

For More Information:

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LaBranche Securities Litigation
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- Your legal rights are affected whether you act or do not act. Please read this Notice carefully.

Statement of Recovery

Distributions to members of the Class will be made based on the Plan of Allocation (defined below) set forth in this Notice. See Question 10 below for more information.

As stated above, Lead Plaintiffs estimate that the average recovery per share of LaBranche common stock held by persons or entities entitled to be members of the Class will be approximately \$0.13 before, and approximately \$0.09 after, deduction of Court-approved attorneys' fees and expenses for Lead Plaintiffs' Counsel and Court-approved reimbursement of costs and expenses for Lead Plaintiffs. Actual recovery per share will depend on factors such as: (i) the number of claims filed; (ii) when members of the Class who file claims purchased and/or acquired their shares during the Class Period; (iii) whether members of the Class who file claims sold their shares during the Class Period or held their shares through the end of the Class Period; (iv) to the extent members of the Class who file claims sold their shares during the Class Period, the date or dates of those sales; (v) costs incurred in administering the Settlement, including the costs of notice to members of the Class and the costs of distributing the Settlement Fund to members of the Class; (vi) the amount awarded by the Court to Lead Plaintiffs' Counsel for attorneys' fees and expenses; and (vii) the amount awarded by the Court to Lead Plaintiffs for reimbursement of costs and expenses.

Reasons for the Settlement

Lead Plaintiffs and Defendants have agreed to the Settlement in order to avoid the cost and risk of further litigation.

Lead Plaintiffs state that the Settlement provides a benefit to the Class that must be compared to the risk that no recovery might be achieved after contested motions, a contested trial and likely appeals, possibly years into the future. Lead Plaintiffs' Counsel believe that their claims have merit and that they would ultimately prove their claims at trial, but recognize that success is not assured and that they face risks, including: (i) surviving a motion to dismiss that Defendants have filed based on the United States Supreme Court's recent decision in *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 127 S. Ct. 2499 (2007); (ii) the difficulties inherent in proving both liability and damages, including, among others, the need to show a material misstatement and scienter (*i.e.*, an intent to defraud) by Defendants, all of which Defendants vigorously deny; (iii) the potential availability to Defendants of affirmative defenses to the claims in the Litigation; (iv) the possibility that Defendants might be able to prove that the decline in the price of shares of LaBranche common stock during the Class Period was due wholly or largely to factors other than the alleged wrongdoing by Defendants; and (v) the likely substantial number of years that would pass before the Class could recover any amount, even assuming Lead Plaintiffs were successful at trial and on appeal.

Lead Plaintiffs' Counsel state that they have undertaken an extensive factual investigation and analysis of the facts and legal principles applicable to their claims against Defendants and to Defendants' potential defenses to those claims, and have analyzed potential damages, including the difficulty of establishing causation and the amount of potential damages attributable to Defendants' conduct. In the course of their investigation, Lead Plaintiffs' Counsel reviewed documents, including e-mails, produced by Defendants to the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange (the "NYSE") in connection with SEC and NYSE investigations of the conduct underlying the Litigation, additional documents, including e-mails, produced by Defendants to Lead Plaintiffs, and additional documents relating to the SEC and NYSE investigations, including 49 deposition transcripts covering a total of 38 witnesses. While Lead Plaintiffs' Counsel believe that the claims asserted in the Litigation are meritorious, and that they ultimately would prove their claims at trial, Lead Plaintiffs' Counsel have concluded, based on their investigation, and recognizing the risks they face in connection with Defendants' *Tellabs* motion and in trying to prove liability and damages and overcoming Defendants' defenses, as well as the delay and expense of further proceedings, that the terms and conditions of the Settlement are fair, reasonable and adequate and in the best interests of the Class.

Defendants state that they deny all allegations of wrongdoing, fault, liability or damages to Lead Plaintiffs and the Class, deny that they engaged in any wrongdoing, deny that they committed any violation of law, deny that they acted improperly in any way, deny having caused any damage to Lead Plaintiffs or the Class, believe they acted properly at all times, and believe that the Litigation has no merit. Defendants, however, recognize the uncertainty and the risk of the outcome of any litigation, especially complex securities litigation, and the difficulties and substantial burdens, expense and length of time necessary to defend this already four and one-half year old proceeding through the conclusion of discovery, summary judgment motions, a possible trial, possible post-trial motions, and possible appeals. To eliminate the burden and expense of further litigation, Defendants wish to settle the Litigation on the terms and conditions stated in the Settlement, and to put the Settled Claims (defined below) to rest finally and forever, without in any way acknowledging any wrongdoing, fault, liability or damages to Lead Plaintiffs or members of the Class.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS

- SUBMIT A PROOF OF CLAIM FORM** The only way to receive a payment. By submitting the enclosed proof of claim form (the "Proof of Claim Form"), you agree to be bound by the Final Order and Judgment (defined below) entered by the Court if it approves the Settlement, including the Release (defined below) of the Settled Claims. See Questions 11-13 below.
- EXCLUDE YOURSELF** Receive no payment and retain the right to personally litigate the Settled Claims. You will not be bound by the Final Order and Judgment entered by the Court if it approves the Settlement, including the Release of the Settled Claims. This is the only option that allows you to pursue or participate in another lawsuit concerning the Settled Claims. See Questions 14-17 below.
- OBJECT** Object to the Court in the manner described below if you do not like the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, or the request by Lead Plaintiffs for costs and expenses. By objecting, you agree to be bound by the Final Order and Judgment entered by the Court if it approves the Settlement, including the Release of the Settled Claims – but you can share in the Settlement Fund only if you submit the Proof of Claim Form. See Questions 22-23 below.
- GO TO A HEARING** Ask to speak in Court in the manner described below about the fairness of the Settlement. By asking to speak, you agree to be bound by the Final Order and Judgment entered by the Court if it approves the Settlement, including the Release of the Settled Claims – but you can share in the Settlement Fund only if you submit the Proof of Claim Form. See Questions 24-26 below.
- DO NOTHING** Receive no payment, and be bound by the Final Order and Judgment entered by the Court if it approves the Settlement, including the Release of the Settled Claims. See Question 27 below.
- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
 - The Court must decide whether to approve the Settlement. Payments to members of the Class will be made if and only if the Court approves the Settlement, and, if there are any appeals, after the appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Receive this Notice and the Enclosed Proof of Claim Form?

You or someone in your family may have purchased or otherwise acquired shares of LaBranche common stock during the period beginning on August 19, 1999 and concluding on October 15, 2003.

If this description applies to you, you have a right to know about a proposed Settlement of a class action lawsuit, and about all of your options, including your right to exclude yourself from the Class or to object to the Settlement, before the Court decides whether to approve the Settlement. If the Court approves it, and after any appeals are resolved, a claims administrator appointed by the Court, Gilardi & Co. LLC (the "Claims Administrator"), will make payments provided for by the Settlement.

This Notice explains the Settlement, your legal rights, what benefits are available, who is eligible for them, how to receive them, how to exclude yourself, how to object, and what happens if you do nothing.

2. What is This Lawsuit About?

On and after October 16, 2003, nine class action complaints were filed by purchasers of LaBranche common stock against LaBranche, LaBranche & Co. LLC ("LaBranche LLC") and certain past or present officers and directors of LaBranche, including George M.L. (Michael) LaBranche, IV, William J. Burke, III, James G. Gallagher, Alfred O. Hayward, Jr., Robert M. Murphy, S. Lawrence Prendergast, George E. Robb, Jr. and Harvey S. Traison (collectively, and together with LaBranche and LaBranche LLC, the "Defendants"), in the United States District Court for the Southern District of New York. On March 22, 2004, the Court consolidated these actions and appointed Anthony Johnson, Clyde Farmer (who is deceased and whose estate desires to continue in the position of Lead Plaintiff), Edwin Walthall, Donald Stahl and City of

Harper Woods Retirement System as lead plaintiffs (“Lead Plaintiffs”) and the law firms now known as Coughlin Stoia Geller Rudman & Robbins LLP and Schiffrin Barroway Topaz & Kessler, LLP as Lead Plaintiffs’ counsel (“Lead Plaintiffs’ Counsel”).

On July 12, 2004, Lead Plaintiffs filed a Corrected Consolidated Class Action Complaint (the “Complaint”). The Complaint alleges that Defendants failed to disclose alleged improper specialist trading practices by LaBranche LLC, a limited liability company that conducts specialist trading operations on the NYSE. The Complaint alleges that the alleged failure to disclose this alleged improper trading resulted in Defendants’ overstating and artificially inflating LaBranche’s proprietary trading revenue, its net income, and its earnings per share, thereby causing LaBranche’s common stock to trade at an artificially inflated price. The Complaint asserts claims under Sections 10(b), 20(a) and 20A of the Securities Exchange Act of 1934 (the “Exchange Act”), and Rule 10b-5 promulgated thereunder.

This alleged improper trading was the subject of a consent decree between LaBranche LLC and the SEC entered into on March 30, 2004, at the same time that the five largest NYSE specialist trading firms (LaBranche LLC is the largest) all entered into similar settlements. The two remaining NYSE specialist firms, both considerably smaller than the five largest firms, subsequently entered into similar settlements with the SEC and NYSE. LaBranche LLC consented “[s]olely for the purposes of th[e] proceedings” before the SEC, and “without admitting or denying the findings,” and agreed to pay \$41,646,440 in disgorgement for alleged “customer disadvantage” during the years 1999 through 2003, plus a \$21,872,320 penalty. A substantively identical consent decree was entered into with the NYSE.

On August 16, 2004, Defendants filed a motion to dismiss the Complaint. On December 12, 2005, the Court granted in part and denied in part Defendants’ motion to dismiss. The Court (i) dismissed the Section 10(b) claims in their entirety against Messrs. Burke, Gallagher and Traison; (ii) dismissed the Section 10(b) claims for the period August 19, 1999 through December 30, 2001 against Messrs. LaBranche, Murphy and Hayward; and (iii) dismissed the Section 20A claim against Mr. Gallagher. The Court sustained the adequacy of the pleadings with respect to Lead Plaintiffs’ remaining claims. On January 31, 2006, Defendants filed answers and affirmative defenses to the Complaint.

On April 4, 2007, the Court entered an Order certifying the Class and certifying Lead Plaintiffs as representatives of the Class.

On July 25, 2007, Defendants filed a renewed motion to dismiss the remaining claims in the Complaint based on the United States Supreme Court’s June 21, 2007 decision in *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 127 S. Ct. 2499 (2007).

