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: 05 Civ. 8626 (GEL)
In re REFCO, INC. SECURITIES LITIGATION :
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**NOTICE OF (I) PENDENCY AND PROPOSED PARTIAL
SETTLEMENT OF CLASS ACTION WITH BAWAG, AND
(II) HEARING ON PROPOSED PARTIAL SETTLEMENT**

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 Refco, Inc. common stock (CUSIP No. 75866G109) between August 5, 2004 and October 17, 2005, inclusive, you might be a member of the class in this action entitling you to relief in connection with a partial settlement of the action.

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

- The Court has preliminarily approved a partial settlement of 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. bonds were artificially inflated as a result of false statements, non-disclosures, and fraudulent conduct in violation of the federal securities laws.
- The partial settlement is between Lead Plaintiffs Pacific Investment Management Company LLC and RH Capital Associates LLC, on behalf of themselves and the proposed Settlement Class (defined below), and defendant BAWAG P.S.K. Bank Für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG"). It is only a partial settlement because it does not resolve the plaintiffs' claims against forty-three (43) other defendants.
- BAWAG will pay a minimum of \$108 million in cash to settle the lawsuit, with the possibility of an additional payment of up to \$32 million if certain conditions are met. After payment of costs and expenses, the settlement proceeds will be distributed to investors who are members of the Settlement Class. No determination has been made yet of the amount to be distributed.
- The two sides disagree on the amount of money that could have been recovered if the plaintiffs won at trial.
- Although the fee agreement between Lead Plaintiffs and the plaintiffs' attorneys would have entitled the attorneys to request a fee of up to 18% of the Class's recovery, the plaintiffs' attorneys have agreed to request a fee from this settlement of 7% of the Non-Contingent Payment (defined below), due to the timing and circumstances of this settlement.
- The settlement was reached because it provides significant benefits to investors and avoids the costs and risks of continuing the lawsuit against BAWAG.
- If you are a member of the Settlement Class and the partial settlement is approved, your legal rights will be affected whether you act or not. Read this notice carefully to see what your options are in connection with the partial settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THE PARTIAL SETTLEMENT	
Remain a Member of the Settlement Class (no action required)	This is the only way to get a settlement payment. If you wish to remain a member of the Settlement Class, you do not need to take any action in response to this notice at this time. At a future date, you will be provided with a proof of claim form which you must submit to establish your entitlement to a payment.
Exclude Yourself (by May 30, 2007)	If you exclude yourself, you will not get a settlement payment.
Object (by May 26, 2007)	If you do not exclude yourself, but you wish to object to any part of the settlement, you may write to the Court about your objections.
Attend the Hearing (on June 29, 2007)	If you have submitted a written objection to the settlement to the Court, you may (but do not have to) attend the hearing about the settlement 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 settlement. Payments will be made only if the Court approves the settlement and that approval is upheld in any appeals. Please be patient.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATIONPage 2

