SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is made and entered into this 27th day of July, 2001, by and between Defendants (as defined below) and Plaintiffs (as defined below).

I. Definitions

As used herein the following terms or phrases shall have the following meanings:

A. "Named Plaintiffs" - Merle Brewer and/or Terry Kennedy.


C. "Plaintiffs" - All Named Plaintiffs in the above styled action, including their personal representatives, heirs, successors and assigns, both individually, and as representatives of the classes.
D. “Defendants” - All Named Defendants, Richard Frockt, Janet Frockt, Ryan Frockt, Russell Roth, Sherleen Sisney, Pyramid Securities, Ltd., Salina Investment Ltd., Ryan J. Frockt Trust, including their owners, officers, agents, directors, attorneys, servants, employees, contractors, successors, assigns and affiliates.

E. “LINCO” - Lincoln International Corporation.

F. “Parties” - Plaintiffs and Defendants.


H. “New Share” - Post LINCO Reverse Stock Split Share equivalent to 400 pre LINCO Reverse Stock Split Shares.

I. “Reverse Stock Split” - The LINCO December 5, 1997, Reverse Stock Split.

J. “Adversely Affected” - Shareholders of record who either: i) tendered LINCO shares (the “Tendered Shares”) pursuant to the Tender Offer (the “Class A Shareholders”) and/or ii) received scrip (the “Scrip”) as a result of the Reverse Stock Split, which Scrip was either redeemed by LINCO for cash or expired without being redeemed (the “Class B Shareholders”). Shareholders who aggregated Scrip resulting from the Reverse Stock Split in order to obtain one or more New Shares are excluded from Class B.

K. “Comparable Share Price” - $120 per New Share.

II. Recitals

A. On March 23, 1999, Plaintiffs brought this action, inter alia, challenging certain aspects of the Reverse Stock Split and the Tender Offer (the “Action”).

B. Plaintiffs have moved for class action certification.
C. The Parties have reached an agreement settling all of their differences, which agreement is contingent upon approval of this Agreement.

III. Terms

NOW, THEREFORE, the Parties agree as follows:

1. The Recitals are incorporated herein by reference.

2. This Agreement shall apply to all LINCO Class A Shareholders and Class B Shareholders (the "Class Members"). Paragraphs 6 and 8 of this Agreement shall not apply to any LINCO shareholder not of record on the dates of either the Tender Offer or the Reverse Stock Split as the case may be, or to any shareholder not Adversely Affected thereby, or to persons assigning or seeking to assign or receive the assignment of any rights under this Agreement.

3. Solely for the purpose of this Agreement and its implementation, this action shall tentatively be certified as a non-opt out Rule 23(b)(2) class action, consisting of Class A and Class B Shareholders as provided in Exhibit A. Notwithstanding, if this Agreement fails to be finally approved by the Court, the classes shall be decertified immediately.

4. If the Court preliminarily approves of this Agreement (the "Preliminary Fairness Order"), the classes will be certified and LINCO will notify Class Members of the class certification and of a fairness hearing (the "Fairness Hearing") during which Class Members will have an opportunity to be heard respecting the Agreement.
5. Notice of the Fairness Hearing shall be mailed by first class mail, at LINCO’s expense, to the Class Members’ last known address as appearing on LINCO’s books and records. LINCO will also publish notice of the Fairness Hearing in the Courier Journal for three consecutive days, including one Sunday notice.

6. Class A Shareholders shall be entitled to rescind the tender transaction, as provided herein, and repurchase all, but not less than all, Tendered Shares in the equivalent amount of New Shares at the Comparable Share Price. If as a result of the New Share repurchase at the Comparable Share Price a Class A Shareholder will own a fraction of a share, then such Class A Shareholder shall be entitled, at the Comparable Share Price, to purchase up to a full additional New Share. Otherwise, any such Class A Shareholder shall be entitled to purchase the next least whole share of stock. In the event the Tendered Shares were owned jointly, the repurchase right must be exercised by all joint owners as provided in Paragraph 12 of this Agreement.

7. Fifty percent of any shares repurchased by Class A Shareholders pursuant to Paragraph 6 of this Agreement shall be offered by Lee Sisney. The remaining fifty percent of any shares repurchased by Class A Shareholders and all of the shares purchased by Class B Shareholders will be offered for sale directly by LINCO from LINCO’s authorized but unissued stock.

8. Class B Shareholders shall be entitled to recover certain of their rights and as a result, to purchase one New Share of LINCO for $120. In the event the Scrip rights were owned jointly, then all such joint owners, together, shall be entitled to repurchase one new share of LINCO for $120 jointly, as provided in Paragraph 12 of this Agreement.
9. Any rights granted pursuant to this Agreement shall not be transferable or assignable. Any attempted transfer or assignment of the rights under this Agreement shall be void and of no effect.

10. LINCO shall issue LINCO stock having a value in the amount of $2,000 to each Named Plaintiff to reasonably compensate him for his time expended in pursuing this Action (the "Compensatory Stock"). The number of shares of Compensatory Stock shall be determined using the per share value of the most recent public trade of LINCO stock as verified by NASDAQ immediately preceding such final approval of this Agreement as provided in Paragraph 13. Each Named Plaintiff, at his option, within thirty days of receipt of the Compensatory Stock, may tender his Compensatory Stock to LINCO, and LINCO agrees to redeem the Compensatory Stock for $2,000. In the event this Agreement is not finally approved as provided in Paragraph 13, no Compensatory Stock will be issued.

11. LINCO shall pay Plaintiffs' reasonable attorney's fees, and all applicable costs and expenses of the Action, in the agreed upon total amount of $74,500 for all work done and to be done in this Action to include any additional time expended by Plaintiffs' counsel in hearings with respect to any phase of this Action, as well as negotiating this Agreement, preparing other documents, and defending or prosecuting any appeal certiorari application. In the event this Agreement is not finally approved as provided in Paragraph 13, no payment will be due.

12. Within thirty days following approval of this Agreement as provided in Paragraph 13, notice shall be mailed in accordance with Paragraph 5 to the Class Members of each class providing them with notification of their rights as expressed in Paragraphs 6 and 8. Class Members shall have thirty days in which to exercise all of their
rights under this Agreement by signing a notarized form containing appropriate releases and mailing the form together with certified funds, as called for in this Agreement, to LINCO's business office. The form and funds must be contained in a registered mail envelope postmarked no later than thirty days after the date of the last notice by LINCO under Paragraph 5. The failure of any Class Members to strictly comply with all applicable requirements, including those under this Paragraph, shall conclusively establish that such Class Members waived the rights under this Agreement. Within thirty days after the exercise of a Class Member of the rights hereunder, LINCO and Sisney shall comply with the terms of Paragraphs 6 and 8 of this Agreement with respect to that Class Member. The determination by LINCO as to the nature and extent of the shareholder benefits under Paragraphs 6 and 8 and the compliance with Paragraph 12 shall be presumptively correct.

13. All provisions of this Agreement shall be void if this Agreement is not finally approved of by the United States District Court, initially or on remand, or, if appealed, not finally approved by the Sixth Circuit, initially or on remand, or if certiorari is granted, not finally approved by the United States Supreme Court or on remand.

14. The execution or performance of this Agreement does not constitute an admission of liability or fault on behalf of any of the Defendants.

15. Plaintiffs and all Class Members hereby release Defendants from all claims of any type, both known and unknown, up to the date of this Agreement, as well as any claims which could at any time in the future be made, involving or arising out of either the Tender Offer, the Reverse Stock Split, the sale of the Bourbon Stockyards real estate, the management of LINCO, or any of the claims, or potential claims, in this Action.
16. Specifically, and without limiting the generality of the foregoing, Plaintiffs and all Class Members acquit and forever discharge and covenant not to sue, or take administrative or judicial action of any type against the Defendants, from any and all claims and demands of whatever kind or character, known or unknown, which might have been asserted by or on behalf of Plaintiffs and Class Members, individually or as shareholders, or former shareholders, of LINCO, against Defendants, arising out of, resulting from, or in connection in any way with the Tender Offer, the Reverse Stock Split, the sale of the Bourbon Stockyards real estate, the management of LINCO, any claims brought in this Action, or any claims which might have been brought forth in this action for any claims or demands of whatever character, known or unknown, including but not limited to damages (actual, exemplary or punitive), particularly but not limited to compensatory damages, liquidated damages, injunctive relief, attorney's fees, costs of court, expenses, disbursements, interest, or any other form whatsoever of legal or equitable relief to which Plaintiffs and Class Members, or any others on their behalf, claim or might claim entitlement, which they now have, or under any circumstances, could or might have at the execution of this Agreement or in the future. Specifically included, but not limited to such, are claims for violation of any state or federal securities laws, rules or regulations including, particularly, SEC Rules 10(b)(5) and 13(e)(3), 15 U.S.C. §§ 78(m), 78(j), and 78(t), as well as common law and statutory claims for fraud, deceit, misrepresentation, both active and passive, breaches of duties of good faith and fair dealing, breaches of fiduciary duty, and state statutory claims under Kentucky and the applicable law of any other state's related or similar claims, including, specifically, claims under KRS 271(B)8-420, KRS 271(B)8-300, KRS 292.320. and KRS 271(B)13-010 et seq.
17. The named Plaintiffs, and each of their counsel, and the named Defendants shall take all steps within their power to support and defend this Agreement.

18. Upon completion of the requirements under Paragraph 12, all claims in this Action shall be dismissed with prejudice by order of Court.

19. Plaintiffs may, at their own option and expense, have a CPA examine or review LINCO's books and records (the "Examination"). The Examination must be performed by the end of the business day June 25, 2001 or Plaintiffs forfeit the right to have such Examination performed.

20. This Agreement contains and constitutes the entire understanding and agreement between the Parties respecting the subject matter herein, supercedes and cancels any previous negotiations, agreements, commitments and writings respecting the subject matter. This Agreement may not be released, discharged, abandoned, or supplemented, changed or modified in any manner except by a writing signed by the Parties. This Agreement shall be construed according to laws of the Commonwealth of Kentucky.

21. Any dispute arising between the Parties as to the interpretation or implementation of this Agreement shall be resolved by the Magistrate Judge, Cleveland Gambill, sitting as a District Judge pursuant to 28 U.S.C. Section 636(c).

22. The Parties expressly acknowledge that they have been given full opportunity to discuss all aspects of this Agreement with an attorney, before signing same.
23. Plaintiffs further warrant, represent and agree that they executed this Agreement with full knowledge of any rights they may have had with respect to the Defendants and this Action, with full opportunity to obtain discovery about all issues in this action and that they received independent legal counsel from their attorneys with respect to the matters set forth in this Agreement. After consultation with counsel, Plaintiffs agree to the terms of this Agreement for the purpose of making full and final adjustment and resolution of the matters contained herein.

PLEASE READ THIS CAREFULLY. THIS AGREEMENT AND RELEASE INCLUDES RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS FOR ALL PLAINTIFFS AND ALL CLASS A AND CLASS B MEMBERS.

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