements, in an amount not to exceed \$200,000, with interest thereon at the same rate as earned by the Settlement Funds, to be paid from the Settlement Funds. In addition, Lead Plaintiffs' Counsel will apply to the Court for an award of attorneys' fees to be paid from the Settlement Funds in the amount of 18% of the net amount of the Settlement Amounts after reimbursement of litigation expenses, with interest thereon at the same rate as earned by the Settlement Funds. If the Court approves Lead Plaintiffs' Counsel's fee and expense application as requested, the average cost of fees and expenses for these Settlements, assuming claims are filed for all affected shares and Notes, will be approximately \$0.12 per affected share of Refco stock and approximately \$2.55 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, or Ms. McIntyre, at Grant & Eisenhofer P.A., 1201 N. Market Street, Wilmington, DE 19801, (302) 622-7000, 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.**

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
Submit a Proof of Claim Form by March 15, 2011, if you have not submitted one in connection with a previous settlement in this action.	<p>If you remain in the Settlement Class, you will be bound by the Settlements and will give up any "Settled Plaintiffs' Claims" (as defined below) you may have against the Settling Defendants and the other persons and entities released pursuant to the terms of the Settlements (i.e. the "Released Grant Thornton Defendant Persons" and the "Released Settling Officer Defendant Persons", sometimes collectively referred to as the "Released Defendant Persons" as set forth in response to Question 16 below), so, if you remain in the Settlement Class, it is in your interest to submit a Proof of Claim form.</p> <p>If you previously submitted a Proof of Claim, you do not need to take further action. If your claim is valid and you are eligible for a payment, you will share in the proceeds of the Settlement(s) if the Settlement(s) are finally approved by the Court. If you have NOT previously submitted a Proof of Claim in the Refco Securities Litigation, you must submit one postmarked by the deadline noted in order to be eligible to share in the proceeds of the Settlements.</p>
Exclude Yourself from the Settlement Class by submitting a written request for exclusion so that it is received no later than February 19, 2011.	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.
Object to the Settlement(s) by submitting a written objection so that it is received no later than February 19, 2011.	If you do not exclude yourself, but you wish to object to any part of the Settlement(s) and/or Lead Plaintiffs' Counsel's motion for attorneys' fees and reimbursement of litigation expenses, you may write to the Court about your objections.
Attend the Hearing on March 11, 2011 and file a Notice of Intention to Appear so that it is received no later than February 19, 2011.	Filing a written objection and notice of intention to appear by February 19, 2011, allows you to speak in Court about the fairness of the proposed Settlement(s) 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. The Net Total Settlement Fund will be available for distribution to the Settlement Class only if the Settlements are approved and that approval is upheld following any appeals.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION..... Page 3

1. Why did I get this Notice?
2. What is a class action?
3. What is this lawsuit about?
4. What should I do if my address changes, or if this notice was sent to the wrong address?

WHO IS IN THE SETTLEMENT CLASS..... Page 4

5. How do I know whether I am part of the Settlement Class?
6. Are there exceptions to being included?
7. I am still not sure whether I am included.

SUMMARY OF THE SETTLEMENTS..... Page 5

8. How and when were the Settlements reached?
9. What do the Settlements provide?
10. What are the reasons for the Settlements?
11. What is the potential outcome of the lawsuit absent the Settlements?

THE BENEFITS OF THE SETTLEMENTS - WHAT YOU GET Page 6

12. How much will be distributed to investors?
13. How much will my payment be?

HOW TO GET A PAYMENT Page 6

14. What do I have to do to receive a share of the Settlements?
15. When will I receive my payment?
16. What am I giving up to get a payment or stay in the Settlement Class?

EXCLUDING YOURSELF FROM THE SETTLEMENTS..... Page 7

17. What if I want to be excluded from the Settlements?
18. If I don't exclude myself, can I sue Settling Defendants for the same thing later?
19. If I exclude myself, can I get money from the Settlements?

