

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 07-61057-CIV-COHN/SELTZER
08-60374-CIV-COHN/SELTZER

In re 21st CENTURY HOLDING
COMPANY SECURITIES LITIGATION

ANTHONY NEIL SELLERS, Derivatively
on Behalf of Nominal Defendant
21st Century Holding Company,

Plaintiff,

v.

EDWARD J. LAWSON, et. al.

v.

Defendants,

and

21st CENTURY HOLDING COMPANY,

Nominal Defendant.

**ORDER SCHEDULING HEARING ON SETTLEMENT OF CLASS ACTION AND
SHAREHOLDER DERIVATIVE SUIT**

WHEREAS, a class action is pending before the Court entitled *In re 21st Century Holding Company Securities Litigation*, Case No. 07-61057-CIV-Cohn/Seltzer (the "Class Litigation");

WHEREAS, a related action entitled *Sellers v. Lawson*, Case No. 08-CV-60374-Cohn/Seltzer (the "Derivative Litigation") is pending before the Court;

WHEREAS, the Court has received the Stipulation of Settlement dated as of September 4, 2009 (the "Stipulation"), that has been entered into by the Lead Plaintiffs,

the Derivative Plaintiff, and Defendants, setting forth the terms of the Settlement of the Class Litigation and the Derivative Litigation (collectively, the "Litigations"), and the Court has reviewed the Stipulation and its attached Exhibits;

WHEREAS, the parties having made application, pursuant to Federal Rules of Civil Procedure 23(e) and 23.1, for an order preliminarily approving the settlement of the Litigations, in accordance with the Stipulation which, together with the Exhibits annexed thereto sets forth the terms and conditions for a proposed Settlement of the Litigations and for dismissal of the Litigations with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the Exhibits annexed thereto; and

WHEREAS, all defined terms contained herein shall have the same meanings as set forth in the Stipulation;

Accordingly, it is **ORDERED AND ADJUDGED** as follows:

1. The Court preliminarily approves the Stipulation and the Settlement set forth therein, subject to further consideration at the Settlement Hearing described below.
2. A hearing (the "Settlement Hearing") shall be held before this Court on **January 29, 2010, at 9:00 a.m.**, in Courtroom 203E, United States District Court, 299 East Broward Blvd., Ft. Lauderdale, Florida, before United States District Judge James I. Cohn, to determine whether the proposed Settlement of the Litigations on the terms and conditions provided for in the Stipulation is fair, just, reasonable, and adequate to the Class, the Lead Plaintiffs, the Derivative Plaintiff, and Defendants and should be approved by the Court; whether a Class Judgment as provided in paragraph 1.6 of the Stipulation and a Derivative Judgment as provided in paragraph 1.13 of the Stipulation

should be entered herein; whether the proposed Plan of Allocation should be approved; to determine the amount of fees and expenses that should be awarded to Co-Lead Counsel and Derivative Counsel, to determine the amount of expenses, if any, to be reimbursed to the Lead Plaintiffs and to determine the amount of an incentive award for the Derivative Plaintiff. The Court may adjourn the Settlement Hearing without further notice to Members of the Class or 21st Century shareholders.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court hereby certifies, only for purposes of effectuating this Settlement, a Class of all Persons (other than those Persons who timely and validly request exclusion from the Class) who purchased 21st Century common stock between October 3, 2006 and May 3, 2007. Excluded from the Class are the Defendants, officers and directors of 21st Century, their immediate families, heirs and assigns, and any entity in which any Defendant has a controlling interest.

4. With respect to the Class, this Court finds for the purposes only of effectuating this Settlement that (a) the Members of the Class are so numerous that joinder of all Class Members in the class action is impracticable; (b) there are questions of law and fact common to the Class which predominate over any questions affecting only individual Members of the Class; (c) the claims of the Lead Plaintiffs are typical of the claims of the Class; (d) the Lead Plaintiffs and Co-Lead Counsel have fairly and adequately represented and protected the interests of all of the Class Members; (e) the questions of law and fact common to the Members of the Class predominate over any questions affecting only individual Members of the Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the

controversy, considering: (i) the interests of the Members of the Class in individually controlling the prosecution of the separate actions; (ii) the extent and nature of any litigation concerning the controversy already commenced by Members of the Class; (iii) the desirability or undesirability of continuing the litigation of these claims in this particular forum; and (iv) the difficulties likely to be encountered in the management of the class action.

