

plaintiffs' argument for loss causation and measure how and when Tyco's equities and bonds were trading at artificially inflated prices. He first disaggregated marketwide inflationary effects from firm-specific effects, and then determined whether the firm-specific effects on each trading day were statistically significant.

Based on plaintiffs' theory of the case, which posited that both revelations of accounting fraud and revelations of corporate looting could qualify as corrective disclosures, Dr. Zmijewski identified eight corrective disclosure dates<sup>5</sup>: January 3, 2002; January 23, 2002; January 29, 2002; April 25, 2002; May 28, 2002; June 3, 2002; June 6, 2002; and June 7, 2002. He then weighted each corrective disclosure based on an estimate of the degree to which other confounding factors (e.g., lowered earnings forecasts, reported losses, or other stock-deflating news announced on the same day as doubts about Tyco's accounting procedures) influenced the market on the day of the disclosure. Dr. Zmijewski then identified inflation-creating dates, i.e., those dates on which Tyco's stock rose and defendants' alleged

<sup>5</sup> A corrective disclosure date is one on which information that defendants allegedly withheld fraudulently from the market became known to the market and the stock price experienced a corresponding, statistically significant downward movement.

fraud resulted in the disclosure of false information. Using the corrective disclosure and inflation-creating dates, Dr. Zmijewski calculated inflation per share on a daily basis for the entire class period. He did this by assuming that the stock price was "clean" or uninflated at the end of the class period and then working backward day by day to the beginning of the class period.

Dr. Zmijewski used the same methodology, with adjustments to reflect the differing availability of data, for estimating bond inflation. There were two broad types of Tyco debt instruments traded during the class period: coupon debt (consisting of thirty-two instruments) and zero-coupon debt (consisting of two instruments). Because the price series for most Tyco bonds were missing some information, Dr. Zmijewski selected one bond from each of these two groups that had the most complete price series and used this to conduct the event study. To properly account for the difference in price level for some of the bonds, he measured the inflation in constant percentage terms. Dr. Zmijewski then used the same corrective disclosure/inflation-creating date method to calculate inflation on a daily basis, with the added adjustment of capping the percentage inflation of the bonds so that bond inflation did not exceed stock inflation.

He treated one bond -- the Tyco Liquid Yield Option Note -- separately from the others, because this instrument tracked Tyco's stock price rather than debt prices.

Dr. Zmijewski then used the stock and bond inflation estimates to calculate aggregate damages. He calculated stock inflation damages according to two different models: an institutional model and an individual model. The institutional model relied on quarterly holdings information and estimated damages from each institution. Based on the assumption that gains from a particular share within an institution should not be netted against losses on other shares or opening balances at the beginning of the class period, Dr. Zmijewski estimated total institutional equity damages of \$7.1 billion. The individual model relied on the "actual trader model," using empirical trading data from brokerage accounts of individual traders to predict individual trader behavior. By combining the total non-institutional trading volume on each day with his trader behavior model, Dr. Zmijewski was able to simulate the trading pattern that occurred. This simulation yielded an estimate of \$3.7 billion in equity damages for individual stock traders. For bonds, he multiplied the face value of the debt issued times the

inflation at the time of issuance, yielding aggregate bond damages of \$905 million. Combining the institutional and individual equity damages with the bond damages yielded total measurable aggregate damages of \$11.73 billion.

Dr. Zmijewski also calculated an alternative, far more conservative damages model based only on Tyco's earning restatements, which he speculated would be similar to defendants' preferred damages model.<sup>6</sup> The earning restatements model merely looked at the difference between Tyco's actual stock price and Tyco's stock price had its financials been reported accurately, without estimating damages caused by interaction between accounting fraud, management looting, and loss of investor confidence in the company. Accordingly, the earning restatements model yielded the far smaller estimate of \$2.7 billion in equity damages, or \$8.1 billion less than the \$10.8 billion in equity damages produced by the event study model.

#### **G. Settlement Terms**

As agreed upon by the parties, the proposed settlement

<sup>6</sup> Had the case proceeded to trial, defendants represent that they would have offered expert witnesses to show that the class suffered no damages or only minimal damages. Defendants' brief in support of final approval of this settlement did not, however, provide specific alternative calculations.

provides for the payment by Tyco of \$2.975 billion in cash, plus interest, and the payment by PwC of \$225 million in cash, plus interest. Tyco's payment will be the largest cash payment ever made by a corporate defendant in the history of securities litigation. PwC's payment will be the second-largest auditor settlement in securities class action history. In all, the proposed settlement is the third largest securities class action recovery in history, behind only Enron and WorldCom.

The proposed settlement also provides for the assignment to Tyco of the class's claims against the Individual Tyco Defendants Kozlowski, Swartz, and Walsh (none of whom are part of the settlement). In return for this assignment, Tyco agreed that 50% of any net recovery against those individuals, both on its own claims and on the class's assigned claims, will be transferred to the settlement fund.

#### **H. Plan of Allocation**

The settlement fund has already been paid into escrow accounts at a number of major banks. Under the proposed plan of allocation, the settlement funds (less administrative and notice costs, taxes and related expenses, and attorneys' fees and expenses, but plus the interest earned by the fund) will be

distributed to class members who submit timely, valid Proof of Claim forms. The Garden City Group ("GCG"), a claims administrator retained by Co-Lead Counsel, will calculate each claimant's share according to the information on the Proof of Claim forms, apportioning each recovery according to Dr. Zmijewski's damages calculations.

Co-Lead Counsel retained two additional independent experts, R. Alan Miller<sup>7</sup> and Dr. Kenneth D. Gartrell<sup>8</sup>, to opine on the reasonableness and fairness of the plan of allocation. Mr. Miller and Dr. Gartrell both opined that the Plan is reasonable and fair from the perspective of investors who acquired Tyco stock during the class period.

#### I. **Notice to the Class**

After contacting nominee purchasers (i.e. banks, brokers,

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<sup>7</sup> Mr. Miller is President of the Philadelphia Investment Banking Company ("PIBC"), which he co-founded in 1983. Among other things, PIBC frequently performs evaluations of businesses and securities for investors. Mr. Miller regularly testifies as an expert witness on securities-related issues.

<sup>8</sup> Dr. Gartrell is a financial economist and economic consultant. He formerly served as a Managing Director at LECG, LLC, an international economic consulting firm, was the founding partner of Ken Gartrell & Company, and was a Principal in the economic consulting firms of The Brattle Group and Putnam, Hayes & Bartlett.

and other purchasers of record who bought and sold Tyco securities on behalf of others) to identify the beneficial owners on whose behalf the nominees acted, GCG (the claims administrator retained by Co-Lead Counsel) mailed some 2.4 million claim packets containing the Notice of Proposed Settlement to class members and their nominees. For claim packets that were returned undelivered, GCG followed up by periodically searching for the recipients' new addresses and re-mailing the packets until the packets were successfully delivered.

In addition to the mailed claim packets, GCG published summary notices in USA Today, The New York Times, The Wall Street Journal, The Financial Times, South Florida Sun-Sentinel, Palm Beach Post, Chicago Times, The Union Leader (Manchester, NH), and over the PR Newswire. GCG also set up a website and toll-free telephone hotline to assist class members in submitting their claims and provide answers to their questions regarding the settlement.

**J. Reaction of the Class to the Notice**

Proof of Claim forms are due by December 28, 2007, so the Proof of Claim numbers are not final. Keeping that in mind, out of the 2.4 million copies of the Notice mailed to potential class

members, GCG had received 74,655 Proof of Claim forms as of October 12, 2007, and 288 requests for exclusion from the class as of the September 28, 2007 deadline for exclusion.

The court has received twenty-eight objections to the proposed settlement. Of these, four are from institutional investors and the remainder are from individual investors, a handful of whom are not actually members of the class. These objections are described and discussed individually in the analysis section below.

**K. Fairness Hearing**

The Fairness Hearing took place on November 2, 2007. Co-Lead Counsel appeared, as did counsel for additional plaintiffs. Counsel for Tyco, PwC, Belnick, and Ashcroft were also present. Counsel for two objectors, the Commonwealth of Pennsylvania State Employees' Retirement System and Public School Employees' Retirement System ("SERS/PSERS") and U.S. Trust, requested and were given the opportunity to be heard.

**II. ANALYSIS**

**A. Adequacy of Notice**

The Federal Rules of Civil Procedure require, upon

certification of the class, that "the best notice that is practicable under the circumstances" be given, "including individual notice to all members who can be identified through reasonable effort." Fed. R. Civ. P. 23(c)(2)(B). The Federal Rules of Civil Procedure further require, upon the successful negotiation of a proposed settlement, that notice be given "in a reasonable manner to all class members who would be bound by the proposal." Fed. R. Civ. P. 23(e)(1). The Due Process Clause requires that notice be "reasonably calculated to reach potential class members." In re Compact Disc Minimum Advertised Price Antitrust Litig., 216 F.R.D. 197, 203 (D. Me. 2003); see also Eisen v. Carlisle & Jacqueline, 417 U.S. 156, 174 (1974); Mullane v. Cent. Hanover Bank & Trust Co., 339 U.S. 306, 315 (1950). Additionally, the Private Securities Litigation Reform Act ("PSLRA") requires that the notice of settlement provide statements of plaintiff recovery, potential outcome of the case, attorneys' fees or costs, identification of plaintiffs' representatives, and the reasons for settlement. 15 U.S.C. § 78u-4(a)(7).

In this case, Co-Lead Counsel and GCG jointly developed an effective notice program. As detailed above, the notice program

involved pre-mailing contacts with nominee purchasers, repeated efforts at mailing the claim packets to class members, publication notice in eight national and regional newspapers, and a website and toll-free telephone hotline.

This notice program compares favorably with the notice programs in other securities cases. See In re Cabletron Sys., Inc. Sec. Litig., 239 F.R.D. 30, 35-36 (D.N.H. 2006) (approving a notice program that distributed notice packets to individual investors and nominees, published a summary notice in one national newspaper, and provided a toll-free telephone hotline); see also In re WorldCom, Inc. Sec. Litig., 388 F. Supp. 2d 319, 332-33 (S.D.N.Y. 2005) (approving a notice program that distributed notice packets to potential class members and published summary notices in two national newspapers and over two wire services). Accordingly, I find that Co-Lead Counsel's notice program met or exceeded all relevant requirements. To the extent that any objectors have claimed that the notice program was not adequate, I overrule their objections. I further find that the contents of the notice packets were acceptable and met all relevant requirements.

**B. Adequacy of the Settlement**

Under Rule 23(e) of the Federal Rules of Civil Procedure, I may approve this class action settlement only if I conduct a fairness hearing and find that the terms of the settlement are "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(2). In the First Circuit, this requires a wide-ranging review of the overall reasonableness of the settlement that relies on neither a fixed checklist of factors nor any specific litmus test. See In re Lupron Mktg. & Sales Practices Litig., 228 F.R.D. 75, 93 (D. Mass. 2005) ("[T]he First Circuit has not established a formal protocol for assessing the fairness of a settlement."); Compact Disc, 216 F.R.D. at 206 ("There is no single test in the First Circuit for determining the fairness, reasonableness and adequacy of a proposed class action settlement."); Bussie v. Allmerica Fin. Corp., 50 F. Supp. 2d 59, 72 (D. Mass. 1999) ("This fairness determination is not based on a single inflexible litmus test but, instead, reflects its studied review of a wide variety of factors bearing on the central question of whether the settlement is reasonable in light of the uncertainty of litigation.").

Although the district court must carefully scrutinize the settlement, there is a presumption in favor of the settlement if

the parties negotiated it at arms-length, after conducting meaningful discovery. City P'ship Co. v. Atl. Acquisition Ltd. P'ship, 100 F.3d 1041, 1043 (1st Cir. 1996); Nilsen v. York Cty., 382 F. Supp. 2d 206, 212 (D. Me. 2005); Compact Disc, 216 F.R.D. at 207. Moreover, public policy generally favors settlement -- particularly in class actions as massive as the case at bar. See WorldCom, 388 F. Supp. 2d at 337.

Some courts have relied on the Second Circuit's Grinnell factors to determine the fairness of a settlement:

(1) the complexity, expense and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class action through the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation.

City of Detroit v. Grinnell Corp., 495 F.2d 448, 463 (2d Cir. 1974) (internal citations omitted); see also In re Cendant Corp. Litig., 264 F.3d 201, 232 (3d Cir. 2001) (Cendant I) (applying the Grinnell factors, as is required in the Third Circuit); WorldCom, 388 F. Supp. 2d at 337 (applying the Grinnell factors, as is required in the Second Circuit); Lupron, 228 F.R.D. at 93

(applying the Grinnell factors as a matter of preference).

In Compact Disc, the District of Maine recently used a modified version of the Grinnell factors:

(1) comparison of the proposed settlement with the likely result of litigation; (2) reaction of the class to the settlement; (3) stage of the litigation and the amount of discovery completed; (4) quality of counsel; (5) conduct of the negotiations; and (6) prospects of the case, including risk, complexity, expense and duration.

Compact Disc, 216 F.R.D. at 206.

Although I have the discretion to use the Grinnell list of factors verbatim, I find that a more concise list of the considerations at play, modeled on those used in Compact Disc, best fits the facts of this case. Accordingly, I discuss the following considerations in turn: (1) risk, complexity, expense and duration of the case; (2) comparison of the proposed settlement with the likely result of continued litigation; (3) reaction of the class to the settlement; (4) stage of the litigation and the amount of discovery completed; and (5) quality of counsel and conduct during litigation and settlement negotiations.

#### **1. Risk, Complexity, Expense, and Duration of the Case**

It is difficult to overstate the complexity of this case.

As the depth and breadth of discovery suggests, the facts were not easy to ascertain. Plaintiffs had to scrutinize documents from more than one hundred different corporate acquisitions by Tyco to identify whether those acquisitions involved fraudulent accounting, how the transactions were audited by PwC, and what measures defendants may have taken to cover up the fraudulent accounting.

This was not just a complex case, however. It was also a risky case for both sides, in large part because of an uncertain legal environment. Plaintiffs' theory of the case put them at the cutting edge of a rapidly changing area of the law. In particular, the still-developing law of loss causation in securities cases created significant risk and uncertainty for plaintiffs. According to plaintiffs' theory, the misstatements by Tyco and PwC proximately caused investors' losses, as shown by drops in Tyco's stock prices following the eight corrective disclosures. None of those disclosures, however, involved a specific admission of fraud by Tyco or PwC. Instead, the disclosures mostly related to the integrity of Tyco's management. Although I denied defendants' motion to dismiss and PwC's motion for summary judgment, I did so only after careful consideration

and extensive briefing. Moreover, the law remains in flux and it is by no means certain that plaintiffs would have prevailed if they had taken the case to trial and attempted to defend any favorable verdict on appeal.

This case involved a greater risk of non-recovery than other multibillion-dollar securities class action settlements.

WorldCom involved a number of complex issues, but the fraud was so extensive that there were many targets to pick off, providing funds for continued litigation. Cendant was, as the Third Circuit observed, a "simple case in terms of liability with respect to Cendant, and the case was settled at a very early stage, after little formal discovery," which made the risks of non-recovery negligible. Cendant I, 264 F.3d at 286. In AOL Time Warner, the risks were "above-average" and loss causation was a similarly unsettled issue, but the chain of causation involved fewer logical leaps and was therefore easier to prove than in this case. See In re AOL Time Warner, Inc. Sec. & "ERISA" Litig., No. 02 Civ. 5575 (SWK), 2006 U.S. Dist. LEXIS 78101, at \*47-\*48 (S.D.N.Y. Sept. 28, 2006). Reflecting these risks and complexities, the parties on both sides necessarily incurred considerable expense in litigating the case.

Counsel for both Tyco and PwC made it clear by their words and deeds during the course of the litigation that they intended to vigorously contest plaintiffs' claims. Defendants selected several of the country's most skilled advocates as their representatives and those advocates responded by uncovering and effectively advancing every non-frivolous legal argument that could conceivably be presented on their clients' behalf. In short, the case took nearly five years to resolve because it was factually complex, turned on several novel and difficult legal issues, and was aggressively and effectively litigated by defendants who were determined to spare no expense in protecting their interests.

If the case survived summary judgment and went to trial, plaintiffs would face additional risk, uncertainty, and delay. Proving loss causation would be complex and difficult. Moreover, even if the jury agreed to impose liability, the trial would likely involve a confusing "battle of the experts" over damages. If, faced with conflicting expert testimony, the jury chose to embrace the most conservative estimate of damages, then the ultimate award might turn out to be less than the proposed settlement. Defendants would appeal any adverse verdicts and

those appeals would further delay the resolution of the case. In a case as complex as this one, any appeal would present the plaintiffs with a substantial risk of reversal.

In addition to being risky and complex, this was a lengthy and expensive undertaking for Co-Lead Counsel. Over the past five years, Co-Lead Counsel have put in more than 488,000 hours of attorney time at a market value of over \$172 million. They have also incurred more than \$29 million in yet-to-be-reimbursed expenses. Continued litigation would drive costs even higher. Thus, risk, complexity, expense, and duration all weigh in favor of approving the proposed settlement.

