

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MISSOURI  
WESTERN DIVISION

PAUL LUMAN, Individually and On Behalf of All Others Similarly Situated,	)	No. 4:08-cv-00514-C-W-HFS
	)	(Consolidated)
	)	
Plaintiff,	)	<u>CLASS ACTION</u>
	)	
vs.	)	
	)	
PAUL G. ANDERSON, et al.,	)	
	)	
Defendants.	)	
	)	
	)	

---

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY TRADED SECURITIES OF FCSTONE GROUP, INC. ("FCSTONE") FROM AND INCLUDING NOVEMBER 3, 2008 THROUGH AND INCLUDING FEBRUARY 24, 2009

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION.

THIS LITIGATION HAS BEEN SETTLED FOR FOUR MILLION TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$4,250,000), SUBJECT TO THE APPROVAL OF THE COURT.

IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THIS SETTLEMENT. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE AUGUST 16, 2013.

IF YOU DO NOT WISH TO BE INCLUDED IN THE CLASS AND YOU DO NOT WISH TO PARTICIPATE IN THE PROPOSED SETTLEMENT DESCRIBED IN THIS NOTICE, YOU MAY REQUEST TO BE EXCLUDED. TO DO SO, YOU MUST SUBMIT A WRITTEN REQUEST FOR EXCLUSION THAT MUST BE POSTMARKED ON OR BEFORE JUNE 11, 2013.

This Notice of Pendency and Proposed Settlement of Class Action ("Notice") has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Western District of Missouri (the "Court"). The purpose of this Notice is to inform you of the proposed settlement of *Luman v. Anderson, et al.*, No. 4:08-cv-00514-C-W-HFS (the "Litigation") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement as set forth in the Stipulation of Settlement among Plaintiffs and Defendants, dated as of February 8, 2013 (the "Stipulation") on file with the Court.

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation as to any of the Defendants or the merits of the claims or defenses asserted by or against Defendants. This Notice is solely to advise you of the pendency of the Litigation and the proposed settlement thereof and of your rights in connection therewith.

**I. STATEMENT OF PLAINTIFFS' RECOVERY**

The proposed settlement will result in the creation of a cash settlement fund in the principal amount of Four Million Two Hundred and Fifty Thousand Dollars (\$4,250,000) (the "Settlement Amount"), plus any interest that may accrue thereon (the "Settlement Fund").

The Settlement Fund, subject to deduction for, among other things, costs of class notice and administration and certain taxes and tax related expenses and for attorneys' fees and expenses as approved by the Court, will be available for distribution to Class Members. Your recovery from this fund will depend on a number of variables, including the number or

amount of FCStone publicly traded securities you purchased or otherwise acquired beginning on November 3, 2008 through and including February 24, 2009, and the timing of your purchases, acquisitions, and any sales. In the unlikely event that under the Plan of Allocation described below, Class Members who purchased or acquired 100% of the shares of FCStone common stock are entitled to a distribution and participate in the settlement, the estimated average distribution per share of FCStone common stock will be approximately \$0.33 before deduction of Court-approved fees and expenses. The recovery for options and Equity Futures Contracts cannot be accurately estimated. Historically, actual claim rates are lower than 100%, resulting in higher per share distributions.

## **II. STATEMENT OF POTENTIAL OUTCOME**

The Class Representative and Defendants do not agree on the average amount of damages per share, if any, that would have been recoverable if the Class Representative prevailed on each claim alleged. Defendants deny that they are liable in any respect or that Plaintiffs, Class Representative or the Class suffered any injury. The issues on which the parties disagree are many, but include: (1) whether Defendants engaged in conduct that would give rise to any liability to the Class under the federal securities laws, or any other laws; (2) whether Defendants have valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the prices of FCStone publicly traded securities were allegedly artificially inflated (if at all) during the Class Period; (4) the amount by which the prices of FCStone securities were allegedly artificially inflated (if at all) during the Class Period; (5) the effect of various market forces influencing the trading prices of FCStone securities at various times during the Class Period; (6) the extent to which external factors influenced the trading prices of FCStone securities at various times during the Class Period; (7) the extent to which the various false statements alleged in the Litigation were materially false or misleading and influenced (if at all) the trading prices of FCStone securities at various times during the Class Period; and (8) the extent to which the various allegedly adverse and omitted facts alleged in the Litigation were material, omitted, and influenced (if at all) the trading prices of FCStone securities at various times during the Class Period.