THE LAWYERS REPRESENTING YOU Page 8

20. Do I have a lawyer in this case?
21. How will the lawyers be paid?

OBJECTING TO THE SETTLEMENTS OR THE FEE AND EXPENSE APPLICATION..... Page 8

22. How do I tell the Court if I don't like the Settlement(s)?
23. What's the difference between objecting and requesting exclusion?
24. When and where will the Court decide whether to approve the Settlements?
25. Do I have to come to the Settlement Hearing?
26. May I speak at the Settlement Hearing?

IF YOU DO NOTHING..... Page 10

27. What happens if I do nothing at all?

GETTING MORE INFORMATION Page 10

28. Are there more details about the Settlements?
29. How do I get more information?

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES..... Page 10

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, the members of Refco's audit committee, Refco's outside auditing firm (Grant Thornton), the private equity firm of Thomas H. Lee Partners, L.P. and certain affiliates and certain other persons associated with it, Refco's outside law firm (Mayer Brown) and one of its partners (Joseph Collins), the Austrian bank BAWAG, and Refco's underwriters (the "Underwriter Defendants") (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 responsible for materially false and misleading statements that were made in connection with (i) the registration of \$600 million in Refco Notes that were issued in connection with a leveraged buyout in June 2004; 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 against each of the Settling Defendants under Section 11 of the Securities Act of 1933 (the "Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"). Additionally, claims were asserted against the Settling Officer Defendants under Section 15 of the Securities Act and Section 20(a) of the Exchange Act.

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 granted in part and denied in part Settling Defendants' motions to dismiss. Lead Plaintiffs repleaded their claims in the Second Amended Consolidated Class Action Complaint (the "Complaint"), which was filed in the Action on December 3, 2007. On March 26, 2010, after the conclusion of fact discovery, the Court entered a stipulation and order of partial discontinuance dismissing the scienter-based claims asserted against the Settling Officer Defendants under the Exchange Act. On April 23, 2010, defendant Grant Thornton moved for summary judgment on all of Lead Plaintiffs' claims against it. That motion was fully briefed as of July 9, 2010. The remaining pending claims against the Settling Defendants 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 the Settlement Class as against the Settling Defendants for purposes of the Settlements 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.³ Additionally, if, pursuant to your request, the Court previously excluded you from the Settlement Class, you are no longer a member of the Settlement Class.

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

Lead Plaintiffs reached an agreement-in-principle to settle with Grant Thornton on August 22, 2010. Thereafter, the terms and conditions of the settlement between Lead Plaintiffs and Grant Thornton (the "Grant Thornton Settlement") were formalized in a Stipulation and Agreement of Settlement Between Lead Plaintiffs and Grant Thornton LLP, dated October 18, 2010 (the "Grant Thornton Stipulation").

Lead Plaintiffs reached an agreement-in-principle to settle with the Settling Officer Defendants in September 2010. Thereafter, the terms and conditions of that settlement (the "Officer Defendants Settlement") were formalized in a Stipulation and Agreement of Settlement between Lead Plaintiffs and the Defendants Joseph J. Murphy, Dennis A. Klejna and William M. Sexton, dated September 30, 2010 (the "Officer Defendants Stipulation").

Both of the Settlements were reached only after arms'-length negotiation between Lead Plaintiffs' Counsel and counsel for Grant Thornton and the Settling Officer Defendants, respectively. The Settlements were reached only after Lead Plaintiffs' Counsel had (i) completed fact discovery during which they obtained access to, and reviewed, extensive documentation pertinent to the claims and the respective Settling Defendants' defenses to those claims, and took more than one hundred depositions, including depositions of defendants Murphy and Sexton and of partners and employees of defendant Grant Thornton; (ii) fully briefed defendant Grant Thornton's motion for summary judgment; (iii) conducted a mediation with defendant Grant Thornton 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 Settling Defendants and the potential defenses thereto.

9. What do the Settlements provide?

The Settlements provide for the Settling Defendants to cause a total of \$25,300,000 in cash to be paid to the Settlement Class. Specifically, (i) the Grant Thornton Settlement provides for the payment of \$25,000,000 in cash, and (ii) the Officer Defendant Settlement provides for the payment of \$300,000 in cash. The Grant Thornton Settlement Amount and Officer Defendants Settlement Amount have been deposited in interest bearing escrow accounts for the benefit of the Settlement Class.