On August 24, 2007, with document discovery in the case almost complete and Defendants’ renewed motion to dismiss based on *Tellabs* on file and being briefed by the parties, Lead Plaintiffs and Defendants agreed to seek a mediated resolution of the claims in the Litigation. On October 15, 2007, at the parties’ request, the Court entered an Order deferring oral argument and a decision on Defendants’ renewed motion to dismiss based on *Tellabs* pending the outcome of mediation.

On November 29, 2007, Lead Plaintiffs and Defendants asked the Honorable John S. Martin, Jr., who served as a United States District Judge for the Southern District of New York from 1990 until 2003, and as the United States Attorney for the Southern District of New York from 1980 to 1983, to serve as mediator. Judge Martin agreed.

On February 1, 2008, Lead Plaintiffs and Defendants submitted mediation statements to Judge Martin.

On February 8, 2008, counsel for Lead Plaintiffs and Defendants met with Judge Martin and representatives of Defendants’ directors’ and officers’ liability insurers for six hours. At the conclusion of the meeting, Lead Plaintiffs and Defendants entered into an agreement-in-principle to settle the Litigation for \$13 million, to be paid entirely by Defendants’ insurers. The agreement-in-principle was subject to completion of a usual and customary settlement agreement, notice to the class, and approval by the Court.

On September 18, 2008, following further arm’s-length negotiations, Lead Plaintiffs and Defendants entered into a Stipulation of Settlement.

On September 22, 2008, the Court entered an Order directing that this Notice be sent to members of the Class and setting the date for the Settlement Hearing.

3. Why Is This Litigation a Class Action?

In a class action, one or more people called class representatives (in this case, the Court-appointed Lead Plaintiffs) sue on behalf of individuals and entities who have similar claims. All of these individuals and entities who have similar claims are referred to collectively as the Class and individually as members of the Class. One court resolves the issues for all members of the class, except for those who exclude themselves from the Class. This class action was brought in the United States District Court for the Southern District of New York and is assigned to the Honorable Robert W. Sweet.

4. Why Is There a Settlement?

The Court has not decided the case in favor of Lead Plaintiffs or Defendants. Instead, both sides agreed to a settlement in order to avoid the cost and risk of further litigation, for the reasons explained under the heading “Reasons for the Settlement” above. Lead Plaintiffs and Lead Plaintiffs’ Counsel believe that the Settlement is best for all members of the Class.

WHO IS IN THE CLASS

To see if you will receive money from, are bound by, or can object to, the Settlement, you first have to determine if you are a member of the Class.

5. How Do I Know if I Am Part of the Settlement?

The Class includes all persons and entities who purchased or otherwise acquired shares of LaBranche common stock during the period beginning on August 19, 1999 and concluding on October 15, 2003, except those persons and entities that are excluded, as described in Question 6.

6. What Are the Exceptions to Being Included?

The Class does not include Defendants, their affiliates, members of their immediate families, directors and officers of LaBranche and their immediate families, and present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries and agents of any of these persons or entities.

The Class also does not include any person or entity who asks to be excluded from the Class in the manner stated in Question 15 below.

If you sold LaBranche common stock during the period beginning on August 19, 1999 and concluding on October 15, 2003, that sale does not make you a member of the Class. You may be a member of the Class only if you purchased or otherwise acquired LaBranche common stock during the Class Period.

If one of your mutual funds purchased or owns shares of LaBranche common stock, that purchase by one of your mutual funds does not make you a member of the Class.

7. What Can I Do if I Am Still Not Sure if I Am Included?

If you are still not sure whether you are included, you can ask for free help by calling the Claims Administrator at the telephone number above. You also can fill out and return the Proof of Claim Form to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU RECEIVE IF YOU SUBMIT A VALID PROOF OF CLAIM FORM

8. What Does the Settlement Provide?

Insurers for Defendants will pay \$13,000,000 in cash into the Settlement Fund no later than October 21, 2008. Following payment of the costs of claims administration, including the cost of providing notice of the Settlement to members of the Class and distributing the Settlement Fund, payment of taxes on interest earned by the Settlement Fund, payment to Lead Plaintiffs' Counsel of Court-approved attorneys' fees and expenses, and payment to Lead Plaintiffs of Court-approved reimbursement of costs and expenses, the amount remaining in the Settlement Fund (the "Net Settlement Fund") will be distributed by the Claims Administrator according to a plan of allocation (the "Plan of Allocation") to members of the Class who submit Proof of Claim Forms ("Claimants") and who the Claims Administrator determines (subject, if requested, to review by the Court of claims that are disallowed) are entitled to participate in the Settlement ("Authorized Claimants").

9. What Claims Will Be Released?

The Court will enter a final order and judgment (the "Final Order and Judgment") that will contain a release (the "Release") pursuant to which Defendants and other Released Persons (defined below) will be fully and finally released and discharged with respect to the Released Claims (defined below). The term "Settled Claims" includes the Released Claims against the Released Persons. The complete text of the Release is reproduced at the end of this Notice.

10. How Much Will My Payment Be?

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." You can calculate your Recognized Claim by following the formula below. The Recognized Claim formula is not intended to be an estimate of the amount a member of the Class might have been able to recover after a trial, and it is not an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. Rather, the Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants. If an Authorized Claimant's pro rata share is less than \$10.00, that amount shall be reduced to zero. No Authorized Claimant's pro rata share shall exceed 100% of the loss incurred by the Authorized Claimant.

