



IN THE COURT OF CHANCERY IN THE STATE OF DELAWARE

IN RE MFW SHAREHOLDERS
LITIGATION

Consolidated C.A. No.: 6566-CS

REDACTED VERSION
Filed April 12, 2012

VERIFIED AMENDED CONSOLIDATED CLASS ACTION COMPLAINT

Plaintiffs Alan Kahn, Samuel Pill, Irwin Pill, Rachel Pill and Charlotte Martin (collectively "Plaintiffs"), on behalf of themselves and all others similarly situated, by their attorneys, allege the following upon information and belief, except as to those allegations pertaining to Plaintiffs, which are alleged upon personal knowledge:

NATURE OF THE ACTION

1. This is a shareholder class action complaint on behalf of the former holders of the common stock of M & F Worldwide Corp. ("MFW" or the "Company") against the Company's former Board of Directors (the "Board" or the "Individual Defendants"), among others, in connection with a going private transaction (the "Buyout") in which defendant Ronald O. Perelman ("Perelman"), acquired, through his wholly owned holding company, MacAndrews & Forbes Holdings Inc. ("M&F"), the remaining 57% of shares of MFW common stock not already owned by M&F.

2. On September 12, 2011, MFW issued a press release announcing that it had entered into a definitive merger agreement (the "Merger Agreement") with M&F, pursuant to which MFW would be merged with a subsidiary of M&F and all outstanding shares of common stock of MFW not owned by M&F would be converted into the right to receive \$25 in cash per share (the "Buyout Consideration") for a transaction that valued the Company at \$482 million.

3. Perelman and his entities controlled the Company prior to the Buyout. Not only was he a substantial shareholder who could almost singlehandedly elect the members of the

Board, but the critical executives of the Company were actually M&F employees provided through a services agreement between M&F and MFW. Through the purchase of the remaining common stock of the Company, Perelman stood on both sides of the transaction and therefore had a duty to provide an entirely fair process and price for the transaction.

4. As described below, both the value to MFW public shareholders contemplated in the Buyout and the process by which Defendants consummated the Buyout are not entirely fair to Plaintiffs and the other public shareholders of the Company. As such, the Individual Defendants breached their fiduciary duties to MFW public shareholders, and violated applicable legal standards governing the Individual Defendants' conduct.

5. For these reasons and as set forth in detail herein, Plaintiffs seek to recover damages resulting from the Individual Defendants' violations of their fiduciary duties.

THE PARTIES

6. Plaintiffs Alan Kahn, Samuel Pill, Irwin Pill, Rachel Pill and Charlotte Martin were at all times relevant hereto holders of MFW common stock.

7. Prior to the Buyout, MFW was a Delaware corporation with principal executive offices located at 35 East 62nd Street, New York, New York 10065. MFW was a holding company that conducted its operations through its indirect wholly owned subsidiaries, Harland Clarke Holdings Corp. ("Harland Clarke Holdings") and Mafco Worldwide Corporation ("Mafco Worldwide"). The Company organized its business and corporate structure into four diverse business segments: Harland Clarke Corp. ("Harland Clarke"), Licorice Products (operated by Mafco Worldwide), Harland Financial Solutions ("Harland Financial") and Scantron Corporation ("Scantron"). Prior to the Buyout, MFW's stock was listed on the New York Stock Exchange ("NYSE") under the symbol "MFW."

8. Defendant Perelman was a director of MFW since 1995. Perelman was Chairman of the Board of MFW from 1995 to 1997 and again since September 2007. Perelman is also Chairman of the board and Chief Executive Officer (“CEO”) of MacAndrews Holdings and M&F, both diversified holding companies, and various affiliates since 1980. Perelman is also Chairman of the Board of Revlon Consumer Products Corporation (“Revlon Products”) and Revlon, Inc. (“Revlon”). Perelman is a director of the following companies which file reports pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Revlon Products, Revlon and Scientific Games Corporation. He also previously served as a manager of Allied Security Holdings LLC and REV Holdings LLC and on the board of directors of Panavision Inc., each of which ceased to be reporting companies under the Exchange Act in 2008, 2006 and 2006, respectively, when they were acquired by M&F or its affiliates. Prior to the Buyout, Perelman, through M&F and its affiliates, owned 43.4% of the outstanding stock of MFW.

9. Defendant Barry F. Schwartz (“Schwartz”) was a director as well as President and CEO of MFW since January 2008. Prior to his appointment as President and CEO, he served as Executive Vice President of MFW from 1996 to January 2008, and as interim President and CEO from September 2007 through January 2008. In addition, Schwartz served as General Counsel of MFW from 1996 to March 2008. Schwartz has been Executive Vice Chairman and Chief Administrative Officer of M&F and various affiliates since October 2007. Prior to that he was Executive Vice President and General Counsel of M&F and various affiliates since 1993 and was Senior Vice President of M&F and various affiliates from 1989 to 1993. Schwartz is also a director of the following companies which file reports under the Exchange Act: Harland Clarke, Revlon Products, Revlon and Scientific Games Corporation, all of which are owned by or are

affiliates of M&F. He also previously served as a manager of Allied Security Holdings LLC and a manager of REV Holdings LLC, each of which ceased to be reporting companies under the Exchange Act in 2008 and 2006, respectively, when they were acquired by M&F or its affiliates.

10. Defendant William C. Bevins (“Bevins”) was a director of MFW since 2008. Bevins has been CEO of Panavision Inc. since June 2009. Panavision was acquired by M&F or its affiliates in 1998. Bevins has also been Senior Executive Vice President of MacAndrews Holdings since December 2010. Bevins was a consultant to MacAndrews Holdings from 1997 to 2000. He served as President and CEO and as a director of Andrews Group Incorporated, an entertainment media holding company controlled by Perelman, from 1988 to his retirement in 1997, as well as of its two publicly traded operating subsidiaries, New World Communications Group Incorporated (from 1993 to 1997) and Marvel Entertainment Group, Inc. (from 1989 to 1996) when they were acquired by entities owned or affiliated with Perelman.