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 3

5. How do I know whether I am a member of the Partial Settlement?

6. Are there exceptions to being included?

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

SUMMARY OF THE SETTLEMENTPage 4

8. How and when was the Partial Settlement reached?

9. What does the Partial Settlement provide?

10. What are the reasons for the Partial Settlement?

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

THE SETTLEMENT BENEFITS - WHAT YOU GETPage 5

12. How much will be distributed to investors?

13. How much will my payment be?

HOW TO GET A PAYMENTPage 5

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

15. When will I receive my payment?

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

17. Can I receive payments in both the Partial Settlement and the Refco Bankruptcy?

EXCLUDING YOURSELF FROM THE SETTLEMENTPage 6

18. What if I want to be excluded from the Partial Settlement?

19. If I don't exclude myself, can I sue BAWAG for the same thing later?

20. If I exclude myself, can I get money from the Partial Settlement?

THE LAWYERS REPRESENTING YOUPage 7

21. Do I have a lawyer in the case?

22. How will the lawyers be paid?

OBJECTING TO THE SETTLEMENT OR THE ATTORNEYS' FEES.....Page 7

23. How do I tell the Court if I don't like the Partial Settlement?

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

25. When and where will the Court decide whether to approve the Partial Settlement?

26. Do I have to come to the hearing?

27. May I speak at the hearing?

IF YOU DO NOTHING.....Page 8

28. What happens if I do nothing at all?

GETTING MORE INFORMATIONPage 8

29. Are there more details about the Partial Settlement?

30. How do I get more information?

BASIC INFORMATION

1. Why did I get this Notice?

You or someone in your family may have purchased or acquired Refco Inc. common stock (CUSIP No. 75866G109) and/or Refco Group Ltd., LLC/ Refco Finance Inc. 9% Senior Subordinated Notes due 2012 (CUSIP Nos. 75866HAA5 and/or 75866HAC1) between August 5, 2004 and October 17, 2005. The Court caused this Notice to be sent to you because, if you purchased or acquired those securities during that period, you have a right to know about the proposed Partial Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Partial Settlement.

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

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

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 persons 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 ("Lead Plaintiffs") 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 Co-Lead Counsel on behalf of the class. The Action is brought against forty-four (44) 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 LLP), fifteen Wall Street investment banks, the private equity firm of Thomas H. Lee Partners, L.P. and its affiliates, and BAWAG (collectively, the "Defendants").

The First Amended Consolidated Class Action Complaint (the "Complaint"), which was filed in the Action on May 5, 2006, alleges that the Defendants violated the federal securities laws in numerous ways, including: engaging in negligent and fraudulent activities that concealed Refco's true financial condition from investors; and using accounting practices that violated generally accepted accounting principles and caused Refco's published financial statements for the years ended February 29, 2002, February 28, 2003, February 28, 2004, February 28, 2005, and the quarter ended May 31, 2005, to be materially false and misleading.

As alleged in the Complaint, a little more than two months after completing an initial public offering ("IPO"), Refco admitted that its financial statements "should no longer be relied upon" because the Company had concealed hundreds of millions of dollars of uncollectible receivables owed to the Company by an entity owned by its Chief Executive Officer, Phillip Bennett ("Bennett"). The Complaint further alleges that while this admission only partially revealed the true extent of the problems at the Company, it set into motion a chain of events and subsequent disclosures that led to Refco's abrupt collapse into bankruptcy.

The Complaint alleges that the Defendants either actively participated in the Company's manipulative accounting practices and misstatements during the Class Period, or knew or should have known about them in the exercise of due diligence. The Complaint alleges that BAWAG participated in the scheme to defraud investors by, among other things, engaging in numerous sham loan transactions with Refco that had no purpose other than to allow Refco to temporarily replace related party receivables with third party loans on its books just before the end of its financial accounting periods, thereby concealing from investors the existence of significant related party receivables.

The Complaint asserts two different sets of claims. The first is a series of strict liability and negligence-based claims pursuant to the Securities Act of 1933 ("Securities Act"), which are asserted against the Defendants who are statutorily responsible for the untrue statements in the prospectuses and registration statements pursuant to which Refco issued securities to the public. The second set of claims consists of fraud-based claims under the Securities Exchange Act of 1934 ("Exchange Act") against those Defendants who directly participated in the fraudulent scheme and those who knew about or were reckless with respect to discovering the fraud. The Complaint alleges seven (7) separate claims against BAWAG, including claims pursuant to Section 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act.

To the extent Defendants have responded to the Complaint, they have denied the claims against them and specifically denied any wrongdoing or liability to any Class member.

The Court has made no determination on the merits of the claims against BAWAG or against any other Defendants.

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, Inc. Securities Litigation
c/o The Garden City Group, Inc.
PO Box 9087
Dublin, OH 43017-0987

WHO IS IN THE SETTLEMENT CLASS

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

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

All persons and entities that 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 Class Period, 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 between August 5, 2004 and October 17, 2005; if you are an immediate family member of any Defendant; if you are an entity in which Refco or any Defendant has a controlling interest; or if you are a legal representative, heir, predecessor, successor or assign of any of these excluded persons or entities.

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

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

SUMMARY OF SETTLEMENT

8. How and when was the Partial Settlement reached?

Lead Plaintiffs reached an agreement-in-principle with BAWAG regarding the Partial Settlement on May 31, 2006. On February 13, 2007, Lead Plaintiffs and BAWAG signed a Stipulation and Agreement of Settlement (the "Stipulation") to formalize their agreement.