A claim will be calculated as follows, based upon the following price declines:

4/15/03 Closing Price: \$19.14
4/16/03 Closing Price: \$17.90
4/16/03 Price Decline: \$ 1.24

4/16/03 Closing Price: \$17.90
4/17/03 Closing Price: \$16.49
4/17/03 Price Decline: \$ 1.41

10/15/03 Closing Price: \$12.55
10/16/03 Closing Price: \$11.26
10/16/03 Price Decline: \$ 1.29

For shares of LaBranche common stock purchased or acquired from August 19, 1999 through April 15, 2003, and

- a) sold prior to April 16, 2003, the claim per share is \$0.
- b) sold on April 16, 2003, the claim per share is the lesser of (i) the purchase price less the sales price, or (ii) \$1.24 (4/16/03 Price Decline).
- c) sold on April 17, 2003 through October 15, 2003, the claim per share is the lesser of (i) the purchase price less the sales price, or (ii) \$2.65 (4/16/03 and 4/17/03 Price Declines).
- d) retained at the end of October 15, 2003, the claim per share is the lesser of (i) the purchase price less \$11.26 (10/16/03 Closing Price), or (ii) \$3.94 (4/16/03, 4/17/03 and 10/16/03 Price Declines).

For shares of LaBranche common stock purchased or acquired on April 16, 2003, and

- a) sold prior to April 17, 2003, the claim per share is \$0.
- b) sold on April 17, 2003 through October 15, 2003, the claim per share is the lesser of (i) the purchase price less the sales price, or (ii) \$1.41 (4/17/03 Price Decline).
- c) retained at the end of October 15, 2003, the claim per share is the lesser of (i) the purchase price less \$11.26 (10/16/03 Closing Price), or (ii) \$2.70 (4/17/03 and 10/16/03 Price Declines).

For shares of LaBranche common stock purchased or acquired on April 17, 2003 through October 15, 2003, and

- a) sold prior to October 16, 2003, the claim per share is \$0.
- b) retained at the end of October 15, 2003, the claim per share is the lesser of (i) the purchase price less \$11.26 (10/16/03 Closing Price), or (ii) \$1.29 (10/16/03 Price Decline).

Each Authorized Claimant shall be paid the percentage that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants, although the Court may disallow or adjust the claim of any Authorized Claimant on equitable grounds. By submitting a Proof of Claim Form, you submit to the jurisdiction of the Court, including any order the Court issues concerning discovery, with respect to the subject matter of the Settlement, including, but not limited to, the Release contained in the Final Order and Judgment.

In the event you have more than one purchase or other acquisition or sale of LaBranche common stock during the Class Period, all purchases, acquisitions and sales shall be matched on a first-in, first-out ("FIFO") basis. Sales of LaBranche common stock during the Class Period will be matched first against any shares of LaBranche common stock held at the beginning of the Class Period, and then against purchases and acquisitions in chronological order, beginning with the earliest purchases and acquisitions made during the Class Period. Purchases and acquisitions and sales of LaBranche common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of LaBranche common stock during the Class Period shall not be deemed a purchase, acquisition or sale for the calculation of an Authorized Claimant's Recognized Claim and shall not be deemed an assignment of any claim relating to the purchase or acquisition of LaBranche common stock unless that is specifically provided for in the instrument of gift or assignment.

Distributions will be made to Authorized Claimants only after the Court has finally approved the Settlement, after all appeals concerning the Settlement are resolved, and after all claims have been processed. Any balance remaining in the Net Settlement Fund due to uncashed distributions or any other reason six (6) months after the initial distribution of such funds shall be re-distributed to members of the Class who have cashed their initial distributions and who would receive at least \$10.00 from the re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If any funds remain in the Net Settlement Fund six (6) months following this re-distribution, these funds shall be contributed to an Internal Revenue Code Section 501(c)(3) charity to be agreed upon by the parties and approved by the Court.

The approval by the Court of the Plan of Allocation is not a condition of the Settlement. The Plan of Allocation is to be considered by the Court separately from the Court's consideration of the question whether the Settlement is fair, reasonable, adequate and in the best interests of the Class.

The Plan of Allocation may be modified without further notice to the Class. If the Court approves the Settlement, but not the Plan of Allocation, the Settlement will be approved without approval of the Plan of Allocation and Lead Plaintiffs' Counsel will propose an amended Plan of Allocation without further notice to the Class.

Defendants have no responsibility for the Plan of Allocation or, if approved by the Court, its implementation.

SUBMITTING A PROOF OF CLAIM FORM

11. How Will I Receive a Payment?

To qualify for payment, you must be a member of the Class and you must submit a valid Proof of Claim Form. A Proof of Claim Form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form requests, sign it, and mail it in an envelope postmarked no later than February 4, 2009 to the following address:

LaBranche Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 990
Corte Madera, CA 94976-0990

Keep a copy of everything you mail, in case something is lost during shipping or processing.

12. When Will I Receive My Payment?

The Court will hold a hearing on January 21, 2009, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. Resolving appeals can take time, perhaps several years. In addition, the Claims Administrator must process all Proof of Claim Forms submitted. The processing is complicated and will take months. Please be patient.