11. Defendant Bruce Slovin (“Slovin”) was a director of MFW since 1995. Although he is designated as an independent director by MFW, Slovin was an executive officer of M&F and various affiliates from 1980 to 2000. In addition to being business associates, Slovin and Perelman are close personal friends. Indeed, dating back as far as 1995, when Slovin joined the MFW Board, Perelman not only described Slovin (as well as many of his top executives) as a friend but also likened him to a brother stating, “In a lot of ways, we are. We have been very fortunate to have within the enterprise a unique relationship.” Ron Perelman: Q&A Interview, Marvin R. Shanken, March 1, 1995, (http://www.cigaraficionado.com/webfeatures/show/id/Ron-Perelman-QA-Interview_7714). Slovin is a director of Cantel Industries and SIGA Technologies, Inc. He also previously served on the board of directors of Sentigen Holding

Corp. Slovin was the chairman of the Board's Nominating and Corporate Governance Committee and a member of the Compensation Committee.

12. Defendant Charles T. Dawson ("Dawson") was a director of MFW since 2007. Dawson is President and CEO of MFW's wholly owned subsidiary, Harland Clarke Holdings Corp., and is CEO of its wholly owned subsidiary, Harland Clarke. He was President of Clarke American Corp. ("Clarke American"), a predecessor of Harland Clarke Holdings, from April 2005 until May 2007. His previous roles at Clarke American were Executive Vice President/General Manager of Partnership Development from February 2003 to April 2005 and Senior Vice President/General Manager of the National Account/Securities/Business Development divisions from July 2000 to February 2003.

13. Defendant Stephen G. Taub ("Taub") was a director of MFW since 1998. Taub was elected President and CEO of MFW's wholly owned subsidiary, Mafco Worldwide, in 1999 and served as President and Chief Operating Officer of Mafco Worldwide from 1993 to 1999. Taub was elected Senior Vice President in 1987, and his responsibilities included overseeing the manufacturing, botanical and spice operations of Mafco Worldwide, as well as product marketing to the confectionery and pharmaceutical industries in Western Europe. Taub joined Mafco Worldwide in 1975 as an Industrial Engineer and in 1982 became Vice President of Manufacturing.

14. Defendant General John M. Keane (ret.) ("Keane") was a director of MFW since September 2008 and is a senior partner of SCP Partners. He is President of GSI, LLC, a consulting firm. Although he was designated as an independent director by MFW, Keane also previously served as a manager of Allied Security Holdings LLC, which was acquired by M&F and ceased to be a reporting company under the Exchange Act in 2008.

15. Defendant Theo W. Folz ("Folz") was a director of MFW since 1996. Although he is designated as an independent director by MFW, Folz served as MFW's President and CEO from 1996 to 1999 and as Chairman of the Board from 1997 to 1999. Folz was President and CEO of Consolidated Cigar Corporation, a company acquired by Perelman in 1993, and its successor company, Altadis U.S.A., a manufacturer of cigars, pipe tobacco and smokers' accessories, from 1984 through September 2009. Folz had also served as President and CEO of Mafco Worldwide. Folz was the chairman of the Board's Compensation Committee and a member of the Nominating and Corporate Governance Committee.

16. Defendant Philip E. Beekman ("Beekman") was a director of MFW since 2003. Beekman was a member of the Board's Audit and Compensation Committees.

17. Defendant Martha L. Byorum ("Byorum") was a director of MFW since 2007. Byorum was a member of the Board's Audit Committee.

18. Defendant Viet D. Dinh ("Dinh") was a director of MFW since 2007. Dinh was a member of the Nominating and Corporate Governance Committee.

19. Defendant Paul M. Meister ("Meister") was a director of MFW since 1995. Meister was the chairman of the Board's Audit Committee.

20. Defendant Carl B. Webb ("Webb") was a director of MFW since January 2007. Webb was a member of the Board's Audit Committee. While the Board determined that Webb was an "independent" director, he in fact had extensive business relationships with Perelman. Perelman was an equity partner with Webb in a series of acquisitions of failed thrifts, beginning in 1988 and culminating in the 2002 sale of Golden State Bancorp to Citi for roughly \$5 billion.

21. Defendants Perelman, Schwartz, Bevins, Slovin, Dawson, Taub, Keane, Folz, Beekman, Byorum, Dinh, Meister and Webb are members of the MFW Board and are collectively referred to herein as the "Individual Defendants."

22. In January 2009, M&F executed a Stockholder Agreement with MFW, whereby it covenanted that "[a]s long as the Company has public equity securities (including the Common Stock) outstanding, [M&F] will use its best efforts to assure that the Company will continue to maintain a Board comprised of a majority of Independent Directors as well as nominating and compensation committees comprised solely of Independent Directors, in accordance with NYSE listing rules for non-controlled companies." Out of the thirteen directors, the Board determined that eight directors were "independent": Beekman, Byorum, Dinh, Folz, Keane, Meister, Slovin, and Webb. However, as discussed above, Folz, Keane, Slovin and Webb are clearly not independent. Accordingly, a majority of the Board (eight directors) are not truly independent of Perelman and M&F.

23. Defendant M&F is a Delaware holding company with current holdings that include Revlon, Mafco, Harland Clarke, Harland Financial and Transech Pharma. M&F is wholly owned by Perelman.

24. Defendant MX Holdings One, LLC ("Merger LLC") is a Delaware limited liability company and a wholly owned subsidiary of M&F.

25. Defendant MX Holdings Two, Inc. ("Merger Sub") is a Delaware corporation and a wholly owned subsidiary of M&F. Merger Sub and Merger LLC were used to facilitate the Buyout with M&F. Collectively, M&F, Merger Sub and Merger LLC are referred to herein as "M&F."

CLASS ACTION ALLEGATIONS

26. Plaintiffs bring this action pursuant to Court of Chancery Rule 23, individually and on behalf of the former public shareholders of MFW (the "Class"). The Class specifically excludes Defendants herein, and any person, firm, trust, corporation or other entity related to, or affiliated with, any of the Defendants.

27. This action is properly maintainable as a class action.

28. The Class is so numerous that joinder of all members is impracticable. As of November 18, 2011, MFW had approximately 10.9 million shares of common stock issued and outstanding, likely held by thousands of shareholders, other than Defendants. Members of the Class are scattered throughout the United States and are so numerous that it is impracticable to bring them all before this Court.

29. Questions of law and fact exist that are common to the Class, including, among others:

(a) whether the Individual Defendants fulfilled and are capable of fulfilling their fiduciary duties owed to Plaintiffs and the Class;

(b) whether the Individual Defendants and M&F engaged in a scheme to benefit themselves at the expense of MFW shareholders in violation of their fiduciary duties;

(c) whether the Individual Defendants acted in furtherance of their own self interest to the detriment of the Class; and

(d) whether Plaintiffs and the other members of the Class were damaged by the conduct described herein.

30. Plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature. Plaintiffs' claims are typical of the claims of the

other members of the Class and Plaintiffs have the same interests as the other members of the Class. Accordingly, Plaintiffs are adequate representatives of the Class and will fairly and adequately protect the interests of the Class.

31. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

SUBSTANTIVE ALLEGATIONS

Background

32. MFW, incorporated in Delaware on June 1, 1988, was a diverse holding company, with operations in check printing, financial services, educational testing, and licorice flavoring. The Company conducted its operations through its indirect wholly owned subsidiaries, Harland Clarke Holdings and Mafco Worldwide, and organized its business and corporate structure into four diverse business segments: Harland Clarke, Harland Financial, Scantron and Licorice Products. Upon information and belief, these business segments have continued in substantially similar manner after the closing of the Buyout.

33. The Harland Clarke segment, which offers checks and related products, is the largest segment by revenue and contributed approximately 67% of the Company's 2010 consolidated net revenues (\$1,191 million out of \$1,782 million). Although the Company saw a slight decline in its consolidated revenues since 2008, it grew its operating and net income and increased its earnings per share from \$3.30 in 2008 to \$6.26 in 2010. Likewise, the Company's

net cash from operations increased from \$199 million in 2008 to \$293 million in 2010. While the check printing industry is generally declining due to competition from alternative payment methods such as debit and credit cards, the Company made significant restructuring efforts to improve operating margins since 2007. These include: closing twenty-two facilities, improving operating efficiencies with greater technology investments, and streamlining the manufacturing process. As a result, the Harland Clarke segment increased its Adjusted EBITDA margin from 26.4% in 2008 to 30.0% in 2010 despite a decline in revenue, according to a presentation to lenders on May 13, 2011, by Harland Holdings.

34. The Harland Financial segment provides technology products and services to financial services clients worldwide, including lending and mortgage compliance and origination applications, risk management solutions, business intelligence solutions, Internet and mobile banking applications, branch automation solutions, self-service solutions, electronic payment solutions and core processing systems. The Scantron segment provides data management solutions and related services to educational, commercial, healthcare and governmental entities worldwide including testing and assessment solutions, patient information collection and tracking, and survey services. Finally, the Licorice Products segment, which is operated by Mafco Worldwide, produces a variety of licorice products from licorice root, intermediary licorice extracts produced by others and certain other ingredients. Mafco Worldwide also manufactures and sells natural products for use in the tobacco industry.

35. The Company also responded to the declining market for printed checks by diversifying its holdings through recent acquisitions in high-growth areas in each of its segments, totaling more than \$200 million:

(a) In December 2009, Harland Clarke, a wholly owned subsidiary of Harland Clarke Holdings, acquired in separate transactions SubscriberMail, a leading email marketing service provider that offers patented tools to develop and deliver professional email communications, and Protocol Integrated Marketing Services (“Protocol IMS”), a division of Protocol Global Solutions.

(b) On December 6, 2010, Harland Financial Solutions, Inc. (“HFS”), a wholly owned subsidiary of Harland Clarke Holdings, acquired all of the outstanding membership interests of Parsam Technologies, LLC and the equity of SRC Software Private Limited (collectively referred to as “Parsam”). Parsam’s solutions allow financial institutions to provide services online, in branches and at call centers, from new account opening and funding to account-to-account money transfers, person-to-person payments, account and adviser-client relationship management, and bill presentment and payment.

(c) On July 21, 2010, Scantron Corporation (“Scantron”), a wholly owned subsidiary of Harland Clarke Holdings, acquired 100% of the equity of Spectrum K12 School Solutions, Inc. (“Spectrum K12”). Spectrum K12 develops, markets and sells student achievement management, response to intervention and special education software solutions.

(d) On December 15, 2010, Scantron entered into a securities purchase agreement with KUE Digital International LLC pursuant to which Scantron would purchase all of the outstanding capital stock or membership interests of KUE Digital Inc., KUED Sub I LLC and KUED Sub II LLC (collectively referred to as “GlobalScholar”). GlobalScholar’s instructional management platform supports all aspects of managing education at K-12 schools, including student information systems; performance-based scheduler; gradebook; learning management system; longitudinal data collection, analysis and reporting; teacher development

and performance tracking; and online communication and tutoring portals. Scantron completed the acquisition of GlobalScholar on January 3, 2011.

36. The Company is likely to continue to diversify and expand its portfolio of operations. A presentation made to lenders in connection with the proposed amendment to the terms of the Company's senior long-term debt specifically proposed that the lenders "modify the definition of Similar Businesses (for the purposes of investments and acquisitions) to allow diversification of the Company's business lines."

37. In line with these efforts to restructure and diversify the Company, the Board's compensation committee recently implemented a "Non-Check Revenue" performance measure for a portion of its long-term compensation programs. In fact, as Harland Holdings noted to its lenders, it has grown the non-check products from \$47 million in revenue in 2006 to \$681 million in revenue in 2010, increasing as a percentage of total sales from 8% to 41%.

38. The Company also reported \$2.23 billion of long-term debt, most of which is Harland Holdings' Senior Secured Credit Facility due in 2014, which amounts to \$1.73 billion as of March 31, 2011. However, Harland Holdings recently attempted to amend the credit facility to extend it to 2017 in order to provide more operating flexibility and enhance the credit quality of Harland Holdings. This debt is secured at the Harland Holdings level, and not by MFW as the parent company. Furthermore, it is unlikely that this debt will pose a significant obstacle for the Company, considering that it reported \$293 million in net cash provided by operating activities, and a net increase of \$179 million of cash, in 2010. Finally, the Company paid for several

acquisitions in 2010 in cash, which it would have been less likely to do if it were concerned about meeting its or its subsidiaries' debt payment obligations.¹

39. Despite the Company's admirable ability to perform well in the declining economy, its stock has received very little analyst or market coverage. In fact, an article in *Barron's* published last January noted that this could contribute to the Company's undervaluation by the market:

It isn't easy to find companies valued at less than four times earnings and just two times free cash flow in the current stock market. But, around 22, M&F Worldwide trades under four times 2009 profit of \$6.11 a share. During 2010's first nine months, the company earned \$4.81 a share, putting it on course to again report more than \$6 a share in annual profits.

One bull argues that [MFW] is undervalued and that Perelman ultimately may buy out public shareholders at \$30 or more, via additional borrowing at Harland Clarke, his own money or both. [MFW]'s market value is \$425 million, and the public float is \$250 million.