## **III. REASONS FOR SETTLEMENT**

The Class Representative believes that the proposed settlement is a good recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there is a danger that the Class will not prevail on any of its claims, in which case the Class will receive nothing. Also, the amount of damages recoverable by the Class is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, if the Litigation were tried, Defendants would assert that the decline in value of any Class Member's FCStone securities was caused by non-actionable market, industry, or general economic factors. Defendants also would assert that throughout the Class Period the uncertainties and risks associated with the purchase of FCStone securities were fully and adequately disclosed. The proposed settlement provides an immediate benefit to Class Members, and will avoid the years of delay that would likely occur in the event of a contested trial and appeals.

## **IV. STATEMENT OF ATTORNEYS' FEES AND EXPENSES SOUGHT**

Plaintiffs' counsel have not received any payment for their services or expenses in conducting this Litigation on behalf of the Plaintiffs and the Members of the Class. If the settlement is approved by the Court, Plaintiffs' Lead Counsel will apply to the Court for attorneys' fees of 30% of the Settlement Fund and expenses not to exceed \$225,000, plus interest on said amounts, to be paid from the Settlement Fund. If the above amounts are approved by the Court, the average cost per share of common stock will be \$0.12. In addition, the Plaintiffs may seek up to \$10,000 for their time and expenses in representing the Class.

## **V. IDENTIFICATION OF PLAINTIFFS AND THE CLASS MEMBERS' ATTORNEY REPRESENTATIVES**

For further information regarding this settlement, you may contact a representative of Plaintiffs' Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 800/449-4900.

## **VI. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

A hearing (the "Settlement Hearing") will be held on July 16, 2013, at 10:00 a.m., before the Honorable Howard F. Sachs, United States District Judge, in Courtroom 7B of the United States District Court, Western District of Missouri, Western Division, Charles Evans Whittaker Courthouse, 400 East 9th Street, Kansas City, MO 64106. The purpose of the Settlement Hearing will be to determine: (1) whether the proposed settlement, as set forth in the Stipulation, consisting of \$4,250,000 in

cash, should be approved as fair, reasonable, and adequate to the Members of the Class; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; (3) whether the application by Plaintiffs' Lead Counsel for an award of attorneys' fees and expenses and the Plaintiffs' request for expenses should be approved; and (4) whether the Judgment, in the form attached to the Stipulation, should be entered herein. The Court may adjourn the Settlement Hearing from time to time and without further notice to the Class.

## **VII. DEFINITIONS USED IN THIS NOTICE**

As used in this Notice, the following terms have the meanings specified below. Any capitalized terms not specifically defined in this Notice have the meanings set forth in the Stipulation. In the event of any inconsistency between any definition set forth below or elsewhere in this Notice and any definition set forth in the Stipulation, the definition set forth in the Stipulation will control.

1. "Authorized Claimant" means any Class Member who, in accordance with the terms of the Stipulation, is entitled to a distribution from the Settlement Fund pursuant to any Plan of Allocation or any order of the Court.

2. "Claims Administrator" means the firm of Gilardi & Co. LLC.

3. "Class" means all persons or entities who purchased or otherwise acquired publicly traded securities of FCStone from and including November 3, 2008 through and including February 24, 2009 and who thereafter suffered an economic loss, except for (i) the Defendants in this case, (ii) members of any Defendant's immediate family, (iii) any entity in which a Defendant has or had a controlling interest, (iv) officers and directors of FCStone, and (v) the legal representatives, heirs, successors or assigns of any such excluded party.

4. "Class Member" or "Member of the Class" mean a Person who falls within the definition of the Class as set forth above and who does not request exclusion from the Class in accordance with the procedures established by the Court and described in this Notice.

5. "Class Period" means the period from and including November 3, 2008 through and including February 24, 2009.