5. The Court approves, as to form and content, the Notice of Pendency and Proposed Settlement of Class and Derivative Actions (the "Notice"), the Proof of Claim and Release form (the "Proof of Claim"), and Summary Notice annexed as Exhibits A-1, A-2, and A-3 hereto and finds that the mailing and distribution of the Notice and publishing of the Summary Notice substantially in the manner and form set forth in paragraphs 6 and 7 of this Order meet the requirements of Federal Rules of Civil Procedure 23 and 23.1 and due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

6. The firm of RSM McGladrey, Inc. ("Claims Administrator") is hereby appointed to supervise and administer the notice procedure as well as the processing of class claims as more fully set forth below:

(a) Not later than **October 29, 2009** (the "Notice Date"), Co-Lead Counsel shall cause a copy of the Notice, substantially in the form annexed as Exhibit A-1 hereto, to be mailed by First-Class Mail to all Class Members and current 21st Century shareholders who can be identified with reasonable effort and to mail a copy of the Proof of Claim, substantially in the form annexed as Exhibit A-2 hereto, to all Class

Members who can be identified with reasonable effort;

(b) Not later than **November 2, 2009**, Co-Lead Counsel shall cause the Summary Notice to be published once in *Investor's Business Daily*; and

(c) At least seven (7) calendar days prior to the Settlement Hearing, Co-Lead Counsel shall cause to be served on Defendants' counsel and filed with the Court proof, by affidavit or declaration, of such mailing and publishing.

7. Nominees who purchased the common stock of 21st Century for the beneficial ownership of Class Members during the Class Period shall send the Notice and the Proof of Claim to all beneficial owners of such 21st Century common stock within ten (10) days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners. Co-Lead Counsel shall, if requested, reimburse banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are Class Members out of the Settlement Fund, which expenses would not have been incurred except for the sending of such notice, subject to further order of this Court with respect to any dispute concerning such compensation.

8. All Members of the Class shall be bound by all determinations and judgments in the Class Litigation concerning the Settlement, whether favorable or unfavorable to the Class.

9. Class Members who wish to participate in the Settlement shall complete and submit Proof of Claim forms in accordance with the instructions contained therein.

Unless the Court orders otherwise, all Proof of Claim forms must be submitted no later than **January 20, 2010**. Any Class Member who does not timely submit a Proof of Claim within the time provided for, shall be barred from sharing in the distribution of the proceeds of the Settlement Fund, unless otherwise ordered by the Court.

Notwithstanding the foregoing, Co-Lead Counsel may, in their discretion, accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund is not materially delayed thereby.

10. Any Member of the Class may enter an appearance in the Class Litigation, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Co-Lead Counsel.

11. Any current shareholder of 21st Century common stock may enter an appearance in the Derivative Litigation, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Derivative Counsel.

12. Any Person falling within the definition of the Class may, upon request, be excluded from the Class. Any such Person must submit to the Claims Administrator a request for exclusion ("Request for Exclusion"), postmarked no later than **December 14, 2009**. A Request for Exclusion must state (a) the name, address, and telephone number of the Person requesting exclusion; (b) each of the Person's purchases and sales of 21st Century common stock made during the Class Period, including the dates of purchase or sale, the number of shares purchased and/or sold, and the price paid or received per share for each such purchase or sale; and (c) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely Requests for

Exclusion in the manner set forth in this paragraph shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the judgment entered in the Class Litigation.