If Perelman, who declined to speak with *Barron's*, offered \$385 million, or \$35 a share for the publicly held stock, he could pay for it with only two years of [MFW]'s approximately \$200 million in annual free-cash flow.

Perelman runs [MFW] Worldwide like a private company, with no glossy annual report or shareholder letter, no investor get-togethers, minimal analyst coverage and no published earnings estimates. The stock fell 40% in 2010 and is 68% below the peak of \$69 it reached in 2007.

[MFW] trades cheaply because its core check business is in decline, as electronic payments gain favor among consumers. In addition, [MFW] has \$2.2 billion in debt, against about \$300 million in cash.

Then there's the Perelman factor. He's done very well for himself over the years, but investing alongside him has produced a mixed record. Revlon (REV), another Perelman-controlled company, has fallen 80%, to 10, over the past decade, as the debt-laden cosmetics maker has struggled against larger, stronger rivals like L'Oreal and Procter & Gamble. Perelman's attempt more than a decade ago to sell a company that he controlled, Panavision, to [MFW] for a multiple of

¹ Indeed, around the same time that the Company was looking to refinance its debt, Perelman was also seeking to buy Warner Music Group's ("WMG") Recorded Music Division for \$1.1 billion, which the Company would finance through available cash and borrowings. Deposition of Barry F. Schwartz, Transcript of November 18, 2011 ("Schwartz Tr.") at 12.

Panavision's then-share price drew sharply critical coverage in Barron's. The plan was ultimately blocked by a Delaware judge.

To his credit, Perelman has done well for long-term [MFW] holders, as he used the company for debt-financed acquisitions. The stock is up from a low of \$2 in 2002.

But investors were spooked by [MFW]'s third-quarter results, hurt by weakness at Harland Clarke. The company doesn't disclose its check sales, but nationally, sales of checks have been slipping at about 7% annually, according to the Federal Reserve. The check unit has done a good job of offsetting weakening demand with price increases and cost reductions. In the third quarter, however, it experienced declines of 9% in revenue and 26% in operating profit. [MFW]'s total operating income fell 20%, to \$74 million on \$440 million in sales.

There admittedly are reasons to be wary of [MFW], but the company is in good financial shape. Operating profit of \$241 million easily covered interest expense of \$90 million in 2010's first nine months. Net debt of \$1.9 billion equals less than four times estimated 2010 pretax cash flow of \$500 million. The debt load, in short, is sizable but manageable. Net income last year probably totaled about \$120 million, and [MFW] boasts more than \$100 million of noncash amortization of intangible assets, resulting in about \$200 million of free cash flow.

* * *

Perelman has been using free cash from Harland Clarke Holdings mainly to make acquisitions and trim debt, rather than pay a dividend to [MFW] shareholders. In a worst-case scenario-Harland Clarke's failure-[MFW] still would have its licorice operations, which could be worth \$200 million, or seven times annual operating income of around \$28 million, or roughly \$10 a share.

There's risk in buying a leveraged producer of checks as the world moves to e-payments, but that's balanced by [MFW]'s super-low valuation, ample cash flow and the possibility of a takeover. For those who can afford to make a somewhat speculative wager, this is one time when it could pay to play alongside Ron Perelman.

Andrew Bary, "Cheap Stock ... With One Big Catch," Barron's Online, January 22, 2011.

40. Responding to this article, a contributor at Seeking Alpha agreed that the then current price (closing at \$21.44 on January 21, 2011) was surprisingly low:

The valuation here is crazy. At today's price, the market cap is about \$415 million, yet the company generates \$200 million of free cash flow annually. Because of amortization, their net income figures are intentionally depressed, but will still be more than \$6 in 2010 after reporting more than \$6 in 2009. They've already reported \$4.81 in the first nine months, and estimates for Q4 are \$1.55.

That gives you a PE of 3.37. Plus, FCF is half of the market cap. Even with most of their revenue coming from a declining business, this is pretty cheap.

* * *

In short, can they handle their debt load? Yes. Will the check business disappear tomorrow? No. If you believe those two things, it's very difficult to defend the current stock price.

Steven Kiel, "M&F Worldwide Hits New Lows: What You Need to Know," SeekingAlpha, <http://seekingalpha.com/article/247949-m-f-worldwide-hits-new-lows-what-you-need-to-know>.

The 2010 full-year performance reported on March 4, 2011, more than supported these predictions: net cash from operating activities was \$293 million and the reported earnings were \$6.26 per share.

41. Despite being considered undervalued, MFW's common stock had consistently traded above the \$25 offered in the Buyout throughout 2010 and 2011, with a 52 week high of \$28.31 per share.

42. Then, on May 5, 2011, the Company reported its first-quarter earnings and filed its 10Q with the Securities and Exchange Commission ("SEC"). The Company's operating income declined by \$22.4 million, or 25.5%, based mostly on the costs related to Scantron's acquisition of GlobalScholar, which closed in early January. However, Harland Holdings (the parent company of the Scantron segment) has told its lenders that these costs are deceptively high. As it explained, "Harland Clarke is unable to recognize certain revenue streams until vendor specific objective evidence of fair value ('VSOE') is established under GAAP. With the acquisition of Spectrum K12 and GlobalScholar, a significant amount of revenue is deferred beyond 2011, although upfront cash payments have been received and costs related to the deferred revenue were recognized in 2011."

43. Meanwhile, revenues in every segment except for Harland Clarke improved over the first quarter of 2010. Even on declining revenues, the Adjusted EBITDA margin was still 29.04% in the first quarter in the Harland Clarke segment. The Company also reported a one-time charge of \$20 million related to the settlement of legacy asbestos litigation claims related to a non-performing asset, Pneumo Abex, in February 2011.

44. Following the release of the first quarter results, the Company's common stock declined sharply to reach a two year low of \$16.77 per share on June 10, 2011.

45. On August 4, 2011, the Company announced its second quarter 2011 financial results and filed its 10Q with the SEC. While consolidated revenues decreased by 2.9% in comparison to the second quarter 2010 results, this was largely due to the decreases at Harland Clarke, which were offset by the 7.4% gains in HFS and 15.7% in Maeco Worldwide.