13. What Am I Giving Up by Staying in the Class?

If you do not exclude yourself from the Class in the manner stated in Question 15 below, you will be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment described in Question 9 above and reproduced at the end of this Notice. You will not be allowed to sue, continue to sue, or be part of any other lawsuit against Defendants or any other Released Persons concerning the Settled Claims. All of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

14. Can I Exclude Myself from the Class?

Yes. Any member of the Class may submit a request to be excluded from the Class in the manner described below. If you do so, you will not receive any payment from the Settlement and you will not be bound by the Final Order and Judgment and the Release. You will be allowed to sue or be part of any other lawsuit against Defendants or any other Released Persons concerning the Settled Claims.

15. How Do I Exclude Myself from the Settlement?

Any request for exclusion from the Class must be in writing, and must be delivered by hand, overnight delivery service or first class postage pre-paid mail to the following address:

LaBranche Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 990
Corte Madera, CA 94976-0990

The request for exclusion must be received at this address no later than January 2, 2009. The request for exclusion must be signed and must include the following information: (i) your name, address, telephone number and e-mail address, (ii) all dates on which you purchased or otherwise acquired and/or sold shares of LaBranche common stock during the period beginning on August 19, 1999 and concluding on October 15, 2003, and/or (iii) the number of shares of LaBranche common stock you purchased or otherwise acquired and sold on each of these dates and the prices of each of these purchases, acquisitions and sales.

Keep a copy of everything you mail, in case something is lost during shipping or processing.

You cannot exclude yourself over the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any payment in the Settlement, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, you will not be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment, and you will be able to sue or be part of any other lawsuit against Defendants or any other Released Persons concerning the Settled Claims.

Lead Plaintiffs and Defendants each have the option to withdraw from the Settlement in the event that the total number of shares of LaBranche common stock purchased or otherwise acquired during the Class Period by persons or entities entitled to be members of the Class but who submit requests to be excluded from the Class equals or exceeds a certain percentage of the total number of shares of LaBranche common stock purchased or otherwise acquired by persons or entities entitled to be members of the Class during the Class Period.

16. If I Do Not Exclude Myself, Can I Sue the Defendants for any of the Claims Involved in the Settlement?

No. Unless you exclude yourself in the manner stated above, you will have waived your right to be excluded from the Class, you will be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment, and you will give up any right to sue the Defendants or any other Released Persons concerning the Settled Claims. If you have a pending lawsuit relating to the Settled Claims, speak to your lawyer in that case immediately.

17. If I Exclude Myself, Can I Receive a Payment from This Settlement?

No. If you exclude yourself, do not submit a Proof of Claim Form because you will not be eligible to receive a payment in the Settlement. You will not be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment, and you will be allowed to sue, continue to sue, or be part of a different lawsuit against Defendants or any other Released Persons concerning the Settled Claims.

**THE LAWYERS REPRESENTING YOU AND REQUESTS
TO BE MADE FOR ATTORNEYS' FEES AND EXPENSES**

18. Do I Have a Lawyer in this Case?

The Court appointed Lead Plaintiffs' Counsel to represent the Class. You will not be charged for these lawyers (except as stated in Question 19 below). If you want to be represented by your own lawyer, you may hire one at your own expense.

19. How Will Lead Plaintiffs' Counsel Be Paid?

Lead Plaintiffs' Counsel will apply to the Court for attorneys' fees not to exceed 30% of the Settlement Fund and for expenses not to exceed \$250,000 (collectively, an average of \$0.04 per share of common stock held by persons or entities entitled to be members of the Class), plus interest on these attorneys' fees and expenses at the same rate that is earned by the Settlement Fund. The Court, however, may award less than this amount. ***The sums approved by the Court will be paid from the Settlement Fund, and not by Defendants.*** Members of the Class are not personally liable for the payment of these sums.

To date, Lead Plaintiffs' Counsel have not been paid for their services for conducting the Litigation on behalf of Lead Plaintiffs and the Class, nor for their out-of-pocket expenses. The fees requested will compensate Lead Plaintiffs' Counsel for their work in achieving the Settlement Fund. The attorneys' fees and expenses requested by Lead Plaintiffs' Counsel will be the only payment to Lead Plaintiffs' Counsel for their efforts in the Litigation, achieving the Settlement, and their risk in undertaking this representation on a wholly contingent basis.

Defendants take no position on the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses or the allocation of attorneys' fees and expenses among counsel representing the Class.

20. Will Lead Plaintiffs Be Paid Anything Other than Their Pro Rata Share of the Settlement?

Lead Plaintiffs will apply to the Court for an award of up to \$5,000 for each Lead Plaintiff for reimbursement of their costs and expenses (including lost wages) directly relating to their representation of the Class. Section 21D(a)(4) of the Private Securities Litigation Reform Act of 1995 (the "PSLRA") provides as follows with respect to reimbursement to representative plaintiffs in securities fraud class actions: "The share of any final judgment or of any settlement that is awarded to a representative party serving on behalf of a class shall be equal, on a per share basis, to the portion of the final judgment or settlement awarded to all other members of the class. Nothing in this paragraph shall be construed to limit the award of reasonable costs and expenses (including lost wages) directly relating to the representation of the class to any representative party serving on behalf of a class."