6. "Class Representative" means plaintiff Building Trades United Pension Trust Fund.

7. "Complaint" means the Amended Consolidated Complaint for Violation of the Federal Securities Laws, filed on March 7, 2011.

8. "Court" means the United States District Court for the Western District of Missouri.

9. "Defendants" means FCStone, Paul G. Anderson, and William J. Dunaway.

10. "Effective Date" means the first date by which all of the events and conditions specified in paragraph 7.1 of the Stipulation have been met and have occurred.

11. "FCStone" means FCStone Group, Inc.

12. "Final" means, with respect to any order of court, including, without limitation, the Judgment, that such order represents a final and binding determination of all issues within its scope and is not subject to further review on appeal or otherwise. Without limitation, an order becomes "Final" when: (a) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (b) no appeal has been filed and the prescribed time for commencing any appeal has expired; and (c) if a motion to alter or amend or for reconsideration has been filed or an appeal has been taken and either (i) the appeal has been dismissed and the prescribed time, if any, for commencing any further appeal has expired, or (ii) the order has been affirmed in its entirety and the prescribed time, if any, for commencing any further appeal has expired. For purposes of this paragraph, an "appeal" includes appeals as of right, discretionary appeals, interlocutory appeals, proceedings involving writs of certiorari or mandamus, and any other proceedings of like kind. Any appeal pertaining to any order adopting or approving a Plan of Allocation, or to any order issued with respect to an application for attorneys' fees and expenses, shall not in any way delay or preclude the Judgment from becoming Final.

13. "Insurers" means Illinois National Insurance Company (a member of AIG), Great American Insurance Company, Travelers, or any other insurer that is contributing to the payments set forth in the Stipulation.

14. "Judgment" means the judgment to be rendered by the Court, in the form attached as Exhibit B to the Stipulation.
15. "Person" means an individual, corporation, limited liability company, professional corporation, partnership, limited partnership, limited liability 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 together with their spouses, executors, heirs, predecessors, successors, representatives, or assignees of any of the foregoing.
16. "Plaintiffs" means Bruce Wells and Thomas Lucas.
17. "Plaintiffs' Lead Counsel" means Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.
18. "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund, to be approved by the Court, whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of or provision for expenses of notice and administration of the settlement, Taxes and Tax Expenses, and such attorneys' fees, costs, expenses, and interest as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and the Released Persons shall not have any responsibility or liability with respect thereto.
19. "Proof of Claim and Release" means the form which accompanies this Notice by which any Class Member may make claims against the Settlement Fund for damages allegedly incurred by reason of his, her, or its investment(s) in FCStone publicly traded securities.
20. "Released Claims" means any and all claims or causes of action (including "Unknown Claims" as defined below), demands, rights, liabilities, suits, debts, obligations and causes of action of every nature and description whatsoever, known or unknown, contingent or absolute, mature or unmature, discoverable or undiscoverable, whether concealed or hidden, asserted or that might have been asserted in this Litigation, by the Class Representative or Class Members, or any of them, against the Released Persons based upon, arising out of, or related to both the purchase or acquisition of FCStone publicly traded securities during the Class Period and any of the facts, transactions, events, occurrences, disclosures, statements, acts, omissions, or failures to act which were or could have been alleged in the Litigation, regardless of the legal theory upon which they are based. Released Claims does not include claims under the Employee Retirement Income Security Act of 1974.
21. "Released Persons" means each and all of the Defendants and each and any of Defendants' respective past, present or future: directors, officers, employees, partnerships and partners, principals, agents, controlling shareholders, any entity in which any Defendant and/or any member(s) of that Defendant's immediate family has or have a controlling interest (directly or indirectly), attorneys, accountants, auditors, investment banks and investment bankers, underwriters, advisors, financial advisors, consultants, personal or legal representatives, analysts, agents, associates, servants, Insurers, co-insurers and reinsurers and each or any of their respective employees, agents, and attorneys, predecessors, successors, parents, subsidiaries, divisions, assigns, joint ventures and joint venturers, spouses, heirs, executors, administrators, related or affiliated entities, members of a Defendant's immediate family, and any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family. This definition of Released Persons also specifically includes all former officers, directors, and employees of FCStone and any of FCStone's successors, parents, subsidiaries, affiliates, or related entities.
22. "Settlement Fund" means Four Million Two Hundred and Fifty Thousand Dollars (\$4,250,000) in cash (the "Settlement Amount"), plus all interest earned thereon from the date of payment forward.
23. "Settling Parties" means, collectively, Defendants, Plaintiffs, and the Class Representative on behalf of itself and the Members of the Class.
24. "Unknown Claims" means any Released Claims that the Class Representative or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons that, if known by him, her or it, might have affected his, her or its determination to enter into, or the terms of any, settlement with, and release of, the Released Persons, or that might have affected his, her or its decision not to object to, or request exclusion from, this settlement. Unknown Claims include those claims in which some or all of the facts comprising the claim may be suspected, or even undisclosed or hidden. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Class Representative shall expressly waive, and each of the Class Members shall be deemed to have, and