13. Any Member of the Class or current 21st Century shareholder may appear and show cause, if he, she or it has any, why the proposed settlement of the Litigations should or should not be approved as fair, reasonable, and adequate or why a judgment should or should not be entered thereon. Any Member of the Class may appear and show cause, if he, she or it has any, why the Plan of Allocation should or should not be approved, why attorneys' fees and expenses should or should not be awarded to counsel for the Lead Plaintiffs, or why the expenses of the Lead Plaintiffs should or should not be awarded. However, no Class Member, current 21st Century shareholder, or any other Person shall be heard or entitled to contest such matters, unless that Person has delivered by hand or sent by First-Class Mail written objections and copies of any papers and briefs such that they are received on or before **December 14, 2009**, by Coughlin Stoia Geller Rudman & Robbins LLP, Joy Ann Bull, 655 W. Broadway, Suite 1900, San Diego, CA 92101; Federman & Sherwood, William B. Federman, 10205 N. Pennsylvania Avenue, Oklahoma City, OK 73120; and Squire, Sanders & Dempsey LLP, Lewis F. Murphy, 200 South Biscayne Boulevard, Suite 4100, Miami, FL 33131-2398; and filed said objections, papers, and briefs with the Clerk of the United States District Court for the Southern District of Florida, on or before **December 14, 2009**. Any 21st Century shareholder who objects to the settlement of the Derivative Litigation shall file with the Court and provide a copy of such filed objection to Derivative Counsel, under oath, with evidence that such person currently holds and continuously

held shares of 21st Century common stock between March 18, 2008 and October 19, 2009. Any Member of the Class or 21st Century shareholder who does not make his, her or its objection in the manner provided above shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as set forth in the Stipulation, to the Plan of Allocation, or to the award of attorneys' fees and expenses to counsel for the Lead Plaintiffs or Derivative Counsel, or expenses of the Lead Plaintiffs, unless otherwise ordered by the Court.

14. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

15. All papers in support of the Settlement, the Plan of Allocation, and any application by counsel for the Lead Plaintiffs or Derivative Plaintiff for attorneys' fees or expenses, or by the Lead Plaintiffs for reimbursement of their expenses, or for an incentive award for the Derivative Plaintiff shall be filed and served on or before **December 7, 2009**. Any reply papers shall be filed and served on or before **December 21, 2009**.

16. Neither Defendants, their Related Parties, or their counsel shall have any responsibility for the Plan of Allocation or any application for attorneys' fees or expenses submitted by counsel for Lead Plaintiffs or the Lead Plaintiffs, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the Settlement.

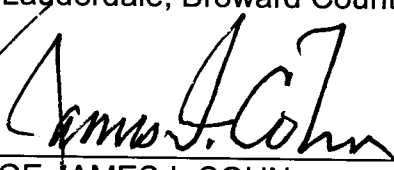
17. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Co-Lead Counsel, and any application for attorneys' fees or expenses shall be approved.

18. All reasonable expenses incurred in identifying and notifying Class Members and 21st Century shareholders, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the Settlement is not approved by the Court, or otherwise fails to become effective, neither the Lead Plaintiffs nor any of their counsel shall have any obligation to repay any amounts incurred or properly disbursed pursuant to paragraphs 4.1, 4.2 or 5.1 of the Stipulation.

19. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by Defendants of the truth of any of the allegations in the Litigations, or of any liability, fault, or wrongdoing of any kind.

20. The Court reserves the right to adjourn the date of the Settlement Hearing without further notice to the Members of the Class and 21st Century shareholders, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class and 21st Century shareholders.

DONE AND ORDERED in Chambers at Fort Lauderdale, Broward County,
Florida this 19th day of October, 2009.



JUDGE JAMES I. COHN
UNITED STATES DISTRICT COURT

Copies provided to counsel of record.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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.)
_____)

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS AND DERIVATIVE
ACTIONS

EXHIBIT A-1

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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

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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.

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Deadlines:

Submit Claim: ~~January 20, 2009~~ ²⁰¹⁰ January 20, 2010

Request Exclusion: December 14, 2009

File Objection: December 14, 2009

Court Hearing on Fairness of Settlements: ~~January 29, 2009~~ ²⁰¹⁰ January 29, 2010

More Information: www.gilardi.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 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, 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.

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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

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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

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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.

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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:

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- (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.