The Partial Settlement was reached after arms-length negotiation between Co-Lead Counsel and counsel for BAWAG, and only after Co-Lead Counsel had (i) obtained access to, and reviewed, certain documents pertinent to the Class's claims and BAWAG's defenses to those claims, including documents that BAWAG has provided to the United States Attorneys Office ("USAO"), (ii) investigated and analyzed all available evidence, and (iii) researched the applicable law with respect to the Class's claims against BAWAG and the potential defenses thereto.

9. What does the Partial Settlement provide?

In the Partial Settlement, BAWAG agrees to pay \$108 million (the "Non-Contingent Payment") to the Settlement Class. In addition, in the event that BAWAG is sold for a price exceeding €1.8 billion (euros) within two years after the United States Bankruptcy Court enters an order approving BAWAG's separate settlement with Refco's Official Committee of Unsecured Creditors ("Creditors' Committee"), then BAWAG will pay the Settlement Class an additional sum of 5% of the amount by which the sale price of BAWAG exceeds €1.8 billion (euros), up to a maximum additional payment of \$32 million (dollars) (the "Contingent Payment"). The Non-Contingent Payment and the Contingent Payment are collectively referred to as the "Settlement Amount."

After the parties reached agreement on the terms of the Partial Settlement, BAWAG entered into an agreement of sale which, if consummated, may trigger BAWAG's obligation to pay the maximum Contingent Payment of \$32 million (dollars). Closing of the sale is presently expected to occur in the first half of 2007.

The Settlement Amount will be paid in installments, with \$8 million to be paid within ten days after preliminary approval of the Partial Settlement, another \$25 million to be paid within thirty days after the order approving BAWAG's settlement with the Creditors' Committee becomes final, and \$75 million to be paid within thirty days of the earlier of (a) the closing of the sale of BAWAG, or (b) one year after entry of the order approving BAWAG's settlement with the Creditors' Committee. The Contingent Payment, if any, will be paid within thirty days after the closing of the sale of BAWAG. With the exception of the initial \$8 million payment, Lead Plaintiffs have agreed to accept payment of the Settlement Amount from funds to be paid by BAWAG into a restitution fund managed by the USAO, subject to BAWAG's agreement to pay any amounts that the USAO fails to pay, and to pay interest on any amounts not paid within 180 days of the scheduled payment date.

Under the terms of the Partial Settlement, BAWAG also agrees to reasonably cooperate with Lead Plaintiffs in providing copies of documents and in making employees available for interviews and depositions, so as to reasonably assist Lead Plaintiffs in their prosecution of claims against other Defendants and/or prospective defendants in this Action.

If the Partial Settlement is approved by the Court, all members of the Settlement Class will be deemed to have released all claims against BAWAG, its direct and indirect subsidiaries, parents, affiliates, predecessors, and successors, and their respective agents, attorneys, and past, present, and future officers, directors and employees, as agreed by the parties, (collectively, the "Releasees") that arise out of or relate to the allegations in the Complaint and the acquisition or disposition of Refco Group Ltd., LLC/ Refco Finance Inc.'s 9% Senior Subordinated Notes due 2012 and/or Refco common stock between August 5, 2004 and October 17, 2005. This means that, upon Court approval, all Settlement Class members will be permanently barred from asserting any of the claims described above against BAWAG or any other Releasees. In addition, if the Court approves the Partial Settlement, BAWAG will be precluded from suing the Lead Plaintiffs, members of the Settlement Class, or Co-Lead Counsel in connection with the Action.

10. What are the reasons for the Partial Settlement?

Lead Plaintiffs agreed to the Partial Settlement because of the substantial monetary benefit it will provide to the Class, compared to the risk that recovery might not be achieved after a contested period of litigation which could extend years into the future. As with any litigated case, the plaintiffs would face an uncertain outcome if the case went to trial. Even if the plaintiffs were successful

at trial, BAWAG might be bankrupt, sold, or unable to pay any judgment at that time. Alternatively, BAWAG might well appeal the verdict, result in further uncertainty and delay.