by operation of the 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 Class Representative shall expressly waive, and each of the Class Members shall be deemed to have, and by operation of the 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 or foreign law, which is similar, comparable or equivalent in effect to California Civil Code §1542. The Class Representative 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 the Class Representative shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the 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, reckless, 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 Class Representative acknowledges, and the Class Members shall be deemed by operation of the 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.

#### **VIII. THE LITIGATION**

This Litigation was commenced on July 15, 2008. On July 20, 2009, Electrical Workers Pension Fund, Local 103, I.B.E.W. and Thomas Lucas were appointed lead plaintiffs. On September 25, 2009, the lead plaintiffs filed an amended complaint asserting claims against Defendants for violations of §§10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On November 24, 2009, Defendants moved to dismiss the claims asserted against them on the ground that the amended complaint failed to state a claim for which relief could be granted. The Court granted in part and denied in part Defendants' motion on November 16, 2010. As a result of this order, lead plaintiffs Electrical Workers Pension Fund, Local 103, I.B.E.W. and Thomas Lucas lost standing to prosecute the Litigation. Defendants answered the amended complaint on January 21, 2011.

On March 4, 2011, the Court granted lead plaintiffs' unopposed motion to add Building Trades United Pension Trust Fund and Bruce Wells as named plaintiffs and an Amended Consolidated Complaint was filed on March 7, 2011 (the "Complaint").

On February 10, 2012, the Court granted in part and denied in part plaintiffs' motion for class certification, certifying a class of shareholders who purchased or otherwise acquired FCStone publicly traded securities on or after November 3, 2008 and sold those securities on or after February 24, 2009, and naming Building Trades United Pension Trust Fund as Class Representative. During negotiations leading up to execution of the Stipulation, however, the parties agreed to, and the Court certified, a revised Class Period which includes shareholders who purchased or otherwise acquired FCStone publicly traded securities from and including November 3, 2008 through and including February 24, 2009, and thereafter suffered an economic loss, as set forth in the Stipulation. In addition, on March 1, 2013, Electrical Workers' Pension Fund, Local 103, I.B.E.W. was dismissed from the case.

#### **IX. CLAIMS OF THE CLASS REPRESENTATIVE AND BENEFITS OF SETTLEMENT**

The Class Representative believes that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims asserted. However, Plaintiffs' Lead Counsel also recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. The Class Representative also has taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, and the difficulties and delays inherent in such litigation. The Class Representative also is mindful of the inherent problems of proof required and possible defenses to the securities law violations asserted in the Litigation. The Class Representative believes that the settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, the Class Representative and Plaintiffs' Lead Counsel have determined that the settlement set forth in the Stipulation is in the best interests of the Class Representative and the Class and, therefore, that it is

desirable and beneficial to the Class Representative, Plaintiffs, and the Class that the Litigation be settled upon the terms and conditions set forth in the Stipulation.