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 Settled Plaintiffs' Claims against the Released Defendant Persons as further described in Question 16 below and as specifically set forth in the respective Stipulations. This means, among other things, that, upon the Effective Date, all Settlement Class Members will be permanently barred from asserting any of the Settled Plaintiffs' 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.

If the Settlements are approved by the Court and become Effective, the Action will be over unless the U.S. Supreme Court overturns the dismissal of certain defendants.⁴ Lead Plaintiffs, pursuant to Rule 41(a) of the Federal Rules of Civil Procedure have entered into stipulations voluntarily dismissing all claims against the remaining defendants in the Action – Phillip R. Bennett, Santo C. Maggio, Tone N. Grant, Robert Trosten, Gerald M. Sherer, Philip Silverman, Refco Group Holdings, Inc., and The Phillip R. Bennett Three Year Annuity Trust (the "Remaining Defendants"). Certain of the Remaining Defendants have already forfeited a total of more than \$120 million of their assets to the federal government, a substantial portion of which will be distributed to Settlement Class members. Lead Plaintiffs and Lead Plaintiffs' Counsel believe that further prosecution of the action against the Remaining Defendants is unlikely to result in any material additional recovery for the Settlement Class. The dismissals of these defendants were without prejudice to members of the Settlement Class.

³ 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 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., or The Williams Capital Group, L.P., or any of their affiliates has or may have a direct or indirect interest or act as an investment advisor, but in which such 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.

⁴ Lead Plaintiffs' claims against defendants Mayer Brown and Joseph Collins were dismissed by the Court on March 18, 2009, and these dismissals were upheld on appeal. Lead Plaintiffs filed a petition for certiorari asking the U.S. Supreme Court to review that decision.

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.

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 \$25,300,000. 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.

Settlement Class Members who submitted timely and valid Proofs of Claim in connection with the earlier achieved settlements (notice of which, together with a Proof of Claim form, was provided to all Settlement Class Members who could reasonably be identified) will be eligible to receive distributions, not only from the previously achieved settlements but also from the Settlements that are the subject of this Notice. Settlement Class Members who did not timely submit Proof of Claim forms in connection with the previously achieved settlements, but now submit timely and valid Proof of Claim forms will be eligible to receive a distribution from the Settlements that are the subject of this Notice. 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 Net Total Settlement Fund will be distributed in accordance with the Plan of Allocation previously approved by the Court. The 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 be a member of the Settlement Class and either (i) have submitted a Proof of Claim in connection with the previously announced settlements in this Action (which were described in a package of notices disseminated in August and September 2010) or (ii) timely complete and return a valid Proof of Claim form **postmarked no later than March 15, 2011**. You may obtain a Proof of Claim form on the Internet at www.refcosecuritieslitigation.com or by calling the Claims Administrator at (888) 212-5574. If you request exclusion from the Settlements, you will not be eligible to receive a payment from the Settlements with these Settling Defendants.

PLEASE NOTE: If you submitted a Proof of Claim form in connection with the earlier achieved settlements, DO NOT submit another 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. Any payments from the settlement proceeds are contingent upon the Court approving the Settlements 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 Amounts 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 previously submitted or now submit a Proof of Claim form and/or receive a payment.

The Judgments will dismiss with prejudice the claims against the Settling Defendants 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 from any and all of the Settled Plaintiffs' Claims (as defined below).

With respect to the Grant Thornton Settlement:

"Released Grant Thornton Defendant Persons" or "Grant Thornton Releasees" means Grant Thornton LLP, Grant Thornton International, Grant Thornton International Ltd., any and all present or former Grant Thornton International member and correspondent firms, and any and all present and former firms practicing, or that have practiced, under the name "Grant Thornton" or any related names, along with their respective past and present partners, principals, officers, directors, members, and employees and their past and present direct and indirect subsidiaries, parents, affiliates, predecessors, successors, investment funds, agents, advisors, attorneys, and insurers; and

