UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CITIGROUP SECURITIES LITIGATION	No. 07 Civ. 9901 (SHS) **ECF Case**

DECLARATION OF FORMER UNITED STATES DISTRICT COURT JUDGE LAYN R. PHILLIPS REGARDING APPROVAL OF SETTLEMENT

I, Layn R. Phillips, declare as follows:

1. I submit this Declaration in my capacity as the mediator in connection with the proposed Settlement of the claims asserted in this action. For the reasons discussed herein, I believe, based on my extensive discussions with the Parties and the information made available to me both before and during the mediation, that the $590 million settlement was negotiated in good faith and represents an excellent recovery for the class and a fair and reasonable settlement for defendants and the class given the risks involved for both sides.

2. I am a partner with the law firm of Irell & Manella LLP. I am a member of the bars of Oklahoma, Texas, California and the District of Columbia, as well as the United States Courts of Appeals for the Ninth and Tenth Circuits. I earned my bachelor of science in economics, as well as my J.D., from the University of Tulsa. I also completed two years of L.L.M. work at Georgetown University Law Center in the area of economic regulation of industry.

3. Upon completion of my formal education, I served as an Assistant United States Attorney in the Central District of California from 1980 to 1983. As a United States Attorney, I

personally tried many cases and oversaw the trial of numerous other cases. While serving as a United States Attorney, I was nominated by President Reagan to serve as a United States District Court Judge for the Western District of Oklahoma in the Oklahoma City Division. During my tenure as a Federal Judge, I presided over trials in all three Districts of the state (Northern, Western and Eastern) and sat by designation on the United States Court of Appeals for the Tenth Circuit. I also presided over cases in Texas, New Mexico and Colorado. While on the bench, I presided over a total of more than 140 federal trials. I left the federal bench in 1991 and joined Irell & Manella LLP shortly thereafter.

4. In addition to litigating cases, I devote a considerable amount of my professional time to serving as a mediator and arbitrator in connection with large, complex cases such as this matter. I have successfully mediated numerous complex commercial cases, including well over a hundred complex class action and securities litigation matters such as *In re Bear Stearns Companies, Inc. Securities, Derivative, and ERISA Litigation* (S.D.N.Y.) and *In re American International Group, Inc. Securities Litigation* (S.D.N.Y.). As a federal judge, I presided over numerous settlement conferences in complex business disputes and class actions. In addition, I have mediated hundreds of disputes referred to me by private parties and courts, and I have been appointed as a Special Master by numerous federal courts in complex civil proceedings. Without in any way waiving the mediation privilege, I make this declaration based on personal knowledge and am competent to testify as to the matters set forth herein.

5. The settlement negotiations in this case were hard fought and at arm's-length at all times. The Parties held arm's-length negotiations under my supervision beginning in February 2012 and the first in-person mediation session was conducted in New York, New York on March 8, 2012. Prior to the mediation session, I required the Parties to submit extensive

mediation briefs to me, which I reviewed and analyzed prior to the mediation. With exhibits, these briefs included thousands of pages of analysis and argument. During the mediation process, counsel for both Parties made presentations regarding their respective positions and met with me privately. This mediation session was also attended by several client representatives from the Parties, including attorneys from Kirby McInerney LLP, plaintiffs' lead counsel, attorneys from Entwistle & Cappucci LLP, attorneys for proposed class representative Colorado Public Employees Retirement Association ("CoPERA") and Tennessee Consolidated Retirement System ("TCRS"), and Kenneth H. Gold, additional class counsel and counsel for lead plaintiffs David and Henrietta Whitcomb. In addition, representatives of CoPERA were present. Defendants were represented by attorneys from Paul, Weiss, Rifkind, Wharton & Garrison, LLP as well as in-house attorneys from Citigroup. This initial mediation session was not successful.

6. For the next month, I continued communication with Lead Class Counsel from Kirby McInerney LLP, and Defense Counsel from Paul, Weiss, Rifkind, Wharton & Garrison, LLP, regarding the case, settlement negotiations and continued to discuss the strengths and weaknesses of the Parties' claims and defenses.

7. On April 20, 2012, I presided over a second in-person mediation session in New York, New York. This mediation session was also attended by plaintiffs' lead counsel, Kirby McInerney LLP, counsel for CoPERA and TCRS, Entwistle & Cappucci LLP, Kenneth H. Gold, additional class counsel and counsel for lead plaintiffs David and Henrietta Whitcomb, and defendants' counsel, Paul, Weiss, Rifkind, Wharton & Garrison, LLP. Representatives of CoPERA were also in attendance. The second in-person mediation session was not successful. In an effort to help the Parties find some common ground upon which to facilitate a settlement, I continued to talk with both sides, independently and confidentially, in an effort to determine

whether there was a range to which each side might agree to attempt to settle this matter. Throughout the remainder of the litigation, I participated in numerous telephonic and email sessions with the Parties in a continued effort to assist them in reaching a resolution to this litigation.

8. On April 25, 2012, I made a recommendation to attempt to move the Parties to a range where settlement might be achievable. This recommendation suggested that each side move to a specified monetary range that I thought was fair and reasonable based on my neutral evaluation of the case and the risks facing both sides at that point in time. I reached this number in part based on my review and consideration of the orders issued by the Court, the evidence and arguments offered by both sides, my experience mediating, among others, complex class actions and securities fraud actions, and also taking into account the substantial risks to both sides that the future litigation landscape presented. I was nonetheless mindful that the settlement range I proposed was one to which both sides would have difficulty moving, and that it was quite possible that one or both sides would reject the proposal. The recommendation was made to the Parties on a double-blind basis, such that neither party would know if the other party had accepted or rejected the proposal unless both sides agreed to accept it.

9. The Parties ultimately agreed to accept my recommendation to move within this range. Counsel for the Parties agreed to a non-binding settlement in principle, subject to the necessary client and board approvals required by either side. From my experience and personal involvement as the mediator for this case, I observed first-hand that the Parties engaged in hard—and often bitterly—fought litigation and negotiation. It is my opinion that the settlement is fair and reasonable and I strongly support its approval in all respects.

10. The settlement was the product of extensive arm's-length negotiations conducted after more than four years of aggressive litigation. There was no collusion whatsoever in reaching the terms of the settlement. I believe it was in the best interests of the Parties and the Class that they that they agree upon the settlement now before the Court.

11. The settlement obtained is particularly fair, adequate and reasonable under the circumstances of this case because it provides a very substantial recovery for the Class, especially when measured against the significant obstacles standing in the way of achieving a resolution of Plaintiffs' claims.

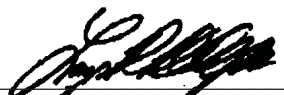
12. Based upon my experience in this case and other complex securities class actions as a lawyer, mediator and former Federal Judge, as well as my involvement with the Parties and counsel in this case, I am of the opinion that the settlement amount of $590 million is a fair and reasonable result. I do not believe that Lead Counsel and the Class Representatives could have obtained more money for the Class without going to trial and, even then, faced substantial risks that a jury would award less, if any award at all. Defendants argued that they were not liable and that any losses suffered by Plaintiffs and the Class were the result of the collapse of the world's financial markets generally, which would have been advanced as intervening causes at trial. Depending on which side's damages analysis was accepted by the Court and/or jury at trial, the $590 million settlement could easily exceed what Plaintiffs could have recovered at trial. This case also presented numerous appellate issues for both sides, which could have caused this case to drag on for years, with a verdict providing no certainty or finality to either side. The settlement here ensures that the Class will receive certain money without being exposed to the risks of trial and appeal.

13. At all times, the named Plaintiffs and Lead Counsel diligently represented the Class.

14. In addition to this case, I have served as a mediator for other cases prosecuted by Kirby McInerney LLP on the plaintiff side, as well as cases defended by Paul, Weiss, Rifkind, Wharton & Garrison, LLP. I can attest that the attorneys working on this matter for both sides are outstanding lawyers who worked with a high level of skill, efficiency and creativity on behalf of their clients. Indeed, the advocacy of both sides was outstanding. Further, Lead Counsel litigated this matter on an entirely contingent basis and advanced all reasonable litigation costs for over four years with no recovery and no revenue from their work. Despite these risks, they continued to push for the best possible settlement for the Class, even though could have settled this case for less money. And, Lead Counsel was willing to try this case, and face the risk of losing with no chance to recover their expenses or for their labor, if they were not able to achieve a fair and reasonable result for the Class.

15. In sum, I believe that the settlement is fair, reasonable and a result of Lead Counsel's experience, reputation and ability. It is my opinion that the proposed settlement was reached at arm's-length, is fair and reasonable, and should be approved.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 19th day of November 2012.



LAYN R. PHILLIPS
Former United States District Court Judge