

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

_____ X
In re 21st CENTURY HOLDING :
COMPANY SECURITIES LITIGATION :
_____ :
This Document Relates To: :
 :
ALL ACTIONS. :
_____ :
ANTHONY NEIL SELLERS, Derivatively on :
Behalf of Nominal Defendant 21st Century :
Holding Company, :
Plaintiff, :
 :
vs. :
 :
EDWARD J. LAWSON, et al. :
 :
vs. :
Defendants, :
 :
– and – :
 :
21st CENTURY HOLDING COMPANY, :
 :
Nominal Defendant. :
_____ X

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS AND DERIVATIVE ACTIONS

TO: ALL PERSONS WHO PURCHASED 21ST CENTURY HOLDING COMPANY (“21ST CENTURY”) COMMON STOCK BETWEEN OCTOBER 3, 2006 AND MAY 3, 2007, AND TO ALL CURRENT SHAREHOLDERS OF 21ST CENTURY COMMON STOCK

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

Securities and Time Period for Class Litigation: 21st Century common stock (CUSIP No. 90136Q100) purchased between October 3, 2006 and May 3, 2007.

Class Settlement Fund: \$2,240,000 in cash. Your recovery will depend on the amount of common stock purchased and the timing of your purchases and any sales. Depending on the number of shares that participate in the class action settlement and when those shares were purchased and sold, the estimated average recovery per share of common stock will be approximately \$0.47 before deduction of Court-approved fees and expenses.

Derivative Settlement: 21st Century has undertaken or has agreed to undertake certain corporate governance changes that will substantially benefit 21st Century and current 21st Century shareholders.

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery and provides a substantial benefit to the Class and current 21st Century shareholders.

If the Cases Had Not Settled: The settlements must be weighed against the risk of no recovery after contested motions, trial, and likely appeals. While Co-Lead Counsel and Derivative Counsel were prepared to go to trial and were confident about their respective cases, a trial is a risky proposition and Lead Plaintiffs and/or the Derivative Plaintiff might not have prevailed. Similarly, counsel for defendants expressed the same confidence in their litigation position while recognizing the risks of trials. Moreover, the claims in these cases involve numerous complex legal and factual issues that would require extensive and costly expert testimony. Among the issues about which the two sides do not agree in the class action are (1) the amount of damages that could be recovered at trial; (2) the method for determining whether the price of 21st Century common stock was artificially inflated during the relevant period; (3) the amount of any such inflation; (4) the extent that various facts alleged by the Lead Plaintiffs were materially false or misleading; (5) the extent that various facts alleged by the Lead Plaintiffs influenced the trading price of 21st Century common stock

during the relevant period; and (6) whether the facts alleged were material, false, misleading, or otherwise actionable under the securities laws. Moreover, even if Co-Lead Counsel were able to prevail on every issue and obtain a judgment against the defendants, there were serious questions about the defendants' ability to satisfy such a judgment.

Attorneys' Fees and Expenses: Co-Lead Counsel have not received any payment for their work investigating the facts, conducting the class action, and negotiating the class settlement on behalf of the Lead Plaintiffs and the Class. Court-appointed Co-Lead Counsel will ask the Court for attorneys' fees of 25% of the Settlement Fund and expenses not to exceed \$75,000 to be paid from the Settlement Fund. If the above amounts are approved by the Court, the average cost per share of common stock will be \$0.13.

As part of the settlement of the derivative litigation, 21st Century has agreed to pay Derivative Counsel \$160,000 in attorneys' fees and expenses, subject to Court approval. At the Settlement Hearing, Derivative Counsel will seek an incentive award of \$1,500 for the Derivative Plaintiff, to be paid from the sums paid to Derivative Counsel. The incentive award is in recognition of Derivative Plaintiff's efforts in initiating and pursuing the derivative litigation on behalf of 21st Century.