The Going Private Proposal

46. On June 13, 2011, M&F filed a Schedule 13D with the SEC, announcing that it had sent a letter that day to the Board proposing to purchase the outstanding shares of MFW common stock that it did not control for \$24.00 per share (the "Proposal Letter"). The letter, signed by MFW's own CEO, Schwartz, provided that M&F was not interested in selling any of its shares, nor would it vote in favor of any alternative transaction. The letter also stated that it anticipated that the Board would form a special committee to review any proposed transaction and that its proposal would require the approval of the majority of the shares not held by M&F:

Dear Board Members:

MacAndrews & Forbes Holdings Inc. ("M&F" or "we") is pleased to propose a transaction pursuant to which M&F Worldwide Corp. (the "Company") would be merged with a subsidiary of M&F, as a result of which all outstanding shares of common stock of the Company not owned by M&F or its subsidiaries would be converted into the right to receive \$24.00 in cash per share. The proposed cash

consideration represents a greater than 41% premium to the Company's closing share price on June 10, 2011.

The proposed transaction would allow the Company's stockholders to immediately realize an attractive value, in cash, for their investment and provides such stockholders certainty of value for their shares, especially when viewed against the operational risks inherent in the Company's businesses and the market risks inherent in remaining a public company. Moreover, the small public float and limited trading volume of the Company's shares results in undesirable price volatility and restricts opportunities for the Company's stockholders to achieve liquidity with respect to their shares.

We believe that private ownership is in the best interests of the Company, as it would result in operational efficiencies and cost savings, while providing management with the flexibility to focus on a long-term perspective without being constrained by the public company emphasis on achieving short-term results. Accordingly, we are confident that this proposal not only offers compelling value to the Company's stockholders but is also in the best interests of the Company and its other constituencies.

The proposed transaction would be subject to the approval of the Board of Directors of the Company and the negotiation and execution of mutually acceptable definitive transaction documents. It is our expectation that the Board of Directors will appoint a special committee of independent directors to consider our proposal and make a recommendation to the Board of Directors. We will not move forward with the transaction unless it is approved by such a special committee. In addition, the transaction will be subject to a non-waivable condition requiring the approval of a majority of the shares of the Company not owned by M&F or its affiliates. Finally, given our existing position and history with the Company, we will not need to do any due diligence to enable us to be in a position to negotiate and execute mutually acceptable definitive documentation.

As you are aware, M&F owns approximately 43% of the outstanding shares of common stock of the Company. In considering this proposal, you should know that in our capacity as a stockholder of the Company we are interested only in acquiring the shares of the Company not already owned by us and that in such capacity we have no interest in selling any of the shares owned by us in the Company nor would we expect, in our capacity as a stockholder, to vote in favor of any alternative sale, merger or similar transaction involving the Company. If the special committee does not recommend or the public stockholders of the Company do not approve the proposed transaction, such determination would not adversely affect our future relationship with the Company and we would intend to remain as a long-term stockholder.

Please be aware that this proposal is an expression of interest only, and we reserve the right to withdraw or modify our proposal in any manner. No legal obligation with respect to a transaction shall arise unless and until execution of mutually acceptable definitive documentation.

In accordance with its legal obligations, M&F promptly will file an amendment to its Schedule 13D, including a copy of this letter. We believe it is appropriate, as well, for us to issue a press release regarding our proposal prior to the opening of trading today. A copy of our press release is attached for your information.

In connection with this proposal, we have engaged Moelis & Company as our financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP as our legal advisor, and we encourage the special committee to retain its own legal and financial advisors to assist it in its review. We and our advisors look forward to working with the special committee and its advisors to complete a mutually acceptable transaction, and are available at your convenience to discuss any aspects of our proposal.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Barry F. Schwartz

Barry F. Schwartz

47. Also on June 13, 2011, Perelman and M&F issued a press release announcing the going-private proposal, which stated in relevant part:

MacAndrews & Forbes Holdings Inc. ("M&F") today announced that it has proposed a transaction pursuant to which M & F Worldwide Corp. (NYSE: MFW) ("MFW" or the "Company") would be merged with a subsidiary of M&F and all outstanding shares of common stock of MFW not owned by M&F would be converted into the right to receive \$24.00 in cash per share. The proposed cash consideration represents a greater than 41% premium to the Company's closing share price on June 10, 2011.

M&F expects that the Company will appoint a special committee of independent directors to consider its proposal and make a recommendation to the Company's Board of Directors. M&F anticipates that any ensuing transaction will be consummated pursuant to the terms of definitive transaction documents mutually acceptable to M&F and such special committee. M&F will not move forward with any transaction unless it is approved by such special committee. In addition, the transaction will be subject to a non-waivable condition requiring the approval of a majority of the shares of the Company not owned by M&F or its affiliates.

M&F owns approximately 43% of the outstanding shares of the Company's common stock. In its letter to the MFW Board, M&F indicated that in its capacity as a stockholder of the Company it is interested only in acquiring additional shares of the Company and that in such capacity it has no interest in selling any of its shares (nor would it expect, in its capacity as a stockholder, to vote in favor of any alternative sale, merger or similar transaction involving the Company). If the special committee does not recommend or the public stockholders of the

Company do not approve the [Buyout], M&F would intend to remain as a long-term stockholder.

48. The initial offer prompted *Barron's* financial reporter Andrew Bary to claim "Ron Perelman Makes Cheap Bid for M&F Worldwide." Bary specifically noted that the consideration offered is inadequate since "Perelman's offer values the company at just four times 2010 profits of \$6.22 a share and at about five times 2010 pre-tax cash flow," well below values in similar recent transactions. Bary went on to note "M&F owns its licorice business separate from Harland Clarke and has about \$100 million of net cash. The value of the licorice business and cash could be \$300 million, or about \$15 per share, meaning Perelman effectively is offering to pay little for the equity in the debt-heavy Harland Clarke." Bary further found the timing of Perelman's offer opportunistic, stating:

It's true that first-quarter results were weak with earnings falling to 66 cents a share from \$1.73 in the year-earlier period and pre-tax cash flow down to \$110 million from \$132 million. The check business is eroding as more people pay bills electronically. Profits at the check division were down 15% in the first quarter.

Still, M&F, which competes directly against Deluxe in the check business, is quite profitable with earnings exceeding interest payments by more than two to one.

49. Lisa Lee of *Reuters Breakingviews* expressed similar concern in an article entitled, "Ron Perelman's Lowball Offer Deserves Skepticism." Lee noted:

Perelman's swoop, through his MacAndrews & Forbes investment vehicle, is opportunistic — his offer at a 41 percent premium to Friday's closing price only brings his target's valuation back to near where it was in early May. That's a multiple of barely 5.3 times the last 12 months' EBITDA, less than the trading multiple of peer RR Donnelley & Sons.