## **X. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Each Defendant has denied and continues to deny each and all of the claims and allegations of wrongdoing made in the Litigation and maintains further that they have meritorious defenses. Each Defendant has expressly denied and continues to deny all charges of wrongdoing or liability arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation, and Defendants contend that many of the factual allegations in the Complaint are materially inaccurate. Defendants also have denied and continue to deny, *inter alia*, the allegations that any false or misleading statements were made, that they had knowledge of or recklessly disregarded any alleged false or misleading statement or material omission, that the Class Representative, Plaintiffs, or the Class have suffered damage from any alleged false or misleading statement or material omission, that the prices of FCStone's publicly traded securities were artificially inflated by reason of alleged misrepresentations, non-disclosures, or otherwise, or that the Class Representative, Plaintiffs, or the Class were harmed by the conduct alleged in the Complaint or otherwise.

Nonetheless, Defendants have concluded that proceeding with their defense of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation.

## **XI. TERMS OF THE PROPOSED SETTLEMENT**

A settlement has been reached in the Litigation between Plaintiffs and Defendants, the terms and conditions of which are set forth in the Stipulation and the Exhibits thereto. The following description of the proposed settlement is only a summary, and reference is made to the text of the Stipulation, on file with the Court, for a full statement of its provisions.

The settlement consists of the total principal amount of Four Million Two Hundred and Fifty Thousand Dollars (\$4,250,000) in cash, that bears interest from the date of payment, pursuant to the terms of the Stipulation.

A portion of the settlement proceeds will be used, subject to the Court's approval, to pay attorneys' fees, to pay the Plaintiffs, the Class Representative and Plaintiffs' counsel their expenses in connection with the prosecution of the Litigation, to pay for this Notice and the processing of Proof of Claim and Release forms, and to pay Taxes and Tax Expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed, according to the Plan of Allocation described below, to Class Members who submit valid and timely Proof of Claim and Release forms.

The effectiveness of the settlement is subject to a number of conditions, and reference to the Stipulation is made for further particulars regarding these conditions.

## **XII. THE RIGHTS OF CLASS MEMBERS**

If you are a Class Member, you may receive the benefit of, and you will be bound by the terms of, the proposed settlement described in this Notice, upon approval of the proposed settlement by the Court.

If you are a Class Member, you have the following options:

1. You may file a Proof of Claim and Release form as described below. If you choose this option, you will share in the proceeds of the proposed settlement if your claim is timely, valid, and entitled to a distribution under the Plan of Allocation described below and if the proposed settlement is finally approved by the Court; and you will be bound by the Judgment and release to be entered by the Court as described below.

2. You may do nothing at all. If you choose this option, you will not share in the proceeds of the settlement, but you will be bound by any judgment entered by the Court, and you will be deemed to have, and by operation of the Judgment will have, fully released all of the Released Claims against the Released Persons.

3. If you do not wish to be included in the Class and you do not wish to participate in the proposed settlement described in this Notice, you may request to be excluded. To do so, you must submit a written request for exclusion that must be postmarked on or before June 11, 2013. You must set forth: (a) your name, address, telephone number, and your signature; (b) your purchases or acquisitions of FCStone publicly traded securities made during the Class Period and sales of

such securities and the dates, prices, and amounts of such purchase(s), acquisition(s), and/or sale(s); and (c) that you wish to be excluded from the Class. The exclusion request should be addressed as follows:

*FCStone Securities Litigation*  
EXCLUSION REQUEST  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.

4. If you do not make a valid and timely request in writing to be excluded from the Class, you will be bound by any and all determinations or judgments in the Litigation in connection with the settlement entered into or approved by the Court, whether favorable or unfavorable to the Class, and you will be deemed to have, and by operation of the Judgment will have, fully released all of the Released Claims against the Released Persons, whether or not you submit a valid Proof of Claim and Release form.

5. You may object to the settlement, the Plan of Allocation, and/or the application for attorneys' fees and expenses in the manner described in Section XVIII below.

6. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing and at your own expense, provided that such counsel must file an appearance on your behalf on or before June 11, 2013, and must serve copies of such appearance on the attorneys listed in Section XVIII below. If you do not enter an appearance through counsel of your own choosing, you will be represented by Plaintiffs' Lead Counsel: Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

### **XIII. PLAN OF ALLOCATION**

The Net Settlement Fund will be distributed to Class Members who, in accordance with the terms of the Stipulation, are entitled to a distribution from the Net Settlement Fund pursuant to any Plan of Allocation or any order of the Court and who submit a valid and timely Proof of Claim and Release form. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have a net loss on all FCStone publicly traded securities which were purchased during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Plaintiffs' Lead Counsel have conferred with their damage consultants. The Plan of Allocation reflects an assessment of the damages that they believe could have been recovered by Class Members had the Class Representative prevailed at trial.