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(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	Price	Average Closing Price
4-May-07	\$11.05	\$11.05
7-May-07	\$10.43	\$10.74
8-May-07	\$10.18	\$10.55
9-May-07	\$10.07	\$10.43
10-May-07	\$9.90	\$10.33
11-May-07	\$9.85	\$10.25
14-May-07	\$10.60	\$10.30
15-May-07	\$10.82	\$10.36
16-May-07	\$10.83	\$10.41
17-May-07	\$10.67	\$10.44
18-May-07	\$10.72	\$10.47
21-May-07	\$11.11	\$10.52
22-May-07	\$11.39	\$10.59
23-May-07	\$11.64	\$10.66
24-May-07	\$11.09	\$10.69
25-May-07	\$11.02	\$10.71
29-May-07	\$11.11	\$10.73
30-May-07	\$11.41	\$10.77
31-May-07	\$11.43	\$10.81
1-Jun-07	\$11.17	\$10.82
4-Jun-07	\$11.41	\$10.85
5-Jun-07	\$11.21	\$10.87
6-Jun-07	\$11.05	\$10.88
7-Jun-07	\$10.91	\$10.88
8-Jun-07	\$11.00	\$10.88
11-Jun-07	\$10.82	\$10.88
12-Jun-07	\$10.77	\$10.88
13-Jun-07	\$10.85	\$10.88
14-Jun-07	\$10.99	\$10.88
15-Jun-07	\$11.14	\$10.89
18-Jun-07	\$11.17	\$10.90
19-Jun-07	\$11.10	\$10.90
20-Jun-07	\$11.02	\$10.91
21-Jun-07	\$11.01	\$10.91
22-Jun-07	\$10.89	\$10.91

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25-Jun-07	\$10.69	\$10.90
26-Jun-07	\$10.62	\$10.90
27-Jun-07	\$10.67	\$10.89
28-Jun-07	\$10.74	\$10.89
29-Jun-07	\$10.74	\$10.88
2-Jul-07	\$10.70	\$10.88
3-Jul-07	\$10.65	\$10.87
5-Jul-07	\$10.55	\$10.86
6-Jul-07	\$10.48	\$10.86
9-Jul-07	\$10.43	\$10.85
10-Jul-07	\$10.30	\$10.83
11-Jul-07	\$10.24	\$10.82
12-Jul-07	\$10.20	\$10.81
13-Jul-07	\$10.21	\$10.80
16-Jul-07	\$10.05	\$10.78
17-Jul-07	\$10.03	\$10.77
18-Jul-07	\$11.68	\$10.78
19-Jul-07	\$11.88	\$10.81
20-Jul-07	\$11.64	\$10.82
23-Jul-07	\$11.39	\$10.83
24-Jul-07	\$11.00	\$10.83
25-Jul-07	\$11.39	\$10.84
26-Jul-07	\$12.95	\$10.88
27-Jul-07	\$13.14	\$10.92
30-Jul-07	\$12.66	\$10.95
31-Jul-07	\$12.23	\$10.97
1-Aug-07	\$11.76	\$10.98

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.

Case No. 07-61057-Civ-COHN/SELTZER
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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 in the enclosed envelope postmarked no later than 1/20, ²⁰¹⁰~~2009~~.

10. When Will I Receive My Payment?

The Court will hold a hearing on 1/29, ²⁰¹⁰~~2009~~, to decide whether to approve the class action settlement. If Judge James I. Cohn approves the class action settlement, there may be appeals.

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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 12/14, 2009 to:

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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 12/14, 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.

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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 is 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

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Case No. 08-CV-60374-COHN/SELTZER

the derivative settlement if you currently hold 21st Century common stock and continuously held such stock between March 8, 2008 and 10/19, 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 10/19, 2009. Any objection must be mailed or delivered such that it is received by each of the following no later than 12/14, 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

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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 1/29, ~~2009~~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.

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Case No. 08-CV-60374-COHN/SELTZER

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 10/19, 2009. Your notice of intention to appear must be postmarked no later than 12/14, 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.

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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:

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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: 10/19/2009

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

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

PROOF OF CLAIM AND RELEASE
EXHIBIT A-2

Case No. 07-61057-Civ-COHN/SELTZER

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 ___ 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 1/20, ²⁰¹⁰~~2009~~, 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.

Case No. 07-61057-Civ-COHN/SELTZER

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 OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, 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

Case No. 07-61057-Civ-COHN/SELTZER

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.

Case No. 07-61057-Civ-COHN/SELTZER

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:

~~_____~~, 2009

1/20/2010

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle, Last)

Street Address

City State or Province

Zip Code or Postal Code Country

Social Security Number or Taxpayer Identification Number Individual Corporation/Other

Area Code Telephone Number (work)

Area Code Telephone Number (home)

Record Owner's Name (if different from beneficial owner listed above)

Case No. 07-61057-Civ-COHN/SELTZER

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	Total Purchase Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

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	Total Sales Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

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 _____.

