

SAM LIPSON, on behalf of himself and all others
similarly situated,

Plaintiff,

- against -

MARTIN J. SIMON, et al.,

Defendants.

CV 98 4573 (TCP)

**NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED SETTLEMENT, AND SETTLEMENT HEARING**

TO: ALL PERSONS WHO PURCHASED COMMON STOCK OF FIRST CENTRAL FINANCIAL CORPORATION (“FIRST CENTRAL” OR THE “COMPANY”) DURING THE PERIOD JULY 6, 1995 THROUGH AND INCLUDING SEPTEMBER 6, 1997 (THE “CLASS PERIOD”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED HEREIN. IF YOU WERE A NOMINEE FOR A PURCHASER OF FIRST CENTRAL COMMON STOCK DURING THE CLASS PERIOD, PLEASE TRANSMIT THIS DOCUMENT TO SUCH PURCHASER.

THE SETTLEMENT DESCRIBED IN THIS NOTICE IS SUBJECT TO COURT APPROVAL. THE COURT WILL NOT MAKE A FINAL RULING ON THE PROPOSED SETTLEMENT OR FEE APPLICATION UNTIL THE HEARING DESCRIBED BELOW.

1. This Notice is given pursuant to an Order of the United States District Court for the Eastern District of New York (the “Court”) dated November 4, 2004 to inform you of the proposed settlement (the “Settlement”) of the above-captioned class action (the “Action”) against McGladrey & Pullen, LLP (“McGladrey”). A hearing will be held before the Honorable Thomas J. Platt in the United States Courthouse, 834 Federal Plaza, Central Islip, New York 11722 at 2:00 p.m. in Courtroom 1040 on January 7, 2005 (the “Settlement Hearing”), for the purpose of determining: (a) whether the Settlement as embodied in a Stipulation of Settlement dated November 4, 2004 (the “Stipulation”) is fair, reasonable, and adequate and should be approved by the Court; (b) whether a final judgment should be entered dismissing the Action with prejudice as against McGladrey; and (c) whether the request by Plaintiff’s Counsel for an award of attorneys’ fees and reimbursement of costs and expenses should be approved.

NOTICE OF CLASS ACTION DETERMINATION

2. Pursuant to an Order of the Court, the Court certified a Class for purposes of the Settlement to consist of all purchasers of common stock of First Central during the period July 6, 1995 through and including September 6, 1997, excluding the defendants, members of their immediate families, any entity in which any defendant has a controlling interest, and the legal representatives or heirs, successors or assigns of any such excluded party. Thus, if you purchased shares of First Central common stock during the period July 6, 1995 through and including September 6, 1997, and do not elect to be excluded from the Settlement as described below, you are a member of the Class (excluding those persons mentioned above) and may be eligible to participate in the Settlement described herein, and to receive monies if the Settlement is approved and you timely file a Proof of Claim form.

POTENTIAL RECOVERY

3. The Stipulation provides for the creation of a settlement fund in the amount of Three Million Seven Hundred Eighty Thousand Dollars (\$3,780,000) (the “Settlement Fund”) to be distributed to Class Members. In addition, in July 2003, a settlement fund of Five Hundred Fifty Four Thousand Dollars (\$554,000) was created pursuant to settlement with the former directors and officers of First Central (the “Individual Defendants Settlement”). The proceeds from the Individual Defendants Settlement have not yet been distributed. Thus, if this Settlement is approved by the Court, the total of funds available for distribution, pursuant to the two settlements, will be \$4,334,000. Based upon the claims already received from Authorized Claimants, the average distribution from this Settlement and the Individual Defendants Settlement will be \$5.61 per share before deduction of costs of notice and fees

and expenses to be awarded by the Court. However, the average distribution per share will be less if additional claims are timely filed by other Class Members. The actual recovery from the Settlement Fund will depend upon a number of other variables, including the number of shares and prices paid by additional claimants, whether they sold their shares prior to September 6, 1997, and for what amount they sold their shares.

4. The parties do not agree on the average amount of damages per share that would have been recoverable had the Plaintiff prevailed on the alleged claims. Indeed, McGladrey believes that Plaintiff should recover no damages at all. McGladrey also believes that its proportionate responsibility for any alleged damages to the Class (if it bears any responsibility at all) is low compared to that of other defendants and third parties.