BAWAG agreed to the Partial Settlement to settle and terminate all existing or potential claims against it, to eliminate the risk of a substantial judgment against it, and to avoid the burden and expense of further litigation, without acknowledging any fault or liability.

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

Lead Plaintiffs and BAWAG do not agree on the average amount of damages per share that would have been recoverable from BAWAG if Lead Plaintiffs were to have prevailed on each claim asserted. The issues on which the parties disagree include: (1) whether BAWAG engaged in conduct that would give rise to liability under the federal securities laws; (2) whether BAWAG acted with scienter with respect to the conduct alleged to constitute a violation of Section 10(b) of the Exchange Act; (3) whether BAWAG has valid defenses to any of the claims against it; and (4) the amount, if any, by which the prices of Refco's securities were artificially inflated as a result of BAWAG's alleged violations of the federal securities laws.

THE SETTLEMENT BENEFITS – WHAT YOU GET

12. How much will be distributed to investors?

The Partial Settlement will create a cash settlement fund in the aggregate principal amount of between \$108 million and \$140 million, depending upon whether and to what extent BAWAG's obligation to pay the maximum Contingent Payment is triggered. After deduction of the costs of notice and administration, certain taxes and tax-related expenses, and any attorneys' fees that are approved by the Court, the balance of the settlement fund, plus accrued interest, will be available for distribution to members of the Settlement Class. Co-Lead Counsel will request attorneys' fees of 7% of the Non-Contingent Payment. Assuming no other recovery, Co-Lead Counsel estimate that the net amount to be distributed to the Settlement Class will be between \$98 million and \$130 million.

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 amount, if any, of the Contingent Payment; the number of other Settlement Class members who submit valid proof of claim forms; the number of bonds or shares of stock you purchased; the prices and dates of those purchases; and the prices and dates of any sales of your bonds or stock. The manner of dividing the settlement proceeds between purchasers of bonds and purchasers of stock, and between the various claims in the Complaint, has not yet been determined. Depending upon which securities you purchased and the timing of your transactions, you may be entitled to recover for all, none, or only some of the claims asserted in the Complaint.

The amount to be distributed to Settlement Class members on a per share basis will depend on future Court proceedings and factual and legal analysis, and it is therefore not possible to estimate the amount of any such distribution at the present time. After further notice to the Settlement Class and an opportunity to be heard, Lead Plaintiffs will seek Court approval of a plan of allocation that will govern calculation of Settlement Class members' individual distributions.

HOW TO GET A PAYMENT

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

If you are a member of the Settlement Class, you will have to submit a proof of claim form and supporting documentation in order to establish your entitlement to share in the Partial Settlement. Those who act to exclude themselves from the Settlement Class, and those who fail to submit timely and valid proof of claim forms with adequate supporting documentation, will not be entitled to share in the Partial Settlement.

Proof of claim forms have not yet been prepared, and **you need not submit a proof of claim or any other documentation of your claim at this time.** You will be provided with a proof of claim form, and instructions on how to complete and submit it, in a future notice to be disseminated in a similar manner as this notice. To ensure that you receive copies of future notices, you may write to the Claims Administrator at the following address to request that you be added to the mailing list for notices in *In re Refco, Inc. Securities Litigation*:

Refco, Inc. Securities Litigation
c/o The Garden City Group, Inc.
PO Box 9087
Dublin, OH 43017-0987

Please retain all records of your ownership of, or transactions in, Refco's stock and bonds, as they may be needed to document your claim.

15. When will I receive my payment?

Because BAWAG's payments under the Partial Settlement will be made in installments over a period of time, the Lead Plaintiffs do not anticipate being able to distribute the settlement proceeds to members of the Settlement Class for at least a year from now, and possibly longer. Distribution may also be delayed in the interest of the Settlement Class in order to minimize the number and

cost of distributions during the course of the Action, and to allow for the BAWAG settlement proceeds to be distributed in combination with future settlements or recoveries from other Defendants.

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

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

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

If you remain a member of the Settlement Class and do not exclude yourself, you will be bound by all orders, judgments and releases entered by the Court regarding the Partial Settlement. If the Partial Settlement is approved, you will not be able to sue, continue to sue, or be part of any other lawsuit involving any claims released in the Partial Settlement; provided, however, that the Partial Settlement does not affect your ability to recover as a creditor in Refco's bankruptcy proceedings, including your ability to receive a share of the monies paid to Refco's bankruptcy estate by BAWAG. You will be bound by the releases whether or not you submit a proof of claim and/or receive a payment under the Partial Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

17. Can I receive payments in both the Partial Settlement and the Refco Bankruptcy?

Yes. If you remain in the Settlement Class and receive a settlement payment from the Partial Settlement, you can still recover as a creditor or interest holder of Refco from funds paid by BAWAG to Refco's bankruptcy estate in connection with Refco's bankruptcy proceedings, provided that you establish your entitlement to such a recovery in accordance with the procedures established by the bankruptcy court. Likewise, your recovery as a creditor in Refco's bankruptcy proceedings will not prevent you from receiving a payment from the Partial Settlement.

18. What if I want to be excluded from the Partial Settlement?

To exclude yourself from the Partial Settlement, you must send a letter by mail to the Claims Administrator saying that you want to be excluded from *In re Refco Inc. Securities Litigation*. Be sure to include your name, address, telephone number; your Social Security Number or Taxpayer Identification Number; a list stating the par amount of Refco bonds and the number of shares of Refco common stock purchased and sold between August 5, 2004 and October 17, 2005, and the dates of each purchase and sale; as well as your signature. Mail your exclusion request postmarked no later than May 30, 2007, to:

Refco, Inc. Securities Litigation Exclusions
c/o The Garden City Group, Inc
PO Box 9088
Dublin, OH 43017-0988

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 postmark deadline – 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 Partial Settlement. You must exclude yourself even if you already have a pending case against BAWAG or any other Releasees based on the claims being released.

If you ask to be excluded, you will not get any payment from the Partial Settlement, you cannot object to the Partial Settlement, and you will not be legally bound by anything that happens in this lawsuit. You might be able to sue BAWAG or other Releasees in the future.

19. If I don't exclude myself, can I sue BAWAG for the same thing later?

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

20. If I exclude myself, can I get money from the Partial Settlement?

No. Only Settlement Class members who do not exclude themselves will be eligible to recover money in the Partial Settlement.

THE LAWYERS REPRESENTING YOU

21. Do I have a lawyer in this case?

The Court has appointed the law firms of Bernstein Litowitz Berger & Grossman LLP and Grant & Eisenhofer P.A. as Co-Lead Counsel to represent Lead Plaintiffs and all other Settlement Class members in the Action. If you have any questions about the proposed Partial Settlement, you may contact Co-Lead Counsel as follows: Megan D. McIntyre, Esq., Grant & Eisenhofer P.A., Chase Manhattan Centre, 1201 N. Market St., Wilmington, Delaware 19801, (302) 622-7000; or John P. Coffey, Esq., Bernstein Litowitz Berger & Grossmann, LLP, 1285 Avenue of the Americas, New York, New York 10019, (212) 554-1400.

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

22. How will the lawyers be paid?

You will be not charged directly for the fees or expenses of the Co-Lead Counsel appointed by the Court. Instead, those lawyers may apply to the Court for payment of fees and expenses out of the proceeds of any recoveries achieved in the Action. When this case began, Lead Plaintiffs negotiated a fee agreement with Co-Lead Counsel which permits Co-Lead Counsel to apply for fees of up to 18% of any recovery achieved by the Class plus out of pocket expenses. Given the timing and circumstances of the settlement with BAWAG, however, Co-Lead Counsel have agreed to apply for a fee from this settlement of 7% of the Non-Contingent Payment. The fees would pay the lawyers for investigating the facts, litigating the case, and negotiating the Partial Settlement. Co-Lead Counsel retain the right to request the full 18% fee plus expenses from any future recoveries from other defendants.