**2. Comparison of the Proposed Settlement with the Likely Result of Continued Litigation**

Assuming that all eligible shareholders file claims and that Dr. Zmijewski's event study model accurately characterizes the damages to the class, the proposed settlement represents approximately 27% of the alleged damages to the class. In light of the substantial risk, uncertainty, and delay associated with proceeding to summary judgment and trial, the \$3.2 billion settlement amount is an outstanding recovery for the class.

**3. Reaction of the Class to the Settlement**

The reaction of the class to the settlement has been almost

entirely positive. None of the institutional investors have objected to the size of the settlement; indeed, even the institutional investors who objected to other aspects of the settlement at the Fairness Hearing lauded this as an excellent recovery for the class.

Only a small number of individual investors have argued that the settlement should be larger. As discussed in more detail below, however, these objections are based on calculations that overstate the provable damages to the class and are without merit.

**4. Stage of the Litigation and the Amount of Discovery Completed**

This settlement came after extensive discovery and motion practice. As stated above, plaintiffs reviewed 82.5 million pages of documents and conducted over 220 depositions. At this stage, they have most of the crucial facts in their possession, making them well-positioned to understand the merits of their case. Had the parties not agreed on this settlement, the next steps would be summary judgment and (assuming that plaintiffs survived summary judgment) trial.

**5. Quality of Counsel and Conduct During Litigation and Settlement Negotiations**

This settlement was the product of arms-length negotiations by highly skilled and diligent counsel on both sides, and Lead Plaintiffs ably discharged their responsibilities to monitor Co-Lead Counsel and ensure that Co-Lead Counsel acted in the best interests of the class. As Judge Sporkin observed in his statement summarizing the settlement negotiations, "the advocacy on both sides of the case was outstanding," and both sides were prepared to try the case if settlement talks failed. Moreover, Judge Sporkin was impressed by "the deep involvement of the class representatives in overseeing the prosecution of the case, and with their commitment to that obligation." I concur with Judge Sporkin's assessments on both points.

In summary, I find that the settlement is fair, reasonable, and adequate.

**C. Reasonableness of the Plan of Allocation**

Like the settlement itself, the plan of allocation must be fair, reasonable, and adequate. WorldCom, 388 F. Supp. 2d at 344. Co-Lead Counsel have established that the plan of allocation, which compensates class members according to the nature and timing of their Tyco securities transactions, has a

reasonable basis. It is calculated according to Dr. Zmijewski's model, and was reviewed by experts R. Alan Miller and Dr. Kenneth D. Gartrell, who concluded both that the underlying methodology was sound and that the distribution plan was fair and reasonable. The fact that these independent experts evaluated the plan of allocation and agreed that it was fair weighs strongly in its favor.

The plan of allocation also deals appropriately with the issue of what to do with excess funds. The plan calls for the continued re-distribution of unclaimed funds to class members according to their pro rata shares, until the costs of such redistributions make it economically unfeasible to continue doing so. If and when that point is reached, then the balance of the fund will be subject to a *cy pres* remedy designated by Co-Lead Counsel with the consent of Tyco and PwC. This approach is consistent with the latest draft of the American Law Institute's Principles of the Law of Aggregate Litigation. See American Law Institute, Principles of the Law of Aggregate Litigation, Discussion Draft No. 2, § 3.07 (Apr. 6, 2007) (recommending that a *cy pres* approach be used only if individual distributions of the surplus to class members are not economically viable or

individual class members cannot easily be identified). Although the settlement agreement does not specifically require that I approve the chosen beneficiary of any *cy pres* remedy, Co-Lead Counsel have assured me that they will submit the planned remedy for my review should a *cy pres* remedy become necessary, and I will require them to obtain my approval before proceeding with any such plan.

Based on the foregoing, I find that the plan of allocation is fair and reasonable.

**D. Objections to the Settlement and Plan of Allocation**

None of the institutional investors have objected to either the size of the settlement or the allocation plan. Some individuals, however, have raised objections. I discuss these below.

Some objectors agreed to withdraw their objections after Co-Lead Counsel offered to compensate them for their services to the class from any attorneys' fees award. If I approve these objectors' stipulations of withdrawal, it is because the final resolution is fair to the class, without regard to any compensation the objectors may receive. Nevertheless, Co-Lead Counsel remain free to pay such compensation from the fee award

if they so choose, and I need not approve such compensation for it to take place.

**1. Objections to the Terms of the Proposed Settlement**

Chris Andrews (Doc. No. 1108) objected to the settlement because he disagreed with certain strategic decisions made by Co-Lead Counsel, who had retained Andrews as a consultant to investigate certain factual matters. Andrews has since resolved this dispute with Co-Lead Counsel and has stipulated to the withdrawal of his objection. Had Andrews pursued this objection, I would have overruled it, so I approve his stipulated withdrawal.

James Hill (Doc. No. 1130) objected to the settlement because it could be interpreted to release claims against the Boston Stock Exchange arising from alleged stock market manipulation of Tyco securities traded on that exchange. In response to Hill's concerns, Co-Lead Counsel clarified the terms of the release and Hill withdrew his objection. I approve his stipulated withdrawal.

Peter and Rita Carfagna and Barry Friedman (Doc. No. 1121) objected to the 50/50 split between the class and Tyco for successful prosecution by Tyco of any officer assigned claims.

After Co-Lead Counsel clarified the strategic reasons for this decision (namely, the split serves the interests of the class because Tyco has more information regarding the fraud perpetrated by the officer defendants than plaintiffs, and it would be difficult for plaintiffs to collect judgments on the officers' assets), the Carfagnas and Friedman withdrew their objection. I approve their stipulated withdrawal.

James Hayes (Docs. No. 1134 and 1169) argues that the recovery is inadequate because, he alleges, Tyco's stock was artificially inflated by \$51 per share at its peak, not the \$8.29 per share calculated by Dr. Zmijewski. Hayes' calculation is overly simplistic; although it does adjust for the overall decline in the market, it fails to account for other confounding factors such as the Tyco split plan, Tyco's credit problems, and poor performance by Tyco subsidiaries. Hayes' estimate therefore does not conform to the stringent requirements that plaintiffs would have had to meet to establish loss causation. See Dura, 544 U.S. at 346. Because Hayes' calculation overestimates the provable damages and his objection generally fails to cast doubt on Dr. Zmijewski's event study methodology, I overrule his objection.

Richard and Maryann Wronko (Doc. No. 1132) argue that the recovery is inadequate because it does not fully capture the decrease in value of their Tyco stock and does not include the "likely punitive damages that would have been awarded." The Wronkos' calculation of likely compensatory damages, however, grossly overestimates the potential recovery because it does not account for any possible confounding factors. See Dura, 544 U.S. at 346. Their argument as to punitive damages is problematic because punitive damages are not available for violations of the Securities Exchange Act of 1934. See 15 U.S.C. § 78bb(a) ("no person permitted to maintain a suit for damages under the provisions of this chapter shall recover, through satisfaction of judgment in one or more actions, a total amount in excess of his actual damages on account of the act complained of"); Manchester Mfg. Acquisitions, Inc. v. Sears, Roebuck & Co., 802 F. Supp. 595, 605 (D.N.H. 1992). The Wronkos also make two unrelated objections.<sup>9</sup> These objections also have no merit. I therefore overrule the Wronkos' objections.

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<sup>9</sup> Specifically, the Wronkos object to the fact that they received the Notice of Proposed Settlement only one week before the deadline for objections, and also that the settlement's termination options give PwC more favorable treatment than Tyco if PwC chooses to withdraw from the settlement.

## 2. Objections to the Class Period

Joel Douglas (Doc. No. 1105), Richard Dayton (Doc. No. 1115), David Kaiser (Doc. No. 1109), Susan Schaffer (Doc. No. 1138), Marvin and Sonia Greenbaum (Doc. No. 1136), and M.A. Hartley (Doc. No. 1141) objected to the class period, arguing that it should start earlier, end later, and/or include holder claimants. After Co-Lead Counsel explained the basis for the existing class period, all but Kaiser and Hartley withdrew their objections. Kaiser offers no principled reason for modifying the class period, and his proposal to include holder claimants in the class has no legal merit. See Dura, 544 U.S. at 346 (describing the requirements for establishing loss causation); Blue Chip Stamps v. Manor Drug Stores, 421 U.S. 723, 737-38 (1975) (denying standing to holder claimants in private federal securities actions). I therefore overrule his objection. Hartley's objection was untimely and, for the same reasons as Kaiser's, has no legal merit. I therefore overrule Hartley's objection as well. Had Douglas, Dayton, Schaffer, and the Greenbaums pursued their objections, I would have overruled them, so I approve their stipulated withdrawals.

### **3. Objections to the Plan of Allocation**

Robert and Patricia Weinberg (Doc. No. 1110) objected to the *cy pres* provisions of the settlement because these provisions do not call for input by members of the class. The Weinbergs withdrew their objection after Co-Lead Counsel agreed to consult with Mr. Weinberg regarding what charitable organizations should receive *cy pres* funds. Weinberg, who is a leader and prominent member of the District of Columbia bar, is well-positioned to offer useful advice to Co-Lead Counsel on this issue. Moreover, because any proposed plan for the distribution of *cy pres* funds must be submitted to me for approval, there is an additional layer of review protecting the interests of the class if such a distribution becomes necessary. I therefore approve the Weinbergs' stipulated withdrawal.

John Nemfakos (Doc. No. 1137) objects to the different treatment of call options and put options.<sup>10</sup> He also objects to the provision limiting losses from option trading to 1% of the total settlement amount. I overrule both objections. Call

<sup>10</sup> A call option is a right to purchase a security at a price and date certain in the future. A put option gives the buyer the right to sell the security to the counter-party at a price and date certain in the future.

options are discounted relative to put options because the purchase of a call option includes a time premium -- a wasting asset that will evaporate even if the stock price remains steady. The limitation of losses from option trading is because these derivative securities suffer from much greater volatility than stocks and bonds, making it more difficult to establish loss causation.

#### **4. Miscellaneous Objections**

H. Paul Block and Bernice Block (Doc. No. 1156), who assert that they held previously-acquired Tyco stock during the class period but made no transactions during the class period, have filed a late objection to the settlement. Although their objection is untimely, I consider it on the merits. Based on their initial premise that the Securities Litigation Uniform Standards Act ("SLUSA") forces federal law claims to be pre-empted by state law claims, they argue that: (1) holder claimants -- although not included as class members -- should have standing to object to the proposed settlement; (2) SLUSA should extinguish the federal claims and allow the state claims to move forward; and (3) the proposed settlement should be declared invalid. Their arguments rest on a faulty foundation, however, because

their concept of preemption is backward. SLUSA preempts a broad range of state law class-action claims in favor of federal law claims. As the Supreme Court recently held in Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Dabit, 547 U.S. 71 (2006), SLUSA does so even when extinguishing those state claims would deny any remedy at all to certain classes of plaintiffs. See id. at 82-89. For holder claimants like the Blocks, who have no remedy under federal law, this is a harsh result, but the law is clear on this point. See Blue Chip Stamps, 421 U.S. at 737-38 (denying standing to holder claimants in private federal securities actions). Because all three of the Blocks' arguments rely on their incorrect understanding of preemption, none of them have merit. I therefore overrule their objection.

Frank DeCiancio (Doc. No. 1176) filed a late objection to the settlement, asserting that Co-Lead Counsel's calculations of Tyco stock inflation appear illogical. His concerns are adequately addressed by Dr. Zmijewski's detailed description of how he made his damage calculations. Accordingly, I overrule DeCiancio's objection.

#### **E. Attorneys' Fees and Expenses**

An attorney who recovers a common fund for the benefit of

others is entitled to "a reasonable attorney's fee from the fund as a whole." Boeing Co. v. Van Gemert, 444 U.S. 472, 478 (1980). By assessing attorneys' fees and litigation expenses against a common fund, the court spreads these costs proportionately among those benefitted by the suit. Id. Moreover, providing adequate compensation encourages capable plaintiffs' attorneys to aggressively litigate complex, risky cases like this one rather than settling lower and earlier than would be in the best interests of the class members they represent. See In re GMC Pick-Up Truck Fuel Tank Prods. Liab. Litig., 55 F.3d 768, 801-02 (3d Cir. 1995) (discussing the theoretical foundations for fee awards in class action cases). In this case, Co-Lead Counsel, after negotiations with Lead Plaintiffs, have requested attorneys' fees amounting to 14.5% of the settlement fund. They also seek reimbursement for \$28,938,412.74 in expenses. I address the fees and the expenses separately, and conclude that both merit approval.

### **1. Fees**

In line with PSLRA cases in other circuits and past common fund cases in this circuit, I use the percentage of fund ("POF")

method<sup>11</sup> with a lodestar<sup>12</sup> cross-check to evaluate the fee request. In re Rite Aid Corp. Sec. Litig., 396 F.3d 294, 305-06 (3d Cir. 2005); United States v. 8.0 Acres of Land, 197 F.3d 24, 33 (1st Cir. 1999); In re Thirteen Appeals Arising out of the San Juan Dupont Plaza Hotel Fire Litig., 56 F.3d 295, 307-08 (1st Cir. 1995). The POF method is appropriate in common fund cases because it “rewards counsel for success and penalizes it [counsel] for failure.” GMC Pick-Up Truck, 55 F.3d at 821. Using a lodestar cross-check ensures that the fees are also reasonable in light of the actual amount of work performed. Vizcaino v. Microsoft Corp., 290 F.3d 1043, 1050 (9th Cir. 2002).

(a) POF Method

A district court in the First Circuit has “extremely broad” latitude to determine an appropriate fee award under the POF method. Thirteen Appeals, 56 F.3d at 309. Unlike the Second and Third Circuits, the First Circuit does not require courts to

<sup>11</sup> Under the POF method, the fee award is calculated as a reasonable percentage of the settlement amount. In re Thirteen Appeals Arising out of the San Juan Dupont Plaza Hotel Fire Litig., 56 F.3d 295, 305 (1st Cir. 1995).

<sup>12</sup> The lodestar ordinarily is calculated by multiplying the number of hours reasonably incurred by the reasonable hourly rate for the services rendered. Gisbrecht v. Barnhart, 535 U.S. 789, 802 (2002).

examine a fixed laundry list of factors. See id. at 307-09. Cf. Rite Aid, 396 F.3d at 301; Goldberger v. Integrated Res., Inc., 209 F.3d 43, 47 (2d Cir. 2000). I therefore draw loosely on the factors employed by the Second and Third Circuits that are most relevant to my analysis. In particular, I consider: (1) fee awards in similar cases, (2) the complexity, duration, and risk involved in the litigation, (3) the manner in which the fee request was negotiated between Co-Lead Counsel and Lead Plaintiffs, (4) the reaction of the class, and (5) public policy considerations. Based on the totality of these factors, I conclude that the requested 14.5% award is reasonable and appropriate.

#### **(i) Comparison to Other Cases**

Co-Lead Counsel argue that I should compare their fee request with the fees that were awarded in connection with the sixteen post-PSLRA securities fraud cases with settlements at or above \$400 million. These cases, listed according to the size of the recovery for the class, are: WorldCom (\$6.13 billion), Cendant (\$2.19 billion), AOL Time Warner, (\$2.65 billion), Nortel I (\$1.14 billion), Royal Ahold (\$1.09 billion), Nortel II (\$1.04 billion), McKesson (\$960 million), Lucent (\$517 million),

Bankamerica (\$485 million), Dynegy (\$474 million), Raytheon (\$460 million), Waste Management II (\$457 million), Adelphia (\$455 million), Global Crossing (\$448 million), Freddie Mac (\$410 million), and Qwest (\$400 million).<sup>13</sup>

Two objectors -- SERS/PSERS and U.S. Trust -- appeared at the Fairness Hearing and argued that I should limit my comparative analysis to a subset of cases in which the

<sup>13</sup> See generally In re Nortel Networks Corp. Sec. Litig., No. 01-CV-1855 (RMB) (S.D.N.Y. Jan. 29, 2007) (order and final judgment) (Nortel I); In re Nortel Networks Corp. Sec. Litig., No. 05-MD-1659 (LAP) (S.D.N.Y. Dec. 26, 2006) (order and final judgment) (Nortel II); In re Adelphia Communs. Corp. Secs. & Derivative Litig., No. 03 MDL 1529 (LMM), 2006 U.S. Dist. LEXIS 84621 (S.D.N.Y. Nov. 16, 2006); In re Royal Ahold N.V. Sec. & ERISA Litig., 461 F. Supp. 2d 383 (D. Md. 2006); Ohio Pub. Employees Ret. Sys. v. Freddie Mac, No. 03-CV-4261 (JES) (S.D.N.Y. Oct. 26, 2006) (order and judgment); AOL Time Warner, 2006 U.S. Dist. LEXIS 78101; In re Qwest Communs. Int'l, Inc. Sec. Litig., No. 01-cv-01451-REB-CBS, 2006 U.S. Dist. LEXIS 71267 (D. Colo. Sept. 28, 2006); In re McKesson HBOC, Inc., Sec. Litig., No. 99-CV-20743 RMW (PVT) (N.D. Ca. Feb. 24, 2006) (order awarding attorney's fees and reimbursement of expenses); WorldCom, 388 F. Supp. 2d 319; In re Dynegy, Inc. Sec. Litig., No. H-02-1571 (S.D. Tex. Jul. 08, 2005) (order awarding attorneys' fees and reimbursement of expenses); In re Raytheon, No. 99-12142-PBS (D. Mass. Dec. 6, 2004) (order and final judgment); In re Global Crossing Sec. & ERISA Litig., 225 F.R.D. 436 (S.D.N.Y. 2004); In re Lucent Techs., Inc. Sec. Litig., 327 F. Supp. 2d 426 (D.N.J. 2004); In re Cendant Corp. Sec. Litig., 243 F. Supp. 2d 166 (D.N.J. 2003) (Cendant II); In re Bankamerica Corp. Sec. Litig., 228 F. Supp. 2d 1061 (E.D. Mo. 2002); In re Waste Mgmt., Inc. Sec. Litig., No. H-99-2183 (S.D. Tex. May 10, 2002) (findings of fact and conclusions of law) (Waste Mgmt. II).

settlements exceeded \$1 billion. These "super mega-fund" cases are: WorldCom, Cendant, AOL Time Warner, Nortel I, Royal Ahold, and Nortel II. The objectors contend that the comparison set should be limited to such cases because super mega-fund cases are a distinct subclass in which the size of the recovery is explained more by the size of the class than the work expended by counsel. As a result, the objectors argue, super mega-fund cases -- Tyco included -- require comparatively lower POF awards to fairly compensate counsel than will be required in cases with smaller settlements.