5. Plaintiff's Counsel have not received payment for their services in prosecuting this case, and have only been reimbursed for their out-of-pocket expenses through the date of the Individual Defendants Settlement. If the Settlement is approved by the Court, Plaintiff's Counsel will apply to the Court for attorneys' fees and reimbursement of expenses incurred since the date of the Individual Defendants Settlement to be paid from the Settlement Fund from the Settlement and the Individual Defendants Settlement. If the amount requested by Plaintiff's Counsel is approved by the Court, the average cost per share of prosecuting this case, inclusive of notice to the Class and payment of counsel fees and expenses, would be approximately \$2.24 per share.

6. Plaintiff's Counsel are: J. James Carriero, Esq., Law Offices of J. James Carriero, Esq., 29-53 Butler Street, East Elmhurst, New York 11369, (718) 446-8600, JCarriero@CarrieroLaw.com, and David C. Harrison, Esq., Lowey Dannenberg Bemporad & Selinger, P.C., One North Lexington Avenue, The Gateway – 11th Floor, White Plains, New York 10601, (914) 997-0500, DHarrison@ldbs.com. These firms are available to answer questions from members of the Class concerning any matter contained in this Notice.

BACKGROUND AND DESCRIPTION OF THE LITIGATION AND THE PRIOR SETTLEMENT WITH THE INDIVIDUAL DEFENDANTS

7. First Central was a New York corporation located in Lynbrook, New York, and was the parent of First Central Insurance Company ("FCIC"). FCIC was a New York regulated insurance company which wrote multiple lines of property and casualty insurance.

8. On or about September 6, 1997, the New York State Insurance Department ("NYSID") issued a Report on Examination of First Central Insurance Company, which covered the fiscal years January 1, 1993 through December 31, 1996 (the "Report"). Plaintiff contends that the Report revealed for the first time that First Central's financial statements materially overstated its earnings and assets and that FCIC was insolvent as of December 31, 1996. The Report states that as of December 31, 1996, FCIC "was insolvent in the amount of \$3,606,211, its capital was impaired in the amount of \$5,606,211, and its required minimum surplus to policyholders was impaired in the amount of \$4,806,211." The NYSID concluded that FCIC's financial statements for the years 1993, 1994, 1995, and 1996 were false, and referred the matter to its Fraud Bureau for review. On January 28, 1998, FCIC was placed into rehabilitation proceedings, and on April 27, 1998, the NYSID commenced liquidation of FCIC.

9. On July 6, 1998, Sam Lipson ("Plaintiff") filed this class action on behalf of himself and all other similarly situated purchasers of First Central common stock during the Class Period. The First Amended Complaint (the "Complaint") was filed on January 14, 1999. The Complaint named as defendants certain officers and directors of First Central (the "Individual Defendants") and McGladrey, First Central's independent auditor. First Central was not named as a defendant because on March 5, 1998, it filed for relief under Chapter 11 of the Bankruptcy Code, *In re First Central Financial Corporation*, Case No. 98-12846 (Bankr. E.D.N.Y.).

10. The Complaint alleged claims against the Individual Defendants and McGladrey for violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, as well as common law fraud. The Complaint alleged that defendants engaged in a scheme to inflate the financial condition of First Central and its primary operating subsidiary, FCIC, by manipulating and understating loss reserves, thereby inflating the Company's financial results. The Complaint further alleged that McGladrey played an integral role in the scheme by issuing false and misleading audit opinions on the Company's financial statements for at least the fiscal years ending December 31, 1994, 1995, and 1996. The Complaint alleged that the Class Period ended on September 6, 1997, when the NYSID issued its Report.

THE NYSID ACTION AGAINST McGLADREY

11. In July 1999, in its capacity as Liquidator of FCIC, the NYSID filed an action against McGladrey and certain of the Individual Defendants, *Levin v. Simon*, Index No. 99-31483 (Sup. Ct. Nassau Co.). The NYSID and McGladrey have concurrently entered into a proposed settlement of the claims asserted against McGladrey in the NYSID action.