"Settled Plaintiffs' Claims" means all claims, debts, demands, rights, or causes of action or liabilities of any kind or nature whatsoever, known or Unknown (as defined below), whether based on federal, state, local, statutory, common or foreign law or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, held by any Lead Plaintiff or Settlement Class Member, against any of the Grant Thornton Releasees, that arise out of or relate to the allegations of the Complaint including, but not limited to, those which (i) were asserted in the Action by Lead Plaintiffs and the Settlement Class against Grant Thornton and/or the Grant Thornton Releasees or any one of them, or (ii) could have been asserted in any forum by Lead Plaintiffs or any of the Settlement Class Members against Grant Thornton and/or the Grant Thornton Releasees or any one of them, and any other claims arising out of or relating to the purchase, ownership, sale, or acquisition during the Class Period of Refco Stock or Refco Notes. Notwithstanding the foregoing, the Settled Plaintiffs' Claims do not include any claims or causes of action which are pending and/or on appeal in any judicial proceeding other than the Action as of the date of this Stipulation, including but not limited to claims asserted in (a) *VR Global Partners LP. v. Bennett, et al.*, No. 08-6230-cv (2d Cir.); (b) *Capital Management Select Fund Ltd., et al. v. Bennett, et al.*, 08-cv-09810 (JSR) (S.D.N.Y.); (c) *Kirschner v. Grant Thornton LLP*, No. 07-cv-11604 (S.D.N.Y.) (JSR); and (d) *Kirschner v. Bennett*, No. 07-cv-8165 (S.D.N.Y.) (JSR).

With respect to the Officer Defendants Settlement:

"Released Settling Officer Defendant Persons" means the Settling Officer Defendants and each of their past or present predecessors, successors, heirs, employees, agents, advisors, insurers, and attorneys; and

"Settled Plaintiffs' Claims" means 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 un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, against any of the Released Settling Officer Defendant Persons that relate to the purchase, ownership or acquisition during the Class Period of Refco Stock or Refco Notes and 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.

With respect to both Settlements:

"Unknown Claims" means, with respect to Settled Plaintiffs' Claims, any and all Settled Plaintiffs' Claims that any Lead Plaintiff or 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 might have affected the decision with respect to the Settlement. With respect to any and all Settled Plaintiffs' Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs 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, or foreign or international 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 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 Plaintiffs' Claims was separately bargained for and was a key element of these Settlements.

EXCLUDING YOURSELF FROM THE SETTLEMENTS**17. What if I want to be excluded from the Settlements?**

If you have not previously excluded yourself from a settlement in this Action and wish to exclude yourself from the Settlements referenced in this Notice, 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 February 19, 2011. 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 the Settlements, you cannot object to the Settlements 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.⁵ If you exclude yourself from the Settlements, you might be able to sue the Settling Defendants in the future.

Grant Thornton has the right to terminate the Grant Thornton Settlement 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 Grant Thornton.

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

No. Unless you were previously excluded from the Settlement Class or now 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 these Settlements to continue your own lawsuit against the Settling Defendants.

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.

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 the recoveries achieved in 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 not previously applied for, in an amount not to exceed \$200,000, with interest thereon at the same rate as earned by the Settlement Funds. Lead Plaintiffs' Counsel also intend to apply to the Court of an award of attorneys' fees in the amount of 18% of the net Settlements Amounts after reimbursement of expenses, plus 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.

OBJECTING TO THE SETTLEMENTS 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 Lead Plaintiffs' Counsel's application for attorneys' fees and reimbursement of litigation expenses, and give reasons

⁵ PLEASE NOTE, the time to exclude yourself from the settlements with BAWAG, the Audit Committee Defendants and THL Defendants, and the Underwriter Defendants has passed. If you did not exclude yourself, you are bound by the judgments entered by the Court with respect to those settlements.