In the unlikely event that there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, and as is more likely, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant will be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner will be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

#### **Section 10(b) Claims for Common Stock (CUSIP: 31308T100)**

The allocation below is based on the following price decline, as well as the statutory PSLRA 90-day look-back amount of \$2.70:

February 25, 2009 Price Decline: \$2.43

1. For shares of FCStone common stock purchased or acquired on or between November 3, 2008 through February 24, 2009, inclusive, the claim per share shall be as follows:

(a) If sold prior to February 25, 2009, the claim per share is \$0.

(b) If retained at the end of February 24, 2009 and sold before May 22, 2009, the claim per share shall be the least of: (i) \$2.43 (February 25, 2009 Price Decline), or (ii) the difference between the purchase price and the selling price, or (iii) 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.

(c) If retained, or sold, on or after May 22, 2009, the claim per share shall be the lesser of: (i) \$2.43 (February 25, 2009 Price Decline), or (ii) the difference between the purchase price per share and \$2.70 per share.

**PSLRA 90-DAY LOOK-BACK TABLE**

Date	Closing Price	Average Closing Price
25-Feb-09	\$1.54	\$1.54
26-Feb-09	\$1.66	\$1.60
27-Feb-09	\$1.64	\$1.61
2-Mar-09	\$1.39	\$1.56
3-Mar-09	\$1.30	\$1.51
4-Mar-09	\$1.36	\$1.48
5-Mar-09	\$1.28	\$1.45
6-Mar-09	\$1.27	\$1.43
9-Mar-09	\$1.27	\$1.41
10-Mar-09	\$1.38	\$1.41
11-Mar-09	\$1.42	\$1.41
12-Mar-09	\$1.75	\$1.44
13-Mar-09	\$1.77	\$1.46
16-Mar-09	\$1.68	\$1.48
17-Mar-09	\$1.70	\$1.49
18-Mar-09	\$1.70	\$1.51
19-Mar-09	\$2.20	\$1.55
20-Mar-09	\$2.03	\$1.57
23-Mar-09	\$2.36	\$1.62
24-Mar-09	\$2.41	\$1.66
25-Mar-09	\$2.30	\$1.69
26-Mar-09	\$2.52	\$1.72
27-Mar-09	\$2.33	\$1.75
30-Mar-09	\$2.22	\$1.77
31-Mar-09	\$2.28	\$1.79
1-Apr-09	\$2.44	\$1.82
2-Apr-09	\$2.56	\$1.84
3-Apr-09	\$2.65	\$1.87
6-Apr-09	\$2.55	\$1.90
7-Apr-09	\$2.49	\$1.92
8-Apr-09	\$2.86	\$1.95

Date	Closing Price	Average Closing Price
9-Apr-09	\$3.00	\$1.98
13-Apr-09	\$2.96	\$2.01
14-Apr-09	\$2.99	\$2.04
15-Apr-09	\$3.25	\$2.07
16-Apr-09	\$3.53	\$2.11
17-Apr-09	\$3.40	\$2.15
20-Apr-09	\$3.06	\$2.17
21-Apr-09	\$3.31	\$2.20
22-Apr-09	\$3.25	\$2.23
23-Apr-09	\$3.19	\$2.25
24-Apr-09	\$3.42	\$2.28
27-Apr-09	\$3.23	\$2.30
28-Apr-09	\$3.11	\$2.32
29-Apr-09	\$3.21	\$2.34
30-Apr-09	\$3.09	\$2.35
1-May-09	\$3.02	\$2.37
4-May-09	\$3.50	\$2.39
5-May-09	\$3.38	\$2.41
6-May-09	\$3.57	\$2.44
7-May-09	\$3.31	\$2.45
8-May-09	\$3.83	\$2.48
11-May-09	\$3.75	\$2.50
12-May-09	\$3.83	\$2.53
13-May-09	\$4.07	\$2.56
14-May-09	\$3.60	\$2.57
15-May-09	\$3.48	\$2.59
18-May-09	\$3.95	\$2.61
19-May-09	\$4.01	\$2.64
20-May-09	\$4.05	\$2.66
21-May-09	\$4.02	\$2.68
22-May-09	\$4.02	\$2.70