Further Proceedings In This Action

12. On May 10, 1999, McGladrey and the Individual Defendants moved to dismiss the Action, primarily on the grounds that: (a) Plaintiff's claims were barred by the one-year statute of limitations, then applicable to Rule 10b-5 claims; and (b) the Complaint failed to meet the pleading requirements of Fed. R. Civ. P. 9(b) and of the Private Securities Litigation Reform Act of 1995 (the "PSLRA").

13. Following extensive briefing and oral argument, on March 15, 2001, the Court issued a Memorandum Decision and Order denying the motions to dismiss the Complaint.

14. On or about May 8, 2001, McGladrey served an Answer to the Complaint denying all allegations of liability, asserting affirmative defenses, and demanding judgment on the merits dismissing the Complaint.

15. On June 20, 2001, Plaintiff filed a motion under Rule 23, Fed. R. Civ. P., for, *inter alia*, certification of the Action as a class action; appointment of Lipson as Class Representative; and appointment of Plaintiff's attorneys, the Law Offices of J. James Carriero and Lowey Dannenberg Bemporad & Selinger, P.C., as Class Counsel (the "Class Motion").

16. Following Class discovery in March 2002, McGladrey and the Individual Defendants filed oppositions to the Class Motion.

17. On May 24, 2002, the Class Motion was dismissed without prejudice while settlement negotiations took place among the Individual Defendants, the Class, the NYSID, and the Bankruptcy Trustee.

Settlement With The Individual Defendants

18. On March 20, 2003, Plaintiff entered into a stipulation of settlement with the Individual Defendants in conjunction with a Global Settlement Agreement among the Individual Defendants, the NYSID, the Bankruptcy Trustee, and Plaintiff in this Action. On July 3, 2003, the Court approved the Individual Defendants Settlement.

Discovery

19. Counsel for the Plaintiff and the NYSID thereafter agreed to coordinate merits discovery on their respective claims against McGladrey. The parties entered into a stipulation for the appointment of a Special Master, former Magistrate Judge Kathleen A. Roberts, to resolve discovery disputes and to facilitate the coordination of discovery.

20. Plaintiff served document requests upon McGladrey, the Individual Defendants, and numerous third parties commencing in late August 2001. Thousands of pages of responsive documents were subsequently produced by McGladrey, including accounting manuals and original audit work papers for the year-end audits in question, which Plaintiff's Counsel carefully examined. A large volume of documents was also made available to Plaintiff's Counsel by the NYSID, including the claims files of FCIC. Plaintiff's Counsel examined the Company's public filings, Board Minutes, documents produced by FCIC's actuary and various reports of McGladrey to the Company and the Audit Committee. Insurance regulations and related statistics were examined, as were actuarial reserve reports and calculations and memos between NYSID and FCIC's claims department. Depositions were taken of numerous defendants and third-party witnesses, many for multiple days, and in several States. Legal research was conducted on issues of accounting liability and damages, deepening insolvency, proportionate fault, and joint and several liability. Damages were carefully analyzed by Plaintiff's Counsel and their consultant.

Settlement Negotiations

21. On September 1, 2004, following a full-day mediation session overseen by Judge Roberts, and after extensive arm's length negotiations, the parties reached the Settlement described herein.

22. McGladrey has denied and continues to deny each and every allegation of wrongdoing made against it in the Complaint. McGladrey asserts that it has meritorious defenses to Plaintiff's claims, that its conduct has been lawful and proper in all respects, that no person or entity has suffered any harm or damages as a result of any matter that is the subject of or underlies any of the claims against it in the Action, and that judgment should be entered dismissing all claims against it with prejudice.

PLAINTIFF'S INVESTIGATION AND DISCOVERY

23. Plaintiff and Plaintiff's Counsel have made a lengthy investigation into the facts and the law relevant to the allegations made against McGladrey in the Complaint. Plaintiff's Counsel have taken depositions of the central witnesses for more than a year. They have attended mediation with McGladrey and its counsel and insurers before Judge Roberts during which the strengths and weaknesses of each party's claims and defenses were carefully evaluated. They have considered the competing claims against McGladrey by the NYSID, and the fact that the NYSID jointly was demanding settlement of its claims. They have evaluated the expenses, cost of expert witnesses and length of time necessary to prosecute the Action through trial, taking into account the uncertainties of predicting the outcome of complex litigation such as this and subsequent inevitable appeals. They have also considered the defenses interposed by McGladrey, its denial of damages, and its claim that its proportionate liability is low compared to that of other alleged wrongdoers. Based upon consideration of all of these factors and the certainty of a substantial recovery, Plaintiff and Plaintiff's Counsel have concluded that it is in the best interest of Plaintiff and the Class Members to settle the Action with the McGladrey as set forth in the Stipulation, which Settlement will result in substantial and material benefits to the Class Members.