OBJECTING TO THE SETTLEMENT OR THE ATTORNEYS' FEES

23. How do I tell the Court that I don't like the Partial Settlement?

If you are a Settlement Class member and you do not exclude yourself, you can object to the Partial Settlement or any part of it, including Co-Lead Counsel's application for attorneys' fees, and give reasons why you think the Court should not approve it. To object, you must send a letter or other filing saying that you object to the proposed Partial Settlement and/or the attorneys' fee application in *In re Refco, Inc. Securities Litigation*, Case No. 05 Civ. 8626 (GEL). Be sure to include your name, address, telephone number, signature, and the reasons for your objection. Your written objection must be sent to the following counsel and must be received by them no later than May 26, 2007:

Counsel for BAWAG:

Andrew Levander, Esquire
DECHERT LLP
30 Rockefeller Plaza
New York, NY 10112-2200

Co-Lead Counsel:

Megan D. McIntyre, Esquire GRANT & EISENHOFER P.A. Chase Manhattan Centre 1201 N. Market Street Wilmington, DE 19801	and	John P. Coffey, Esquire BERNSTEIN LITOWITZ BERGER & GROSSMANN, LLP 1285 Avenue of the Americas New York, NY 10019
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You must **also** file your objection with the clerk of the United States District Court for the Southern District of New York, so it is received no later than May 26, 2007. 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

Once an objection to the proposed Partial Settlement is made, it cannot be withdrawn without the Court's approval. 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 Partial Settlement and to Co-Lead Counsel's application for attorneys' fees.

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

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

Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. 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 Partial

Settlement and all orders and judgments entered by the Court regarding the Partial Settlement, regardless of whether the Court accepts or denies your objection.

25. When and where will the Court decide whether to approve the Partial Settlement?

The Court has scheduled a hearing on the proposed Partial Settlement for June 29, 2007 at 10:00 a.m., before the Honorable Gerard E. Lynch in the U.S. District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, NY, 10007. At this hearing, the Court will consider whether the Partial Settlement is fair, reasonable, and adequate, and will consider Co-Lead Counsel's application for attorneys' fees. If there are objections, the Court will consider them. At or after the hearing, the Court will decide whether to approve the Partial Settlement.

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

26. Do I have to come to the hearing?

No. Co-Lead 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 it was received by the deadline, it will be before the Court when the Court considers whether to approve the Partial Settlement. You may also pay your own lawyer to attend the hearing, but attendance is not necessary.

27. May I speak at the hearing?

If you are a Settlement Class member who has not asked to be excluded from the Settlement Class, you may ask the Court for permission to speak at the hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re Refco, Inc. Securities Litigation*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be filed with the Clerk of the Court and sent to the counsel listed above in the answer to Question #23 so it is received by the Court and counsel no later than June 1, 2007. You cannot speak at the hearing if you have asked to be excluded from the Settlement Class.

IF YOU DO NOTHING

28. 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 Partial Settlement. You will not be able to start, continue, or be part of any other lawsuit or arbitration against BAWAG or other Releasees based on the claims in the Action. To receive a payment from the Partial Settlement, you will have to submit a proof of claim and supporting documentation at a future date, in accordance with instructions to be provided in a future notice.

GETTING MORE INFORMATION

29. Are there more details about the Partial Settlement?

This Notice contains only a summary of the proposed Partial Settlement. The complete Partial Settlement is set out in a Stipulation and Agreement of Settlement dated September 7, 2006. You may request a copy of the Stipulation in writing to *Refco, Inc. Securities Litigation, c/o The Garden City Group, Inc., PO Box 9087 Dublin, OH 43017-0987*. There may be a charge for copying and mailing the Stipulation. Copies of the Stipulation may be obtained for free at refcosecuritieslitigation.com.

30. 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 refcosecuritieslitigation.com, where you will find a copy of the Stipulation, the Complaint, and certain other documents relating to the Action and the Partial Settlement. Anyone interested in more detail regarding the Action is invited to visit the Office of the Clerk of the United States District Court for the Southern District of New York at the United States Courthouse, 500 Pearl Street, New York, NY, 10007, during regular business hours, to inspect the Stipulation, the pleadings, and the other papers maintained there in Case No. 05 Civ. 8626 (GEL).

Dated: March 26, 2007

BY ORDER OF THE COURT

Hon. Gerard E. Lynch
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK