

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.

STIPULATION OF SETTLEMENT

This Stipulation of Settlement dated as of September 4, 2009 (the “Stipulation” or “Settlement”), is made and entered into by and among the following Settling Parties (as defined further in paragraph 1.31 herein) to the above-entitled Litigations: (i) the Lead Plaintiffs (on behalf of themselves and each of the Class Members), by and through their counsel of record in the Class Litigation; (ii) the Derivative Plaintiff, by and through his counsel of record in the Derivative Litigation; and (iii) the Defendants, by and through their counsel of record in the Litigations. The Stipulation is intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims, upon and subject to the terms and conditions hereof.

I. THE LITIGATIONS

On or after July 27, 2007, two class action complaints were filed in the Court as securities class actions on behalf of purchasers of 21st Century common stock during a defined period of time: *Kivun Mutual Funds Ltd. v. 21st Century Holding Company, Edward J. Lawson and James G. Jennings III* (Case No. 07-61057); and *David Hummel v. 21st Century Holding Company, Edward J. Lawson and James G. Jennings III* (Case No. 07-61107). On October 24, 2007, the Court consolidated these actions, which are referred to herein as the “Class Litigation.”

On March 18, 2008, a derivative action was filed in the Court on behalf of current 21st Century shareholders. This action is referred to herein as the “Derivative Litigation.” The Class Litigation and the Derivative Litigation are referred to herein collectively as the “Litigations.”

On November 7, 2008, the Court issued an order granting in part Defendants’ motion to dismiss the Class Litigation. Defendants filed their answer and defenses on January 16, 2009. Thereafter, the parties exchanged initial disclosures and the parties engaged in discovery, including the production of documents by professional advisors to Defendants.

On October 10, 2008, the Court stayed the derivative action pending resolution of Defendants' motion to dismiss the Class Litigation. Subsequently, the Court granted Defendants' renewed motion to stay on March 30, 2009, pending resolution of the Class Litigation. Derivative Plaintiff has had the benefit of the discovery exchanged in the Class Litigation.

II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Defendants have denied and continue to deny each and all of the claims alleged by the Lead Plaintiffs and the Derivative Plaintiff in the Litigations. The Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigations. The Defendants also have denied and continue to deny, *inter alia*, the allegations that the Lead Plaintiffs and/or the Class and/or the Nominal Defendant have suffered damage, that the price of 21st Century common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that the Lead Plaintiffs and/or the Class and/or the Nominal Defendant were harmed by the conduct alleged in the Litigations.

Nonetheless, the Defendants have concluded that further conduct of the Litigations would be protracted and expensive, and that it is desirable that the Litigations be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigations. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigations be settled in the manner and upon the terms and conditions set forth in this Stipulation.

III. CLAIMS OF THE LEAD PLAINTIFFS AND THE DERIVATIVE PLAINTIFF AND THE BENEFITS OF SETTLEMENT

The Lead Plaintiffs and the Derivative Plaintiff believe that the claims asserted in the Litigations have merit and that the evidence developed to date supports the claims. However, counsel for the Lead Plaintiffs and the Derivative Plaintiff recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigations against the Defendants through trial and through appeals. Counsel for the Lead Plaintiffs and the Derivative Plaintiff also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigations, as well as the difficulties and delays inherent in such litigation. Counsel for the Lead Plaintiffs and the Derivative Plaintiff also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Litigations. Counsel for the Lead Plaintiffs and the Derivative Plaintiff believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Class and the Derivative Plaintiff. Based on their evaluation, counsel for the Lead Plaintiffs and the Derivative Plaintiff have determined that the Settlement set forth in the Stipulation is in the best interests of the Lead Plaintiffs, the Class, the Nominal Defendant, and 21st Century shareholders.

TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Lead Plaintiffs (for themselves and the Class Members), the Derivative Plaintiff (for himself and Nominal Defendant), and the Defendants, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Litigations and the Released Claims shall be finally and fully compromised, settled and released, and the Litigations shall be dismissed with

prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation, as follows.

1. Definitions

As used in the Stipulation, the following terms have the meanings specified below:

- 1.1 “21st Century” means 21st Century Holding Company.
- 1.2 “Administration Expense Fund” means the sum of \$75,000 to be paid on behalf of Defendants by their D&O liability carrier to the Claims Administrator.
- 1.3 “Authorized Claimant” means any Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.
- 1.4 “Claims Administrator” means the firm of RSM McGladrey, Inc.
- 1.5 “Class” means 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.
- 1.6 “Class Judgment” means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.
- 1.7 “Class Member” or “Member of the Class” mean a Person who falls within the definition of the Class as set forth in paragraph 1.5 above.
- 1.8 “Class Period” means the period commencing on October 3, 2006 through May 3, 2007, inclusive.

1.9 “Co-Lead Counsel” means Coughlin Stoia Geller Rudman & Robbins LLP, Joy Ann Bull, 655 W. Broadway, Suite 1900, San Diego, CA 92101; Coughlin Stoia Geller Rudman & Robbins LLP, David J. George, 120 East Palmetto Park Road, Suite 500, Boca Raton, FL 33432; and Glancy Binkow & Goldberg LLP, Peter Binkow, 1801 Avenue of the Stars, Suite 311, Los Angeles, CA 90067.

1.10 “Court” means the United States District Court for the Southern District of Florida.

1.11 “Defendants” means 21st Century, the Individual Class Defendants (as set forth in paragraph 1.19 herein), and the Individual Derivative Defendants (as set forth in paragraph 1.20 herein).

1.12 “Derivative Counsel” means Federman & Sherwood, William B. Federman, 10205 N. Pennsylvania Avenue, Oklahoma City, OK 73120.

1.13 “Derivative Judgment” means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit C.

1.14 “Derivative Litigation Attorneys’ Fees and Expenses” means the sum of One Hundred Sixty Thousand Dollars (\$160,000).

1.15 “Derivative Plaintiff” means Anthony Neil Sellers.

1.16 “Effective Date” means the first date by which all of the events and conditions specified in paragraph 10.1 herein have been met and have occurred.

1.17 “Escrow Agent” means Coughlin Stoia Geller Rudman & Robbins LLP or its successor(s).

1.18 “Final” means when the last of the following with respect to either the Class Judgment or the Derivative Judgment approving the Settlement shall occur: (i) the expiration of the

time to file a motion to alter or amend the Class Judgment or the Derivative Judgment under Federal Rule of Civil Procedure 59(e) without any such motion having been filed; (ii) the time in which to appeal the Class Judgment or the Derivative Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, immediately after the final determination of that motion or appeal and issuance of the mandate in such a manner as to permit the consummation of the Settlement substantially in accordance with the terms and conditions of this Stipulation.

For purposes of this paragraph 1.18, an appeal shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of the Settlement, the Class Judgment and/or the Derivative Judgment, but shall not include any appeal which concerns only the issue of Class counsel's attorneys' fees and expenses or any Plan of Allocation of the Settlement Fund, as hereinafter defined.

1.19 "Individual Class Defendants" means Edward J. Lawson and James Gordon Jennings III.

1.20 "Individual Derivative Defendants" means Edward J. Lawson, James Gordon Jennings III, Michael H. Braun, Bruce F. Simberg, Richard W. Wilcox, Jr., Carl Dorf, and Charles B. Hart, Jr.

1.21 "Lead Plaintiffs" means Kivun Mutual Funds Ltd. and International Brotherhood of Electrical Workers Local 98.

1.22 "Nominal Defendant" means, with respect to the Derivative Litigation, 21st Century.

1.23 "Person" means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association,

government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.24 “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys’ fees, costs, expenses and interest as may be awarded to Co-Lead Counsel by the Court. Any Plan of Allocation is not part of the Stipulation and neither Defendants, their Related Parties, nor their insurance carrier shall have any responsibility or liability with respect thereto.

1.25 “Related Parties” means 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.

1.26 “Released Claims” means, collectively, Released Class Claims and Released Derivative Claims, as defined below.

1.27 “Released Class Claims” shall collectively mean all claims (including “Unknown Claims” as defined in paragraph 1.32 herein) 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.

1.28 “Released Derivative Claims” shall mean all claims (including “Unknown Claims” as defined in paragraph 1.32 herein) relating to and/or arising out of the matters alleged in the Derivative Litigation against the Individual Derivative Defendants or the Nominal Defendant based on the facts alleged in the Derivative Litigation.

1.29 “Released Persons” means each and all of the Defendants and their Related Parties.

1.30 “Settlement Fund” means Two Million Two Hundred Forty Thousand Dollars (\$2,240,000) plus all interest subsequently earned thereon after deposit of such funds into the account held by the Escrow Agent.

1.31 “Settling Parties” means, collectively, the Defendants, the Lead Plaintiffs on behalf of themselves and the Members of the Class, the Derivative Plaintiff on behalf of himself, and the Nominal Defendant.

1.32 “Unknown Claims” means any Released Claims which any Lead Plaintiff, Class Member, or the Derivative Plaintiff does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiffs and the Derivative Plaintiff, shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Class Judgment and the Derivative 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 and the Derivative Plaintiff, shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Class Judgment and the Derivative 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, the Derivative Plaintiff, 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 Claims, but each Lead Plaintiff and the Derivative Plaintiff, shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Class Judgment and the Derivative Judgment shall have, fully, finally, and forever settled and released any and all Released 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 and the Derivative Plaintiff acknowledge, and the Class Members shall be deemed by operation of the Class Judgment and the Derivative 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.

2. The Settlement

2.1 Defendants agree to the payment on their behalf by their insurance carrier of the sums of: (1) \$2.24 million in settlement consideration in the Class Litigation; (2) \$160,000 in attorneys' fees and expenses in the Derivative Litigation; and (3) \$75,000 for administration costs. Defendants and their insurance carrier shall have absolutely no obligation to pay any additional payments, costs or fees of any kind.

2.2 The sum of \$2.4 million will be paid by or on behalf of Defendants to the Escrow Agent within three (3) calendar days of the Effective Date. The sum of \$75,000 will be paid to the Claims Administrator within three (3) calendar days after preliminary approval of the Settlement. If any of the above funds are not timely paid, Lead Plaintiffs and the Derivative Plaintiff may terminate the Settlement.

2.3 The Derivative Plaintiff, 21st Century, and the Individual Derivative Defendants agree that the existence of the Derivative Litigation and the settlement of the Derivative Litigation has resulted in the following governmental changes which are substantial benefits to 21st Century and current 21st Century stockholders, which the Company either has undertaken or has agreed to undertake and which shall remain in effect for a minimum of three (3) years from the date the Derivative Judgment is entered by the Court:

Corporate Governance Measures. 21st Century has implemented or agrees to implement the following governance measures:

(a) As of April 1, 2009, the board of directors for the company will increase to seven (7) members. Accordingly, five (5) of the seven directors or 71% of the directors are

independent at this time and the majority of the board of directors will always remain independent as defined in the NASDAQ listing standards.

(b) The new board member effective April 1, 2009 will be a financial expert and within a year from the date of the settlement, the company shall appoint this director, chairman of the audit committee, conditioned on the new director's continued willingness to serve in that capacity.

(c) The independent directors will complete an annual independence questionnaire to be reviewed by outside counsel to ensure independence as defined by the NASDAQ guidelines and shall immediately inform the board in writing of any change in his or her independent status.

(d) The board of directors will ensure that a current copy of each committee charter appears on the company's website and that a current version of the company's code of ethics and business conduct will remain there as well.

(e) 21st Century shall ensure that the employees have e-mail addresses of all audit committee members in accordance with the company's whistleblower policy which allows employees to file complaints.

(f) The positions of chairman of the board and chief executive officer shall be held by separate individuals.

(g) 21st Century will reinforce its policy, in writing, requiring that its' quarterly earnings press releases, annual earnings press releases, press releases of any type are to be authored by the chief executive officer and the chief financial officer and reviewed by outside counsel and the

board of directors. This shall be true with respect to all filings with the SEC except Form 10K which is required to be formally approved by the board of directors.