Defendants take no position on the request by Lead Plaintiffs for an award of costs and expenses.

21. Is the Settlement Contingent on Lead Plaintiffs' Counsel or Lead Plaintiffs Being Paid (or Findings Required by the PSLRA)?

No. The granting by the Court, in whole or in part, of the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses and the request by Lead Plaintiffs for reimbursement of their costs and expenses are not conditions of the Settlement. The requests by Lead Plaintiffs' Counsel for attorneys' fees and expenses and by Lead Plaintiffs for costs and expenses will be considered by the Court separately from the Court's consideration of the Settlement.

The entry by the Court, in whole or in part, of findings and conclusions pursuant to Section 21D(c)(1) of the Exchange Act, as amended by the PSLRA, 15 U.S.C. § 78u-4(c)(1), also is not a condition of the Settlement. The Court's findings and conclusions pursuant to Section 21D(c)(1) of the Exchange Act, as amended by the PSLRA, 15 U.S.C. § 78u-4(c)(1), will be considered by the Court separately from the Court's consideration of the Settlement.

OBJECTING TO THE SETTLEMENT

22. How Do I Tell the Court that I Do Not Like the Settlement, or Any Part of It?

If you do not request exclusion from the Class in the manner stated above, you may object to the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, and/or the request by Lead Plaintiffs for reimbursement of costs and expenses or otherwise request to be heard in person or by counsel concerning any matter properly before the Court at the Settlement Hearing.

Any objection, statement or request to be heard at the Settlement Hearing must be in writing and received by the Court and the counsel identified below no later than January 2, 2009. Any objection, statement or request to be heard at the Settlement Hearing must include the following information: (i) your name, address, telephone number and e-mail address, (ii) all dates on which you purchased or otherwise acquired and/or sold shares of LaBranche common stock during the period beginning on August 19, 1999 and concluding on October 15, 2003, (iii) the number of shares of LaBranche common stock you purchased or otherwise acquired and/or sold on each of these dates and the prices of each of these purchases, acquisitions and sales, (iv) a detailed statement of the basis for your objections to or comments concerning the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, the request by Lead Plaintiffs for reimbursement of costs and expenses or any other matter before the Court, and (v) any supporting papers, including all documents and writings that you want the Court to consider.

The objection, statement or request to be heard at the Settlement Hearing must be filed with the Clerk of the Court, United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312, and must be delivered by hand or overnight delivery service or first class postage pre-paid mail to the following counsel prior to or at the same time that the objection, statement or request to be heard is filed with the Clerk of the Court:

Lead Plaintiffs' Counsel:

Michael K. Yarnoff, Esq.
Benjamin J. Hinerfeld, Esq.
SCHIFFRIN BARROWY TOPAZ
& KESSLER, LLP
280 King of Prussia Road
Radnor, PA 19087

Samuel H. Rudman, Esq.
David A. Rosenfeld, Esq.
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
58 South Service Road, Suite 200
Melville, NY 11747

Defendants' Counsel:

Irwin H. Warren, Esq.
Stephen A. Radin, Esq.
Joshua S. Amsel, Esq.
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153

E. Michael Bradley, Esq.
Steven Shiffman, Esq.
KATTEN MUCHIN ROSENMAN LLP
575 Madison Avenue
New York, NY 10022

If you object to the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, the request by Lead Plaintiffs for reimbursement of costs and expenses, or otherwise request to be heard at the Settlement Hearing in the manner stated above, you are submitting to the jurisdiction of the Court, including any order the Court issues concerning discovery, with respect to the subject matter of the Settlement, including, but not limited to, the Release contained in the Final Order and Judgment. If the Court overrules your objection and approves the Settlement or the part of the Settlement to which you have objected, you only will share in the Settlement Fund if you file a Proof of Claim Form in the manner stated in Question 11 above and the Claims Administrator approves your claim.

If you do not object to the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses or the request by Lead Plaintiffs for reimbursement of costs and expenses, or otherwise request to be heard at the Settlement Hearing in the manner stated above, you will have waived your right to object and shall forever be barred from objecting to the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, the request by Lead Plaintiffs for reimbursement of costs and expenses, or from otherwise being heard concerning these subjects in this or any other proceeding.

23. What's the Difference Between Objecting and Excluding Yourself?

Objecting is telling the Court that you do not like something about the Settlement, the Plan of Allocation, the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, the request by Lead Plaintiffs for reimbursement of costs and expenses, or anything else properly before the Court in connection with the Settlement. You can object **only** if you do not exclude yourself from the Class.

Excluding yourself is telling the Court that you do not want to be part of the Class or the Settlement. If you exclude yourself, you have no basis to object because the Settlement does not affect you.

If you object and the Settlement is approved, you will be eligible to receive a payment pursuant to the terms of the Settlement if you file a Proof of Claim Form and the Claims Administrator approves your claim, and, whether or not you file a Proof of Claim Form, you will be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment.

If you exclude yourself and the Settlement is approved, you will not be eligible to receive a payment and you will not be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment.