SUMMARY OF SETTLEMENT TERMS AND PLAN OF ALLOCATION

24. The terms and conditions of the proposed Settlement are set forth in the Stipulation, which is on file with the Court. The following is only a summary of the terms.

25. Subject to the terms and conditions of the Stipulation, in settlement of all claims which are or could have been asserted against it in the Action, McGladrey has agreed to pay \$3,780,000 into an interest-bearing account previously established by Plaintiff's Counsel with respect to the Individual Defendants Settlement (the "Settlement Account"), making a total of \$4,334,000 available to pay claims, fees and expenses. The Class' share of the Settlement Fund, minus the costs of notice to the Class, administration of the Settlement, any applicable taxes and related expenses, and the award of fees and expenses to Plaintiff's Counsel, is referred to as the "Net Settlement Fund." The Net Settlement Fund will be distributed to Class Members who have previously submitted Proofs of Claim in connection with the administration of the Individual Defendants Settlement (in which case only a Release Form need be submitted), and to those Class Members who, in response to this Notice, submit a timely and valid Proof of Claim which is not disallowed ("Authorized Claimants"), in accordance with the following Plan of Allocation:

a. The amount an Authorized Claimant may recover under the Plan of Allocation (the "Recognized Loss") will be calculated as follows:

i. For shares of First Central common stock that were purchased during the Class Period and *retained* through the close of trading on September 6, 1997, the Recognized Loss per share is the difference between the price paid per share and \$0.375 (the value of First Central as of the end of the Class Period);

ii. For shares of First Central common stock that were purchased during the Class Period and sold before September 6, 1997, the Recognized Loss per share is the difference between the price paid per share and the price received.

b. All profits shall be subtracted from all losses to determine the net Recognized Loss of each Authorized Claimant.

c. Payments to Authorized Claimants shall be proportional based upon each Authorized Claimant's Recognized Loss as compared to the total amount of Recognized Losses of all Authorized Claimants.

d. The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

e. For Authorized Claimants who made multiple purchases or multiple sales of First Central common stock during the Class Period, the earliest subsequent sale shall be matched with the earliest purchase and chronologically thereafter for purposes of calculating Recognized Loss.

f. No payment will be made on any claims where the amount to be distributed is \$10.00 or less, but the Authorized Claimant will otherwise be bound by the final judgment entered by the Court.

26. Payment, pursuant to the Plan of Allocation set forth above, will be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiff's Counsel, the Settlement Administrator or other agents designated by Plaintiff's Counsel, McGladrey or McGladrey's Counsel based on the distributions made substantially in accordance with the Stipulation of Settlement, or by further orders of the Court. All Class Members who fail to complete and submit a valid and timely Proof of Claim will be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise will be bound by all of the terms of the Stipulation, including the terms of any judgment and release.

ATTORNEYS' FEES

27. At the Settlement Hearing or at such later time as the Court may direct, Plaintiff's Counsel will apply to the Court for an award of attorneys' fees and reimbursement of expenses, payable in accordance with the Court's Order approving the Settlement and awarding fees and expenses. Plaintiff's Counsel shall apply for attorneys' fees not exceeding one-third of the total of the Class share of the Settlement Fund (as well as one-third of the Individual Defendants Settlement Fund) and for reimbursement of Plaintiff's Counsel's expenses not previously reimbursed from the Individual Defendants Settlement to the date of the hearing not to exceed \$1,745,000, together with interest from the date of the Settlement Hearing to the date of payment of such attorneys' fees and expenses. Plaintiff's Counsel may thereafter apply for a supplemental award of fees and expenses incurred in connection with the administration and distribution of the Settlement.

SEPARATE CLAIM FORMS AND INSTRUCTIONS ARE ENCLOSED WITH THIS NOTICE. HOWEVER, NO PAYMENTS WILL BE MADE UNTIL AFTER THE SETTLEMENT IS APPROVED AND THE APPROVAL BECOMES FINAL AND AFTER ALL CLAIM FORMS HAVE BEEN PROCESSED.