(h) The audit committee will continue to meet annually with the company's CFO to review the company's generally accepted accounting principles ("GAAP") including all actuarial reports and opinions, disclosure checklist and to review draft statutory and GAAP financial statements to ensure accuracy, completeness and consistency of required disclosures.

(i) The audit committee will continue to review and validate each financial statement disclosure for appropriate assumptions, methodology and presentation of all relevant information in accordance with GAAP and statutory accounting requirements as applicable.

(j) 21st Century, through its board of directors, shall provide confidential written goals and evaluations of its named executive officers annually.

(k) On an annual basis, the board will continue to perform a self-assessment to, in part, evaluate the composition and expertise of the board, the results of the self-assessments are evaluated by outside general counsel and discussed with the board for action.

(l) The nominating committee for the board of directors is established in accordance with the by-laws of 21st Century shall have at least three (3) members who are appointed by the board who meet the independence requirements of the rules of the NASD and any other standard as prescribed for such purposes by any federal securities laws relating to the committee's duties and responsibility. A committee charter is approved by the board of directors and the minutes are maintained for each meeting.

(m) The board of directors in accordance with applicable regulations shall appoint members to the audit committee that are independent and have demonstrated an ability to understand

critical accounting policies, financial and accounting estimates and SEC requirements. Outside counsel reviews director independence in connection with responses to D&O questionnaires.

(n) The independent directors shall meet annually outside the presence of management with the outside counselor in-house counsel designated as the General Counsel to confer on and facilitate effective communication between 21st Century's management and Board.

(o) The Compensation Committee shall meet at least annually without the CEO to discuss his or her compensation and provide a written report to the CEO concerning the basis or adjustment to the CEO's compensation.

(p) The board of directors shall agenda and discuss rotation of the Audit Committee chair every five (5) years.

2.4 The reforms contained in paragraph 2.3 above shall be effective as of or before the date the Derivative Judgment is entered by the Court, provided, however, in no event shall the terms described herein preclude 21st Century and/or its officers, employees, and/or directors from acting to the extent necessary to fulfill their fiduciary duties to conform with legal mandates and with modifications to governing listing requirements, regulations or laws.

2.5 The Settling Parties and their counsel believe that the foregoing measures have or will substantially benefit 21st Century and current 21st Century stockholders and that entering into this Stipulation is in the best interests of 21st Century and current 21st Century stockholders.

2.6 21st Century and Defendants acknowledge and understand that their agreement to implement and/or formalize these corporate governance enhancements is a material part of the consideration for the Settlement. The Defendants acknowledge that the negotiations and resulting settlement of the Derivative Litigation constitute a substantial factor underlying the decision of the

21st Century Board to formalize or implement the above governance enhancements. The Defendants will not dispute any rebuttable presumption of a causal connection between the Derivative Litigation and the settlement negotiations and subsequent benefits conferred on 21st Century or its shareholders by virtue of the agreed corporate governance enhancements in connection with seeking judicial approval of the Settlement.

3. The Escrow Agent

3.1 The Escrow Agent shall invest the sum of \$2.4 million deposited pursuant to paragraph 2.1 herein in short-term instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. All risks related to the investment of the Settlement Fund shall be borne by the Settlement Fund.

3.2 The Escrow Agent shall not disburse the sum of \$2.4 million plus any interest earned except as provided in the Stipulation or by an order of the Court.

3.3 Subject to further order(s) and/or directions as may be made by the Court, or as provided in the Stipulation, the Escrow Agent is authorized to execute such transactions as are consistent with the terms of the Stipulation.

3.4 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.

4. Taxes

4.1 The Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this section 4, including the “relation-back election” (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur. For the purpose of §468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in this paragraph 4.1) shall be consistent with this section 4 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in paragraph 4.2 herein.

4.2 All (a) Taxes in this section 4 (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the Defendants, their counsel or their insurance carriers with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes

(“Taxes”), and (b) expenses and costs incurred in connection with the operation and implementation of this section 4 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this section 4) (“Tax Expenses”), shall be paid out of the Settlement Fund; in all events the Defendants, their counsel, and their insurance carriers shall have no liability or responsibility for the Taxes or the Tax Expenses. The Settlement Fund shall indemnify and hold each of the Defendants, Lead Plaintiffs and their counsel and their insurance carriers harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court and the Escrow Agent shall be authorized (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(I)(2)); neither the Defendants, their counsel nor their insurance carriers are responsible nor shall they have any liability therefor. The Settling Parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this section 4.

5. Costs of Administration

5.1 The Administration Expense Fund shall be used by the Claims Administrator to pay the costs reasonably and actually incurred in connection with providing notice to the Class and

current 21st Century shareholders, distributing the Settlement Fund to Authorized Claimants, and processing Proof of Claim and Release Forms.

6. Notice Order and Settlement Hearing

6.1 Promptly after execution of the Stipulation, the Settling Parties shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the “Notice Order”), substantially in the form of Exhibit A attached hereto, requesting, *inter alia*, the preliminary approval of the Settlement set forth in the Stipulation, and approval for the mailing of a settlement notice (the “Notice”) and publication of a summary notice, substantially in the forms of Exhibits A-1 and A-3 attached hereto. The Notice shall include the general terms of the Settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application as defined in section 9 herein, and the date of the Settlement Hearing as defined below.

6.2 Co-Lead Counsel and Derivative Counsel shall request that after notice is given, the Court hold a joint hearing (the “Settlement Hearing”) and approve the Settlement of the Class Litigation and the Derivative Litigation as set forth herein, and determine that the terms of Settlement, including the releases, are fair, just, and reasonable to all Settling Parties. At or after the Settlement Hearing, Co-Lead Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application and the Lead Plaintiffs’ request for reimbursement of expenses.

6.3 Derivative Counsel shall request that the Court enter an order approving the dismissal with prejudice of the Derivative Litigation and payment of Derivative Counsel’s attorneys’ fees and expenses in the sum \$160,000.

6.4 Derivative Counsel intend to make, and Defendants agree not to take any position on, Derivative Plaintiff's application for an incentive award to be paid to the Derivative Plaintiff not to exceed \$1,500, to be paid from any amounts allocated to Derivative Counsel pursuant to paragraph 6.3.

7. Releases

7.1 Upon the Effective Date, as defined in paragraph 1.16 herein, the Lead Plaintiffs and each of the Class Members shall be deemed to have, and by operation of the Class Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Class Claims against 21st Century and the Individual Class Defendants and their Related Parties, whether or not any such Class Member executes and delivers a Proof of Claim and Release.

7.2 The Proof of Claim and Release to be executed by Class Members shall release all Released Class Claims against 21st Century and the Individual Class Defendants and their Related Parties and shall be substantially in the form contained in Exhibit A-2 attached hereto.

7.3 Upon the Effective Date, as defined in paragraph 1.16 herein, the Derivative Plaintiff and the Nominal Defendant shall be deemed to have, and by operation of the Derivative Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Derivative Claims against the Individual Derivative Defendants including any claims the Derivative Plaintiff has against the Nominal Defendant, and their Related Parties.

7.4 Upon the Effective Date, as defined in paragraph 1.16 herein, each of the Released Persons shall be deemed to have, and by operation of the Class Judgment and the Derivative Judgment shall have, fully, finally, and forever released, relinquished, and discharged each and all of the Class Members, the Lead Plaintiffs, the Derivative Plaintiff, the Nominal Defendant, counsel to

the Lead Plaintiffs and counsel to the Derivative Plaintiff from all claims (including Unknown Claims), with the exception of any unknown claims against the Nominal Defendant, arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigations or the Released Claims.

8. Administration and Calculation of Class Claims and Supervision and Distribution of the Settlement Fund

8.1 The Claims Administrator, subject to such supervision and direction of the Court as may be necessary or as circumstances may require, shall administer and calculate the claims submitted by Class Members and shall oversee distribution of the Net Settlement Fund (defined below) to Authorized Claimants.