Deadlines:

Submit Claim: January 20, 2010
Request Exclusion: December 14, 2009
File Objection: December 14, 2009

Court Hearing on Fairness of Settlements: January 29, 2010

More Information: www.claimsinformation.com or

Claims Administrator:

21st Century Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1387
Blue Bell, PA 19422

Co-Lead Counsel:

Rick Nelson
Shareholder Relations
Coughlin Stoa Geller
Rudman & Robbins LLP
655 West Broadway
Suite 1900
San Diego, CA 92101

Derivative Counsel:

William B. Federman
Federman & Sherwood
10205 N. Pennsylvania Avenue
Oklahoma City, OK 73120

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

IF YOU ARE A MEMBER OF THE CLASS

SUBMIT A CLAIM FORM The only way to receive a payment in the class action settlement.
EXCLUDE YOURSELF Receive no payment. This is the only option that allows you to participate in another lawsuit against the defendants relating to the class claims being released in this case.
OBJECT You may write to the Court if you do not like the class action settlement.
GO TO A HEARING You may ask to speak in Court about the fairness of the class action settlement.
DO NOTHING Receive no payment in the class action settlement.

IF YOU ARE A CURRENT 21ST CENTURY SHAREHOLDER

OBJECT You may write to the Court if you do not like the derivative settlement.
GO TO A HEARING You may ask to speak in Court about the fairness of the derivative settlement.
DO NOTHING You will benefit from the governmental changes.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of these cases must decide whether to approve the settlements. Payments will be made to Class Members who submit valid claims if the Court approves the class settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased 21st Century common stock between October 3, 2006 and May 3, 2007, or you may be a current shareholder of 21st Century common stock.

The Court sent you this Notice because you have a right to know about proposed settlements of a class action and a derivative lawsuit, and about all of your options, before the Court decides whether to approve the settlements. If the Court approves the class settlement, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments to eligible Class Members.

This package explains the lawsuit, the class and derivative settlements, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the cases is the United States District Court for the Southern District of Florida, and the cases are known as *In re 21st Century Holding Company Securities Litigation*, Case No. 07-61057-Civ-COHN/SELTZER and *Sellers v. Lawson*, Case No. 08-CV-60374-COHN/SELTZER.

2. What Are the Lawsuits About?

The class action alleges that 21st Century and the Individual Class Defendants made false and misleading statements and omissions during the period October 3, 2006 and May 3, 2007, about 21st Century's business and financial performance. Specifically, Lead Plaintiffs contend that defendants failed to fully disclose, and their statements failed to take into account, the negative effect resulting from the requirement to substantially increase 21st Century's inadequate loss reserves. Lead Plaintiffs allege that defendants failed to fully disclose that 21st Century had adopted a loss strengthening program in the 3rd quarter of 2006 and that these misrepresentations resulted in the artificial inflation of the price of 21st Century common stock between October 3, 2006 and May 3, 2007, resulting in substantial damage to Class Members. Defendants deny that they did anything wrong.

The Verified Shareholder Derivative Complaint alleges that certain current and former officers and directors of 21st Century violated their fiduciary duties owed to 21st Century, as well as violated state law, wasted corporate assets, and unjustly enriched themselves causing losses to 21st Century. The allegations of the derivative complaint cover the period from October 3, 2006 through the present. Defendants deny any and all wrongdoing.

3. Why Are There Settlements?

The Court did not decide in favor of Lead Plaintiffs, the Derivative Plaintiff, or defendants. Instead, the parties agreed to settlements. That way, they avoid the cost of a trial, eligible Class Members who submit valid claims will receive compensation, and current 21st Century shareholders will benefit from the implementation of corporate governance changes. The Lead Plaintiffs, the Derivative Plaintiff, Co-Lead Counsel, and Derivative Counsel think the settlements are best for all Class Members and 21st Century shareholders.

WHO IS INCLUDED IN THE CLASS ACTION SETTLEMENT

To see if you will receive money from the class action settlement, you first have to determine if you are a Class Member.

4. How Do I Know if I Am Part of the Class Action Settlement?

The Class includes *all persons who purchased 21st Century common stock between October 3, 2006 and May 3, 2007.*

5. What Are the Exceptions to Being Included?

You are not a Class Member if you are a defendant, a member of the immediate family of one of the individual defendants, an officer or director of 21st Century, an heir or assign of any excluded party, and any entity in which any defendant has a controlling interest.