TO RECEIVE ANY PAYMENTS FROM THE NET SETTLEMENT FUND, YOU MUST ALREADY HAVE SUBMITTED A PROOF OF CLAIM IN CONNECTION WITH THE PRIOR SETTLEMENT WITH THE INDIVIDUAL DEFENDANTS, AND MUST NOW SUBMIT A RELEASE FORM. IF YOU DID NOT SUBMIT A PRIOR PROOF OF CLAIM, YOU MUST COMPLETE AND SIGN THE ATTACHED PROOF OF CLAIM FORM AND SEND IT, WITH THE REQUESTED DOCUMENTATION, BY PRE-PAID FIRST-CLASS MAIL POSTMARKED ON OR BEFORE MARCH 15, 2005, TO THE FOLLOWING ADDRESS:

IF YOU DO NOT SUBMIT A PROPER PROOF OF CLAIM FORM AND HAVE NOT EXCLUDED YOURSELF FROM THE CLASS, YOU WILL NOT SHARE IN THE SETTLEMENT, BUT YOU WILL BE BOUND BY THE FINAL JUDGMENT OF THE COURT.

28. For purposes of the Settlement,

a. “Class Member” means any purchaser of shares of First Central common stock (excluding the defendants, members of their immediate families, any entity in which any defendant has a controlling interest, and the legal representatives, heirs, successors or assigns of any such excluded party), during the Class Period from July 6, 1995 through and including September 6, 1997.

b. “Claimant” means a Class Member who filed and/or files a Proof of Claim.

c. “Authorized Claimant” means a Claimant who either:

i. Previously filed a Proof of Claim in connection with the Individual Defendants Settlement, which Proof of Claim was deemed timely and valid, and now files a Release Form; or

ii. Completes the enclosed Proof of Claim form establishing the Claimant’s status as a Class Member and has submitted it along with all required documentation and a signature to the address provided on the Proof of Claim form on or before March 15, 2005; and

iii. Is determined by Plaintiff’s Counsel to be a valid Class Member in accordance with the Stipulation.

d. “Net Settlement Fund” means that portion of the Settlement Fund delivered or caused to be delivered by McGladrey to the escrow account previously created in connection with the Individual Defendants Settlement, and distributed in accordance with the Stipulation and all interest and earnings that accrue, less all attorneys’ fees and other expenses awarded by the Court and payable to Plaintiff’s Counsel, and less any settlement administration costs, including, but not limited to, certain costs of notice pursuant to the Settlement and reimbursement of Nominees in connection with such notice, costs of administering and processing Proofs of Claim by Class Members, and/or taxes payable from the Settlement Fund, and any banking fees or costs associated with the administration of the escrow account.

29. All Proofs of Claim must be submitted by March 15, 2005. Any Class Member who fails to file a Proof of Claim by such date shall be forever barred from receiving any payment pursuant to the Settlement (unless, by Order of the Court, a later-filed Proof of Claim by such Class Member is approved), but shall in all other respects be bound by the terms of the Settlement and by the final judgment entered in the Action. A Proof of Claim shall be deemed to have been submitted when posted, if received, and if a postmark is indicated on the envelope and addressed in accordance with the instructions thereof, and in all other cases shall be deemed to have been submitted when actually received by Plaintiff’s Counsel or their agent.

30. Any person submitting a Proof of Claim may be required to furnish such additional or other proof of purchase, sale or ownership of First Central common stock as may reasonably be required to establish the Claimant’s right to participate in the Net Settlement Fund. The burden shall be on the Class Member to establish his or her right to participate in the Net Settlement Fund by competent proof (*e.g.*, broker’s confirmation slips, brokerage account statements, letters from brokers, the Schedule D from a filed tax return, or other satisfactory proof). A Class Member shall, upon submission of the Proof of Claim, be subject to discovery under the Federal Rules of Civil Procedure with respect to the Proof of Claim. Any Class Member who fails to establish a claim to the satisfaction of the Court within the time allowed will not be entitled to receive payment, but will nevertheless continue to be deemed a member of the Class and will be bound by the provisions of the Settlement, if it is approved by the Court.

31. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of New York with respect to his/her claim.

32. Any Class Member who has not received a Notice and Proof of Claim or desires additional copies thereof may obtain copies from the following website or by writing to:

**FCFC Securities Litigation
c/o Complete Claim Solutions, Inc.
P. O. Box 24648
West Palm Beach, FL 33416
Website: www.completeclaimssolutions.com**

33. Each Proof of Claim shall be submitted to and reviewed by Plaintiff’s Counsel or their agents who shall determine the extent, if any, to which each claim shall be allowed, subject to review by the Court.

34. Plaintiff’s Counsel or their agents will notify all Claimants whose Proofs of Claim they have decided to reject, in whole or in part, and will set forth the reasons therefor. If any Claimant whose claim has been rejected, in whole or in part, desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of such notice, serve upon the Settlement Administrator named in such notice, a statement of reasons indicating the Claimant’s grounds for contesting the rejection along with

any supporting documentation, and requesting a review thereof. In the event that such dispute is not resolved, Plaintiff's Counsel shall thereafter present all such requests for review to the Court.

35. All Class Members whose claims are not approved by the District Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of the Settlement, including the terms of any judgment entered in the Action.

36. The parties do not agree on the average amount of damages per share that would be recoverable if the Plaintiff prevailed on each claim alleged in the Action. The parties make this statement, pursuant to the PSLRA, § 78u-4(a)(7)(B)(ii) and (iii), with the understanding that it is not admissible in any Federal or State judicial action or administrative proceeding, other than an action or proceeding arising out of such statement.

THE COURT HAS NOT DETERMINED THE MERITS OF THE CLAIMS AGAINST OR THE DEFENSES OF McGLADREY. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE LITIGATION WERE NOT SETTLED.

REQUEST FOR EXCLUSION

IF YOU PROPERLY REQUEST EXCLUSION FROM THE CLASS, YOU WILL NOT RECEIVE ANY PAYMENT PURSUANT TO THIS SETTLEMENT, AND YOU WILL NOT BE BOUND BY THE TERMS OF THE SETTLEMENT.

37. If you wish to be excluded from the Settlement, your Request for Exclusion must be *in writing* and postmarked on or before December 24, 2004. You must include: (a) your name and address and telephone number, (b) the caption of the Class Action, (c) a statement that you wish to be excluded from the Class, (d) a statement of your purchases and sales of First Central common stock during the Class Period, including the dates, the number of shares, and price paid or received per share for each such purchase or sale, and (e) the name of the person in whose name the stock was registered. **TO BE VALID, A REQUEST FOR EXCLUSION MUST BE TIMELY AND STATE ALL OF THE FOREGOING INFORMATION.** All Requests for Exclusion must be mailed to:

**FCFC Securities Litigation
c/o Complete Claim Solutions, Inc.
P. O. Box 24648
West Palm Beach, FL 33416**

38. If a Request for Exclusion is untimely or does not contain all of the necessary information, it shall not be a valid Request for Exclusion, and the person or entity filing an invalid Request for Exclusion shall be deemed a member of the Class. If you properly and timely request exclusion from the Settlement, you will not be bound by any judgment entered in the Action. You will be free to pursue whatever legal rights you may have against McGladrey at your own expense.

SETTLEMENT HEARING

39. As set forth above, the Court has scheduled a hearing on January 7, 2005, to consider the fairness, reasonableness, and adequacy of the proposed Settlement and to consider the request of Plaintiff's Counsel for an award of attorneys' fees and expenses. The Settlement Hearing may be adjourned by the Court without further notice to the members of the Class.

40. It is not necessary for any member of the Class to appear at the Settlement Hearing. If you do not appear, you will be represented by Plaintiff's Counsel, J. James Carriero, Esq., 29-53 Butler Street, East Elmhurst, New York 11369 and David C. Harrison, Esq., Lowey Dannenberg Bemporad & Selinger, P.C., The Gateway – 11th Floor, One North Lexington Avenue, White Plains, New York 10601. The Settlement Hearing may be adjourned from time to time by the District Court without further notice.