8.2 The Settlement Fund shall be applied as follows:

(a) To the extent not covered by the Administration Expense Fund, to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Class Members, assisting with the filing of claims, administering and distributing the Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs, if any;

(b) to pay the Taxes and Tax Expenses described in section 4 herein;

(c) to pay Co-Lead Counsel's attorneys' fees and expenses with interest thereon (the "Fee and Expense Award") and to reimburse the Lead Plaintiffs for their expenses, if and to the extent allowed by the Court; and

(d) to distribute the balance of the Settlement Fund (the "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

8.3 Upon or after the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following. Within ninety (90) days after the mailing of the Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release and as are reasonably available to the Authorized Claimant.

8.4 Except as otherwise ordered by the Court, all Class Members who fail to timely submit a Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Class Judgment. Notwithstanding the foregoing, Co-Lead Counsel shall have the discretion to accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund is not materially delayed thereby.

8.5 The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with the Plan of Allocation set forth in the Notice and approved by the Court. If there is any balance remaining in the Net Settlement Fund after six (6) months from the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Co-Lead Counsel shall, if feasible, reallocate such balance among Authorized

Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to an appropriate non-profit organization.

8.6 The Defendants, their Related Parties, and their insurance carrier shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, or any losses incurred in connection therewith.

8.7 No Person shall have any claim against Co-Lead Counsel or the Claims Administrator, or other Person designated by Co-Lead Counsel, or Defendants or their Related Parties or their insurance carrier or counsel, based on the distributions made substantially in accordance with the Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

8.8 It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Class Judgment approving the Stipulation and the Settlement set forth therein, or any other orders entered pursuant to the Stipulation.

9. Co-Lead Counsel's Attorneys' Fees and Expenses

9.1 Counsel to the Lead Plaintiffs may submit an application or applications (the "Fee and Expense Application") for distributions from the Settlement Fund for (a) an award of attorneys'

fees; (b) payment of expenses incurred in connection with prosecuting the Class Litigation; and (c) any interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid), as may be awarded by the Court. Co-Lead Counsel reserve the right to make additional applications for fees and expenses incurred.

9.2 The fees and expenses, as awarded by the Court, shall be paid to Co-Lead Counsel from the Settlement Fund, as ordered, within three (3) calendar days of the Effective Date. Such counsel may thereafter allocate the attorneys' fees among other plaintiffs' counsel in a manner in which they in good faith believe reflects the contributions of such counsel to the initiation, prosecution, and resolution of the Class Litigation.

9.3 Lead Plaintiffs may submit an application for reimbursement of their time and expenses incurred in the prosecution of the Class Litigation out of the Settlement Fund.

9.4 The procedure for and the allowance or disallowance by the Court of any applications by any counsel for the Lead Plaintiffs for attorneys' fees and expenses, or the expenses of the Lead Plaintiffs, to be paid out of the Settlement Fund, are not part of the Settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to the Fee and Expense Application, or the Lead Plaintiffs' expense application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Class Judgment approving the Stipulation and the Settlement of the Class Litigation set forth therein.

9.5 21st Century, the Individual Class Defendants, and their Related Parties, including their insurance carrier, shall have no responsibility for any payment of attorneys' fees and expenses

to counsel for the Lead Plaintiffs in the Class Litigation, other than as may be provided for in the Settlement or to Lead Plaintiffs on any application for reimbursement.

9.6 21st Century, the Individual Class Defendants, and their Related Parties, including their insurance carrier, shall have no responsibility for the allocation among counsel for the Lead Plaintiffs and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Class Litigation; and 21st Century, the Individual Class Defendants, their respective Related Parties and their insurance carrier take no position with respect to such matters.

10. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

10.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

(a) Defendants or Defendants' insurance carrier has timely made its contributions to the Settlement Fund, the Derivative Litigation Attorneys' Fees and Expenses, and the Administration Expense Fund as required by paragraph 2.2 herein;

(b) Defendants have not exercised their option to terminate the Stipulation pursuant to paragraph 10.3 herein;

(c) the Court has entered the Notice Order, as required by paragraph 6 hereof;

(d) the Court has entered the Class Judgment, or a judgment substantially in the form of Exhibit B attached hereto;

(e) the Class Judgment has become Final, as defined in paragraph 1.18 herein;

(f) the Court has entered the Derivative Judgment, or a judgment substantially in the form of Exhibit C attached hereto; and

(g) the Derivative Judgment has become Final, as defined in paragraph 1.18 herein.

10.2 Upon the occurrence of all of the events referenced in paragraph 10.1 herein, any and all remaining interest or right of Defendants in or to the Settlement Fund, the Derivative Litigation Attorneys' Fees and Expenses, and the Administration Expense Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in paragraph 10.1 herein are not met, then the Stipulation shall be canceled and terminated unless Derivative Counsel, Co-Lead Counsel, and counsel for the Defendants mutually agree in writing to proceed with the Stipulation.

10.3 21st Century and the Individual Class Defendants shall have the option to terminate the Settlement in the event that Class Members who purchased more than a certain number of shares of 21st Century common stock during the Class Period choose to exclude themselves from the Class, as set forth in a separate agreement (the "Supplemental Agreement") executed between Co-Lead Counsel and Defendants' counsel.

10.4 In the event that the Stipulation is not approved by the Court or the Settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigations as of September 3, 2009. In such event, the terms and provisions of the Stipulation, with the exception of paragraphs 1.1 to 1.32, 5.1, 10.1 and 10.6 hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in the Litigations or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs,

expenses, and interest awarded by the Court to any of Lead Plaintiffs' counsel or expenses to the Lead Plaintiffs shall constitute grounds for cancellation or termination of the Stipulation.

10.5 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, neither the Lead Plaintiffs nor any of their counsel or the Derivative Plaintiff or his counsel shall have any obligation to repay any amounts actually and properly disbursed from the Administration Expense Fund. In addition, any expenses already incurred and properly chargeable to the Administration Expense Fund at the time of such termination or cancellation, but which have not been paid, shall be paid in accordance with the terms of the Stipulation prior to the balance being refunded.

10.6 If a case is commenced with respect to any Defendant under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of the Settlement Fund, or any portion thereof, by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction, then, at Lead Plaintiffs' option, as to such Defendant, the releases given and judgment entered in favor of such Defendant pursuant to this Stipulation shall be null and void, or, alternatively, Lead Plaintiffs may terminate the entire Settlement as to all Defendants.

10.7 Each of the Defendants warrants and represents that he, she or it is not "insolvent" within the meaning of 11 U.S.C. §101(32) as of the time this Stipulation is executed and as of the time any payments are transferred or made as required by this Stipulation.

11. MISCELLANEOUS PROVISIONS

11.1 The Settling Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation.

11.2 The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Litigations. The Settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Class Judgment and the Derivative Judgment will contain a finding that during the course of the Litigations, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of the Settlement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Class Litigation and/or the Derivative Litigation were brought or defended in bad faith or without a reasonable basis.

11.3 Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Defendants; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants in any civil,

criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants may file the Stipulation and/or the Class Judgment and the Derivative Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

11.4 All agreements made and orders entered during the course of the Litigations relating to the confidentiality of information shall survive this Stipulation.

11.5 All of the Exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

11.6 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest through authorized counsel.

11.7 The Stipulation, the Exhibits attached hereto, and the Supplemental Agreement constitute the entire agreement among the Settling Parties and no representations, warranties or inducements have been made to any party concerning the Stipulation or its Exhibits or the Supplemental Agreement other than the representations, warranties, and covenants contained and memorialized in such documents. Except as otherwise provided herein, each party shall bear its own costs.

11.8 Co-Lead Counsel and Derivative Counsel, both on behalf of the Lead Plaintiffs, the Derivative Plaintiff, and the Class, are expressly authorized by the Lead Plaintiffs and the Derivative Plaintiff to take all appropriate action required or permitted to be taken by the Class and the

Derivative Plaintiff pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Class and/or the Derivative Plaintiff which they deem appropriate.

11.9 Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

11.10 The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

11.11 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

11.12 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all Settling Parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

11.13 This Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Florida, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Florida without giving effect to that State's choice-of-law principles.

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

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be
executed, by their duly authorized attorneys, dated as of September 4, 2009.

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Co-Lead Counsel and Counsel for International
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LIONEL Z. GLANCY
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PETER BINKOW

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

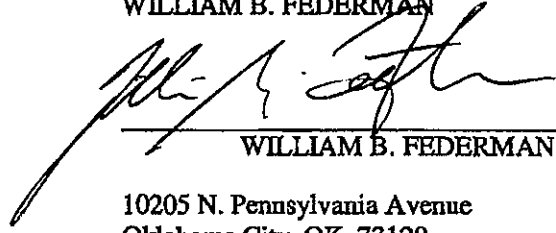
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Co-Lead Counsel and Counsel for Kivun Mutual
Funds Ltd.

MARINO & CONROY LLC
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215/462-4763 (fax)

Additional Counsel for Plaintiffs

FEDERMAN & SHERWOOD
WILLIAM B. FEDERMAN

A handwritten signature in black ink, appearing to read 'William B. Federman', is written over a horizontal line. The signature is cursive and somewhat stylized.

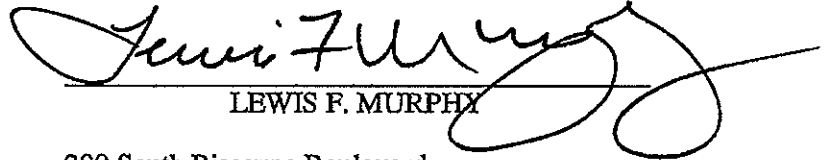
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405/239-2112 (fax)

Counsel for Derivative Plaintiff

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

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305/577-7001 (fax)

Counsel for Defendants

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EXHIBIT A

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.)

[PROPOSED] ORDER PRELIMINARILY APPROVING CLASS AND DERIVATIVE
SETTLEMENT AND PROVIDING FOR NOTICE

EXHIBIT A

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;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court does hereby preliminarily approve 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 _____, 2009, at _____ .m., at the United States Courthouse, 299 East Broward Blvd., Ft. Lauderdale, Florida, 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 _____, 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 _____, 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 ninety (90) days from the Notice Date. 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 _____, 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 _____, 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 _____, 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 _____, 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 _____, 2009. Any reply papers shall be filed and served on or before _____, 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 in Fort Lauderdale, Florida this ____ day of _____, 2009.

THE HONORABLE JAMES I. COHN
UNITED STATES DISTRICT JUDGE

EXHIBIT A-1

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

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 \$___ 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 ___% of the Settlement Fund and expenses not to exceed \$_____ 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 \$_____.

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: _____, 2009

Request Exclusion: _____, 2009

File Objection: _____, 2009

Court Hearing on Fairness of Settlements: _____, 2009

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 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, 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	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

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 \$ _____ 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 in the enclosed envelope postmarked no later than _____, 2009.

10. When Will I Receive My Payment?

The Court will hold a hearing on _____, 2009, 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 _____, 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 _____, 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 ___% of the Class settlement proceeds and for expenses up to \$_____, 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

the derivative settlement if you currently hold 21st Century common stock and continuously held such stock between March 8, 2008 and _____, 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 _____, 2009. Any objection must be mailed or delivered such that it is received by each of the following no later than _____, 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 _____ .m., on _____, 2009, 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 _____, 2009. Your notice of intention to appear must be postmarked no later than _____, 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: _____

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

EXHIBIT A-2

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

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 _____, 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.

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

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:
_____, 2009

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)

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 ____.

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.

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"/> Trust |
| <input type="checkbox"/> Other | |

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.

_____-_____-_____-_____ Or _____-_____-_____-_____-_____

Social Security Number 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:

- The number shown on this form is my correct TIN; and
- 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

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

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.

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

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EXHIBIT A-3

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

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 _____, 2009, at _____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

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 _____, 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 _____, 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 _____, 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
RUDMAN & ROBBINS LLP
JOY ANN BULL
655 W. Broadway, Suite 1900
San Diego, CA 92101

Counsel for Derivative Plaintiff:

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

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

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: _____, 2009

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

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EXHIBIT B