THE SETTLEMENT FAIRNESS HEARING

24. When and Where Will the Court Decide Whether to Approve the Settlement and the Other Subjects Discussed Above?

The Court will hold a final Settlement Hearing at 12:00 p.m., on January 21, 2009, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312, in Courtroom 18C before the Honorable Robert W. Sweet: (i) to determine whether Lead Plaintiffs and Lead Plaintiffs' Counsel have fairly and adequately represented the interests of the Class and whether the Settlement should be finally approved by the Court as fair, reasonable, adequate and in the best interests of the Class, (ii) to determine whether a Final Order and Judgment should be entered dismissing and releasing the Settled Claims with prejudice, (iii) to rule upon the Plan of Allocation, (iv) to rule upon the request by Lead Plaintiffs' Counsel for attorneys' fees and expenses, (v) to rule upon Lead Plaintiffs' request for reimbursement of costs and expenses, and (vi) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

The Settlement Hearing may be adjourned by the Court without further notice to the Class other than an announcement of the adjournment at the scheduled time of the Settlement Hearing or at the scheduled time of any adjournment of the Settlement Hearing. The Court may consider modifications to the Settlement (with the consent of Lead Plaintiffs and Defendants) without further notice to the Class.

25. Do I Have to Come to the Settlement Hearing?

No. Lead Plaintiffs' Counsel will answer any questions the Court may have. You are welcome to come at your own expense, and you may also pay your own lawyer to attend, but neither is necessary. If you submit an objection, you do not have to come to Court to talk about it. As long as your written objection is received by the Court on time, the Court will consider it.

26. May I Speak at the Hearing?

You may ask the Court to speak at the Settlement Hearing in the manner stated in Question 22 above.

IF YOU DO NOTHING

27. What Happens if I Do Nothing at All?

If you do nothing, you will receive no money from the Settlement, and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants or any other Released Persons concerning the claims released in the Settlement. You will be bound by the Final Order and Judgment and the Release contained in the Final Order and Judgment.

OBTAINING MORE INFORMATION

28. How Can I Obtain More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details can be found in the Stipulation of Settlement dated September 18, 2008. You can obtain a copy of the Stipulation of Settlement or more information about the Settlement by visiting www.gilardi.com or by writing or calling the Claims Administrator or Lead Plaintiffs' Counsel. Addresses and telephone numbers appear above. You can also obtain a copy of the Stipulation and related documents, pleadings and other papers on file in the Litigation at the Clerk's office at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312, during regular business hours.

PLEASE NOTE

Whether or not the Settlement is approved by the Court, and whether or not the Settlement is consummated, the facts and terms of the Settlement, all negotiations, discussions, drafts and proceedings in connection with the Settlement, and any act performed or documents signed in connection with the Settlement, shall not, in any court, administrative agency, arbitration forum or other tribunal, constitute an admission of, or evidence of, or be deemed to create any inference of, (i) any acts of wrongdoing or lack of wrongdoing, (ii) any liability on the part of any of the Defendants or Released Persons to Lead Plaintiffs, the Class or anyone else, (iii) any deficiency of any claim or defense that has been or could have been asserted in this Litigation, (iv) any damages, or lack of damages, suffered by Lead Plaintiffs, the Class or anyone else, or (v) that the Settlement Amount (or any other amount) represents the amount that could or would have been recovered from Defendants in the Litigation if the Litigation was not settled at this point in time.

The facts and terms of the Settlement, including all negotiations, discussions, drafts and proceedings in connection with the Settlement and the final judgment, and any act performed or document signed in connection with the Settlement, shall not be offered or received in evidence or used for any other purpose in this or any other proceeding in any court, administrative agency, arbitration forum or other tribunal, except as necessary to enforce the terms of the Settlement, including, but not limited to, the Notice, and Order Preliminary Approving Settlement, Approving Notice, and Scheduling Settlement Hearing, the Final Order and Judgment, and the Release contained in the Final Order and Judgment. Lead Plaintiffs understand, acknowledge and agree that Defendants have denied and continue to deny each and all claims of wrongdoing, liability and damages alleged in the Litigation.

RELEASE TERMS

The following is the full text of the Release described in Question 9 above.

The following persons (the "Released Persons") will be fully and finally released and discharged with respect to the Released Claims (as defined below): Lead Plaintiffs and Lead Plaintiffs' Counsel, all members of the Class, Defendants, Defendants' Counsel and all of their respective present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, insurers, reinsurers, directors, managing directors, officers, partners, principals, members, managing members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, and any other representatives of any of these persons or entities.

The following claims (the "Released Claims") will be released with respect to the Released Persons, except as stated in Paragraph (e) below:

(a) All claims, causes of action and rights, whether known or unknown, against Defendants and their corresponding Released Persons, belonging to Lead Plaintiffs, Lead Plaintiffs' Counsel and any or all members of the Class and their present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries and agents, including, without limitation, any claims, causes of action and rights, whether direct, derivative, representative or in any other capacity, arising under federal, state, local or foreign, statutory or common law or any other law, rule or regulation, including the law of any foreign jurisdiction, that relate in any way to any violation of state, federal or any foreign jurisdiction's securities laws, any misstatement, omission or disclosure (including in financial statements), any breach of duty, any negligence or fraud, or any other alleged wrongdoing or misconduct by Defendants and/or the corresponding Released Persons relating in any way to the purchase of shares of LaBranche common stock by members of the Class during the Class Period;