41. At the Settlement Hearing, any Class Member who has not previously filed a Request for Exclusion from the Class, in the manner set forth above, may appear at the Settlement Hearing in person or by counsel and be heard to the extent allowed by the Court in support of, or in opposition to: (a) the fairness, reasonableness, and adequacy of the Settlement and (b) the application of Plaintiff's Counsel for attorneys' fees and reimbursement of expenses, provided, however, that in no event shall a person be heard in opposition to the Settlement and in no event shall any paper or brief submitted by any such person be accepted or considered by the Court, unless, on or before December 24, 2004, such person: (a) files with the Clerk of the Court notice of such person's intention to appear, together with a statement that indicates the basis for such opposition, along with any supporting documentation, and a list of any and all witnesses or experts whom such person shall present to the Court, and (b) serves copies of such notice, statement, documentation, and list together with copies of any other papers or briefs such person files with the Court, in person or by mail, upon each of the following:

Counsel Representing The Class:

J. James Carriero, Esq. *and* David C. Harrison, Esq.
29-53 Butler Street Lowey Dannenberg Bemporad & Selinger, P.C.
East Elmhurst, NY 11369 One North Lexington Avenue, 11th Floor
718-446-8600 White Plains, NY 10601
 914-997-0500

Counsel Representing McGladrey:

Steven M. Farina, Esq.
Williams & Connolly LLP
725 Twelfth Street N.W.
Washington, DC 20005
202-434-5000

42. Any Class Member who does not make an objection in this manner 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, the dismissal of claims, or the fee and expense request of Plaintiff's Counsel.

JUDGMENT AND RELEASE

43. If the Settlement is approved by the Court, all claims which have or could have been asserted in the Action will be dismissed on the merits and with prejudice as to all Class Members (except those who have properly excluded themselves from the Class), and all such Class Members shall forever be barred from prosecuting a class action or any other action arising out of wrongs which have been or could have been alleged in this Action against McGladrey and shall forever release and absolutely and forever discharge McGladrey and the other Released Parties in accordance with the release described in paragraph 1(a) in the Stipulation, and the Proof of Claim. Upon Court approval, a final judgment or judgments will be entered: (a) approving the proposed Settlement; (b) dismissing with prejudice, as to McGladrey, the Complaint filed in this Action; and (c) awarding Plaintiff's Counsel such fees, expenses and disbursements as the Court deems appropriate.

44. The Settlement will become effective on that business day that immediately follows the date upon which the Order approving the Settlement entered by this Court becomes final and not subject to appeal, or, in the event an appeal has been taken from any such order, a final order deciding such appeal has been entered which is not subject to further appeal (the "Effective Date").

EXAMINATION OF PAPERS AND INQUIRIES

45. For a more detailed statement of the matters involved in this Action, reference is made to the pleadings and the Stipulation submitted to the Court for *in camera* review only, the Orders entered by the Court and other papers filed in the Action, which, unless sealed, may be inspected by the Office of the Clerk of the United States District Court, Eastern District of New York, U.S. Courthouse, 834 Federal Plaza, Central Islip, NY 11722, during business hours of each business day.

ANY INQUIRIES CONCERNING THIS NOTICE, THE ACTION, THE PROPOSED SETTLEMENT, THE PROOF OF CLAIM FORM OR THE SETTLEMENT HEARING SHOULD BE MADE TO PLAINTIFF'S COUNSEL. INQUIRIES SHOULD NOT BE DIRECTED TO THE CLERK OF THE COURT, JUDGE PLATT, OR TO ANY REPRESENTATIVE OF McGLADREY OR ITS COUNSEL.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

46. If you were a nominee for any purchasers of First Central common stock during the Class Period, you are requested to: (a) forward this Notice and accompanying Proof of Claim promptly to the Class Member or, in the alternative, (b) provide the Settlement Administrator promptly with the names and addresses of such beneficial owners, *preferably on computer-generated mailing labels*, at the above address. Additional copies of this Notice and accompanying Proof of Claim and Release may be requested *in writing* from the Settlement Administrator, at the mailing address, fax number, or website set forth above. You are entitled to reimbursement of your reasonable expenses actually incurred in connection with the foregoing upon request and submission of appropriate supporting documentation to the Settlement Administrator.

DATED: November 4, 2004

By Order of the Court
United States District Court
Eastern District of New York

FCFC Securities Litigation
c/o Complete Claim Solutions, Inc.
P.O. Box 24648
West Palm Beach, FL 33416

IMPORTANT COURT DOCUMENTS