## **CALL OPTIONS**

1. For call options on FCStone common stock purchased from November 3, 2008 through February 24, 2009, inclusive, and
  - (a) held at the end of February 24, 2009, the claim per call option is the difference between the price paid for the call option contract less the proceeds received upon the settlement of the call option contract;
  - (b) not held at the end of February 24, 2009, the claim per call option is \$0.
2. For call options on FCStone common stock written (sold) from November 3, 2008 through February 24, 2009, inclusive, the claim per call option is \$0.

## **PUT OPTIONS**

1. For put options on FCStone common stock written (sold) from November 3, 2008 through February 24, 2009, inclusive, and
  - (a) held at the end of February 24, 2009, the claim per put option is the difference between the price paid upon settlement of the put option contract less the initial proceeds received upon the sale of the put option contract;
  - (b) not held at the end of February 24, 2009, the claim per put option is \$0.
2. For put options on FCStone common stock purchased from November 3, 2008 through February 24, 2009, inclusive, the claim per put option is \$0.

Note: In the case where the option was exercised for FCStone common stock, the amount paid, or proceeds received, upon the settlement of the option contract equals the intrinsic value of the option using FCStone common stock's closing price on the date the option was exercised.

## **EQUITY FUTURES CONTRACTS**

1. For Equity Futures Contracts on FCStone common stock purchased from November 3, 2008 through February 24, 2009, inclusive, and
  - (a) held at the end of February 24, 2009, the claim per contract is the difference between the price paid for the Equity Futures Contract less the proceeds received upon the settlement of the Equity Futures Contract;
  - (b) not held at the end of February 24, 2009, the claim per Equity Futures Contract is \$0.
2. For Equity Futures Contracts on FCStone common stock sold from November 3, 2008 through February 24, 2009, inclusive, the claim per Equity Futures Contract is \$0.

Note: The combined distribution from the Net Settlement Fund for the Put/Call Options and Equity Futures Contracts shall not exceed 3% of the Net Settlement Fund.

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

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from the purchase or acquisition of FCStone publicly traded securities during the Class Period (or, in the case of FCStone common stock, if held on May 22, 2009, the price of FCStone common stock on that date) are subtracted from all losses. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above will be conclusive against all Authorized Claimants. No Person will have any claim against the Class Representative, Plaintiffs, Plaintiffs' Lead Counsel, Defendants, Defendants' counsel, the Released Persons, any claims administrator, or any other Person designated by Plaintiffs' Lead Counsel based on distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim and Release form 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 entered and the releases given.

#### **XIV. PARTICIPATION IN THE SETTLEMENT**

**TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE.** The Proof of Claim and Release form must be postmarked on or before August 16, 2013, and delivered to the Claims Administrator at the address set forth in Section XIX below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release form, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

#### **XV. DISMISSAL AND RELEASES**

If the proposed settlement is approved, the Court will enter a Judgment which will dismiss the Litigation with prejudice. In addition, upon the Effective Date, the Class Representative and each of the Class Members, for themselves and for each of their respective officers, directors, shareholders, employees, agents, spouses, subsidiaries, executors, heirs, successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, and regardless of whether the Class Representative or any Class Member ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim and Release form, any distribution from the Settlement Fund, will be deemed to have, and by operation of the Judgment will have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Persons and will have covenanted not to sue the Released Persons with respect to all such Released Claims, and will be permanently barred and enjoined from instituting, commencing, or prosecuting any such Released Claim against the Released Persons except to enforce the releases and other terms and conditions contained in the Stipulation or the Judgment entered pursuant thereto.