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) 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 February 19, 2011:

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 Grant Thornton

Bruce R. Braun, Esq.
WINSTON & STRAWN LLP
35 W. Wacker Drive
Chicago, IL 60601

Settling Officer Defendants' Counsel

Helen B. Kim
Katten Muchin Rosenman LLP
2029 Century Park East
Suite 2600
Los Angeles, CA 90067-3012

Ivan Kline
Friedman & Wittenstein
A Professional Corporation
600 Lexington Avenue
New York, NY 10022

Matthew J. Sava
Shapiro Forman Allen
& Sava LLP
380 Madison Avenue
New York, NY 10017

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 February 19, 2011. 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 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 March 11, 2011 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 are fair, reasonable, and adequate, and will consider Lead Plaintiffs' Counsel's motion 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 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 February 19, 2011. 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 have not previously submitted a Proof of Claim and do not submit a Proof of Claim postmarked before March 15, 2011, you will not be eligible to receive payment from the Settlements. If you submitted a Proof of Claim in connection with the previously announced settlements in the Refco Securities Litigation you do not need to take further action. The Proof of Claim you submitted will be considered and, if your claim is valid and you are eligible to receive a payment, you will share in the proceeds of the Settlement(s) if they are finally approved by the Court.

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 Grant Thornton LLP, dated October 18, 2010 and (ii) the Stipulation and Agreement of Settlement between Lead Plaintiffs and Defendants Joseph J. Murray, Dennis A. Klejna and William M. Sexton, dated September 30, 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.

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, 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, and in connection with the notice of the previously achieved partial settlements in the Action, elected to mail those notices to the beneficial owners, you must send a copy of this Notice Packet to all such beneficial owners postmarked no later than seven (7) days after you receive this Notice; **or**, if you did not mail the earlier notices of settlement directly to beneficial owners and did not send a list of the names and addresses of such beneficial owners to the Claims Administrator in connection with the earlier provided notice, you must either (i) send a copy of this Notice Packet to such beneficial owner postmarked no later than seven (7) days after you receive this Notice Packet or (ii) provide the names and addresses of such persons no later than seven (7) days after you receive this Notice Packet to Refco Securities Litigation, c/o The Garden City Group, Inc, P.O. Box 9087, Dublin, Ohio 43017-0987, the Claims Administrator, in which event the Claims Administrator will mail the Notice Packet to such beneficial owners. 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, or by calling toll-free (888) 212-5574, or from Lead Plaintiffs' Counsel's websites, www.blbglaw.com and www.gelaw.com.

If in connection with the notice of the previously achieved partial settlements in the Action you sent the Claims Administrator a list of the names and addresses of the beneficial owners for whom you purchased or acquired Refco Notes or common stock during the Class Period, you need not take any further action in response to this Notice. The Claims Administrator will send the Notice Packet to the beneficial owners you previously identified.

Dated: December 15, 2010

BY ORDER OF THE COURT

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

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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

**APPROVED PLAN OF ALLOCATION UPDATED TO APPLY TO
SETTLEMENTS ACHIEVED WITH DEFENDANTS GRANT THORNTON LLP,
JOSEPH J. MURPHY, DENNIS A. KLEJNA AND WILLIAM M. SEXTON**

By Order dated October 27, 2010, the Court approved the plan of allocation set forth below (the "Plan of Allocation") for determining how the net proceeds of the previously achieved and approved settlements will be distributed to Class Members who submit timely and valid Claim Forms. The Court is being requested to authorize application of the Plan of Allocation for purposes of determining how the proceeds of the settlements with defendants Grant Thornton LLP ("Grant Thornton") and the Settling Officer Defendants (collectively referred to herein as the "Current Settlements"), which are described in the accompanying notice, will be distributed to Class Members who have submitted, or now submit, timely and valid claims.

PLEASE NOTE: If you submitted a Proof of Claim Form in connection with the earlier achieved settlements, DO NOT submit another claim form.

PLEASE READ THE ACCOMPANYING NOTICE AS IT DESCRIBES HOW YOUR RIGHTS ARE AFFECTED BY THE CURRENT SETTLEMENTS AND PROVIDES 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 Current Settlements.