If you sold 21st Century common stock between October 3, 2006 and May 3, 2007, that alone does not make you a Class Member. You are a Class Member only if you purchased 21st Century common stock between October 3, 2006 and May 3, 2007.

6. I'm Still Not Sure if I Am Included in the Class.

If you are still not sure whether you are included, you can ask for free help. You can call Rick Nelson at (619) 231-1058 for more information. Or you can fill out and return the claim form described in Question 9, to see if you qualify.

THE SETTLEMENT BENEFITS IN THE CLASS ACTION — WHAT YOU GET

7. What Does the Class Action Settlement Provide?

Defendants have agreed to pay \$2.24 million in cash in settlement of the class action. The balance of this fund after payment of Court-approved attorneys' fees and expenses and the costs of claims administration over and above the amount paid by defendants (the "Net Settlement Fund") will be divided among all eligible Class Members who send in valid claim forms.

8. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in and how many shares of 21st Century common stock you purchased during the relevant period and when you bought and sold them. A claim will be calculated as set forth below. The allocation below is based on the following price declines as well as the statutory PSLRA 90-day look back amount of \$10.98:

February 16, 2007 Price Decline:	\$2.21
May 4, 2007 Price Decline:	\$8.94

(a) For shares of 21st Century common stock *purchased on October 3, 2006 through February 15, 2007*, the claim per share shall be as follows:

(i) If sold on or before February 15, 2007, the claim per share is zero.

(ii) If sold between February 16, 2007 and May 3, 2007, the claim per share shall be the lesser of (a) \$2.21 (February 16, 2007 Price Decline), or (b) the difference between the purchase price and the selling price.

(iii) If held at the close of trading on May 3, 2007 and sold on or before August 1, 2007, the claim per share shall be the lesser of (a) \$11.15 (February 16, 2007 & May 4, 2007 Price Declines), or (b) the difference between the purchase price and the selling price, or (c) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

(iv) If retained, or sold, on or after August 2, 2007, the claim per share shall be the lesser of (a) \$11.15 (February 16, 2007 & May 4, 2007 Price Declines), or (b) the difference between the purchase price per share and \$10.98 per share.

(b) For shares of 21st Century common stock *purchased on February 16, 2007 through May 3, 2007*, the claim per share shall be as follows:

(i) If sold on or before May 3, 2007, the claim per share is zero.

(ii) If held at the close of trading on May 3, 2007 and sold on or before August 1, 2007, the claim per share shall be the lesser of (a) \$8.94 (May 4, 2007 Price Decline), or (b) the difference between the purchase price and the selling price, or (c) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

(iii) If retained, or sold, on or after August 2, 2007, the claim per share shall be the lesser of (a) \$8.94 (May 4, 2007 Price Decline), or (b) the difference between the purchase price per share and \$10.98 per share.