#### **XVI. APPLICATION FOR FEES AND EXPENSES**

At the Settlement Hearing, Plaintiffs' Lead Counsel will request the Court to award attorneys' fees of 30% of the Settlement Fund, plus expenses of up to \$225,000, in connection with the Litigation, plus interest thereon. In addition, the Plaintiffs may seek up to \$10,000 in expenses (including lost wages) in representing the Class. 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.

To date, Plaintiffs' counsel have not received any payment for their services or expenses in conducting this Litigation on behalf of the Plaintiffs and the Class. The fee requested by Plaintiffs' Lead Counsel will compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. Plaintiffs' Lead Counsel believe that the fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in other litigation of this type.

#### **XVII. CONDITIONS FOR SETTLEMENT**

The settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from the Judgment or to move to alter or amend the Judgment, or the determination of any such appeal or motion in a manner to permit the consummation of the settlement substantially as provided for in the Stipulation. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of April 29, 2012. In that event, the settlement will not proceed and no payments will be made to Class Members.

## **XVIII. OBJECTING TO THE SETTLEMENT AND THE RIGHT TO BE HEARD AT THE HEARING**

Any Class Member who wishes to object to any aspect of the settlement, the Plan of Allocation, or the application for attorneys' fees and expenses<sup>1</sup> must submit a written notice of objection, such that it is received on or before June 11, 2013, by each of the following:

*Court:*

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MISSOURI  
Charles Evans Whittaker Courthouse  
400 East 9th Street, Room 1510  
Kansas City, MO 64106

*Plaintiffs' Lead Counsel:*

ROBBINS GELLER RUDMAN & DOWD LLP  
ARTHUR C. LEAHY  
LUCAS F. OLTS  
655 West Broadway, Suite 1900  
San Diego, CA 92101

*Counsel for Defendants:*

KATTEN MUCHIN ROSENMAN LLP  
PAMELA G. SMITH  
525 West Monroe Street  
Chicago, IL 60661

The notice of objection must include the objecting Person's name, address, telephone number, and signature. The notice of objection must also demonstrate the objecting Person's membership in the Class, including the number of or amount of FCStone publicly traded securities purchased or acquired during the Class Period and contain a statement of the reasons for objection. Though not required in order to object to the settlement, any such Person may appear and be heard at the Settlement Hearing. However, only Members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

## **XIX. SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

Nominees who purchased or otherwise acquired the publicly traded securities of FCStone for the beneficial interest of other Persons during the Class Period must, within ten (10) calendar days after receipt of this Notice, (1) provide the Claims Administrator with the names and addresses of such beneficial owners, or (2) forward a copy of this Notice and the Proof of Claim and Release form by First-Class Mail to each such beneficial owner and provide Plaintiffs' Lead Counsel with written confirmation that the Notice and Proof of Claim and Release form have been so forwarded. Upon submission of appropriate documentation, Plaintiffs' Lead Counsel will reimburse your reasonable costs and expenses of complying with this provision. Additional copies of this Notice may be obtained from the Claims Administrator by writing to:

*FCStone Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040  
1-888-267-4128

---

<sup>1</sup> Papers in support of the approval of the settlement, the Plan of Allocation, and the fee and expense application will be on file with the Court on or before May 20, 2013.

**XX. EXAMINATION OF PAPERS**

This Notice contains only a summary of the terms of the proposed settlement and does not describe all of the details of the Stipulation. For a more detailed statement of the matters involved in the Litigation, reference is made to the pleadings, to the Stipulation, and to other papers filed in the Litigation, which may be inspected at the office of the Clerk of the Court, United States District Court, Western District of Missouri, Charles Evans Whittaker Courthouse, 400 East 9th Street, Kansas City, MO 64106, or (as to the Stipulation and related documents) at [www.gilardi.com](http://www.gilardi.com).

If you have any questions about the settlement of the Litigation, you may contact Plaintiffs' Lead Counsel by writing to:

ROBBINS GELLER RUDMAN & DOWD LLP  
ARTHUR C. LEAHY  
LUCAS F. OLTS  
655 West Broadway, Suite 1900  
San Diego, CA 92101

**PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

DATED: April 3, 2013

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MISSOURI