The Board Establishes a Conflicted and Ineffective Special Committee to Negotiate With Perelman

50. In response to the Proposal Letter, the Board created a special committee (the "Special Committee") of "independent" directors to evaluate the proposal and negotiate with

Perelman on June 14, 2011. Proxy at 21-22. However, there was no thorough vetting procedure to evaluate the members, and the Special Committee was staffed with members having longstanding business relationships with Perelman. The Special Committee then failed to create an effective process to determine the value of the Company—it did not conduct any form of market check and allowed the inbound indications of interest to be intercepted by M&F management.

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The Merger Agreement and Shareholder Vote

59. On September 12, 2011, taking advantage of the Company's temporarily depressed share prices, M&F released a press release announcing that MFW and M&F entered into the Merger Agreement pursuant to which M&F had agreed to acquire the remaining 57% of MFW common shares at \$25 per share:

(New York, New York, September 12, 2011)— M & F Worldwide Corp. (NYSE: MFW) ("MFW" or the "Company") and MacAndrews & Forbes Holdings Inc. ("MacAndrews & Forbes") today announced that they have entered into a definitive merger agreement under which MFW will be merged with a subsidiary of MacAndrews & Forbes and all outstanding shares of MFW common stock not owned by MacAndrews & Forbes will be converted into the right to receive \$25 in cash per share. MacAndrews & Forbes currently owns approximately 43% of the outstanding shares of MFW common stock. The cash consideration represents a greater than 47% premium to the Company's closing share price on June 10, 2011, the last trading day prior to MacAndrews & Forbes' announcement of its proposal to acquire the shares of MFW common stock that it did not already own and a greater than 22% premium to the Company's closing share price on September 9, 2011, the last trading day prior to today's announcement of the execution of a definitive merger agreement.

The transaction was approved by the board of directors of MFW, upon the recommendation and approval of a special committee comprised entirely of independent directors that was formed to evaluate and consider the transaction. The special committee's recommendation and approval followed a thorough examination of the transaction, which occurred over a three-month period. Evercore Group L.L.C. acted as financial advisor and Willkie Farr & Gallagher LLP acted as legal counsel to the special committee. Moelis & Company acted as financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP acted as legal counsel to MacAndrews & Forbes.

The transaction is subject to the receipt of regulatory approvals and other customary closing conditions. The transaction is also subject to a non-waivable condition that a majority of the outstanding shares of MFW common stock not owned by MacAndrews & Forbes or its directors and officers vote in favor of the adoption of the merger agreement. MacAndrews & Forbes has agreed to vote the shares of MFW common stock it owns in favor of the merger agreement. The transaction is not subject to any financing contingency.

The transaction is expected to close during the fourth quarter of 2011, subject to the review and clearance of required filings by the Securities Exchange Commission ("SEC").

60. As with the initial \$24 proposal, analysts criticized Perelman's final offer. In a September 14, 2011 *Wall Street Journal* article entitled "It's Déjà Vu All Over Again For Perelman, Shareholders," author Hannah Karp noted analysts' misgivings concerning the \$25 deal price:

Billionaire Ronald Perelman is back on familiar ground, feuding with his shareholders.

The 24th richest American has made a career of rearranging the pieces of his empire, often in ways that have sent his fellow investors to court complaining that they got the short end of the stick.

Ronald Perelman's bid to buy the rest of M&F is too low, other holders say.

In the latest installment, Mr. Perelman's holding company has won board approval to buy M&F Worldwide Corp., a company he already controls with a 43% stake, for a price that some investors say is too low.

The deal, which values M&F at \$482.5 million, is a reminder of the risks of doing business with a controlling shareholder—especially one who has left behind many such lessons over the years.

Under an agreement unveiled this week, Mr. Perelman's holding company, MacAndrews & Forbes, will pay \$25 a share for all the M&F shares it doesn't already own.

The conglomerate is in some tough businesses. It's a leading maker of bank checks at a time when electronic payments are growing quickly, and a producer of licorice flavorings used by the tobacco industry. Its shares have been on a downward slide for four years.

Still, Mr. Perelman's offer values M&F at only about four times last year's earnings, and it's only a dollar higher than his \$24-a-share offer in June.

Shareholders still have to approve the deal, but they don't have much bargaining power, said Paul Isaac, a manager at New York-based Arbiter Partners, which held some M&F shares. The bid is low, he said, but other buyers aren't likely to surface in this market.

"I think it is unfortunate, but there is a good chance he will succeed in this bid," Mr. Isaac said.

Mr. Perelman declined to comment.

This isn't the billionaire's first tangle with his investors. In 2001, he engineered a deal in which M&F was to buy his controlling stake in Panavision for \$17 a share at a time when the stock was trading at around \$4. A shareholder sued, and Mr.

Perelman unwound the sale. (In 2006, he paid \$8.50 a share for the rest of the struggling maker of digital movie cameras.)

Last year, Mr. Perelman again found himself in litigation after trying to buy out minority shareholders in Revlon Inc., the company he took over in a classic hostile takeover in 1985.

Under the deal, he got their common shares in exchange for preferred stock. But the deal faced legal challenges early on. Then, when the stock soared a few months later to \$20 from just under \$5 on better than expected earnings, some Revlon shareholders took the matter back to court, arguing that Mr. Perelman should have disclosed more about the company's rising fortunes.

Chris Mittleman, managing partner at Mittleman Brothers, a Locust Valley, N.Y., investment firm that holds M&F stock, believes that Mr. Perelman is again trying to take advantage of his investors. He said that \$25 a share is "obscenely low" and that he doesn't see shareholders approving the deal "anywhere near this low-ball price."

M&F's board bought back two million shares of the company's stock in 2008 at a price of more than \$45 a share, he noted. Since then, the company has kept its earnings and free-cash-flow levels steady and has diversified its holdings away from the declining check business with acquisitions of educational products. As a result, he argued, a greater portion of its sales should be growing now instead of shrinking.

61. In addition to agreeing to sell the Company at an inadequate price and through an unfair process, the Board further agreed to several preclusive deal protection devices. For example, Section 5.4(a) of the Merger Agreement includes a "no solicitation" clause barring the Company from soliciting interest from other potential acquirers in order to procure a price in excess of the amount offered by M&F. Section 5.4 also demands that the Company terminate any and all prior or on-going discussions with other potential acquirers.