Date	Closing Price	Average Closing Price	Date	Closing Price	Average Closing Price	Date	Closing Price	Average Closing Price
4-May-07	\$11.05	\$11.05	5-Jun-07	\$11.21	\$10.87	5-Jul-07	\$10.55	\$10.86
7-May-07	\$10.43	\$10.74	6-Jun-07	\$11.05	\$10.88	6-Jul-07	\$10.48	\$10.86
8-May-07	\$10.18	\$10.55	7-Jun-07	\$10.91	\$10.88	9-Jul-07	\$10.43	\$10.85
9-May-07	\$10.07	\$10.43	8-Jun-07	\$11.00	\$10.88	10-Jul-07	\$10.30	\$10.83
10-May-07	\$ 9.90	\$10.33	11-Jun-07	\$10.82	\$10.88	11-Jul-07	\$10.24	\$10.82
11-May-07	\$ 9.85	\$10.25	12-Jun-07	\$10.77	\$10.88	12-Jul-07	\$10.20	\$10.81
14-May-07	\$10.60	\$10.30	13-Jun-07	\$10.85	\$10.88	13-Jul-07	\$10.21	\$10.80
15-May-07	\$10.82	\$10.36	14-Jun-07	\$10.99	\$10.88	16-Jul-07	\$10.05	\$10.78
16-May-07	\$10.83	\$10.41	15-Jun-07	\$11.14	\$10.89	17-Jul-07	\$10.03	\$10.77
17-May-07	\$10.67	\$10.44	18-Jun-07	\$11.17	\$10.90	18-Jul-07	\$11.68	\$10.78
18-May-07	\$10.72	\$10.47	19-Jun-07	\$11.10	\$10.90	19-Jul-07	\$11.88	\$10.81
21-May-07	\$11.11	\$10.52	20-Jun-07	\$11.02	\$10.91	20-Jul-07	\$11.64	\$10.82
22-May-07	\$11.39	\$10.59	21-Jun-07	\$11.01	\$10.91	23-Jul-07	\$11.39	\$10.83
23-May-07	\$11.64	\$10.66	22-Jun-07	\$10.89	\$10.91	24-Jul-07	\$11.00	\$10.83
24-May-07	\$11.09	\$10.69	25-Jun-07	\$10.69	\$10.90	25-Jul-07	\$11.39	\$10.84
25-May-07	\$11.02	\$10.71	26-Jun-07	\$10.62	\$10.90	26-Jul-07	\$12.95	\$10.88
29-May-07	\$11.11	\$10.73	27-Jun-07	\$10.67	\$10.89	27-Jul-07	\$13.14	\$10.92
30-May-07	\$11.41	\$10.77	28-Jun-07	\$10.74	\$10.89	30-Jul-07	\$12.66	\$10.95
31-May-07	\$11.43	\$10.81	29-Jun-07	\$10.74	\$10.88	31-Jul-07	\$12.23	\$10.97
1-Jun-07	\$11.17	\$10.82	2-Jul-07	\$10.70	\$10.88	1-Aug-07	\$11.76	\$10.98
4-Jun-07	\$11.41	\$10.85	3-Jul-07	\$10.65	\$10.87			

The payment you receive will reflect your pro rata share of the Net Settlement Fund. Depending on the number of eligible shares that participate in the class action settlement and when those shares were purchased and sold, the estimated average recovery will be approximately \$0.47 for each share before deduction of Court-approved fees and expenses. The number of claimants who send in claims varies widely from case to case. If fewer than anticipated Class Members send in claim forms, you could receive more money.

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

For Class Members who held shares of 21st Century common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period. The remaining sales of shares during the Class Period will then be matched, in chronological order, against shares purchased during the Class Period.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss. All gains and losses (as calculated under the above plan) will be combined and thereafter netted against each other.

In addition, no distribution will be made unless the amount of the check would be at least \$5.00.

HOW YOU OBTAIN A PAYMENT IN THE CLASS ACTION — SUBMITTING A CLAIM FORM

9. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Class Member, send in a claim form, and properly document your claim as requested in the claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than January 20, 2010.

10. When Will I Receive My Payment?

The Court will hold a hearing on January 29, 2010, to decide whether to approve the class action settlement. If Judge James I. Cohn approves the class action settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

11. What Am I Giving Up to Receive a Payment or Stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the defendants about the Released Class Claims in this case. It also means that all of the Court’s orders will apply to you and legally bind you and you will release your claims in the class action settlement against the defendants. The terms of the release are included in the claim form that is enclosed.

EXCLUDING YOURSELF FROM THE CLASS ACTION SETTLEMENT

If you do not want a payment from the class action settlement, but you want to keep the right to sue or continue to sue the defendants on your own for the Released Class Claims in the class action then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

12. How Do I Get Out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *In re 21st Century Holding Company Securities Litigation*, Case No. 07-61057-Civ-COHN/SELTZER. You must include your name, address, telephone number, your signature, and the number of shares of 21st Century common stock you purchased between October 3, 2006 and May 3, 2007, the number of shares sold during this time period, if any, and the dates of such purchases and/or sales. You must mail your exclusion request *postmarked no later than December 14, 2009* to:

21st Century Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1387
Blue Bell, PA 19422

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the class action settlement. You will not be legally bound by anything that happens in the class action lawsuit.

13. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you exclude yourself from the Class, you give up any right to sue the defendants for the Released Class Claims in the class action settlement. If you have a pending lawsuit against any of the defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is December 14, 2009.

14. If I Exclude Myself, Can I Receive Money from the Class Action Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may sue, continue to sue, or be part of a different lawsuit involving the Released Class Claims against the defendants.

THE LAWYERS REPRESENTING YOU

15. Do I Have Lawyers in These Cases?

The Court appointed the law firms of Coughlin Stoia Geller Rudman & Robbins LLP and Glancy Binkow & Goldberg LLP to represent you and other Class Members. These lawyers are called Co-Lead Counsel. The law firm of Federman & Sherwood represents 21st Century shareholders in the derivative action. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How Will the Lawyers Be Paid?

Counsel for the Lead Plaintiffs will ask the Court for attorneys' fees of 25% of the Class settlement proceeds and for expenses up to \$75,000, which were incurred in connection with the class action settlement. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The parties have agreed that Derivative Counsel shall be paid attorneys' fees and expenses of \$160,000, subject to approval by the Court, out of the total amount of \$2,400,000 paid to settle both cases.

The attorneys' fees and expenses requested will be the only payment to counsel for Lead Plaintiffs and the Derivative Plaintiff for their efforts in achieving the settlements and for their risk in undertaking this representation on a wholly contingent basis. To date, counsel for Lead Plaintiffs and the Derivative Plaintiff have not been paid for their services in conducting the litigations on behalf of the Class and 21st Century shareholders, nor for their expenses. The fees requested will compensate Co-Lead Counsel and Derivative Counsel for their work in achieving the settlements and are well within the range of fees awarded to counsel under similar circumstances in other similar cases. The Court may award less than the amounts sought by Co-Lead Counsel and Derivative Counsel.

OBJECTING TO THE SETTLEMENTS

You can tell the Court that you do not agree with the settlements or some part of them.

17. How Do I Tell the Court that I Do Not Like the Settlements?

If you are a Class Member, you can object to the class action settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You may object to the derivative settlement if you currently hold 21st Century common stock and continuously held such stock between March 18, 2008 and October 19, 2009. If you object, you must state the reasons why you think the Court should not approve the settlement that you object to. The Court will consider your views. To object, you must send a letter saying that you object to either the settlement in the class action (*In re 21st Century Holding Company Securities Litigation*, Case No. 07-61057-Civ-COHN/SELTZER) or the settlement of the derivative action (*Sellers v. Lawson*, Case No. 08-CV-60374-COHN/SELTZER). Be sure to include your name, address, telephone number, your signature, and the reasons you object. If you are objecting to the class action settlement, you must include the number of shares of 21st Century common stock you purchased and sold between October 3, 2006 and May 3, 2007. If you are objecting to the derivative settlement, you must submit such objection under oath and provide evidence that you currently hold and have continuously held shares of 21st Century common stock between March 18, 2008 and October 19, 2009. Any objection must be mailed or delivered such that it is received by each of the following no later than December 14, 2009:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
299 East Broward Boulevard
Ft. Lauderdale, FL 33301

Co-Lead Counsel:

Joy Ann Bull
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Derivative Counsel:

William B. Federman
FEDERMAN & SHERWOOD
10205 N. Pennsylvania Avenue
Oklahoma City, OK 73120

Defendants' Counsel:

Lewis F. Murphy
SQUIRE, SANDERS & DEMPSEY LLP
200 South Biscayne Boulevard, Suite 4100
Miami, FL 33131

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlements. You may attend and you may ask to speak, but you do not have to.

18. When and Where Will the Court Decide Whether to Approve the Settlements?

The Court will hold a fairness hearing at 9:00 a.m., on January 29, 2010, at the United States Courthouse, 299 East Broward Boulevard, Ft. Lauderdale, Florida. At this hearing the Court will consider whether the settlements are fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Cohn will listen to people who have asked to speak at the hearing. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

19. Do I have to Come to the Hearing?

No. Co-Lead Counsel and Derivative Counsel will answer questions Judge Cohn may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

20. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in either *In re 21st Century Holding Company Securities Litigation*, Case No. 07-61057-Civ-COHN/SELTZER or *Sellers v. Lawson*, Case No. 08-CV-60374-COHN/SELTZER. Be sure to include your name, address, telephone number, your signature, and, if speaking about the class action, the number of shares of 21st Century common stock purchased between October 3, 2006 and May 3, 2007 or, if speaking about the derivative action, evidence that you currently hold and have continuously held shares of 21st Century common stock between March 18, 2008 and October 19, 2009. Your notice of intention to appear must be post-marked no later than December 14, 2009, and be sent to the Clerk of the Court, Co-Lead Counsel, Derivative Counsel, and defendants' counsel, at the four addresses listed in Question 17. You cannot speak at the hearing with respect to the class action settlement if you exclude yourself from the Class.

IF YOU DO NOTHING

21. What Happens if I Do Nothing at All?

If you do nothing, you will not receive any money from the class action settlement. But, unless you exclude yourself from the Class, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the defendants about the Released Class Claims in the class action settlement.

GETTING MORE INFORMATION

22. Are There More Details About the Settlements?

This Notice summarizes the proposed settlements. More details are in the Stipulation of Settlement dated as of September 4, 2009. You can obtain a copy of the Stipulation of Settlement by writing to Rick Nelson, c/o Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or from the Clerk's office at the United States District Court for the Southern District of Florida, 299 East Broward Boulevard, Ft. Lauderdale, Florida during regular business hours.

23. How Do I Get More Information?

You can call (619) 231-1058 or write to Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the Claims Administrator's website at www.claimsinformation.com.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held shares of 21st Century common stock purchased between October 3, 2006 and May 3, 2007 as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

21st Century Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1387
Blue Bell, PA 19422

If you choose to mail the Notice and claim form to Class Members yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice to Class Members and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: OCTOBER 19, 2009

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Case No. 07-61057-Civ-COHN/SELTZER

_____ X
In re 21st CENTURY HOLDING :
COMPANY SECURITIES LITIGATION :
_____ :
This Document Relates To: :
 :
 ALL ACTIONS. :
_____ X

PROOF OF CLAIM AND RELEASE

I. GENERAL INSTRUCTIONS

1. To recover as a Member of the Class based on your claims in the action entitled *In re 21st Century Holding Company Securities Litigation*, Case No. 07-61057-Civ-COHN/SELTZER (the “Class Litigation”), you must complete and, on page 13 hereof, sign this Proof of Claim and Release. If you fail to file a properly addressed (as set forth in paragraph 3 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed settlement of the Class Litigation.

2. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of settlement in the Class Litigation.

3. **YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE POSTMARKED ON OR BEFORE JANUARY 20, 2010, ADDRESSED AS FOLLOWS:**

21st Century Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1387
Blue Bell, PA 19422

If you are NOT a Member of the Class (as defined in the “Notice of Pendency and Proposed Settlement of Class and Derivative Actions”) DO NOT submit a Proof of Claim and Release form.

4. If you are a Member of the Class, and you do not timely request exclusion, you are bound by the terms of any judgment entered in the Class Litigation, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE.

II. DEFINITIONS

1. “Individual Class Defendants” means Edward J. Lawson and James Gordon Jennings III.

III. CLAIMANT IDENTIFICATION

1. If you purchased 21st Century common stock and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled “Claimant Identification” to identify each purchaser of record (“nominee”), if different from the beneficial purchaser of 21st Century common stock which forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OF THE 21ST CENTURY COMMON STOCK UPON WHICH THIS CLAIM IS BASED.**

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this claim on behalf of Persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

1. Use Part II of this form entitled "Schedule of Transactions in 21st Century Common Stock" to supply all required details of your transaction(s) in 21st Century common stock. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all of the requested information with respect to *all* of your purchases of 21st Century common stock which took place at any time beginning October 3, 2006 through May 3, 2007, inclusive (the "Class Period") and *all* of your sales of 21st Century common stock which took place at any time beginning October 3, 2006 through August 2, 2007, inclusive, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

4. The date of covering a "short sale" is deemed to be the date of purchase of 21st Century common stock. The date of a "short sale" is deemed to be the date of sale of 21st Century common stock.

