

Refco's Chapter 11 Plan Approved by Bankruptcy Court. The Plan offers equity holders an option to trade their Future Securities Class Action Recoveries for a Small Percentage of Bankruptcy Litigation Recoveries. The Securities Co-Lead Plaintiff who faces this choice will decline the Plan's offer.

The following statement summarizes Lead Plaintiffs' perspective on the Refco bankruptcy proceedings and their significance for members of the prospective securities class. The class is defined as current or former holders of Refco's publicly traded securities who purchased or acquired those securities between August 5, 2004 and October 17, 2005 (the "Class Period").

On October 17, 2005, Refco, Inc. (together with certain of its direct and indirect subsidiaries and affiliates, collectively referred to here as "Refco" or the "Debtors") filed for bankruptcy protection in the United States Bankruptcy Court for the Southern District of New York. Pursuant to bankruptcy law, Refco's filing meant that the securities class action pending in the district court entitled In re Refco Inc. Securities Litigation, Case No. 05 civ 8626 (the "Securities Class Action") could not include Refco as a defendant. Rather, any securities claims against Refco (as opposed to all other defendants sued in the securities class action) had to be lodged as a claim against the estate in the bankruptcy proceedings. Lead Plaintiffs RH Capital Associates LLC and Pacific Investment Management Company LLC filed such claims on behalf of all Class Members on July 17, 2006.

On or about October 20, 2006, the Debtors filed a Joint Chapter 11 Plan. Subsequently, the Debtors filed a Modified Joint Chapter 11 Plan (the "Plan") on December 4, 2006. Such plans are typically submitted to seek court approval of how a bankrupt entity plans to distribute its assets among various claimants (such as creditors and stockholders).

On December 15, 2006, United States Bankruptcy Judge Robert D. Drain approved the Plan. Under the Plan, Refco will distribute approximately \$4.1 billion – 24% of the \$16.8 billion creditors were owed when it filed for bankruptcy – plus the Bankruptcy Litigation Recoveries from the lawsuits brought on behalf of Refco against third parties.

Class Members are treated differently under the Plan depending on the type of Refco securities that they purchased and whether they still hold the securities, as described below.

1) ***Current Bondholders.*** Current holders of Refco's 9% bonds maturing in 2012 who hold an Allowed Claim (i.e., allowed pursuant to other applicable requirements under the Plan) will receive 83.42 cents on the dollar under the Plan. Current bondholders are not required to decide between receiving amounts recovered in connection with the Plan (as described below) or recovery of monies through the Securities Class Action. The Plan specifically provides that current bondholders who purchased during the Class Period may receive the benefit of both the BAWAG settlement in the bankruptcy proceeding and any proposed BAWAG settlement in the Securities Class Action.

2) **Former Bondholders.** Those who purchased bonds during the Class Period but who no longer hold them are not entitled to any recovery on bond purchases under the Plan. These claims are being pursued on their behalf against other defendants in the Securities Class Action.

3) **Current and Former Stockholders.** Current Refco stockholders and Class Members who are former holders of Refco stock and who hold an Allowed Interest (*i.e.*, allowed pursuant to other applicable requirements under Plan) may elect to share in the amounts recovered by certain litigation trusts established under the Plan (the “Plan Trusts”). Specifically, these current and former Refco stockholders will be entitled to share in 3% of the first \$500 million recovered by the Plan Trusts (*i.e.*, up to \$15 million), 7.5% of the next \$500 million (*i.e.*, up to \$37.5 million), and 15% of any amounts recovered by the Plan Trusts in excess of \$1 billion. If, for example, \$1 billion is recovered by the Plan Trusts, current Refco stockholders and Class Members who are former holders of Refco stock and who elect to receive a portion of such recoveries will share \$52.5 million based on the number of shares currently or previously held. As of today’s date, no funds have been placed in the Plan Trusts and there is no guarantee that there will ever be any money in these trusts to fund litigation.

In order to participate in any distribution from the Plan Trusts, Refco stockholders who are Class Members must contribute to the Plan Trusts any recovery that they may receive on their equity claims from the Securities Class Action (other than from any BAWAG settlement, as explained further below). Additionally, these Class Members must make this assignment by January 30, 2007 at 5:00 pm (ET). Note that the recent settlement with BAWAG in the Securities Class Action is not affected by this provision. In other words, a Class Member who selects this option will not have to tender his or her share of the BAWAG recovery.

If you are a Class Member based upon the purchase of Refco stock and you have already filed a claim in the bankruptcy proceeding and you make this election, you will not receive any direct recovery of your losses on your equity-based claims from the Securities Class Action. Instead, you will contribute that entire recovery to the Plan Trusts and share only in a small percentage (from 3% to 15%) of the aggregate amount recovered by the Plan Trusts with all other current stockholders and Class Members who have claims based upon stock purchases, as well as certain other creditors, who also made the election.

For example, if Class Members were to recover \$50 million collectively in the Securities Class Action as compensation for their losses on Refco stock, and the election was made on behalf of the Class under the Plan, the \$50 million would go directly to the Plan Trusts and those Class Members would share in only a small percentage (as low as 3%) of that recovery along with holders of stock who are not Class Members. The Plan Trusts would have to recover approximately \$1 billion in the aggregate to potentially achieve the same economic result for these Class Members as a direct \$50 million recovery in the Securities Class Action absent the election. Therefore, it is the judgment of Lead Plaintiff RH Capital Associates LLC and Lead Counsel that the election offered under the Plan is not in the best economic interest of Class Members who purchased Refco stock.

If you are a former Refco shareholder and did not file a bankruptcy claim by the July 17, 2006 deadline, this option is not available to you.

Lead Plaintiff RH Capital Associates LLC, in representing itself, will not relinquish its right to amounts that may be recovered in the Securities Class Action in exchange for receipt of some allotment of 3 to 15% of the amounts recovered by the Plan Trusts. Nor will Lead Plaintiff RH Capital Associates LLC pursue such an option on behalf of the prospective class in the bankruptcy proceeding or the Securities Class Action. Lead Plaintiff Pacific Investment Management Company LLC held only Refco bonds and is therefore not required to make this election.