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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.

Case No. 07-61057-Civ-COHN/SELTZER

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

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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.

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SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number ("TIN") and Certification

PART I

NAME: _____

Check appropriate box:

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Individual/Sole Proprietor | <input type="checkbox"/> Pension Plan |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> IRA | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Trust |

Enter TIN on appropriate line.

For individuals, this is your social security number ("SSN").

For sole proprietors, you must show your individual name, but you may also enter your business or "doing business as" name. You may enter either your SSN or your Employer Identification Number ("EIN").

For other entities, it is your EIN.

_____-_____-_____
Social Security Number

Or

_____-_____-_____
Employer Identification Number

PART II

For Payees Exempt from Backup Withholding

If you are exempt from backup withholding, enter your correct TIN in Part I and write "exempt" on the following line: _____

PART III

Certification

UNDER THE PENALTY OF PERJURY, I (WE) CERTIFY THAT:

1. The number shown on this form is my correct TIN; and
2. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(C) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all

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interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding.

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NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, you must cross out Item 2 above.

SEE ENCLOSED FORM W-9 INSTRUCTIONS

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

I 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 _____,
(Month / Year)

in _____,
(City) (State / Country)

(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.

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6. If you move, please send us your new address.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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.)
_____)

SUMMARY NOTICE

EXHIBIT A-3

Case No. 07-61057-Civ-COHN/SELTZER
Case No. 08-CV-60374-COHN/SELTZER

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

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Southern District of Florida, that a hearing will be held on 1/29, ²⁰¹⁰~~2009~~, at 9:00 a.m., before the Honorable James I. Cohn, at the United States Courthouse, 299 East Broward Blvd., Ft. Lauderdale, Florida, for the purpose of determining (1) whether the proposed settlement of the claims in the Class Litigation for the total sum of \$2.24 million in cash should be approved by the Court as fair, just, reasonable, and adequate; (2) whether the claims in the Derivative Litigation for certain changes to 21st Century's corporate policies should be approved; (3) whether, thereafter, the Class Litigation and the Derivative Litigation should be dismissed with prejudice as set forth in the Stipulation of Settlement dated as of September 4, 2009; (4) whether the Plan of Allocation is fair, reasonable, and adequate and therefore should be approved; (5) whether the application of counsel for the Lead Plaintiffs for the payment of attorneys' fees and expenses, including Lead Plaintiffs' expenses incurred in connection with the Class Litigation should be approved; and (6) whether the payment of fees and expenses to counsel for the Derivative Plaintiff, including an incentive award to the Derivative Plaintiff, should be approved.

If you purchased 21st Century common stock during the period from October 3, 2006 to May 3, 2007, or if you are a current shareholder of 21st Century common stock, your rights may be affected by the settlement of the Litigations. If you have not received a detailed Notice of Pendency and Proposed Settlement of Class and Derivative Actions ("Notice") and a copy of the Proof of Claim and Release, you may obtain copies by writing to *21st Century Securities Litigation*, Claims Administrator, c/o RSM McGladrey, Inc., P.O. Box 1387, Blue Bell, PA 19422, or on the internet at

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Case No. 08-CV-60374-COHN/SELTZER

www.claimsinformation.com. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release no later than 1/20, ²⁰¹⁰~~2009~~, establishing that you are entitled to recovery.

If you desire to be excluded from the Class, you must file a Request for Exclusion by 12/14, 2009, in the manner and form explained in the detailed Notice referred to above. All Members of the Class who have not requested exclusion from the Class will be bound by any judgment entered in the Class Litigation pursuant to the Stipulation of Settlement.

The procedures that must be followed when making any objection to the settlement are contained in the Notice. Any objection to the settlement of the Class Litigation or the Derivative Litigation must be mailed or delivered such that it is received by each of the following no later than 12/14, 2009.

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
299 East Broward Boulevard, Room 108
Ft. Lauderdale, FL 33301

Counsel for Lead Plaintiffs:

COUGHLIN STOIA GELLER
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Counsel for Derivative Plaintiff:

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Counsel for Defendants:

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

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE. If you have any questions about the settlement, you may contact plaintiffs' counsel at the addresses listed above.

DATED: 10/19, 2009

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