5. Broker confirmations or other documentation of your transactions in 21st Century common stock should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

In re 21st Century Holding Company Securities Litigation
Case No. 07-61057-Civ-COHN/SELTZER

PROOF OF CLAIM AND RELEASE

Must be Postmarked No Later Than:
January 20, 2010

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Name(s) of Beneficial Owner(s):

Street No. and Street

City State Zip Code -

Foreign Province Foreign Country

Taxpayer I.D. No.

or
Social Security No.

Claimant's Capacity: Individual Corporation IRA Partnership
 Joint Trust/Pension Plan Other (specify) _____

Telephone Number: - (work)

Telephone Number: - (home)

Record Owner's Name (if different from Beneficial Owner listed above):

PART II: SCHEDULE OF TRANSACTIONS IN 21ST CENTURY COMMON STOCK

A. Number of shares of 21st Century common stock held at the opening of trading on October 3, 2006:

_____.

B. Purchases (October 3, 2006 – May 3, 2007, inclusive) of 21st Century common stock:

	Trade Date Month/Day/Year	Number of Shares Purchased	Price Per Share	Total Purchase Price
1.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
2.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
3.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
4.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
5.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>

IMPORTANT: Identify by number listed above all purchases in which you covered a “short sale”: _____

C. Sales (October 3, 2006 – August 2, 2007, inclusive) of 21st Century common stock:

	Trade Date Month/Day/Year	Number of Shares Sold	Price Per Share	Total Sale Price
1.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
2.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
3.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
4.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
5.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>

D. Number of shares of 21st Century common stock held at close of trading on May 3, 2007: _____

E. Number of shares of 21st Century common stock held at the close of trading on August 2, 2007: _____

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ THE RELEASE AND SIGN ON PAGE 13.

V. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Southern District of Florida, with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Class Litigation. I (We) agree to furnish additional information to the Claims Administrator to support this claim if required to do so. I (We) have not submitted any other claim covering the same purchases or sales of 21st Century common stock during the Class Period and know of no other Person having done so on my (our) behalf.

VI. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, and discharge from the Released Class Claims, 21st Century and each of the Individual Class Defendants and each and all of their “Related Parties,” defined as each of a defendant’s past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants, auditors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which a defendant has a controlling interest, any members of any individual defendant’s immediate family, or any trust of which any defendant is the settlor or which is for the benefit of any individual defendant’s family.

2. “Released Class Claims” shall collectively mean all claims (including “Unknown Claims” as defined below) relating to and/or arising from both the purchase of 21st Century common stock during the Class Period and the acts, facts, statements, or omissions that were or could have been alleged by the Lead Plaintiffs in the Class Litigation.

3. “Unknown Claims” means any Released Class Claims which any Lead Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of 21st Century and the Individual Class Defendants and their Related Parties

which, if known by him, her or it, might have affected his, her or its settlement with and release of 21st Century and the Individual Class Defendants and their Related Parties, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Class Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiffs shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Class Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil 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.

The Lead Plaintiffs shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Class Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. The Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Class Claims, but each Lead Plaintiff shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Class Judgment shall have, fully, finally, and forever settled and released any and all Released Class Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Class Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

4. This release shall be of no force or effect unless and until the Court approves the Stipulation of Settlement and the Stipulation becomes effective on the Effective Date (as defined in the Stipulation).

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in 21st Century common stock which occurred during the Class Period as well as the number of shares of 21st Century common stock held by me (us) at the opening of trading on October 3, 2006, at the close of trading on May 3, 2007, and at the close of trading on August 2, 2007.

I(We) declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____, in _____, _____.

(Month / Year) (City) (State / Country)

(Sign your name here)

(Type or print your name here)

(Sign your name here)

(Type or print your name here)

(Capacity of person(s) signing,
e.g., Beneficial Purchaser, Executor
or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.

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21st Century Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.
P.O. Box 1387
Blue Bell, PA 19422

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IMPORTANT LEGAL INFORMATION