(b) All claims, causes of action and rights, whether known or unknown, against Defendants and their corresponding Released Persons, for contribution as "covered persons" under Section 21D(f)(7)(A) of the Exchange Act, as amended by the PSLRA, 15 U.S.C. § 78u-4(f)(7)(A), belonging to any person or entity, and his, her or its present or past heirs, executors, estates, administrators, predecessors, successors and agents, including, without limitation, any claims, causes of action and rights for contribution, whether direct, derivative, representative or in any other capacity, arising under federal, state, local or foreign, statutory or common law or any other law, rule or regulation, including the law of any foreign jurisdiction, that relate in any way to any violation of state, federal or any foreign jurisdiction's securities laws, any misstatement, omission or disclosure (including in financial statements), any breach of duty, any negligence or fraud, or any other alleged wrongdoing or misconduct by Defendants and/or the corresponding Released Persons relating in any way to the purchase of shares of LaBranche common stock by members of the Class during the Class Period;

(c) All claims, causes of action and rights, whether known or unknown, against Lead Plaintiffs, Lead Plaintiffs' Counsel, any other counsel for any other plaintiff or plaintiffs in the Litigation, and/or any or all members of the Class and their corresponding Released Persons, belonging to Defendants and their present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries and agents, including, without limitation, any claims, causes of action and rights, whether direct, derivative, representative or in any other capacity, arising under federal, state, local or foreign, statutory or common law or any other law, rule or regulation, including the law of any foreign jurisdiction, that relate in any way to any violation of state, federal or any foreign jurisdiction's securities laws, any misstatement, omission or disclosure (including in financial statements), any breach of duty, any negligence or fraud, or any other alleged wrongdoing or misconduct by Defendants and/or the corresponding Released Persons relating in any way to the purchase of shares of LaBranche common stock by members of the Class during the Class Period or relating in any way to the institution, prosecution or settlement of the Litigation and the Released Claims by Lead Plaintiffs, Lead Plaintiffs' Counsel and/or any or all members of the Class and/or the corresponding Released Persons; and

(d) All claims, causes of action and rights, whether known or unknown, against each Defendant and his or its corresponding Released Persons, belonging to any other Defendant or Defendants or any other person or entity that might in the future be named as a defendant in this or any other action or proceeding, and their present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries and agents, including, without limitation, any claims, causes of action and rights, whether direct, derivative, representative or in any other capacity, arising under federal, state, local or foreign, statutory or common law or any other law, rule or regulation, including the law of any foreign jurisdiction, that relates in any way to any violation of state, federal or any foreign jurisdiction's securities laws, any misstatement, omission or disclosure (including in financial statements), any breach of duty, any negligence or fraud, or any other alleged wrongdoing or misconduct by Defendants and/or the corresponding Released Persons relating in any way to the purchase of shares of LaBranche common stock by members of the Class during the Class Period; provided, however, and notwithstanding anything to the contrary above, the release provided for

by this sub-paragraph (d) shall not apply to claims, causes of action and rights, whether known or unknown, belonging to LaBranche against any Defendant or Released Person or their present or past heirs, executors, estates or administrators.

(e) Notwithstanding anything to the contrary above, the Released Claims do not include claims (i) to enforce the Settlement and the Final Order and Judgment provided for by the Settlement and any or all of their terms, including but not limited to the releases provided for in the Final Order and Judgment, or (ii) belonging to Defendants against their insurers.

The term "unknown" in the definition of the Released Claims includes claims that Lead Plaintiffs, Lead Plaintiffs' Counsel, any or all members of the Class, and any or all other persons and entities whose claims are being released, do not know or suspect to exist, but which, if known by him, her or it, might affect his, her or its agreement to release the Released Persons and the Released Claims, or might affect his, her or its decision to object or not to object to the Settlement. Upon the Effective Date, Lead Plaintiffs, Lead Plaintiffs' Counsel, all members of the Class, and all other persons and entities whose claims are being released shall be deemed to have, and shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides as follows:

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.

Upon the Effective Date, Lead Plaintiffs, Lead Plaintiffs' Counsel, all members of the Class, and all other persons and entities whose claims are being released, also shall be deemed to have, and shall have, 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 the law of any foreign jurisdiction, which is similar, comparable or equivalent to Section 1542 of the California Civil Code. Lead Plaintiffs, on behalf of themselves and the Class, and Lead Plaintiffs' Counsel acknowledge that they or members of the Class may discover facts in addition to or different from those that they or members of the Class now know or believe to be true with respect to the subject matter of this release, but that it is their intention, on behalf of themselves and the Class, fully, finally and forever to settle and release the Released Claims, including unknown claims, as that term is defined in this Paragraph.

SPECIAL NOTICE TO NOMINEES

If you hold shares of LaBranche common stock purchased or otherwise acquired during the period beginning on August 19, 1999 and concluding on October 15, 2003 as nominee for a beneficial owner, then you must, within ten (10) days after you receive this Notice, either: (1) send a copy of this Notice by first class mail to all such individuals and/or entities; or (2) provide a list of the names and addresses of beneficial owners to the Claims Administrator:

LaBranche Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 990
Corte Madera, CA 94976-0990

If you choose to mail the Notice and Proof of Claim Form 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.

You are entitled, upon submission to the Claims Administrator of a written request together with appropriate supporting documentation, to reimbursement of reasonable expenses actually incurred in connection with the research of records and (1) the mailing of this Notice, or (2) providing a list of the names and addresses of beneficial owners.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

DATED: September 22, 2008

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK