UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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

REPLY DECLARATION OF ANDREW J. ENTWISTLE IN FURTHER SUPPORT OF APPLICATION FOR AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

I, Andrew J. Entwistle, declare as follows, pursuant to 28 U.S.C. § 1746:

1. I am a member of the law firm of Entwistle & Cappucci, LLP ("E&C" or "Firm") which represents the Public Employees' Retirement Association of Colorado ("Colorado PERA") and the Tennessee Consolidated Retirement System ("TCRS") in this litigation. I submit this declaration in response to certain objections to Plaintiffs' Motion for Final Approval of Proposed Class Action Settlement (the "Settlement Approval Motion") and the Motion for Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Fee Application"), and to provide additional detail related to Plaintiffs' Response to the Court's March 1, 2013 Order ("Plaintiffs' Response").

I. The Settlement Is Fair, Reasonable And Adequate

2. As set forth in greater detail in the Settlement Approval Motion, the $590 million settlement reached on behalf of the proposed class of Citigroup, Inc. ("Citigroup") shareholders is fair, reasonable and adequate. The objection raised by Theodore Frank cannot obscure the fact that the settlement satisfies the factors set forth in *City of Detroit v. Grinnell Corp.*, 495 F.2d 448 (2d Cir. 1974) for determining whether to approve a class action settlement.

3. The settlement represents an extraordinary result for extremely complex legal and factual claims that were vigorously contested by the parties over the course of nearly five years

of adversarial litigation. The complexity of the claims and the enormous expenses associated with further protracted litigation by the parties justifies approval of the settlement alone. Plaintiffs also faced significant risk in establishing liability, damages, and class certification, each of which was highly contested by defendants throughout the litigation. I participated in the mediation along with representatives from Colorado PERA and it was very clear to all involved that the parties' settlement of the claims eliminates these risks in exchange for an immediate and ascertainable financial benefit of $590 million that is among the largest recoveries arising out of the financial crisis, and certainly well within the range of reasonableness given the possible recovery for the claims and the attendant risks of continued litigation.

II. The Requested Attorneys' Fee Is Reasonable

4. Counsel's requested attorneys' fee is reasonable in all respects. As detailed in the Fee Application and Plaintiffs' reply submission of January 18, 2013, the requested fee reflects just a 1.89 lodestar multiplier that is well below the average 3.89 multiplier in comparable cases, and otherwise meets all of the factors articulated in *Goldberger v. Integrated Resources, Inc.*, 209 F.3d 43 (2d Cir. 2000).

5. Counsel's collective efforts included, among other things, an exhaustive factual investigation, document review and discovery that was vigorously contested by defendants at every turn, together with hotly contested motions to dismiss and for class certification. The case also involved extraordinarily complex legal and factual issues concerning Citigroup's issuance and disclosure of intricate collateralized debt obligations from 2003 through 2007. Indeed, Plaintiffs' Counsel faced significant contingent litigation risk in representing the class without any guarantee of recovering their considerable time and expenses devoted to pleading and proving these difficult claims. Plaintiffs' Counsel also provided vigorous and effective

representation to the class as demonstrated by the significant recovery achieved against some of the nation's top defense counsel and without the benefit of a parallel government investigation or enforcement action at the inception of the case.

6. The Court will note that our rates have been capped at $595 per hour. This is because Colorado PERA and TCRS asked us at the outset of the matter to cap our rates as a consideration to the class, and also asked that we maintain that cap – which reflects a reduction of approximately 25% from our normal top billable rates – in our fee application. In addition, our clients negotiated a three times lodestar crosscheck on any attorneys' fee award to E&C based on the historical average multiplier in securities fraud cases of comparable complexity and magnitude. The 1.89 multiplier requested by Plaintiffs' Counsel is well below the lodestar crosscheck negotiated with Colorado PERA and TCRS at the inception of the case.

7. During the pre-appointment period, E&C attorneys were involved in a detailed pre-complaint investigation of potential legal claims against Citigroup and related defendants. As discussed in greater detail in my declaration of December 7, 2012 (*see* Fee Application at Exhibit F), the Firm conducted an exhaustive analysis of Citigroup's disclosures concerning its mortgage and securitization business units from 2004 through 2007. This legal and factual analysis resulted in the drafting and filing of a detailed 162-page class action complaint on behalf of Citigroup shareholders to recoup losses arising from Citigroup's inadequate disclosures. Many of the core legal and factual allegations set forth in the E&C complaint were incorporated in whole or in part into the consolidated amended class action complaint ultimately filed by interim lead counsel. This time also includes work in connection with the motion filed by E&C to partially lift the PSLRA discovery stay and the motion requiring certain non-party entities affiliated with Citigroup to preserve documents believed to be relevant to the class claims.

8. E&C attorneys also spent time in connection with the process set forth in the PSLRA to ensure the appointment of the most adequate lead plaintiff, including the identification of factual and legal issues that defendants ultimately used here to vigorously contest class certification. The early development, analysis and vetting of these issues during the lead plaintiff appointment process, and then later during investigation permitted by the Court, allowed lead plaintiffs, Colorado PERA and TCRS to jointly develop the best possible defense of the issue during class certification. These efforts also enabled lead plaintiffs and our clients to ultimately work together during the mediation to achieve the best possible settlement on behalf of the class.

9. The balance of the pre-appointment time – approximately 537.25 hours (with a lodestar amount of $287,465.25) – was spent responding to the unwarranted disqualification motion primarily directed at our then co-counsel. *See* Plaintiffs' Response at Exhibits F and K. While one may certainly argue that the disqualification motion did not serve a legitimate purpose, the defense of that motion assured the integrity of the appointment process which is what Congress intended and did, we believe, serve the interests of the class. All of the Firm's expenses in the case were billed at our cost, again by prior agreement with Colorado PERA and TCRS, who travelled under and were reimbursed according to their respective travel and expense policies – which are quite restrictive as the Court will appreciate from Exhibit L to the Plaintiffs' Response. In answer to the Court's photocopy related question – copies were charged at our internal cost of $0.11 per page – approximately $0.05 per page less than the Fed Ex/Kinkos nearest our offices.

III. Mr. Frank's Objection Is Meritless

10. As detailed in Plaintiffs' reply submissions filed on January 18 and March 25, 2013, Mr. Frank's objection (and the gratuitous and transparently self-serving letter from the

Association of Corporate Counsel) to the requested fee award and the use of contract attorneys to successfully prosecute Plaintiffs' claims is meritless and should be rejected.

11. Even if the Court were to accept Mr. Frank's objection and discount all of the contract attorney time billed by lead counsel (a result unsupported by applicable law or the facts here), the requested fee would still be well within the range of reasonableness given the exceptional settlement achieved in this case. Discounting the time billed by lead counsel's contract attorneys would yield a total lodestar of $26,764,145, reflecting a lodestar multiplier of approximately 3.63 that is still below the average lodestar multiplier of 3.89 for similarly complex securities fraud cases that have settled for $400 million or more after the motion to dismiss phase.[1]

I declare under penalty of perjury under the laws of the State of New York that the foregoing is true and correct. Executed this 22nd day of March, 2013, at New York, New York.

ANDREW J. ENTWISTLE

[1] Mr. Frank does not provide a coherent description of how he arrived at his proposed 1.22 lodestar multiplier using only general statistics about the settlement of securities class actions at different phases of litigation. The 1.22 lodestar multiplier advocated by Mr. Frank does not reflect the complexities of the case and the extraordinary settlement achieved. Nor does it account for the significant risks inherent in litigating federal securities law claims that impose substantial hurdles to successful pleading and ultimate proof at trial. Mr. Frank's proposed lodestar multiplier would effectively punish counsel for pursuing claims that presented considerable risk over the course of almost five years of hard-fought litigation. It would also diminish the incentive for competent counsel to pursue meritorious securities fraud claims on behalf of damaged class members.