62. The Merger Agreement also contains a termination fee of \$8.25 million as well as the payment of \$4 million in expenses to M&F in the event MFW elects to terminate the Merger Agreement.

63. On November 18, 2011, the Company issued the definitive Schedule 14A (the “Proxy”), recommending that the shareholders approve the Merger Agreement at a special shareholder meeting.

64. On December 21, 2011, the Company issued a press release announcing that the Buyout was approved by a majority of the publicly owned common stock at the shareholder meeting that day:

M & F Worldwide Corp. (NYSE: MFW) (“MFW”) today announced the completion of its acquisition by MacAndrews & Forbes Holdings Inc. (“MacAndrews & Forbes”), pursuant to a merger of a wholly owned subsidiary of MacAndrews & Forbes with and into MFW. MFW announced on September 12, 2011 the execution of a definitive merger agreement with respect to the transaction. In the merger, all outstanding shares of MFW common stock not owned by MacAndrews & Forbes were converted into the right to receive \$25 in cash per share.

The transaction was approved by MFW’s stockholders, including a majority of its stockholders who are unaffiliated with MacAndrews & Forbes, on December 21, 2011. In connection with the completion of the transaction, MFW’s common stock will cease to trade on the NYSE and will be delisted.

Perelman Controls MFW, and Stood on Both Sides of the Transaction

65. Perelman and the other executives of M&F dominate the Company, with considerable overlap in roles. Redacted

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68. While Webb might have answered correctly if he were asked the same question the day before his deposition or later that same afternoon, the fact that there can be any confusion on the issue at all—particularly by an accomplished businessman who served as a Director of the Company since 2007—shows how intertwined the roles really were.

69. Perelman not only sat on MFW's Board himself, but more than half of the directors had extensive relationships to his businesses. Schwartz and Bevins are currently employed by M&F, while Slovin is a former executive of M&F and is as close as a brother to Perelman. Dawson, Taub, and Folz were all current employees of MFW and could reasonably expect to continue their employment after the Buyout. Keane was at a company acquired by Perelman, and, as discussed above, Webb had longstanding business relationships with Perelman. Perelman's 43.4% position in the Company also meant that his vote determined who served on the Board with near mathematical certainty.

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Perelman's Dominance Allowed Him to Purchase the Company at an Unfair Price

72. As a result of the ineffective process established by the Special Committee to curb Perelman's control over Company, the outside shareholders received inadequate and unfair compensation for their shares through the Buyout, as a variety of valuation methods establish. *First*, the robust cash flows projected for the Company show that the Buyout Consideration is unfair. For example, performing a discounted cash flow analysis ("DCF") with an appropriate terminal multiple value range of 5.5x to 6.0x—instead of Evercore's 5.0x to 5.5x range—yields a valuation range of \$29.11 per share to \$46.50 per share. Similarly, a DCF based on the levered free cash flow of the Company also shows that the \$25 per share Buyout Consideration is unfair.

73. *Second*, the Buyout Consideration is unfair when the Company's valuation is compared to companies in similar situations. A comparable companies analysis that appropriately considers a transaction premium for a buyout such as the Buyout—even a conservative premium of 25%, based on the median value resulting from Evercore's review of

similar transactions—shows that the Company’s stock should be worth *at least* \$36 per share.

Meanwhile, a comparison to similar transactions in relevant industries shows that the Company’s stock should be valued at substantially higher levels.

74. *Third*, the valuation performed by the Company’s independent valuation advisors in early 2011—prior to the announcement of the proposed Buyout—valued the Company at \$49 per share.

75. *Finally*, while the largest segment of the Company operates in a declining industry, the Company as a whole—including Harland Clarke itself—anticipates a significant amount of free cash flow for the foreseeable future, even after servicing the Company’s projected debt levels. As a result, Perelman can recoup the value of the transaction in slightly more than two years.

The Buyout Consideration Is Not Within the Valuation Range Provided by an Appropriate Discounted Cash Flow Analysis

76. As part of the presentation given to the Special Committee on September 10, 2011 (the “September Presentation”), which formed a basis of the Special Committee’s recommendation to shareholders, Evercore prepared a DCF which resulted in a valuation range for the Company’s outstanding common stock of \$21.39 to \$38.22 per share. Evercore applied “a range of trailing terminal Adjusted EBITDA multiples of 5.0x to 5.5x to the Company’s 2015E Adjusted EBITDA” (the “Terminal Multiple”) and discounted the future cash flows “using a range of discount rates of 9.5% to 11.5%” (the “Discount Rate”). Proxy p. 47.

77. However, this analysis undervalues the Company. For example, applying a more appropriate Terminal Multiple that is simply 0.5x higher—*i.e.*, 5.5x to 6.0x—to the same projections used by Evercore with the same Discount Rate results in a valuation range of \$29.11 to \$46.50 per share for the Company’s outstanding common stock.

78. This higher range is appropriate in this circumstance because Evercore used inappropriate assumptions to derive the Terminal Multiple range of 5.5x to 6.0x. [Redacted]

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By weighting the Terminal Multiple by the 2012 contribution amounts instead of the anticipated proportions of the Company's components in 2015, Evercore inappropriately overemphasized the Harland Clarke division and skewed the Terminal Multiple lower. A Terminal Multiple ranging from 5.5x to 6.0x better represents the appropriate multiple in 2015, and result in a valuation range of \$29.11 to \$46.50 per share.

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81. These higher valuation ranges are confirmed by performing a DCF based on levered free cash flow, instead of unlevered free cash flow, which is appropriate for a company as highly leveraged as MFW. For example, using a terminal price to earnings multiple range of 7.0x to 9.0x and a discount range of 20.0% to 24.0% (which is derived from the equity

component of the Capital Asset Pricing Model similar to that used by Evercore) results in a valuation range of \$43 to \$53 per share, significantly above the Buyout Consideration.

The Buyout Consideration Is Below the Values Illustrated by a Comparable Companies Analysis

82. Applying a change-in-control premium in a comparable companies analysis produces a reasonable valuation of the Company's common stock, which is substantially higher than the Buyout Consideration.

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The Buyout Consideration Is Below the Values Illustrated by Comparable Transactions

84. Similarly, determining appropriate multiples based on the last-four-quarter EBITDA multiples seen in precedent transactions results in a valuation range well above the \$25 per share Buyout Consideration.

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86. In contrast, applying reasonable multiples to each of the operating segments on a sum-of-the-parts basis results in a conservative valuation range of \$51 to \$75 per share.

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89. Furthermore, in conjunction with the Buyout, M&F secured a loan commitment from Deutsche Bank, whereby it provided up to \$250 million in debt financing for the costs of the merger. See Schedule 13D/A filed by M&F Worldwide Corp., September 12, 2011, Exhibit 36 (“Commitment Letter”).

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The Transaction Equity Value Can Easily Be Recouped in the Near Future by M&F

90. Even though the Company’s largest reporting segment—Harland Clarke—operates in a declining industry, the Company still has significant anticipated cash flow over the next few years. According to the projections that Evercore relied on, the Company will have \$87

million in unlevered free cash flow (“FCF”) in 2011, \$226 million in 2012, \$260 million in 2013, \$270 million in 2014, and \$289 million in 2015. At this rate, M&F will be able to recover its deal expenses of approximately \$273 million sometime in early 2013, and recoup the entire equity value of approximately \$487 million before the end of 2013.

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93. As noted in the Proxy, Perelman began to discuss a potential acquisition of MFW with “certain officers and employees of Holdings, including Mr. Schwartz and Mr. Savas,” in “early May 2011.” Proxy at 18. Redacted

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94. However, on March 21, 2012, Harland Clarke Holdings filed an 8-K with the SEC, disclosing that, on March 19, 2012, it entered a stock purchase agreement to acquire Faneuil for \$70 million in cash. On March 26, 2012, Harland Clarke Holdings filed another 8-K, disclosing a presentation made at the Barclays Capital High Yield Bond and Syndicated Loan Conference (the “March 2012 Presentation”). The March 2012 Presentation noted that Faneuil would contribute a projected \$125 million in revenue (or 7% of revenue across Harland Clarke Holdings) and \$11 million in Adjusted EBITDA in 2012. The acquisition would also provide estimated synergies of \$4.5 million. The March 2012 Presentation also indicated that all of Harland Clarke Holdings was projected to have \$498 million in Adjusted EBITDA in 2012.

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COUNT I

Claim Against Perelman and M&F for Unfair Dealing and Breach of Fiduciary Duty

95. Plaintiffs repeat and reallege each allegation set forth herein.

96. Perelman, through M&F, was the controlling shareholder of MFW. Prior to the Buyout, Perelman beneficially owned approximately 43.4% of the Company's outstanding common stock. Perelman and M&F dominated the corporate affairs of MFW through, *inter alia*, the fact that:

(a) M&F and MFW shared the same address as their corporate headquarters;

(b) Since 2005, MacAndrews & Forbes LLC ("MacAndrews & Forbes"), an affiliate of M&F, has provided the services of the Company's CEO and Chief Financial Officer, as well as other management, advisory, transactional, corporate finance, legal, risk management, tax and accounting services pursuant to the terms of a management services agreement, which has been amended from time to time. Under the terms of the management services agreement, the Company pays MacAndrews & Forbes an annual fee for these services. The annual rate is currently \$10.0 million. In each of 2010, 2009 and 2008, the Company paid to MacAndrews & Forbes \$10.0 million for the services provided pursuant to the management services agreement;

(c) M&F employs each of the executive officers of MFW and supplies them to MFW through the management services agreement described above;

(d) Perelman has been a director of the Company since 1995 and has been Chairman of the Board of the Company from 1995 to 1997 and since September 2007. Perelman is also the sole owner, Chairman of the Board and CEO of M&F;

(e) Schwartz has been a director of the Company and President and CEO of the Company since January 2008 and has been Executive Vice Chairman and Chief Administrative Officer of MacAndrews & Forbes and various affiliates since October 2007 and is a director of the M&F affiliates identified above; and

(f) Bevins, Slovin, Dawson, Taub, Keane, and Webb have long-standing business relationships with Perelman and M&F and/or serve(d) as members of the M&F affiliated companies identified above.

97. Thus, Perelman and M&F exercised “actual control” over MFW, and the Buyout is subject to an entire fairness review.

98. As controlling shareholder, Perelman and M&F owed a duty of undivided loyalty to MFW’s public shareholders.

99. The initiation and timing of the Buyout constitute a breach of Perelman’s and M&F’s duty of loyalty and constitute unfair dealing. The Buyout was timed to take advantage of a temporarily depressed price for MFW stock, just as the Company was poised for significant growth as a result of its recent acquisitions.

100. Perelman and M&F had access to MFW’s cash flow projections and other non-public information enabling Perelman to determine how and the extent to which he could profit by eliminating MFW’s public shareholders. Perelman and M&F possessed knowledge of material facts that were not known in the market.

101. The Buyout was an opportunist effort to free Perelman and M&F from future dealings with MFW’s public shareholders at a discount to the fair value of their shares. The \$24.00 per share offer did not represent fair value.

102. Plaintiffs and the Class have no adequate remedy at law.

COUNT II

Claim Against the Individual Defendants for Breach of Fiduciary Duties

103. Plaintiffs repeat and reallege each allegation set forth herein.

104. The Individual Defendants were required to act to foster the best interests of the Company's public shareholders in compliance with their fiduciary duties of loyalty and care. The Individual Defendants failed to ensure that the interests of MFW public shareholders are properly protected from overreaching by MFW's controlling shareholder, Perelman, and failed to take steps to maximize the value of MFW to its public shareholders.

105. The terms of the Buyout were not entirely fair to the Class, and the unfairness is compounded by the gross disparity between the knowledge and information possessed by Perelman and the Individual Defendants, by virtue of their positions with MFW, and that possessed by MFW's public shareholders.

106. By reason of the foregoing, the Individual Defendants failed to protect Class members from overreaching by the Company's controlling shareholder and violated their duties of care and loyalty owed to Plaintiffs and the Class.

107. Plaintiffs and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand injunctive relief in their favor and in favor of the Class and against Defendants as follows:

A. Declaring that this action is properly maintainable as a Class action and certifying Plaintiffs as Class representative;

B. Declaring the Buyout was in breach of the Individual Defendants' fiduciary duties;

C. Rescinding, to the extent already implemented, the Buyout or any of the terms thereof, or granting Plaintiffs and the Class rescissory damages;

D. Directing the Individual Defendants to account to Plaintiffs and the Class for all damages suffered as a result of the Individual Defendants wrongdoing;

E. Awarding Plaintiffs the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

F. Granting such other and further equitable relief as this Court may deem just and proper.

Dated: April 4, 2012

Redacted Version
Filed April 12, 2012

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