2. If both of the Current Settlements, which are to be considered by the Court at the March 11, 2011 Settlement Hearing, are approved, these settlements will create a fund of \$25.3 million, plus interest thereon (the "Current Total Settlement Fund"). This Current Total Settlement Fund will be divided into two parts: a Section 11 Fund consisting of \$21,095,000, plus interest thereon, and a Section 10(b) Fund consisting of \$4,205,000, 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 Current Total Settlement Fund into the Section 11 Fund and Section 10(b) Fund, like the allocation of the previously achieved settlement funds, was determined by Lead Plaintiffs and Lead Plaintiffs' 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 Current Total Settlement Fund will be \$300,000, 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 one but not both of the Current Settlements to be considered at the Settlement Hearing, the Current 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 Current Settlements by the Court, and upon satisfaction of the other conditions to the Current Settlements, the Current Net Total Settlement Fund (*i.e.*, the Current Total Settlement Fund less (i) all federal, state, and local taxes on any income earned by the Current Total Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Current 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 Current Settlements and the Current 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 Current Total Settlement Fund shall be deducted from the Section 11 Fund and Section 10(b) Fund proportionally based on the size of each of those funds in comparison to the size of the Current Total Settlement Fund.

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

6. Approval of the Current Settlements is independent from the Plan of Allocation. Any determination as to the Plan of Allocation will not affect the Current 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 Current Net Total Settlement Fund. Each person wishing to participate in the distribution, who did not submit a Proof of Claim Form in connection with the earlier achieved settlements in the Action, 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 March 15, 2011, 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 March 15, 2011 shall be forever barred from receiving payments pursuant to the Current 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. You may obtain a Proof of Claim form on the Internet at www.refcosecuritieslitigation.com or by calling the Claims Administrator at (888) 212-5574.

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

9. Any Orders regarding a modification of the Plan of Allocation to be applied to the Current Settlements will be posted on the settlement website, <http://www.refcosecuritieslitigation.com>.

10. Payment pursuant to the Plan of Allocation 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 Current Total Settlement Fund, the Current 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 Current 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 any of the earlier achieved settlements and those who exclude themselves from the Settlement Class in connection with any of the Current Settlements will not be eligible to receive a distribution from the Current Net Total Settlement Fund and should not submit Claim Forms.

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 (together, "Refco Securities") 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 Current Net Total Settlement Fund and the Net Total Settlement Fund created by the earlier achieved settlements (which, together with the Current Net Total Settlement Fund, is referred to herein as the "Collective Net 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 Collective Net 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 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 Collective Net 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 Collective Net Settlement Fund is greater than the Collective Net 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 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 the Current Settlements or the previously approved 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 the Settlement Class for any of the Current Settlements, but did not exclude him, her or itself from the Settlement Class for any previously-approved settlements, shall be reduced by 6% (and such Claimant's Section 11 Loss Amount and Section 10(b) Loss Amount shall be reduced by 6%).

32. If any funds remain in the Collective Net 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 Collective Net 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 Collective Net Settlement Fund. If any funds remain in the Collective Net 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 previously approved by the Court for application to the earlier achieved settlements in the Action that Lead Plaintiffs and Lead Plaintiffs' Counsel propose also be applied to the Current Settlements. The Court may approve application of this plan or it may modify the plan or approve a different plan of allocation without further notice to the Class.

TABLE A – Refco Common Stock

Date	Artificial Inflation per Share
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

Date	Inflation Per Note
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

Date	Inflation Per Note
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

EXHIBIT B

IMPORTANT PLEASE READ CAREFULLY

IN RE REFCO, INC. SECURITIES LITIGATION, Docket No. 05-CV-8626 (JSR)

Dear Brokerage Firm, Bank or Nominee:

A proposed settlement has been reached with Grant Thornton and other Defendants in connection with this action in the United States District Court for the Southern District of New York. Enclosed is a Claim Packet containing a Notice of Proposed Settlement that describes the settlement and a proposed Plan of Allocation.

You were previously contacted in connection with providing notice of the settlement reached with BAWAG in 2007 and again in August, 2010 in connection with the settlements reached with (i) the Audit Committee Defendants and the THL Defendants and (ii) the Underwriter Defendants:

1. If you submitted names and addresses of potential class members in connection with the 2007 mailing and/or the 2010 mailing, **DO NOT** submit such names and addresses again. The Claims Administrator will mail the enclosed documents directly to such persons.
2. If you previously requested notice packets to send to potential class members in connection with the 2007 mailing and/or the 2010 mailing **WITHOUT** providing the names and addresses of the potential class members to the Claims Administrator, you will be mailed the same number of Claim Packets to forward to the beneficial owners of the securities. **DO NOT request these notice packets to be sent again.**
3. If you **NEITHER** previously submitted names and addresses of potential class members **NOR** requested notice packets to send to potential class members as outlined in paragraphs 1 or 2, you **MUST** submit a request for Claim Packets or submit the names and addresses of the potential class members to the Claims Administrator no later than seven (7) days from receipt of this notice.

Sincerely,
The Garden City Group, Inc.
Claims Administrator

EXHIBIT C

INVESTOR'S BUSINESS DAILY[®]

Affidavit of Publication

Name of Publication: Investor's Business Daily
 Address: 12655 Beatrice Street
 City, State, Zip: Los Angeles, CA 90066
 Phone #: 310.448.6700
 State of: California
 County of: Los Angeles

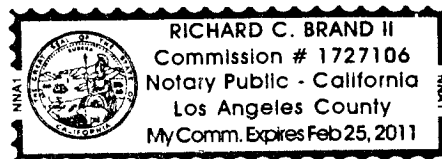
I, **Kathy Murray**, for the publisher of **Investor's Business Daily**, published in the city of Los Angeles, state of California, county of Los Angeles hereby certify that the attached notice(s) for **The Garden City Group, Inc.** was printed in said publication on the following date(s):

December 21st 2010: REFCO INC.

State of California
 County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this 21st day of December, 2010, by *Kathy Murray*, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature *Richard C. Brand II* (Seal)



Dividends

:	Period	Record Payment	
		Amt.	Date
Properties	Q	.50	12-31 1-28
ake Energy	Q	.075	12-31 1-18
Downs	A	.50	12-31 1-24
Restaurants	Q	.32	1-10 2-1
Materials	Q	.04	12-31 1-14
Res g	M	.18	12-31 1-20
Inc	Q	.02	12-30 1-7
Real Est	M	.0475	12-31 1-18
Group	Q	.075	1-17 2-15
Ads	Q	.29	12-31 1-14
i Co	Q	.03125	12-27 1-14
ncial	Q	.03	12-31 1-14
Electron	Q	.07	1-14 1-28
age Trust	Q	.18	12-30 1-25
h Eng g	M	.07	12-31 1-17
h Lauren	Q	.10	12-31 1-14
Line Pfts	Q	.20	1-3 1-20
nter	Q	.06	1-5 1-26

SA ADS x 1-18 1-20
 split, ADS will represent one share of capital split.

:	New	New	
		Amt.	Date
scs	Q	.25	12-31 1-7
Rescs	Q	.18	12-31 1-7
ncial	Q	.29	1-14 2-1
edl	Q	.06	12-31 1-14

alty Q 13 12-31 1-14
 in Canadian funds; Q - Quarterly;
 ly; S - Semiannually; M - Monthly;
 determined; I - Initial; Y - Year-end.

Ex-Dividend for December 22, 2010

	Amount
ermer Ppty	0.100
yn Div Fd	0.060
yn Div Fd	0.055
i Co	0.290
er Inc	0.100
s Ce Oppnty	0.260
s Div Majrs	0.230
s GIB Inc	0.280
s Infrastrc	0.360
s Dity Rity	0.180
s Reit Pfd	0.300
s Total Ret	0.970
nc	0.560
nc	0.070
i Co	0.140
ncorp	0.100
ial Corp	1.000
st 2000+	0.004
ink Corp Ma	0.180
nc	0.188
tion	0.140
r Incm Secs	0.031
o Dh	0.170
o Dh	0.100
A Adr	0.200
i Ptr Adr	0.200
al Gas Co	0.280
f Electrc	0.260
	0.040
	0.180
	3/2

UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK

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

SUMMARY NOTICE OF (I) PROPOSED SETTLEMENTS OF CLASS ACTION WITH DEFENDANTS GRANT THORNTON LLP, JOSEPH J. MURPHY, DENNIS A. KLEJNA AND WILLIAM M. SEXTON, (II) HEARING ON PROPOSED SETTLEMENTS, AND (III) MOTION FOR AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR ACQUIRED REFCO GROUP LTD., LLC/REFCO FINANCE INC. 9% SENIOR SUBORDINATED NOTES DUE 2012 (CUSIP NOS. 75866HAAS AND/OR 75866HAC1) AND/OR REFCO INC. COMMON STOCK (CUSIP NO. 75866G109) DURING THE PERIOD JULY 1, 2004 THROUGH AND INCLUDING OCTOBER 17, 2005 (THE "CLASS PERIOD"), AND WHO WERE DAMAGED THEREBY (THE "SETTLEMENT CLASS")

YOU ARE HEREBY NOTIFIED that the Lead Plaintiffs in the above-captioned class action (the "Action") have proposed settlements with (i) defendant Grant Thornton LLP ("Grant Thornton") and (ii) defendants Joseph J. Murphy, Dennis A. Klejna and William M. Sexton (the "Settling Officer Defendants" and, together with Grant Thornton, the "Settling Defendants"). The Settlements provide for total payments by the Settling Defendants of \$25,300,000 for the benefit of the Settlement Class. In return, the Settlement Class Members will dismiss with prejudice the claims asserted in this Action against the Settling Defendants and grant the releases specified and described in the respective Stipulations of Settlement.

A hearing will be held on March 11, 2011 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, NY 10007, to determine: (1) whether the Settlements with the Settling Defendants should be approved as fair, reasonable and adequate; (2) whether the Action should be dismissed with prejudice against the Settling Defendants and the releases specified and described in the respective Stipulations of Settlement should be granted; and (3) whether the plaintiffs' attorneys' application for an award of attorneys' fees and reimbursement of litigation expenses should be granted.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUNDS. If you have not yet received the full printed Notice of (I) Proposed Settlements of Class Action with Defendants Grant Thornton LLP, Joseph J. Murphy, Dennis A. Klejna and William M. Sexton, (II) Hearing on Proposed Settlements and (III) Motion for Award of Attorneys' Fees and Reimbursement of Expenses (the "Notice"), you may obtain copies by contacting the Claims Administrator at:

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

Copies of the Notice, the Plan of Allocation previously approved by the Court, and the Proof of Claim Form ("Claim Form") are also available at www.refcosecuritieslitigation.com.

If you are a member of the Settlement Class, and previously submitted a Claim Form in connection with the previously announced settlements in the Action, do not do so again. Your earlier claim will be considered for participation in these Settlements. If you are a Settlement Class Member and did NOT submit a Claim Form in connection with the earlier announced settlements, in order to be eligible to share in the distribution of the Net Settlement Funds from these Settlements you must submit a Claim Form postmarked no later than March 15, 2011. If you are a member of the Settlement Class and have not previously submitted a Claim Form and do not now submit a Claim Form postmarked on or before March 15, 2011, you will not be eligible to share in the proceeds of the Settlements but you will nevertheless be bound by the judgments of the Court. If you require a Claim Form, it may be obtained from the Claims Administrator or you can download a copy from the website noted above.

If you are a member of the Settlement Class and do not exclude yourself from the Settlement Class, you will be bound by any judgment entered in the Action whether or not you make a Claim. To exclude yourself from the Settlement Class, if you have not done so in connection with a previous settlement of this Action, you must submit a request for exclusion such that it is received no later than February 19, 2011, in accordance with the instructions set forth in the Notice. Any objections to the proposed settlements and/or the application for attorneys' fees and reimbursement of expenses must be filed with the Court and delivered to counsel for the parties as set forth in the Notice such that they are received no later than February 19, 2011, in accordance with the instructions set forth in the Notice.

Inquiries, other than requests for copies of the Notice and Claim Form or for inclusion on the mailing list for future notices, may be directed to Lead Plaintiffs' Counsel:

Salvatore J. Graziano, Esquire
 BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
 1285 Avenue of the Americas
 New York, NY 10019
 Megan D. McIntyre, Esquire
 GRANT & EISENHOFER P.A.
 1201 N. Market Street
 Wilmington, DE 19801

BY ORDER OF THE COURT