A comparison of Table 1 with Table 2 explains why this argument is potentially significant. Table 1, which lists the POF awards for the top securities fraud settlements in descending order, reveals that the POF award requested in this case is in line with the POF awards for the other cases in the class (seventh out of seventeen). In contrast, Table 2, which lists the POF awards only in super mega-fund cases, suggests that this case is an outlier when it is compared only with the other cases in the subclass (first out of seven). Thus, it is important to determine whether the objectors are correct in contending that I should limit my comparative analysis to super mega-fund cases.

**Table 1**

<b>Case Name</b>	<b>POF</b>
Adelphia	21.40%
Freddie Mac	20.00%
Bankamerica	17.83%
Lucent	17.00%
Global Crossing	16.18%
Qwest	15.00%
Tyco ( <i>proposed</i> )	14.50%
Royal Ahold	12.00%
Raytheon	9.00%
Dynegy	8.73%
Nortel II	8.00%
Waste Mgmt. II	7.93%
McKesson	7.79%
AOL Time Warner	5.57%
WorldCom	5.48%
Nortel I	3.00%
Cendant	1.73%

**Table 2**

Case Name	POF
Tyco ( <i>proposed</i> )	14.50%
Royal Ahold	12.00%
Nortel II	8.00%
AOL Time Warner	5.57%
WorldCom	5.48%
Nortel I	3.00%
Cendant	1.73%

The objectors' contention that super mega-fund cases warrant lower POF awards than smaller cases because they require proportionally less work may well be true as a general matter.

See generally In re Prudential Ins. Co. Am. Sales Practice Litig. Agent Actions, 148 F.3d 283, 339 (3d Cir. 1998) ("the basis for this inverse relationship [between the settlement amount and the appropriate POF] is the belief that in many instances the increase [in recovery] is merely a factor of the size of the class and has no direct relationship to the efforts of counsel" (internal quotations omitted)). However, the generalization on which the objectors' argument depends does not hold in this case. The best measure of the effort required to produce a particular

result in a given case is the lodestar. In this case, the lodestar expressed as a percentage of the settlement amount is 5.38%. As Appendix 1 demonstrates, this “lodestar percentage” is substantially higher than the lodestar percentages for all but one of the super mega-fund cases and it is much more closely aligned with the lodestar percentages in the larger set of cases that Co-Lead Counsel have proposed for comparison purposes. In other words, whether or not super mega-fund cases generally require proportionally less effort than smaller cases, the generalization is not true in this case. Accordingly, the record does not support the objectors’ contention that the proposed POF award should be compared only with the POF awards in super mega-fund cases.<sup>14</sup>

In summary, I agree with Co-Lead Counsel that the appropriate set of securities fraud settlements to use for comparison purposes is a set of the sixteen largest settlements

<sup>14</sup> Neither Co-Lead Counsel nor the objectors argue that I should compare the POF award requested in this case with POF awards in the still-larger class of all securities fraud settlements. While I could perform such an analysis, it is unlikely that it would produce significant new information. If anything, expanding the set of comparable cases to include all securities fraud settlements would tend to favor Co-Lead Counsel more, not less, because POF awards are typically higher in the group of substantially smaller settlements that would be added to the comparison set. See Prudential, 148 F.3d at 339.

rather than a subset of only super mega-fund cases. When I compare the proposed POF award with the POF awards in this set of cases, the proposed POF award does not stand out as unusual.<sup>15</sup>

**(ii) Complexity, Duration, and Risk**

I have already described the factual and legal complexity of this case in explaining why I approved the settlement. The same considerations apply here. This was an enormously complex case, and counsel assumed substantial risk in pursuing it. The number of mergers and acquisitions that were scrutinized and the novelty and difficulty of the legal issues that were presented leave this case with few comparable precedents. Moreover, it is unsurprising that the case took five years to resolve given its difficulty and the fact that plaintiffs were opposed by determined and well-funded adversaries who were represented by highly skilled counsel.

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<sup>15</sup> I do not attach undue significance to this factor. Settlement size is at best a crude indicator of comparability. Each case, regardless of its size, presents its own set of challenges. The work required to resolve the case, the risk of an adverse result, and the quality of the outcome will all vary from case to case. Whether the proposed POF award is reasonable ultimately will depend on an assessment of these largely subjective factors. See Rite Aid, 396 F.3d at 303 (cautioning against "overly formulaic approaches in assessing and determining the amounts and reasonableness of attorneys' fees").

It is noteworthy that three different plaintiffs' firms -- entities that generally would not work together unless they found it absolutely necessary -- had to work cooperatively, spreading the risk among themselves so that they would have the collective resources required to carry this case through to completion. Co-Lead Counsel, it must be remembered, took this case on a wholly contingent basis. Had they lost on summary judgment or fallen short of establishing liability at trial, they would have lost the tens of millions of dollars in expenses and all of the attorney time that they collectively invested in the case. The \$172 million lodestar that Co-Lead Counsel gambled on this case was more than twice as big as in WorldCom (\$83 million lodestar), more than four times as big as in AOL Time Warner (\$40 million lodestar), and more than twenty-one times as big as in Cendant (\$8 million lodestar). It would be inappropriate for me to ignore these differences in evaluating the risk that Co-Lead Counsel assumed in taking on this case.

It is also important to bear in mind that the sheer amount of discovery in this case was staggering. The document production alone -- 82.5 million pages -- dwarfs every other major securities class action. In comparison, AOL Time Warner

involved a mere 15.5 million pages of document production. See AOL Time Warner, 2006 U.S. Dist. LEXIS 78101, at \*9. Indeed, Co-Lead Counsel had to review, catalog, and analyze so many documents that, partway through the discovery process, they were forced to hire a technology firm to develop more advanced computerized metrics for sorting through the production.

Accordingly, the unusual complexity, duration, and risk involved in this case are all factors that weigh in favor of the proposed fee award.

### **(iii) Negotiation of Fee Request**

The 14.5% fee request was not unilaterally selected by Co-Lead Counsel. Instead, at the direction of Lead Plaintiffs, Co-Lead Counsel retained two retired judges -- Judge Abner J. Mikva (retired Chief Judge of the Court of Appeals for the D.C. Circuit, former White House Counsel, and former Member of Congress) and Judge Alfred M. Wolin (retired U.S. District Judge for the District of New Jersey) -- to evaluate Co-Lead Counsel's proposed fee request. Judges Mikva and Wolin carefully considered Lead Plaintiffs' allegations, the duration and procedural history of the case, the amount of completed discovery, the hours spent and expenses incurred by Co-Lead

Counsel, and the legal issues at play in the case. Based on their evaluation of this information, Judges Mikva and Wolin concluded that a 14.5% fee would be reasonable. Lead Plaintiffs agreed with this recommendation, Co-Lead Counsel assented to it, and the recommendation became the fee proposal now before me.

This deliberative process is, so far as I know, unique. It is, however, an innovation that is consistent with the spirit of the PSLRA. Under the PSLRA's scheme, the court relies on properly-selected lead plaintiffs to act as agents for the class. See Cendant I, 264 F.3d at 282 (in cases governed by the PSLRA, "lead plaintiff is in the best position, under the PSLRA's scheme, to determine (at least initially) what its lead counsel's fee should be"). The fact that the 14.5% recommendation stems from such a process weighs strongly in favor of its reasonableness.

**(iv) Reaction of the Class**

Only a tiny percentage of the class has objected to the proposed fee request. Of the 2.4 million Notice recipients, only eleven raised objections, and only four of those objections were filed by institutions. The eleven objections were almost all based on more generalized concerns about the magnitude of the

fees and do not require further analysis. To the extent that they raise more specific issues, the objections lack merit, as is discussed in more detail below. Thus, the reaction of the class weighs in favor of approval.

#### **(v) Public Policy Considerations**

As I have noted, POF awards generally decrease as the amount of the recovery increases. See Rite Aid, 396 F.3d at 302; Prudential, 148 F.3d at 339. This is because the magnitude of the recovery in many instances is due principally to the size of the class and "has no direct relationship to the efforts of counsel." Prudential, 148 F.3d at 339 (internal quotations omitted); see also Theodore Eisenberg & Geoffrey P. Miller, Attorney Fees in Class Action Settlements: An Empirical Study, 1 J. Empirical Legal Stud. 27, 64 (2004) (study of class action fees from 1993 to 2002, finding that as a general rule, the fee percent decreases as client recovery increases, and attributing this pattern to the economies of scale that result from aggregating smaller claims into a single larger action). Other factors may also weigh in favor of a reduced POF award in a particular case. For example, if a settlement is induced by groundwork laid by state regulators and other government

entities, rather than the efforts of plaintiffs' counsel, it would be appropriate to reduce the percentage award as the recovery increases. See Prudential, 148 F.3d at 338, 342. Similarly, where a case settles at an early stage, before plaintiffs' counsel have expended hundreds of thousands of hours of work on discovery and motion practice, it is appropriate to reduce the percentage award accordingly. See Cendant II, 243 F. Supp. 2d at 172 (where the case was "a simple case in terms of liability" and settled "at a very early stage, after little formal discovery," fee awarded was 1.73% POF with a 6.875 lodestar multiplier).

In this case, countervailing public policy considerations weigh against any reduction of the POF award. This was an extraordinarily complex and hard-fought case. Co-Lead Counsel put massive resources and effort into the case for five long years, accumulating nearly \$29 million in yet-to-be-reimbursed expenses and expending more than 488,000 billable hours (constituting a lodestar of over \$172 million) on a wholly contingent basis. But for Co-Lead Counsel's enormous expenditure of time, money, and effort, they would not have been able to negotiate an end result so favorable for the class. Because Co-

Lead Counsel's continued, dogged effort over the past five years is a major reason for the magnitude of the recovery, and because this case could not have reached a similarly satisfactory resolution earlier, public policy favors granting counsel an award reflecting that effort.

Without a fee that reflects the risk and effort involved in this litigation, future plaintiffs' attorneys might hesitate to be similarly aggressive and persistent when faced with a similarly complicated, risky case and similarly intransigent defendants. See WorldCom, 388 F. Supp. 2d at 359 ("In order to attract well-qualified plaintiffs' counsel who are able to take a case to trial, and who defendants understand are able and willing to do so, it is necessary to provide appropriate financial incentives."). Of course, not every case needs to proceed as far as this one did to reach a good result for the class. See, e.g., Cendant II, 243 F. Supp. 2d at 173 ("Lead Counsel's efforts to settle this matter at a relatively early stage has proved to be prescient . . . . waiting to reach settlement might have resulted in many years of delay in the class members' recovery."). But for cases like this one, in which a satisfactory settlement only became possible after years of hard-fought motion practice and

searching discovery, it would be against public policy for me to set an unreasonably low POF award that would encourage future plaintiffs' attorneys to settle too early and too low. Additionally, approving this fee award is unlikely to open the floodgates to ever-higher levels of attorney compensation. Few cases will involve the combination of incredible legal and factual complexity, high risk, massive lodestar, and multi-billion-dollar recovery that characterized this case. Accordingly, I find that it would be inappropriate to artificially reduce the percentage award based on the size of the recovery alone.

(b) Lodestar Cross-Check

Several circuit courts have encouraged district judges to use the lodestar method as a cross-check on proposed POF awards. See, e.g., Rite Aid, 396 F.3d at 305; Vizcaino, 290 F.3d at 1043; Goldberger, 209 F.3d at 43. When the lodestar is used in this way, the focus is not on the "necessity and reasonableness of every hour" of the lodestar, but on the broader question of whether the fee award appropriately reflects the degree of time and effort expended by the attorneys. See Thirteen Appeals, 56 F.3d at 307. Such a results-oriented focus "lessens the

possibility of collateral disputes [regarding time records] that might transform the fee proceeding into a second major litigation." Id.

In the present case, the lodestar cross-check confirms that the proposed POF award is reasonable. First, I am satisfied that the time charges and hourly rates that were reported in Co-Lead Counsel's fee application are reasonable. I reach this conclusion based on: (1) Co-Lead Counsel's detailed submissions; (2) my familiarity with the work that the case required; (3) the fact that the institutional objectors pointedly declined to challenge either counsels' hourly rates or the time expended (except for certain very specific objections that I resolve below); and (4) Co-Lead Counsel's representation at the Fairness Hearing, which was not contradicted by defense counsel, that Tyco's counsel's lodestar was equal to or higher than Co-Lead Counsel's lodestar.

Second, taking the lodestar amount as an accurate indication of the work that was reasonably required to produce the settlement, the resulting lodestar multiplier<sup>16</sup> of 2.697

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<sup>16</sup> In the context in which I use the term in this case, lodestar multiplier is calculated by dividing the fee award by the lodestar amount. In re AT&T Corp. Secs. Litig., 455 F.3d 160, 164 (3d Cir. 2006).

appropriately compensates counsel for the risk that they assumed in litigating the case. As Table 3 indicates, the lodestar multiplier in this case is among the lowest of the lodestar multipliers for the top securities fraud settlements (twelfth of seventeen). Because, as I have explained, the risk of an adverse result in this case was higher here than in many of the other large securities fraud cases, the relatively low lodestar multiplier in this case is a good indication that the proposed award is not excessive.

**Table 3**

<b>Case Name</b>	<b>Lodestar Multiplier</b>
Cendant	6.875
Waste Mgmt. II	5.296
Nortel II	4.773
Lucent	4.341
Dynegy	4.070
WorldCom	4.040
AOL Time Warner	3.690
Qwest	3.235
Raytheon	3.146
Bankamerica	3.000
Adelphia	2.890

<i>Tyco (proposed)</i>	2.697
Royal Ahold	2.569
Global Crossing	2.566
McKesson	2.400
Freddie Mac	2.319
Nortel I	2.058

Finally, the proposed POF award also appears to be reasonable when cross-checked against the lodestar percentage.<sup>17</sup> As the scatter plot depicted in Appendix 2 illustrates, there is a strong positive correlation between lodestar percentage and the POF award for the top securities fraud settlements. Assuming that within this comparison set, counsel faced comparable risks and obtained comparably favorable results, cases that fall close to the regression line depicted on the scatter plot have typical fee awards relative to their peers. Because the proposed POF in this case falls below the regression line, the result obtained was outstanding, and the risk that counsel assumed in litigating

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<sup>17</sup> I have found no other reported decision that cross-checks a proposed POF award against the lodestar percentage. In cases where lodestar data is available, however, this type of cross-check is potentially useful because the lodestar percentage is an important factor in analyzing the reasonableness of the award and it is strongly correlated with the POF awards in the largest securities fraud cases.

the case was at least as great as the risk faced by counsel in the comparable cases, this cross-check also suggests that the proposed fee award is reasonable.

**2. Objections to Fees**

(a) Institutional Objectors

SERS/PSERS and U.S. Trust, joined by the Public Employee Retirement System of Idaho and the West Virginia Investment Management Board, were the only institutional objectors to the fee award. Although the institutional objectors are uniformly pleased with the proposed settlement, they object to the size of the fee award. In addition to their objections to the comparison set of settlements supplied by Co-Lead Counsel, the objectors raise generalized concerns about the danger that a 14.5% award in this case will create a new trend toward ever-higher compensation for plaintiffs' attorneys. This is a legitimate concern -- particularly for institutional investors who are likely to be class members in other securities class actions in the future. Nevertheless, as I have described above, the unusual complexity, great legal uncertainty, high risks, massive but justifiable lodestar, high amount of work done in relation to the recovery for the class, and historic magnitude of the recovery in this

case put it in a category of its own. Accordingly, the risks that this fee award would drive attorney compensation ever higher in future cases are minimal.

SERS/PSERS also argues that the time spent on the state cases and on seeking Lead Plaintiff and Lead Counsel status should not be counted toward the lodestar because these activities did not benefit the class. This objection lacks merit. First, both activities were of at least some benefit to the fund. See Bankamerica, 228 F. Supp. 2d at 1068 (stating that, to recover fees from a common fund, "attorneys must demonstrate that their services were of some benefit to the fund or enhanced the adversarial process." (quoting Petrovic v. Amoco Oil Co., 200 F.3d 1140, 1156 (8th Cir. 1999))). In particular, the state actions provided additional settlement leverage that Co-Lead Counsel used to negotiate a higher overall recovery from Tyco. The time spent recruiting Lead Plaintiffs also assisted the class because, as Judge Sporkin observed, the Lead Plaintiffs ultimately selected were knowledgeable institutional investors who worked diligently to ensure that Co-Lead Counsel proceeded efficiently and with maximum benefit to the class as a whole. In any event, the time spent on these two sets of activities

collectively comprise less than 2% of the lodestar, making them inconsequential for purposes of the lodestar cross-check.

SERS/PSERS argues that the work done by contract attorneys should be treated as an expense to be reimbursed, rather than being included in the lodestar. This objection lacks merit. The lodestar calculation is intended not to reflect the costs incurred by the firm, but to approximate how much the firm would bill a paying client. An attorney, regardless of whether she is an associate with steady employment or a contract attorney whose job ends upon completion of a particular document review project, is still an attorney. It is therefore appropriate to bill a contract attorney's time at market rates and count these time charges toward the lodestar. See Sandoval v. Apfel, 86 F. Supp. 2d 601, 609-11 (N.D. Tex. 2000) (holding that under a fee-shifting statute, the fees of contract attorneys and paralegals are compensable at market rates as part of the attorneys' fees, not just as overhead expenses of the firm); see also Missouri v. Jenkins, 491 U.S. 274, 286-88 (1989) (using the same reasoning to conclude that market-rate billing of paralegal hours should count toward an attorney fee award).

Alternatively, SERS/PSERS argues that the lodestar contributions of contract attorneys were excessive, in that much of the work done by contract attorneys should have been performed by lower-billing paralegals. First, as the Supreme Court has noted, there are many types of work that lie "in a gray area of tasks that might appropriately be performed either by an attorney or a paralegal." Jenkins, 491 U.S. at 288 n.10. Depending on the particular circumstances, it may or may not be cost-efficient to preclude attorneys from doing such work, particularly if it is intermingled with work that only an attorney can perform. Second and more importantly, even if I assumed that all of the contract attorney work done on behalf of Milberg Weiss LLP and Schiffriin Barroway Topaz & Kessler LLP (the two heaviest users of contract attorneys in this case) should have been billed at legal assistant rates,<sup>18</sup> this would reduce the overall lodestar by only about 12.5%, shifting the lodestar multiplier from 2.697 to 3.083. This minor change would not make any practical difference in the lodestar cross-check. See Rite Aid, 396 F.3d at 306 ("The lodestar cross-check calculation need entail neither mathematical

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<sup>18</sup> Based on my review of the firms' lodestar calculations, legal assistants are billed at about two-thirds of the average rate for contract attorneys.

precision nor bean-counting."); Thirteen Appeals, 56 F.3d at 307 (the lodestar cross-check does not demand that the judge "determine the necessity and reasonableness of every hour expended"). Accordingly, the objection lacks merit.

(b) Individual Objectors

Chris Andrews (Doc. No. 1108), Carfagnas/Friedman (Doc. No. 1121), Lynne Sell (Doc. No. 1126), Vondell Tyler and Ernest J. Browne (Doc. No. 1133), Rinis Travel Service, Inc. (Doc. No 1136), and the Weinbergs (Doc. No. 1110) objected to the fee award based on generalized concerns that the fees were too high. Some also sought assurances that Co-Lead Counsel would continue to be involved as necessary after the settlement is concluded. All of these objections were withdrawn after Co-Lead Counsel provided further assurances to the objectors and informed the objectors of the reduction in the fee request from the 17.5% fee described in the Notice of Proposed Settlement to the 14.5% fee that is now being sought. In light of these assurances, I find that there is no need to address these withdrawn objections further.

Charles L. Glass is the only individual objector to the fee award who has not withdrawn his objection. His objection

consists entirely of generalized concerns about the magnitude of the award that are addressed by my discussion above. I therefore overrule his objection.

(c) Allegations by Phillip Crawford

Phillip Crawford, Jr. has made numerous allegations in many separate letters addressed to this Court (Docs. No. 1161, 1163, 1165, 1166, 1167, 1168, and 1175). Although not a class member, Crawford was a contract attorney employed by Peak Counsel, which conducted document review for Milberg Weiss LLP, one of the three firms that acted as Co-Lead Counsel in this case. Most of his allegations are either clearly irrelevant or clearly incorrect, and need not be addressed. Crawford's two remaining allegations are: first, that the fee award is inappropriate because Milberg Weiss allegedly failed to police overbilling by its contract attorneys, and second, that some of the work done by contract attorneys could have been performed by non-lawyers and therefore should have been billed at a lower rate.

Neither allegation has merit. Regarding Crawford's first allegation, Milberg Weiss has submitted affidavits from the relevant personnel at their firm. Together, these affidavits establish that Milberg Weiss conducted a thorough investigation

of Crawford's allegations of overbilling by contract attorneys, removed from their fee application all time billed by both Crawford and the one contract attorney whose records were apparently inconsistent, and instituted appropriate procedures to police the billing of contract attorneys. These affidavits satisfy me that Milberg Weiss took all reasonable measures to ensure that their fee application accurately reflected the work put into the case. As for Crawford's second allegation, it fails for the same reason as SERS/PSERS's similar objection, supra. Even if true, his second allegation would not decrease the lodestar enough to call into question the appropriateness of either the lodestar multiplier or the lodestar percentage cross-check.

In summary, none of the objections made to the proposed fee award cause me to question my determination that the proposed award is reasonable.

### **3. Expenses**

Co-Lead Counsel have requested reimbursement of \$28,938,412.74 in expenses. In the exhibits to their fee and expense request, Co-Lead Counsel have provided detailed breakdowns of their expenses. They have also provided summary

tables, breaking the expenses down by category. They are not seeking reimbursement for computer research charges, overtime, secretarial services, rental space related to document review, supplies, press releases, or certain other miscellaneous expenses. I find that Co-Lead Counsel have provided sufficient documentation of their expenses and that, in light of the legitimate needs arising from the size and complexity of this case, the expense request is reasonable. See In Re San Juan Dupont Plaza Hotel Fire Litig., 111 F.3d 220, 233-38 (1st Cir. 1997). Accordingly, I approve reimbursement of the requested amount.

#### **4. Objections to Expenses**

Three class members objected to the expense request. Andrews (Doc. No. 1108) objected mainly based on his belief that the case should have been settled earlier and higher, before Co-Lead Counsel incurred significant expenses. Carfagnas/Friedman (Doc. No. 1121) objected to the reimbursement of certain categories of expenses. Rinis Travel (Doc. No. 1135) objected to the lack of detail in the initial expense request. All of these objections have since been withdrawn. Moreover, to the extent these objections may have had merit, they were mooted by Co-Lead

Counsel's decision not to pursue reimbursement for certain expenses and their provision of a detailed, well-organized breakdown of expenses in their fee and expense request.

### **III. CONCLUSION**

For the foregoing reasons, I:

- (1) Overrule the objections to the proposed settlement, plan of allocation, and award of attorney's fees and expenses;
- (2) Approve the Settlement Agreement (consisting of the terms and conditions of the Stipulation of Settlement dated July 6, 2007, including Amendment No. 1 as filed with the Court on July 12, 2007 and Amendment No. 2 as filed with the Court on October 24, 2007) and the plan of allocation; and
- (3) Approve attorneys' fees of 14.5% of the settlement, plus reimbursement of \$28,938,412.74 in expenses.

A more detailed final judgment will issue along with this Memorandum and Order.

SO ORDERED.

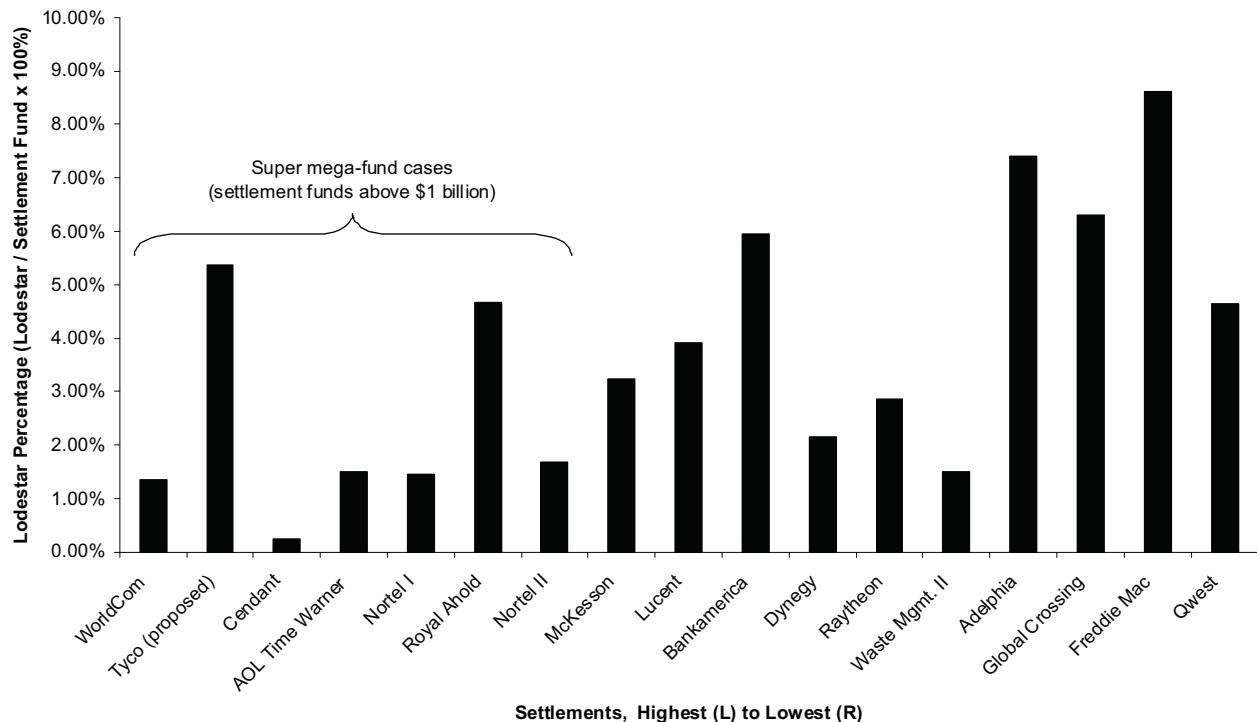
/s/Paul Barbadoro  
Paul Barbadoro  
United States District Judge

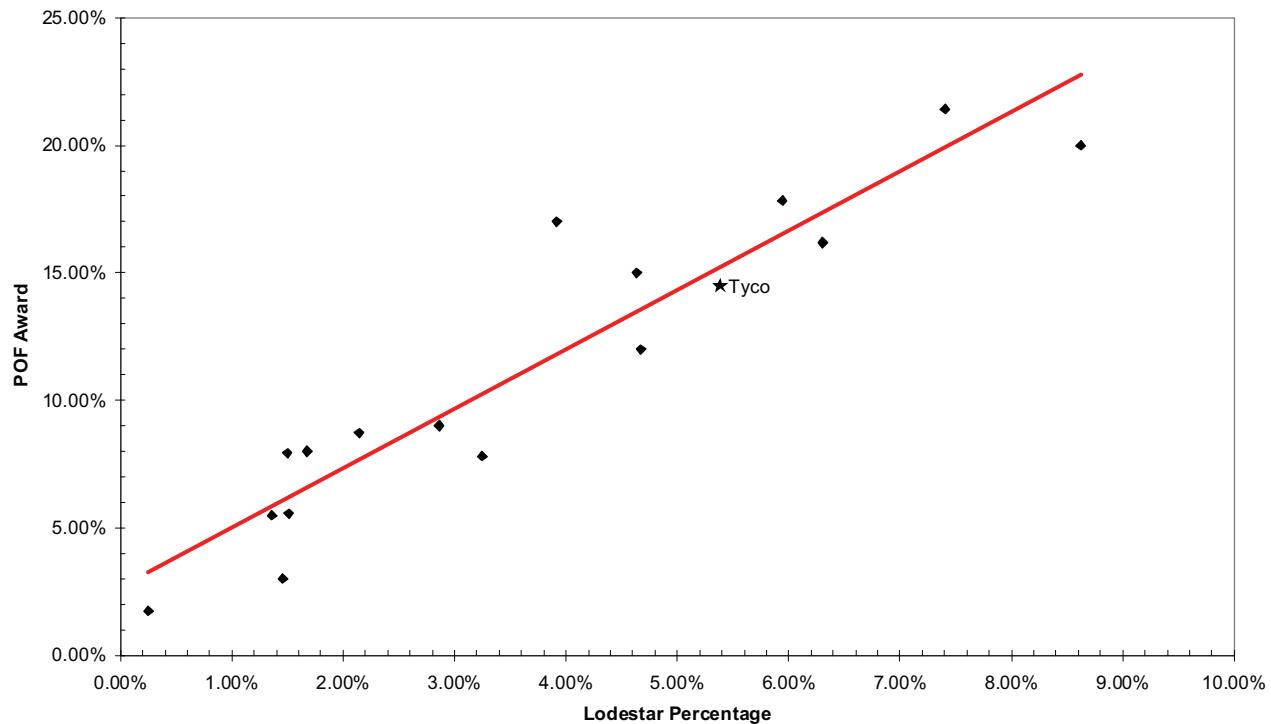
December 19, 2007

cc: Counsel of Record

## APPENDIX A

### Lodestar Percentages for Tyco and the Previous Top Securities Class Action Settlements



**APPENDIX B****Lodestar Percentage vs. POF for Tyco and the Previous Top Securities Class Action Settlements\***

\* The regression line in the above plot was calculated according to the previous top sixteen securities settlements, not including Tyco. This regression line has a coefficient of determination ( $R^2$ ) of 0.8768, indicating that the data is well-fitted to the line. The Pearson's correlation coefficient  $\rho$  for lodestar percentage and POF (again, for the previous top sixteen securities settlements, not including Tyco) is 0.936, indicating that the two variables are strongly correlated with one another.

# Exhibit O

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 8/29/12

IN RE CITIGROUP INC.  
SECURITIES LITIGATION

No. 07 Civ. 9901 (SHS)

ECF CASE

PROPOSED ORDER PRELIMINARILY APPROVING  
PROPOSED SETTLEMENT AND PROVIDING FOR NOTICE

WHEREAS, the above-captioned matter is a putative class action before this Court;

WHEREAS, Interim Lead Plaintiffs Jonathan Butler, M. David Diamond, David K. Whitcomb and Henrietta C. Whitcomb, Named Plaintiffs John A. Baden III, Warren Pinchuck, Anthony Sedutto, Edward Claus, Carol Weil, and Joseph DiBenedetto, and Additional Proposed Named Plaintiffs the Tennessee Consolidated Retirement Systems and the Public Employees' Retirement Association of Colorado (collectively "Plaintiffs"), individually and on behalf of the proposed Settlement Class (as hereinafter defined), and defendants Citigroup Inc., Charles Prince, Gary Crittenden, Robert Druskin, Thomas Maheras, Michael Klein, David Bushnell and Robert Rubin (collectively the "Citigroup Defendants"), have entered into a Stipulation and Agreement of Settlement dated August 28, 2012 (the "Stipulation"), which is subject to review by the Court under Rule 23 of the Federal Rules of Civil Procedure, and which, together with the Exhibits thereto, sets forth the terms and conditions of the proposed settlement, which provides for a complete dismissal on the merits and with prejudice of the claims asserted in the Action against all Citigroup Defendants, upon the terms and conditions set forth in the Stipulation (the "Settlement").

WHEREAS, Plaintiffs have made an application, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement in accordance with the

Stipulation, certifying the Settlement Class for purposes of settlement only, and approving notice to the Settlement Class as more fully described herein;

WHEREAS, the Court having considered the Stipulation and the Exhibits thereto, including the proposed (a) Notice, (b) Claim Form, (c) Summary Notice, and (d) Judgment and the submissions relating thereto, and finding that substantial and sufficient grounds exist for entering this Order; and

WHEREAS, unless otherwise defined herein, all capitalized words contained herein shall have the same meanings as they have in the Stipulation;

NOW THEREFORE, IT IS HEREBY ORDERED:

1. **Settlement Class Certification** – Pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure, and for purposes of settlement only, the Action is hereby certified as a class action on behalf of the following Settlement Class: all persons who purchased or otherwise acquired common stock issued by Citigroup during the period between February 26, 2007 and April 18, 2008, inclusive, or their successor in interest, and who were damaged thereby, excluding (i) the defendants named in the Complaint, (ii) members of the immediate families of the individual defendants named in the Complaint, (iii) any firm, trust, partnership, corporation, present or former officer, director or other individual or entity in which any of the Citigroup Defendants has a controlling interest or which is related to or affiliated with any of the Citigroup Defendants, and (iv) the legal representatives, heirs, successors-in-interest or assigns of any such excluded persons or entities. The Settlement Class includes persons or entities who acquired shares of Citigroup common stock after the Class Period pursuant to the sale of a put option during the Class Period. Except as set forth in the following sentence or as excluded above, the Settlement Class includes persons or entities who acquired shares of Citigroup common stock during the Class Period by any

method, including but not limited to in the secondary market, in exchange for shares of acquired companies pursuant to a registration statement, or through the exercise of options including options acquired pursuant to employee stock plans. Notwithstanding the foregoing, the Settlement Class shall not include Persons whose only acquisition of Citigroup common stock during the Class Period was via gift or inheritance if the Person from which the common stock was acquired did not themselves acquire the common stock during the Class Period. In the event that any such person or entity beneficially owned Citigroup common stock in a fiduciary capacity or otherwise held Citigroup common stock on behalf of third party clients or any employee benefit plans that otherwise fall within the class, such third party clients and employee benefit plans shall not be excluded from the Settlement Class, irrespective of the identity of the entity or person in whose name the Citigroup common stock were beneficially owned or otherwise held unless they are otherwise excluded above. For example, a Person who owns Citigroup common stock shall not be excluded from the Settlement Class solely because that common stock is held (i) in a registered or unregistered investment company (including a unit investment trust) in which any defendant in the Action has a controlling interest, or serves as investment manager, investment adviser or depositor; or (ii) (a) in a life insurance company separate account, or (b) in a segment or subaccount of a life insurance company's general account to the extent associated with insurance contracts under which the insurer's obligation is determined by the investment return and/or market value of the assets held in such segment or subaccount. A defendant shall be deemed to have a "controlling interest" in an entity if such defendant has a beneficial ownership interest, directly or indirectly, in more than 50% of the total outstanding voting power of any class or classes of capital stock that entitle the holders thereof to vote in the election of members of the Board of Directors of such entity. "Beneficial

ownership" shall have the meaning ascribed to such term under Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

2. **Settlement Class Findings** – The Court finds, for purposes of settlement only, that the prerequisites for certifying the Action as a class action under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of Settlement Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of the Proposed Class Representatives are typical of the claims of the Settlement Class; (d) Proposed Class Representatives and Interim Lead Counsel have and will fairly and adequately represent the interests of the Settlement Class; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the Action.

3. The Court hereby finds and concludes pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for purposes of settlement only, that Jonathan Butler, M. David Diamond, David K. Whitcomb and Henrietta C. Whitcomb, John A. Baden III, Warren Pinchuck, Anthony Sedutto, Edward Claus, Carol Weil, the Public Employees' Retirement Association of Colorado are adequate class representatives and certifies them as class representatives on behalf of the Settlement Class ("Class Representatives"), and hereby appoints Interim Lead Counsel, the law firm of Kirby McInerney LLP, as Lead Class Counsel for the Settlement Class.

4. **Preliminary Approval of the Settlement** – The Court hereby preliminarily approves the Settlement, as embodied in the Stipulation, as being fair, reasonable and adequate, and in the best interest of Plaintiffs and the other Settlement Class Members, subject to further consideration at the Settlement Hearing to be conducted as described below.

5. **Settlement Hearing** – The Court will hold a settlement hearing (the “Settlement Hearing”) on January 15, 2013 at 10:00 a.m. at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 23A, New York, NY 10007-1312, for the following purposes: (a) to determine whether the proposed Settlement, on the terms and conditions provided for in the Stipulation, is fair, reasonable and adequate, and should be approved by the Court; (b) to determine whether a Judgment substantially in the form attached as Exhibit E to the Stipulation should be entered dismissing the Action on the merits and with prejudice against all the Citigroup Defendants; (c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (d) to determine whether the motion by Lead Class Counsel for an award of attorneys’ fees and reimbursement of Litigation Expenses should be approved; and (e) to consider any other matters that may properly be brought before the Court in connection with the Settlement. Notice of the Settlement and the Settlement Hearing shall be given to Settlement Class Members as set forth in Paragraph 7 of this Order.

6. The Court may adjourn the Settlement Hearing and approve the proposed Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Settlement Class.

7. **Retention of Claims Administrator and Manner of Notice** – Lead Class Counsel are hereby authorized to retain Garden City Group, Inc. (the “Claims Administrator”) to supervise and administer the notice procedure as well as the processing of Claims as more fully set forth below. Notice of the Settlement and the Settlement Hearing shall be given by Lead Class Counsel as follows:

(a) within fifteen (15) business days of the date of entry of this Order, Citigroup shall provide or cause to be provided to the Claims Administrator (at no cost to the Settlement Fund,

Lead Plaintiffs, Lead Class Counsel or the Claims Administrator) its security holder lists (consisting of security holder names and addresses), in electronic form identifying all record holders of Citigroup's common stock during the Class Period. Where a Class Period record holder was a broker or other nominee that held Citigroup common stock during the Class Period for the benefit of another Person, Citigroup may comply with this paragraph by identifying the broker or nominee, which shall be subject to the requirements of paragraph 9 below;

(b) not later than fourteen (14) business days after obtaining the security holder lists specified in paragraph 7(a) above for purposes of identifying and giving notice to the Settlement Class (the "Notice Date"), the Claims Administrator shall cause a copy of the Notice and the Claim Form, substantially in the forms attached hereto as Exhibits 1 and 2, respectively (the "Notice Packet"), to be mailed by first-class mail to Settlement Class Members at the addresses set forth in the records of Citigroup or its transfer agent(s), or who otherwise may be identified through further reasonable effort;

(c) not later than ten (10) business days after the Notice Date, the Claims Administrator shall cause the Summary Notice, substantially in the form attached hereto as Exhibit 3, to be published once in the national edition of the *Wall Street Journal* and to be transmitted once over the *PR Newswire*; and

(d) not later than seven (7) calendar days prior to the Settlement Hearing, Lead Class Counsel shall serve on Citigroup Defendants' counsel and file with the Court proof, by affidavit or declaration, of such mailing and publication.

8. **Approval of Form and Content of Notice** – The Court (a) approves, as to form and content, the Notice, the Claim Form and the Summary Notice, substantially in the forms attached hereto as Exhibits 1, 2 and 3, respectively, and (b) finds that the mailing and distribution of the

Notice and Claim Form and the publication of the Summary Notice in the manner and form set forth in paragraph 7 of this Order (i) is the best notice practicable under the circumstances; (ii) constitutes notice that is reasonably calculated, under the circumstances, to apprise Settlement Class Members of the pendency of the Action, of the effect of the proposed Settlement (including the Releases contained therein) and of their right to object to any aspect of the proposed Settlement, exclude themselves from the Settlement Class and appear at the Settlement Hearing; (iii) constitutes due, adequate and sufficient notice to all Persons entitled to receive notice of the proposed Settlement; and (iv) satisfies the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7) as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), due process, the Rules of the Court and all other applicable law and rules. The date and time of the Settlement Hearing shall be included in the Notice and Summary Notice before they are mailed and published, respectively.

9. **Nominee Procedures** – Brokers and other nominees who purchased or otherwise acquired Citigroup common stock during the Class Period for the benefit of another Person shall forward the Notice Packet to all such beneficial owners within fifteen (15) calendar days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within fifteen (15) calendar days of receipt thereof in which event the Claims Administrator shall promptly mail the Notice Packet to such beneficial owners. Upon full compliance with this Order, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying with this Order by providing the Claims Administrator with proper documentation supporting the out-of-pocket expenses for which reimbursement is sought. Such properly documented expenses incurred by nominees in compliance with the terms of this Order

shall be paid from the Settlement Fund, with any disputes as to the reasonableness or documentation of expenses incurred subject to review by the Court.

10. **Participation in the Settlement** – Settlement Class Members who wish to participate in the Settlement and to be eligible to receive a distribution from the Net Settlement Fund must complete and submit a Claim Form to the Claims Administrator in accordance with the instructions contained therein. Unless the Court orders otherwise, all Claim Forms must be postmarked no later than one hundred and twenty (120) calendar days after the Notice Date. Notwithstanding the foregoing, Lead Class Counsel may, at their discretion, accept for processing and payment late claims provided such acceptance does not materially delay the distribution of the Net Settlement Fund to the Settlement Class. By submitting a Claim, a Person shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim and the subject matter of the Settlement.

11. Each Claim Form submitted must satisfy the following conditions: (a) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding paragraph; (b) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip or such other documentation as is deemed adequate by Lead Class Counsel or the Claims Administrator; (c) if the person executing the Claim Form is acting in a representative capacity, a certification of his, her or its current authority to act on behalf of the Settlement Class Member must be included in the Claim Form to the satisfaction of Lead Class Counsel or the Claims Administrator; and (d) the Claim Form must be complete and contain no material deletions or

modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

12. Any Settlement Class Member that does not timely and validly submit a Claim Form or whose claim is not otherwise approved by the Court: (a) shall be deemed to have waived his, her or its right to share in the Net Settlement Fund; (b) shall forever be barred from participating in any distributions therefrom; (c) shall be bound by the provisions of the Stipulation and the Settlement and all proceedings, determinations, orders and judgments in the Action relating thereto, including, without limitation, the Judgment, and the Releases provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released Claims against each and all of the Citigroup Releasees, as more fully described in the Stipulation and Notice. Notwithstanding any of the foregoing, Lead Class Counsel may accept late submitted Claims for processing so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby. The Court reserves jurisdiction to allow, disallow or adjust the Claim of any Settlement Class Member on equitable grounds

13. **Exclusion From the Settlement Class** – The Class Notice shall provide that any member of the Settlement Class who wishes to exclude himself, herself or itself from the Settlement Class must request exclusion in writing within the time and in the manner set forth in the Notice, which shall provide that: (a) any such request for exclusion from the Settlement Class must be mailed or delivered such that it is received no later than forty (40) calendar days prior to the Settlement Hearing, to: *In re Citigroup Inc. Securities Litigation*, EXCLUSIONS, c/o Garden City Group, Inc. at the address provided in the Notice; and (b) that each request for exclusion must (i) state the name, address and telephone number of the Person requesting exclusion; (ii) state that

such Person “requests exclusion from the Settlement Class in *In re Citigroup Inc. Securities Litigation*, 07 Civ. 9901 (SHS) (S.D.N.Y.)”; (iii) state the number of shares of Citigroup common stock that the Person requesting exclusion had at the start of the Class Period; (iv) state the date(s), price(s) and number of shares of Citigroup common stock that the Person or entity requesting exclusion purchased or otherwise acquired and sold during the period February 26, 2007 through and including July 17, 2008; (v) state the number of shares held through the close of trading on July 17, 2008; and (vi) be signed by the Person requesting exclusion or an authorized representative. A request for exclusion shall not be valid and effective unless it provides all the required information and is received within the time stated above, or is otherwise accepted by the Court.

14. Any Person who or which timely and validly requests exclusion from the Settlement Class, in compliance with the terms stated in this Order, or is excluded from the Settlement Class by order of the Court (the “Opt-Out Settlement Class Members”) shall not be a Settlement Class Member, shall not be bound by the terms of the Settlement or the Stipulation, and shall have no right to receive any payment out of the Net Settlement Fund.

15. Lead Class Counsel shall provide counsel for Defendants with a copy of all exclusion requests within two (2) business days following Lead Class Counsel’s receipt of such requests. Lead Class Counsel shall provide the Citigroup Defendants information regarding the total Recognized Losses, as calculated pursuant to the Plan of Allocation in the Class Notice, of all Opt-Out Settlement Class Members that filed timely exclusion requests within ten (10) days following the last date by which members of the Settlement Class must file requests for exclusion.

16. Any Settlement Class Member who or which does not timely and validly request exclusion from the Settlement Class in the manner stated in this Order: (a) shall be deemed to have waived his, her or its right to be excluded from the Settlement Class; (b) shall be forever barred from

requesting exclusion from the Settlement Class in this or any other proceeding; (c) shall be bound by the provisions of the Stipulation and the Settlement and all proceedings, determinations, orders and judgments in the Action, including, but not limited to, the Judgment, and the Releases provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released Claims against any of the Citigroup Releasees, as more fully described in the Stipulation and Notice.

17. **Appearance and Objections at Settlement Hearing** – Any Settlement Class Member who does not request exclusion from the Settlement Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice, by filing with the Clerk of Court and delivering a notice of appearance to Lead Class Counsel and Citigroup Defendants' counsel, as set forth in paragraph 18 below, such that it is received no later than December 26, 2012 SJS  
~~twenty-one (21) calendar days prior to the Settlement Hearing~~, or as the Court may otherwise direct. Any Settlement Class Member who does not enter an appearance will be represented by Lead Class Counsel.

18. Any Settlement Class Member who does not submit a valid and timely request for exclusion from the Settlement Class may file written objections to any aspect of the proposed Settlement, the proposed Plan of Allocation and/or the motion for an award of attorneys' fees and reimbursement of Litigation Expenses and appear and show cause, if he, she or it has any cause, why the proposed Settlement, the proposed Plan of Allocation and/or the motion for attorneys' fees and reimbursement of Litigation Expenses should not be approved; *provided, however,* that no Settlement Class Member shall be heard or entitled to contest the approval of the terms and conditions of any aspect of the proposed Settlement, the proposed Plan of Allocation and/or the motion for attorneys' fees and reimbursement of Litigation Expenses unless that Person has filed

written objections with the Court and served copies of such objections on Lead Class Counsel and Defendants' counsel at the addresses set forth below such that they are received no later than ~~twenty~~  
September 26, 2012.  
~~one (21) calendar days prior to the Settlement Hearing.~~

SWS

**To the Court**

Clerk of the Court  
 United States District Court  
 Southern District of New York  
 Daniel Patrick Moynihan United States Courthouse  
 500 Pearl Street  
 New York, NY 10007-1312  
 Re: *In re Citigroup Inc. Securities Litigation,*  
 Case No. 08 Civ. 9901 (BMS)

SWS

**Lead Class Counsel**

Ira M. Press, Esq.  
 Peter S. Linden, Esq.  
 Andrew McNeela, Esq.  
 Kirby McInerney LLP  
 825 Third Avenue  
 New York, NY 10022

**Counsel for the Defendants**

Brad S. Karp, Esq.  
 Richard A. Rosen, Esq.  
 Susanna Buergel, Esq.  
 Paul, Weiss, Rifkind, Wharton  
 & Garrison LLP  
 1285 Avenue of the Americas  
 New York, NY 10019-66064

19. Any objections, filings and other submissions by the objecting Settlement Class Member (a) must contain a statement of his, her or its objections, as well as the specific reasons for each objection, including the legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (b) must include documents sufficient to prove membership in the Settlement Class, as defined above in paragraph 1, including the number of shares of Citigroup common stock that the objecting Settlement Class Member purchased or otherwise acquired during the Class Period, as well as sales or other dispositions of such stock during the Class Period or thereafter through the close of trading on July 17, 2008, along with the dates and prices of each such

purchase or other acquisition and sale or other disposition. Citigroup Defendants' counsel and Lead Class Counsel shall promptly furnish each other with copies of any and all objections that come into their possession.

20. Any Settlement Class Member who does not make his, her or its objection in the manner provided herein shall be deemed to have waived his, her or its right to object to any aspect of the proposed Settlement, the proposed Plan of Allocation and the motion for attorneys' fees and reimbursement of Litigation Expenses and shall forever be barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement, the Plan of Allocation or the requested attorneys' fees and Litigation Expenses, or from otherwise being heard concerning the Settlement, the Plan of Allocation or the requested attorneys' fees and Litigation Expenses in this or any other proceeding.

21. **Stay** – Unless otherwise ordered by the Court, the Court stays all proceedings in the Action other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation. Pending final determination of whether the Settlement should be approved, the Court enjoins Plaintiffs and all other Settlement Class Members from commencing, prosecuting or asserting any claim against any of the Citigroup Releasees that is a Released Claim or that would be barred pursuant to paragraph 1(cc)(i) of the Stipulation.

22. **Settlement Administration Fees and Expenses** – All reasonable costs incurred in identifying and notifying Settlement Class Members as well as in administering the Settlement shall be paid as set forth in paragraph 19(a) of the Stipulation without further order of the Court, up to a limit of \$5,000,000. After the Effective Date, any Notice and Administration Costs in excess of this amount shall be paid from the remainder of the Settlement Fund, subject to approval of Lead Class Counsel, ~~and without further order~~ of the Court. *SWG*

23.        **Settlement Fund** – The contents of the Settlement Fund held by Lead Class Counsel (which the Court approves as the Escrow Agent), shall be subject to the jurisdiction of the Court and shall remain subject to the jurisdiction of the Court, until such time as they shall be distributed pursuant to the Stipulation and/or the Distribution Order. The Settlement Fund shall be deposited into an interest-earning escrow account designated by Lead Class Counsel and all interest accruing thereon shall be subject to the jurisdiction of the Court and will remain subject to the jurisdiction of the Court until such time as it is distributed to approved claimants. Except as provided in paragraph 19 in the Stipulation, the Escrow Agent shall invest any funds held in the Escrow Account in short-term United States Treasury Bills (or a mutual fund invested solely in such instruments) or such other comparable investments as may be agreed upon by the Parties, and shall collect and reinvest all interest accrued thereon. The Released Parties shall not have any responsibility or liability whatsoever for investment decisions with respect to the funds held in the Escrow Account. The Escrow Agent shall bear all risks related to investment of the funds held in the Escrow Account, and shall indemnify the Released Parties and hold them harmless from any losses arising from the investment or disbursement of the funds held in the Escrow Account.

24.        **Taxes** – Lead Class Counsel, or its authorized agent, the Claims Administrator, is authorized and directed to prepare any tax returns and any other tax reporting form for or in respect of the Settlement Fund, to pay from the Settlement Fund any taxes owed with respect to the Settlement Fund and to otherwise perform all obligations with respect to taxes and any reporting or filings in respect thereof without further order of the Court in a manner consistent with the provisions of the Stipulation.

25.        **Termination** – If the Settlement is terminated, not approved, cancelled, fails to become effective for any reason, or the Effective Date does not occur, this Order shall become null and void, and shall be without prejudice to the rights of Plaintiffs, the Settlement Class Members and the Citigroup Defendants, all of whom shall be restored to their respective positions in the Action, as provided for in the Stipulation, except that any Notice and Administration Costs paid or incurred at the time of termination, and less any taxes paid or payable on the Settlement Fund (including any costs and expenses of tax attorneys and accountants) at the time of termination need not be refunded to the Citigroup Defendants.

26.        **Use of this Order** – Neither this Order nor the proposed Settlement (including the Stipulation or any of its terms, or any aspect of any of the negotiations, discussions and proceedings in connection with the negotiation of and/or efforts to consummate the Stipulation or the Settlement): (a) shall be offered in evidence or used for any other purpose in this or any other proceeding in any court, administrative agency, arbitration forum or other tribunal other than as may be necessary to enforce the terms of this Order and/or the Settlement; (b) shall be described as, construed as, interpreted as or offered against the Citigroup Releasees as evidence of and/or deemed to be evidence of any presumption, concession or admission by the Citigroup Releasees as to any liability, negligence, fault, wrongdoing on their part or the validity of any claim by Plaintiffs or the merits of any of their defenses; and (c) shall be described as, construed as, interpreted as or offered against Plaintiffs or any Settlement Class Member as evidence of any infirmity in the claims of Plaintiffs and the Settlement Class, or as evidence that the damages recoverable from the Citigroup Releasees would not have exceeded the Settlement Amount.

27.        **Supporting Papers** – Lead Class Counsel shall file and serve papers in support of the proposed Settlement, the Plan of Allocation and Lead Class Counsel’s motion for an award of

attorneys' fees and reimbursement of Litigation Expenses no later than thirty-five (35) calendar days prior to the Settlement Hearing; and reply papers, if any, shall be filed and served no later than ~~seven~~ <sup>January 4, 2013</sup>

(7) calendar days prior to the Settlement Hearing

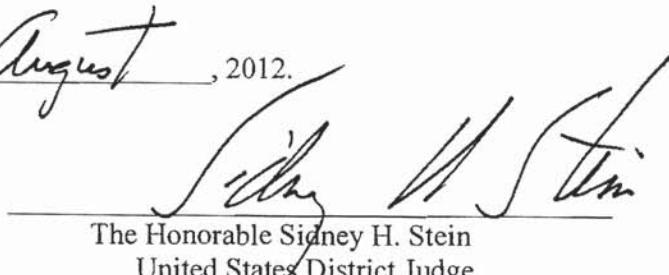
28. Neither the Defendants nor the Citigroup Releasees shall have any responsibility for or liability with respect to the Plan of Allocation or any application for attorneys' fees or reimbursement of Litigation Expenses submitted by Lead Class Counsel, and such matters will be considered separately from the fairness, reasonableness and adequacy of the Settlement.

29. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Class Counsel, and any application for attorneys' fees or reimbursement of Litigation Expenses, shall be approved.

30. All reasonable expenses incurred in identifying and notifying Settlement Class Members, as well as in administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the Settlement is not approved by the Court, or otherwise fails to become effective, neither the Plaintiffs nor Lead Class Counsel shall have any obligation to repay any amounts actually and properly disbursed from the Settlement Fund.

31. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

SO ORDERED this 29<sup>th</sup> day of August, 2012.

  
The Honorable Sidney H. Stein  
United States District Judge

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE CITIGROUP INC.  
SECURITIES LITIGATION

No. 07 Civ. 9901 (SHS)

ECF Case

**NOTICE OF (I) PENDENCY OF CLASS ACTION; (II) PROPOSED SETTLEMENT AND PLAN OF ALLOCATION; (III) SETTLEMENT FAIRNESS HEARING; AND (IV) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

*A Federal Court authorized this Notice. This is not a solicitation from a lawyer.*

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by the above-captioned class action lawsuit before this Court (the "Action"), if you purchased or otherwise acquired Citigroup Inc. ("Citigroup" or the "Company") common stock between February 26, 2007 and April 18, 2008, inclusive (the "Class Period"), and were damaged thereby.<sup>1</sup>

**NOTICE OF SETTLEMENT:** The Court-appointed Class Representatives (as defined in Paragraph 9 below), on behalf of themselves and the Settlement Class (as defined in Paragraph 24 below), have reached an agreement to settle the Action for a \$590 million cash settlement (the "Settlement"). If the Settlement is approved by the Court, all claims in the Action by the Settlement Class Members (defined in Paragraph 24 below) against all the Defendants, as well as other Released Parties, identified in Paragraph 49 below, will be resolved.

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.**

1. **Overview of the Action and the Settlement Class:** This Action is a class action lawsuit brought by investors alleging that they suffered damages as a result of alleged violations of the federal Securities Exchange Act of 1934. A more detailed description of the Action is set forth in Paragraphs 14-23 below. The "Defendants" in the Action are: (a) Citigroup; and (b) Charles Prince, Gary Crittenden, Robert Druskin, Thomas Maheras, Michael Klein, David Bushnell and Robert Rubin (the "Individual Defendants").

The proposed Settlement provides for the release of claims against all the Defendants, as well as certain other parties related to the Defendants, as specified in the Stipulation and as defined more fully in Paragraph 49 below. The Settlement Class consists of all persons and entities who purchased or otherwise acquired Citigroup common stock during the Class Period (as defined more fully in Paragraph 24 below). Members of the Settlement Class will be affected by the Settlement, if approved by the Court, and may be eligible to receive a payment from the Settlement.

2. **Statement of the Settlement Class' Recovery:** The parties have agreed to settle all claims asserted in the Action in exchange for \$590 million in cash, plus interest as earned from the date ten business days after Preliminary Approval of the Settlement, until the Effective Date (the "Settlement Amount"). The sum of the

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<sup>1</sup> Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated August 28, 2012 (the "Stipulation"), which is available on the website established for the Settlement at [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).

Settlement Amount is referred to as the "Settlement Fund." The "Net Settlement Fund" (the Settlement Fund less any taxes, attorneys' fees, expert fees, Notice and Administration Costs, Litigation Expenses, or other costs and expenses approved by the Court) will be distributed in accordance with the plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among Settlement Class Members who are eligible to participate in the distribution of the Net Settlement Fund and who submit a timely and valid proof of claim and release form (a "Claim Form" or "Proof of Claim Form"). The proposed plan of allocation (the "Plan of Allocation") is included in this Notice at pages [ ]-[ ] below.

**3. Estimate of Average Amount of Recovery Per Share:** Based on the information currently available to Plaintiffs and the analysis performed by their damages experts, the estimated average recovery per eligible share (before the deduction of any Court-approved fees, expenses and costs as described herein) would be approximately \$0.19, if all eligible Settlement Class Members submit valid and timely Claim Forms. If fewer than all Settlement Class Members submit timely and valid claims, this may result in higher distributions per share. A Settlement Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that Settlement Class Member's Recognized Loss (as defined below) as compared to the total Recognized Losses of all Settlement Class Members who submit timely and valid Claim Forms. *See the Plan of Allocation beginning on page [ ] for more information.*

**4. Statement of Potential Outcome of Case:** The Parties disagree on both liability and damages and do not agree on the average amount of damages per share of Citigroup common stock that would be recoverable if Plaintiffs were to prevail in the Action. The Defendants deny that Plaintiffs have asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever. The issues on which the Parties disagree with respect to liability include, without limitation: (1) whether Defendants made any materially false or misleading statements during the Class Period; (2) in the event that Plaintiffs can establish that Defendants made any false or misleading statements, whether Plaintiffs can also prove that Defendants acted with fraudulent intent in doing so; and (3) the impact, if any, that any alleged false or misleading statements had on the market price of Citigroup common stock during the relevant period. The Defendants assert that they were prepared to establish that the price of Citigroup's common stock declined in value for reasons not related to the allegations at issue in the Action. The issues on which the Parties disagree with respect to damages, even assuming that Plaintiffs were to prevail on all liability issues, include, without limitation: (1) the appropriate economic methodology for determining the amount by which Citigroup common stock was allegedly artificially inflated (if at all) during the Class Period; (2) the amount by which Citigroup common stock was allegedly artificially inflated (if at all) during the Class Period; and (3) the extent to which information that influenced the trading prices of Citigroup common stock at various times during the Class Period corrected or otherwise related to the allegedly misleading statements that gave rise to Plaintiffs' claim.

**5. Attorneys' Fees and Expenses Sought:** Plaintiffs intend to seek attorneys' fees not to exceed 17% of the \$590 million Settlement Fund, plus expenses incurred in connection with prosecution of this Action in the approximate amount of \$3,750,000. Such requested attorneys' fees and expenses would amount to an average of approximately \$0.03 per damaged share of Citigroup common stock. In addition, the class recovery will be reduced by Notice and Administration costs. *See How Will The Notice Costs And Expenses Be Paid? on page [ ] below. Please note that these amounts are only estimates.*

**6. Identification of Attorneys' Representatives:** Plaintiffs and the Settlement Class are represented by the law firm of Kirby McInerney LLP, the Court-appointed Lead Class Counsel in the Action ("Lead Class Counsel"). Any questions regarding the Settlement should be directed to:

Andrew McNeela, Esq.  
Peter S. Linden, Esq.  
KIRBY McINERNEY LLP  
825 Third Avenue

New York, NY 10022  
 (212) 371-6600

The Court has appointed a Claims Administrator, who is also available to answer questions from Settlement Class Members regarding matters contained in this Notice, including submission of a Proof of Claim Form, and from whom additional copies of this Notice and the Proof of Claim Forms may be obtained.

*In re Citigroup Inc. Securities Litigation*

c/o GCG, Inc.  
 P.O. Box 9899  
 Dublin, Ohio 43017-5799  
 (877) 600-6533  
[www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com)  
[Questions@citigroupsecuritiessettlement.com](mailto:Questions@citigroupsecuritiessettlement.com)

Please do not contact any representative of the Defendants or the Court with questions about the Settlement.

7. **Reasons for the Settlement:** Plaintiffs believe that the proposed Settlement is an excellent recovery and is in the best interests of the Settlement Class. The principal reasons for entering into the Settlement are the substantial benefits payable to the Settlement Class now, without further risk or the delays inherent in further litigation. The significant cash benefits under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after a decision on the pending motion for class certification, contested summary judgment process, a contested trial (if the Plaintiffs prevailed on previous motions) and possible appeals at each stage, a process that may last years into the future. Plaintiffs further considered, after conducting substantial investigation into the facts of the case, the risks to proving liability and damages and if successful in doing so, whether a larger judgment could ultimately be obtained. For the Defendants, who deny all allegations of wrongdoing or liability whatsoever (and also deny all allegations that any conduct on their part caused any Settlement Class Members to suffer any damages), the principal reason for entering into the Settlement is to eliminate the expense, risks and uncertainty of further litigation.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM POSTMARKED BY _____, 2013.</b>	This is the only way to be eligible to get a payment from the Settlement. If you are a Settlement Class Member, and do not exclude yourself from the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any "Released Claims" (as defined in Paragraph 49 below) that you have against the Defendants. If you do not exclude yourself from the Settlement Class, it is likely in your interest to submit a Claim Form.
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 3, 2012.</b>	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants concerning the Released Claims.

<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 21, 2012.</b>	If you do not like any aspect of the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
<b>GO TO A HEARING ON JANUARY 15, 2013 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 21, 2012.</b>	Filing a written objection and notice of intention to appear by December 21, 2012 allows you to speak in Court about the fairness of the Settlement, the Plan of Allocation and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and speak to the Court about your objection.
<b>DO NOTHING.</b>	If you are a member of the Settlement Class and you do not submit a Claim Form postmarked by _____, 2013, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

[END OF COVER PAGE]

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## WHY DID I GET THIS NOTICE?

8. This Notice is being sent to you pursuant to an Order of the United States District Court for the Southern District of New York because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Citigroup common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know how this Settlement may generally affect your legal rights.

9. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thereby allowing for the efficient and consistent resolution of the claims of all class members in a single proceeding. In a class action lawsuit, the court appoints one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Action, the Court has appointed Jonathan Butler, M. David Diamond, David K. Whitcomb, Henrietta C. Whitcomb, John A. Baden III, Warren Pinchuck, Anthony Sedutto, Edward Claus, Carol Weil, and Public Employees' Retirement Association of Colorado to serve as the class representatives (hereinafter "Class Representatives"), and the Court has approved Lead Plaintiffs' selection of the law firm of Kirby McInerney LLP to serve as Lead Class Counsel in the Action.

10. The court in charge of this case is the United States District Court for the Southern District of New York, and the case is known as *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (S.D.N.Y.) (SHS). The Judge presiding over this case is the Hon. Sidney H. Stein, United States District Judge. The persons or entities that are suing are called plaintiffs, and those who are being sued are called defendants. If the Settlement is approved, it will resolve all claims in the Action by Settlement Class Members against all of the Defendants, and will bring the Action to an end.

11. The purpose of this Notice is to inform you of the existence of this class action, how you might be affected and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness,

reasonableness and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Class Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing").

12. The Settlement Hearing will be held on January 15, 2013 at 10:00 a.m., before the Hon. Sidney H. Stein at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 23A, New York, NY 10007-1312, to determine:

- (a) whether the proposed Settlement is fair, reasonable and adequate, and should be approved by the Court;
- (b) whether all claims asserted in the Action against the Defendants should be dismissed on the merits and with prejudice, and whether all Released Claims against the Defendants and Citigroup Releasees should be released as set forth in the Stipulation;
- (c) whether the proposed Plan of Allocation is fair and reasonable, and should be approved by the Court; and
- (d) whether Lead Class Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved.

13. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and the Plan of Allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

#### WHAT IS THE CASE ABOUT? WHAT HAS HAPPENED SO FAR?

14. On November 8, 2007, a putative class action, *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (S.D.N.Y.) (SHS), was filed in the United States District Court for the Southern District of New York (the "Court") alleging claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") against Citigroup and certain of its officers and directors.

15. On August 19, 2008 the Court appointed Jonathan Butler, M. David Diamond, David Whitcomb and Henrietta Whitcomb (the "ATD Group") as Interim Lead Plaintiffs and the law firm of Kirby McInerney LLP as Interim Lead Counsel to represent the putative class.

16. On February 24, 2009, Plaintiffs filed their Amended Consolidated Class Action Complaint (the "Complaint"), on behalf of a proposed class of themselves and all other persons or entities who purchased or otherwise acquired Citigroup's common stock between January 1, 2004 and January 15, 2009, inclusive, and who were damaged thereby. The Complaint asserted claims under Sections 10(b) and 20(a) of the Exchange Act in connection with, among other things, Citigroup's disclosures concerning collateralized debt obligations ("CDOs"), structured investment vehicles ("SIVs"), mortgages, leveraged loans, auction rate securities, residential mortgage backed securities ("RMBSs"), solvency and generally accepted accounting principles against Citigroup and certain of Citigroup's officers and directors including Charles Prince, Robert Rubin, Lewis Kaden, Sallie Krawcheck, Gary Crittenden, Steven Freiberg, Robert Druskin, Todd S. Thomson, Thomas G. Maheras, Michael Stuart Klein, David Bushnell, John C. Gerspach, Stephen R. Volk and Vikram Pandit.

17. On March 13, 2009, the Defendants filed a motion to dismiss the Complaint and a comprehensive brief and numerous exhibits in support thereof. Plaintiffs filed their similarly comprehensive papers in opposition to these motions on April 24, 2009, and the Defendants filed their reply papers on May 13, 2009.

18. On November 9, 2010, the Court entered its Opinion and Order on the motion to dismiss. See *In re Citigroup Inc. Sec. Litig.*, 753 F. Supp. 2d. 206 (S.D.N.Y. 2010) (the "November 9 Opinion"). The November 9 Opinion denied Defendants' motion to dismiss: (1) the Section 10(b) claims against Citigroup and the Section 10(b) and 20(a) claims against Prince, Crittenden, Druskin, Maheras, Klein, Bushnell and Rubin for the alleged

misstatements and omissions relating to Citigroup's CDO exposure during the period from February 2007 through November 3, 2007; and (2) the Section 10(b) claims against Citigroup and the Section 10(b) and 20(a) claims against Crittenden for the alleged CDO-related misstatements and omissions occurring in the period from November 4, 2007 to April 2008. *In re Citigroup Inc. Sec. Litig.*, 753 F. Supp. 2d 206, 249 (S.D.N.Y. 2010). The remaining defendants and claims alleged in the Complaint were dismissed.

19. Following the November 9 Opinion, each party has conducted extensive discovery. Plaintiffs have produced thousands of pages of documents and provided 16 witnesses who were deposed by Defendants. Plaintiffs obtained almost 35 million pages of documents from Defendants and took depositions of more than 30 witnesses who were produced by Defendants. In addition, Plaintiffs obtained approximately 5 million pages of documents from third parties, and several experts for both Plaintiffs and Defendants have issued reports and have been deposed.

20. On July 15, 2007, Plaintiffs filed a motion seeking certification of the class. In the ensuing months, both sides filed numerous submissions with the Court in connection with this motion. The motion currently remains undecided.

21. Plaintiffs and Defendants subsequently agreed to retain Judge Layn R. Phillips (ret.) ("Judge Phillips" or the "Mediator") to assist them in exploring a potential negotiated resolution of the claims against the Defendants, and met and exchanged certain information under the auspices of the Mediator in February and March 2012 (including a lengthy face-to-face mediation session held in New York City) in an effort to determine if the claims against the Defendants could be settled. After making significant progress, a second face-to-face mediation session was held in April 2012, and thereafter the Parties engaged in further negotiation through the mediator.

22. **Mediator's Statement:** In late April 2012, and after face-to-face and arm's-length negotiation, Judge Phillips proposed a settlement of the Action for \$590 million, all cash, to be paid by the Defendants or their insurers. The parties and their counsel accepted the proposal. In Judge Phillips' opinion, "the proposed Settlement is the result of vigorous arm's length negotiation by both sides. He believes, based on his extensive discussions with the Parties and the information made available to him both before and during the mediation, that the Settlement was negotiated in good faith and that the Settlement is fair and reasonable."

23. On August 28, 2012, the Parties entered into the Stipulation setting forth the terms and conditions of the proposed Settlement. On \_\_\_\_\_, 2012, the Court entered an Order Preliminarily Approving Proposed Settlement and Providing for Notice, which preliminarily approved the Settlement, authorized this Notice be sent to potential Settlement Class Members and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

#### HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

24. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The "Settlement Class" consists of:

All persons who purchased or otherwise acquired common stock issued by Citigroup during the period between February 26, 2007 and April 18, 2008, inclusive, or their successor in interest, and who were damaged thereby, excluding (i) the defendants named in the Complaint, (ii) members of the immediate families of the individual defendants named in the Complaint, (iii) any firm, trust, partnership, corporation, present or former officer, director or other individual or entity in which any of the Citigroup Defendants has a controlling interest or which is related to or affiliated with any of the Citigroup Defendants, and (iv) the legal representatives, heirs, successors-in-interest or assigns of any such excluded persons or entities. The Settlement Class includes persons or entities who acquired shares of Citigroup common stock after the Class Period pursuant to the sale of a put option during the Class Period. Except as set forth in the following sentence or as excluded above, the

Settlement Class includes persons or entities who acquired shares of Citigroup common stock during the Class Period by any method, including but not limited to in the secondary market, in exchange for shares of acquired companies pursuant to a registration statement, or through the exercise of options including options acquired pursuant to employee stock plans. Notwithstanding the foregoing, the Settlement Class shall not include Persons whose only acquisition of Citigroup common stock during the Class Period was via gift or inheritance if the Person from which the common stock was acquired did not themselves acquire the common stock during the Class Period. In the event that any such person or entity beneficially owned Citigroup common stock in a fiduciary capacity or otherwise held Citigroup common stock on behalf of third party clients or any employee benefit plans that otherwise fall within the class, such third party clients and employee benefit plans shall not be excluded from the Settlement Class, irrespective of the identity of the entity or person in whose name the Citigroup common stock were beneficially owned or otherwise held unless they are otherwise excluded above.

“Settlement Class Member” means a member of the Settlement Class who does not exclude himself, herself or itself by submitting a request for exclusion in accordance with the requirements set forth in this Notice.

**PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN \_\_\_\_\_, 2013.**

#### WHAT ARE PLAINTIFFS’ REASONS FOR THE SETTLEMENT?

25. Plaintiffs and Lead Class Counsel believe that the claims asserted against the Defendants in this Action have substantial merit, and that their legal advocacy and diligent factual investigation have led to a Settlement that reflects an exceptionally significant recovery.

26. Plaintiffs and Lead Class Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the Defendants, as well as the inherent risks in establishing liability for violations of the federal securities laws. In the event that the motion for certification of the class was granted, there remains the inherent uncertainty that Plaintiffs and Lead Class Counsel would face in proving that the Defendants acted with fraudulent intent. Plaintiffs have taken into account that the claims made in the Complaint may not have survived a motion for summary judgment by Defendants. Moreover, jury reactions to Plaintiffs’ proofs (and the Defendants’ responses thereto) on the types of complex issues in this case are inherently difficult to predict. Although Plaintiffs were confident that they would have been able to support their claims with qualified and persuasive expert testimony, Defendants would have almost certainly retained highly experienced experts to argue their various defenses to liability.

27. In addition, even if the Defendants’ liability could otherwise be established, Plaintiffs faced serious arguments by the Defendants that any losses suffered by Settlement Class Members on their investments in Citigroup common stock were attributable to factors other than the alleged wrongdoing. For example, the Defendants may have argued that any losses suffered by Settlement Class Members here were caused primarily – if not entirely – by the “financial tsunami” and related financial and liquidity crisis of 2007-08, and not by any alleged misrepresentations concerning Citigroup’s exposure to, or valuation of, CDOs or the other matters alleged in the Complaint. As with contested liability issues, issues relating to loss causation and damages would also have likely come down to an inherently unpredictable and hotly disputed “battle of the experts.” Accordingly, even if

liability were established, there was a real risk that, after a trial of the Action, the Settlement Class would have recovered an amount less than the Settlement Amount – or even nothing at all.

28. In agreeing to the terms of the Settlement, Plaintiffs and Lead Class Counsel weighed the magnitude of the benefits (\$590,000,000) against the risks that the claims asserted in the Complaint would be dismissed following completion of discovery in response to Defendants' anticipated motion for summary judgment. They have also considered the nature of the various issues that would have been decided by a jury in the event of a trial of the Action, including all of the risks of litigation discussed above.

29. Finally, Plaintiffs and Lead Class Counsel have also considered the fact that any recoveries obtained from a favorable verdict after a trial would still be in jeopardy on further appeal, and, even if a favorable verdict were ultimately sustained on appeal, it would likely take additional years before the Action was finally resolved, absent a settlement.

30. In light of the amount of the Settlement and the benefits of immediate and certain recovery to the Settlement Class as compared to the risks and uncertainties of ever obtaining a superior recovery at some indeterminate date in the future, Plaintiffs and Lead Class Counsel strongly believe that the proposed Settlement is fair, reasonable, adequate and in the best interests of the Settlement Class. Indeed, they respectfully submit that the Settlement achieved represents a truly outstanding result for the Settlement Class.

31. The Defendants have vigorously denied the claims asserted against them in the Action and vigorously deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants state that they are entering into this Settlement solely to eliminate the uncertainties, burden and expense of further protracted litigation, and the Stipulation they have agreed to provides that the Settlement shall not be construed as an admission of any wrongdoing by any of the Defendants or counsel for any of the Defendants.

#### HOW MUCH WILL MY PAYMENT BE?

32. At this time, it is not possible to make any determination as to how much a Settlement Class Member may receive from the Settlement. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund will be distributed to Authorized Claimants in accordance with the Plan of Allocation approved by the Court. Under the proposed Plan of Allocation, your share of the Net Settlement Fund will depend on: (1) the date you purchased or acquired your Citigroup common stock, (2) the number of shares purchased or otherwise acquired and the price you paid, (3) the date of any sales of your Citigroup common stock, (4) the sale price you received, (5) the expense of administering the claims process, (6) any attorneys' fees and expenses awarded by the Court, (7) interest income received and taxes paid by the Settlement Fund, (8) the number of eligible shares of common stock purchased or otherwise acquired by other Settlement Class Members who submit timely and valid Proof of Claim Forms, and (9) the Recognized Losses of all other Authorized Claimants computed in accordance with the Plan of Allocation set out on pages [ ]-[ ] below.

33. You can calculate your Recognized Loss in accordance with the formula set forth below in the proposed Plan of Allocation. In the event the aggregate Recognized Losses of all timely and validly submitted Proof of Claim Forms exceed the Net Settlement Fund, your share of the Net Settlement Fund will be proportionally less than your calculated Recognized Loss. It is unlikely that you will get a payment for all of your Recognized Loss. After all Settlement Class Members have sent in their Proof of Claim Forms, the payment you get will be that proportion of the Net Settlement Fund equal to your Recognized Loss divided by the total Recognized Losses of all Settlement Class Members who submit timely and valid Proof of Claim Forms (the "*Pro Rata Share*"). See the Plan of Allocation on pages [ ]-[ ] for more information on your Recognized Loss.

34. The Defendants have agreed to pay \$590 million in cash. The Settlement Amount will be deposited into an interest-bearing escrow account. If the Settlement is approved by the Court, the Net Settlement Fund will be distributed to Settlement Class Members as set forth in the proposed Plan of Allocation or such other plan as the Court may approve. The Claims Administrator shall determine each Authorized Claimant's *Pro Rata* Share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Net Settlement Fund shall be distributed to Settlement Class Members who submit timely and valid Proof of Claim Forms and whose payment from the Net Settlement Fund would equal or exceed ten dollars (\$10.00).

35. The Net Settlement Fund will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

36. Neither the Defendants nor any other person or entity that paid any portion of the Settlement Amount on any of their behalves are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes final. The Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

37. Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

38. Only those Settlement Class Members who purchased or otherwise acquired Citigroup common stock during the Class Period and were damaged as a result of such purchases or acquisitions, will be eligible to share in the distribution of the Net Settlement Fund. Each person or entity wishing to participate in the distribution must timely submit a valid Claim Form establishing membership in the Settlement Class, and including all required documentation, postmarked on or before \_\_\_\_\_, 2013 to the address set forth in the Claim Form that accompanies this Notice.

39. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before \_\_\_\_\_, 2013 shall be forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation and Settlement, including the terms of any judgments entered and releases given. This means that each Settlement Class Member is bound by the release of claims (described in Paragraph 49 below) regardless of whether or not such Settlement Class Member submits a Claim Form.

40. *Information Required on the Claim Form:* Among other things, each Claim Form must state and provide sufficient documentation for each Claimant's transactions in Citigroup common stock during the Class Period.

41. The Court has reserved jurisdiction to allow, disallow or adjust the Claim of any Settlement Class Member on equitable grounds.

42. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her or its Claim Form.

43. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

## PROPOSED PLAN OF ALLOCATION

44. The Plan of Allocation has been prepared by Plaintiffs and Lead Class Counsel. It reflects the allegations in the Complaint that Defendants made materially untrue and misleading statements and omissions resulting in violations of Sections 10(b) and 20(a) of the Exchange Act and opinions of Plaintiffs' experts of damages that were caused by disclosures relating to Defendants' alleged misleading statements. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to the Settlement Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws, as opposed to losses

caused by market or industry factors or factors unrelated to the alleged violations of law. As set forth in the Plan of Allocation, Plaintiffs allege that on certain disclosure dates, Citigroup disclosed information that allegedly corrected previous alleged misrepresentations and omissions, causing a drop in Citigroup's stock price (net of factors unrelated to the alleged misrepresentations and omissions). An Authorized Claimant's Recognized Loss will be based upon the particular disclosure date(s) on which the Claimant held Citigroup stock for those shares purchased during the Class Period. The Recognized Loss formula is not intended to be an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

For shares of Citigroup common stock purchased or otherwise acquired between February 26, 2007 and April 18, 2008, the Recognized Loss will be calculated as set forth below:

- A. For shares held at the end of trading on July 17, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
  - (1) the applicable purchase/acquisition date artificial inflation per share figure, as found in Table A below; or
  - (2) the difference between the purchase/acquisition price per share and \$21.07.<sup>2</sup>
- B. For shares sold between February 26, 2007 and April 18, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
  - (1) the applicable purchase/acquisition artificial inflation per share figure less the applicable sale date artificial inflation per share figure, as found in Table A below; or
  - (2) the difference between the purchase/acquisition price per share and the sale price per share.
- C. For shares sold between April 19, 2008 and July 17, 2008, the Recognized Loss shall be the lesser of:
  - (1) the applicable purchase/acquisition date artificial inflation per share figure, as found in Table A below;
  - (2) the difference between the purchase/acquisition price per share and the sale price per share; or
  - (3) the difference between the purchase/acquisition price per share and the average closing price of Citigroup common stock between April 19, 2008 and the date of sale.<sup>3</sup>

**Table A**

Purchase or Sale Date Range	Artificial Inflation Per Share
-----------------------------	--------------------------------

<sup>2</sup> Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." \$21.07 was the mean closing price of Citigroup common stock during the 90 day period beginning on April 19, 2008 and ending on July 17, 2008 (the "Holding Value").

<sup>3</sup> Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90 day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

2/26/07 – 11/04/07	\$4.94
11/5/07	\$3.38
11/6/07 – 11/18/07	\$1.72
11/19/07 – 1/14/08	\$1.15
1/15/08	\$0.71
1/16/08 – 4/18/08	\$0.10

All purchases/acquisitions and sales of Citigroup shares in the Class Period shall be matched on a Last-In-First-Out (“LIFO”) basis; sales during the Class Period and the 90 days thereafter will be matched first against the most recent Citigroup shares purchased during that period that have not already been matched to sales, and then against prior purchases/acquisitions in backward chronological order, until the beginning of the Class Period. A purchase/acquisition or sale of Citigroup common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. However, (a) for Citigroup shares acquired pursuant to a corporate merger or acquisition, the purchase of the Citigroup shares shall be deemed to have occurred on the date that the merger agreement was executed, and (b) for Citigroup shares that were put to investors pursuant to put options sold by those investors, the purchase of the Citigroup shares shall be deemed to have occurred on the date that the put option was sold, rather than the date on which the stock was subsequently put to the investor pursuant to that option. The proceeds of any put option sales shall be offset against any losses from shares that were purchased as a result of the exercise of the put option.

The receipt or grant by gift, devise or inheritance of Citigroup common stock during the Class Period shall not be deemed to be a purchase or acquisition of Citigroup common stock for the calculation of an Authorized Claimant’s Recognized Loss if the Person from which the Citigroup common stock was acquired did not themselves acquire the common stock during the Class Period, nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such shares unless specifically provided in the instrument or gift or assignment.

To the extent an Authorized Claimant had an aggregate gain from his, her or its transactions in Citigroup common stock during the Class Period, the value of his, her or its total Recognized Loss will be zero. To the extent that an Authorized Claimant suffered an overall loss on his, her or its transactions in Citigroup common stock during the Class Period, but the loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the actual loss. There shall be no Recognized Loss on short sales of Citigroup common stock during the Class Period or Class Period purchases that were made in order to cover short sales; however, any aggregate gains with respect to short sales shall be offset against Recognized Loss on other transactions.

The following defined terms shall be used to describe the process the Claims Administrator shall use to determine whether an Authorized Claimant had a gain or suffered a loss in his, her or its overall transactions in Citigroup common stock during the Class Period: the “Total Purchase Amount” is the total amount paid by the Authorized Claimant for all Citigroup common stock purchased or otherwise acquired during the Class Period less commissions and fees; the “Sales Proceeds” means the amount received for sales of Citigroup common stock sold by the Authorized Claimant during the Class Period less commissions and fees, however, for shares of Citigroup common stock sold between April 19, 2008 and July 17, 2008, an Authorized Claimant’s Recognized Loss shall in no event exceed the difference between the purchase price paid and the mean daily closing price during the period from April 19, 2008 through the date of the Authorized Claimant’s sales; and “Holding Value” means the

monetary value assigned to the shares of Citigroup common stock purchased or otherwise acquired by the Authorized Claimant during the Class Period and still held by the Authorized Claimant as of the close of trading on July 17, 2008.

The difference between the Total Purchase Amount and the sum of Sales Proceeds and Holding Value will be deemed an Authorized Claimant's gain or loss on his, her or its overall transactions in Citigroup common stock during the Class Period.

If any funds remain in the Net Settlement Fund by reason of uncashed distributions or otherwise, then after the Claims Administrator has made reasonable and diligent efforts to have Settlement Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be redistributed to Settlement Class Members who have cashed their initial distributions in a manner consistent with the Plan of Allocation. Lead Class Counsel shall, if feasible, continue to reallocate any further balance remaining in the Net Settlement Fund after the redistribution is completed among Settlement Class Members in the same manner and time frame as provided for above. In the event that Lead Class Counsel determines that further redistribution of any balance remaining (following the initial distribution and redistribution) is no longer feasible, thereafter, Lead Class Counsel shall donate the remaining funds, if any, to a non-sectarian charitable organization(s) certified under the United States Internal Revenue Code § 501(c)(3), to be designated by Lead Class Counsel and approved by the Court.

45. Payment pursuant to this Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs, Lead Class Counsel, Defendants, and their respective counsel, or other agent designated by Lead Class Counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further orders of the Court. Lead Class Counsel, Plaintiffs, the Defendants and their respective counsel shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

46. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Plaintiffs and Lead Class Counsel after consultation with their experts. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. The Court will retain jurisdiction over the Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented. Any orders regarding any modification of the Plan of Allocation will be posted on the settlement website, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).

#### WHAT RIGHTS AM I GIVING UP BY REMAINING IN THE SETTLEMENT CLASS?

47. If you remain in the Settlement Class, you will be bound by any orders issued by the Court. For example, if the Settlement is approved, the Court will enter a judgment (the "Judgment"), which will dismiss on the merits with prejudice the claims against the Defendants and will provide that Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and other Settlement Class Members who have not timely and validly opted out in accordance with the requirements set forth in the Notice of Class Action, on behalf of themselves, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each, are deemed to have, and by operation of the Judgment have, fully, finally, and forever released, relinquished and discharged (whether or not such Settlement Class Members execute and deliver the proof of claim and release forms) (1) all Released Claims (as defined in

Paragraph 49 below) against the Citigroup Releasees (as defined in Paragraph 49 below); and (2) against each and all of the Citigroup Releasees all claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or Released Claims. All Settlement Class Members are hereby permanently barred and enjoined from instituting or prosecuting any other action asserting any Released Claim in any court against the Citigroup Releasees. This release shall not apply to any Person who has timely and validly requested exclusion from the Settlement Class in accordance with the instructions set forth in Paragraph 58 below.

48. If you purchased or otherwise acquired Citigroup common stock during the Class Period through Citigroup's Voluntary FA Capital Accumulation Program then you may also be a member of a proposed plaintiff investor class in a lawsuit pending in the Southern District of New York titled *Brecher v. Citigroup Inc.* 09 civ. 7359 (the "Brecher action"). If you participate in this Settlement, you will release any claims that you may have in the *Brecher* action relating to Citigroup common stock that you purchased or otherwise acquired during the Class Period. The only way you can preserve any claims that you may have in the *Brecher* action, or otherwise, relating to Citigroup common stock purchased or otherwise acquired during the Class Period, is by filing valid requests for exclusion from this Settlement.

49. As described in more detail below, the Released Claims are any and all claims that (1) are based on, related to, or arise out of the allegations, transactions, facts, matters, events, disclosures, statements, occurrences, circumstances, representations, conduct, acts or omissions or failures to act that have been or could have been alleged or asserted in the Action (or in any forum or proceeding or otherwise), and/or (2) relate to or arise out of Plaintiffs' or any other Settlement Class Member's purchase, acquisition, holding or sale or other disposition of Citigroup common stock during the Class Period.

**"Released Claims"** means<sup>4</sup>

- (1) with respect to the Citigroup Releasees, defined below, the release by Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all Settlement Class Members, on behalf of themselves, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each, of all claims of every nature and description, known and unknown, arising out of or relating to investments in (including, but not limited to, purchases, sales, exercises, and decisions to hold) Citigroup common stock through April 18, 2008, inclusive, including without limitation all claims arising out of or relating to any disclosures, registration statements or other statements made or issued by any of the Citigroup Defendants concerning subprime-related assets, collateralized debt obligations, residential mortgage-backed securities, auction rate securities, leveraged lending activities, or structured investment vehicles, as well as all claims relating to such investments in Citigroup common stock asserted by or that could have been asserted by Plaintiffs or any member of the Settlement Class in the Action against the Citigroup Releasees, as defined below.
- (2) with respect to Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all other Settlement Class Members, the release by the Citigroup Defendants of the Plaintiff Releasees, as defined below, from any claims relating to the institution or prosecution of this Action.

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<sup>4</sup> Released Claims do not include, release, bar, waive, impair or otherwise impact any (i) claims asserted in the action styled *In re Citigroup Inc. Bond Litigation*, Master File No. 08 Civ. 9522 (S.D.N.Y.) (SHS), insofar as those claims are not asserted in connection with the purchase or acquisition of Citigroup common stock; (ii) contractual obligations arising out of a corporate merger or acquisition agreement pursuant to which Citigroup common stock was acquired; and (iii) claims relating to the enforcement of the Settlement.

"Released Parties" means:

- (1) with respect to the Citigroup Defendants, the Citigroup Defendants, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Citigroup Releasees"), and any person or entity which is or was related to or affiliated with any Citigroup Releasee or in which any Citigroup Releasee has or had a controlling interest and the present and former employees, officers and directors, attorneys, accountants, insurers, and agents of each of them.
- (2) with respect to Plaintiffs and all other Settlement Class Members, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Plaintiff Releasees"), and any person or entity in which any Plaintiff Releasee has or had a controlling interest or which is or was related to or affiliated with any Plaintiff Releasee.

**"Unknown Claims"** means any Released Claims which Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Citigroup Releasees, and any Citigroup Releasees' Claims which any Citigroup Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of the Plaintiff Releasees, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Citigroup Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs and each of the Defendants acknowledge, and each of the other Settlement Class Members and each of the other Citigroup Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

50. The Judgment will also provide that, upon the Effective Date, the Citigroup Releasees fully, finally, and forever release, relinquish and discharge each and all of the Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs, other Settlement Class Members, Lead Class Counsel and Additional Settlement Class Counsel from all claims arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Action or the Released Claims.

51. In addition, the proposed Judgment provides that all Persons are barred from bringing any claim for contribution or indemnification against the Citigroup Releasees arising out of or related to the Released Claims, and the Citigroup Releasees are barred from bringing any claim for contribution or indemnification arising out of or related to the Released Claims against any such persons.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

52. Lead Class Counsel and other counsel for Plaintiffs in this Action have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have they been reimbursed for their out-of-pocket expenses. Prior to the Settlement Hearing (see Paragraph 12 above), Lead Class Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 17% of the Settlement Fund. In addition, Lead Class Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against Defendants, in the approximate amount of \$3,750,000 (which may include an application for reimbursement of the reasonable costs and expenses incurred by the Lead Plaintiffs themselves that relate directly to their representation of the Settlement Class), plus interest on such expenses at the same rate as earned on the Settlement Amount.

**HOW WILL THE NOTICE COSTS AND EXPENSES BE PAID?**

53. Lead Class Counsel are authorized by the Stipulation to pay the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the Settlement, and distributing the Net Settlement Fund to Settlement Class Members.

**HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?**

54. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than \_\_\_\_\_, 2013**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com), or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at (877) 600-6533. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund. Please retain all records of your ownership of and transactions in Citigroup common stock, as they may be needed to document your Claim.

55. As a Settlement Class Member you are represented by Plaintiffs and Lead Class Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?," on page [ ] below, so that the notice is **received** on or before December 21, 2012.

56. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want to Participate in the Settlement? How Do I Exclude Myself?," below.

57. If you are a Settlement Class Member and you wish to object to any aspect of the Settlement, to the Plan of Allocation, or to Lead Class Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?," below.

**WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT?  
HOW DO I EXCLUDE MYSELF?**

58. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written "Request for Exclusion" from the Settlement Class, addressed to *In re Citigroup Inc. Securities Litigation*, EXCLUSIONS, c/o GCG, Inc., P.O. Box 9932, Dublin, Ohio 43017-5832. The exclusion request must be received no later than December 3, 2012. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (1) state the name, address and telephone number of the person or entity requesting exclusion; (2) state that such person or entity "requests exclusion from the Settlement Class in *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (S.D.N.Y.) (SHS)"; (3) state the date(s), price(s) and number of shares of Citigroup common stock that the person or entity requesting exclusion purchased or otherwise acquired and sold during the period February 26, 2007 through and including July 17, 2008; (4) state the number of shares held at the start of the Class Period; (5) state the number of shares held through the close of trading on July 17, 2008; and (6) be signed by such person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

59. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration or other proceeding relating to any Released Claim against any of Defendants. You cannot exclude yourself by telephone or by email.

60. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund, or any other benefit provided for in the Stipulation.

61. The Defendants have the right to terminate the Settlement if valid requests for exclusion are received from Persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Plaintiffs and the Defendants.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE  
SETTLEMENT? DO I HAVE TO COME TO THE HEARING?  
MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

62. **Settlement Class Members may, but do not need to, attend the Settlement Hearing.** The Court will consider any submission made in accordance with the provisions below even if the Settlement Class Member does not attend the Settlement Hearing. You can participate in the Settlement without attending the Settlement Hearing.

63. The Settlement Hearing will be held on January 15, 2013 at 10:00 a.m. before the Honorable Sidney H. Stein, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 23A, New York, NY 10007. At the Settlement Hearing the Court will decide whether to approve the Settlement, the Plan of Allocation and an award of attorneys' fees and reimbursement of Litigation Expenses. If the Court approves the Settlement, there may then be appeals by interested parties which may further delay distribution of the Net Settlement Fund. It is always uncertain how those appeals will resolve, and resolving them can take time, perhaps more than a year. The Court reserves the right to approve the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

64. Any Settlement Class Member who does not request exclusion may object to any aspect of the Settlement, the proposed Plan of Allocation or Lead Class Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below on or before December 21, 2012. You must also serve the papers on designated representative Lead Class Counsel and Defendants' counsel at the addresses set forth below for their respective counsel so that the papers are **received on or before** December 21, 2012.

**Clerk's Office**

Clerk of the Court  
 United States District Court  
 Southern District of New York  
 Daniel Patrick Moynihan United States Courthouse  
 500 Pearl Street  
 New York, NY 10007-1312  
 Re: *In re Citigroup Inc. Securities Litigation*,  
 Case No. 07 Civ. 9901 (SHS)

**Lead Class Counsel**

Peter S. Linden, Esq.  
 Ira M. Press, Esq.  
 Andrew McNeela, Esq.  
 Kirby McInerney LLP  
 825 Third Avenue  
 New York, NY 10022

**Defendants' Counsel**

Brad S. Karp, Esq.  
 Richard A. Rosen, Esq.  
 Susanna M. Buergel, Esq.  
 Jane B. O'Brien, Esq.  
 Asad Kudiya, Esq.  
 Paul, Weiss, Rifkind, Wharton & Garrison LLP  
 1285 Avenue of the Americas  
 New York, NY 10019

65. Any objection (1) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (2) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Citigroup common stock that the objecting Settlement Class Member purchased or otherwise acquired during the Class Period, as well as sales of such stock during the Class Period or thereafter through the close of trading on July 17, 2008, along with the dates and prices of each such purchase or other acquisition and sale or other disposition. You may not object to any aspect of the Settlement, the Plan of Allocation or the motion for attorneys' fees and reimbursement of expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

66. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

67. If you wish to be heard orally at the hearing in opposition to the approval of any aspect of the Settlement, the Plan of Allocation or Lead Class Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on the designated representatives of Lead Class Counsel and counsel for the Defendants at the addresses set forth above so that it is **received** on or before December 21, 2012. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

68. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on the designated representatives of

Lead Class Counsel and counsel for the Defendants at the addresses set forth above so that the notice is *received* on or before December 21, 2012.

69. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Class Counsel.

**Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to any aspect of the proposed Settlement, the proposed Plan of Allocation or Lead Class Counsel's request for an award of attorneys' fees and reimbursement of expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

**WHAT HAPPENS IF I DO NOTHING AT ALL?**

70. If you do nothing, you will get no money from this Settlement. To share in the Net Settlement Fund you must submit a Proof of Claim Form by following the instructions in the section entitled "How Do I Participate In The Settlement? What Do I Need To Do?", on page [ ] above.

71. If you are a Settlement Class Member and you do not exclude yourself from the Settlement, you will be bound by the terms of the proposed Settlement described in this Notice once approved by the Court and you shall be forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation and Settlement, including the terms of any judgments entered and releases given. This means that each Settlement Class Member releases the Released Claims (as defined above) against the Citigroup Releasees (as defined above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Claims against any of the Defendants regardless of whether or not such Settlement Class Member submits a Claim Form.

**WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?**

72. If you purchased or otherwise acquired Citigroup common stock during the Class Period for the beneficial interest of persons or organizations other than yourself, you must, WITHIN FIFTEEN (15) CALENDAR DAYS AFTER RECEIPT OF THIS NOTICE, either (1) forward copies of the Notice and Claim Form (the "Notice Packet") to all such beneficial owners; or (2) provide the names and addresses of such persons or entities to *In re Citigroup Inc. Securities*, c/o GCG, Inc., P.O. Box 9899, Dublin, Ohio 43017-5799. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the out-of-pocket expenses for which reimbursement is sought. Copies of this Notice and the Claim Form can be obtained from the website maintained by the Claims Administrator, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com), or by calling the Claims Administrator toll-free at (877) 600-6533.

**CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

73. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States

District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).

All inquiries concerning this Notice should be directed to:

*In re Citigroup Inc. Securities Litigation*

c/o GCG, Inc.  
P.O. Box 9899  
Dublin, Ohio 43017-5799  
(877) 600-6533  
[www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com)  
[Questions@citigroupsecuritiessettlement.com](mailto:Questions@citigroupsecuritiessettlement.com)

and/or

Andrew McNeela, Esq.  
Peter S. Linden, Esq.  
KIRBY McINERNEY  
LLP  
825 Third Avenue  
New York, NY 10022  
(212) 371-6600

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT  
REGARDING THIS NOTICE.**

Dated: \_\_\_\_\_, 2012

By Order of the Court  
United States District Court  
Southern District of New York

**EXHIBIT 2**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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IN RE CITIGROUP INC. SECURITIES  
LITIGATION

No. 07 Civ. 9901 (SHS)

ECF Case

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**PROOF OF CLAIM AND RELEASE**

**YOU MUST COMPLETE THIS CLAIM FORM AND SUBMIT IT BY  
\_\_\_\_\_, 2013 TO BE ELIGIBLE TO SHARE IN THE SETTLEMENT.**

If you purchased or otherwise acquired common stock issued by Citigroup Inc. (“Citigroup”) between February 26, 2007 and April 18, 2008, inclusive (the “Class Period,” as further defined in the Notice), then you may be a class member entitled to share in the settlement proceeds (“Settlement Class Member,” as further defined in the Notice) in *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (the “Action”), pending in the United States District Court for the Southern District of New York (the “Court”).

To be eligible for any settlement benefits as a Settlement Class Member, you must provide the information requested in this Proof of Claim and Release form or you can complete and submit a valid online Proof of Claim and Release form by visiting the Claims Administrator’s website at [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com). If submitted by mail, you must complete and sign this Proof of Claim and Release form and submit it to the Claims Administrator at the following address by first class mail, postmarked no later than \_\_\_\_\_, 2013:

*In re Citigroup Inc. Securities Litigation*  
c/o GCG, Inc.  
P.O. Box 9899  
Dublin, Ohio 43017-5799

If you do not submit your Proof of Claim and Release form by the deadline set forth above, your claim will be rejected, and you will not receive any money in connection with the settlement of this Action. If you are a Settlement Class Member and you do not timely and validly request exclusion in connection with the settlement, you will be bound by the terms of any judgment entered in the Action, including the releases provided therein, regardless of whether you submit a Proof of Claim and Release form.

Do not mail or deliver your Proof of Claim and Release form to the Court or to any of the parties or their counsel as any such claim will be deemed not to have been submitted. Submit your Proof of Claim and Release form only to the Claims Administrator at the address above.

In completing the schedules of transactions requested in this Proof of Claim and Release form, separately list each purchase or acquisition and sale of Citigroup common stock, as applicable. Photocopy the relevant pages if more space is needed. Be sure to include and sign your name and the last four digits of your social security number or tax ID number on any additional sheets.

All purchases or acquisitions and sales of Citigroup common stock requested in this Proof of Claim and Release form must be documented by brokerage statements, confirmations or similar documents. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

For further information on the proposed Settlement in this Action, please review the Notice of (I) Pendency of Class Action; (II) Proposed Settlement and Plan of Allocation; (III) Settlement Fairness Hearing; and (IV) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses.

**QUESTIONS? PLEASE CONTACT THE CLAIMS ADMINISTRATOR AT (877) 600-6533, EMAIL QUESTIONS@CITIGROUPSECURITIESSETTLEMENT.COM OR VISIT WWW.CITIGROUPSECURITIESSETTLEMENT.COM**

**PART I: CLAIMANT IDENTIFICATION**

Beneficial Owner's First Name

Beneficial Owner's Last Name

Joint Owner's First Name

Joint Owner's Last Name

Street Address

City

State/Province

Zip Code

Country Name/Abbreviation

Record Owner's Name (if Different from Beneficial Owner listed Above)

Social Security Number (last four digits)

or Taxpayer I.D. Number (last four digits)

Telephone Number (Home)

Telephone Number (Work)

Check appropriate box:

- |   |                                       |
|---|---------------------------------------|
| <input type="checkbox"/> Individual/Sole Proprietor | <input type="checkbox"/> Pension Plan |
| <input type="checkbox"/> Corporation                | <input type="checkbox"/> Partnership  |
| <input type="checkbox"/> IRA                        | <input type="checkbox"/> Joint Owners |
| <input type="checkbox"/> Other (describe): _____    |                                       |

**NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at [www.gcginc.com](http://www.gcginc.com) or you may e-mail the Claims Administrator at [eClaim@gcginc.com](mailto:eClaim@gcginc.com). Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive an email within 10 days of your submission, you should contact the electronic filing department at [eClaim@gcginc.com](mailto:eClaim@gcginc.com) to inquire about your file and confirm it was received and acceptable.

**NOTE:** Separate Proof of Claim and Release forms should be submitted for each separate legal entity (*e.g.*, a claim from Joint Owners should not include separate transactions of just one of the Joint Owners, an Individual should not combine his or her IRA transactions with transactions made solely in the Individual's name). Conversely, a single Proof of Claim and Release form should be submitted on behalf of one legal entity including all transactions made by that entity no matter how many separate accounts that entity has (*e.g.*, a corporation with multiple brokerage accounts should include all transactions in Citigroup common stock) during the Class Period on one Proof of Claim and Release form, no matter how many accounts the transactions were made in.

**PART II: SCHEDULE OF TRANSACTIONS IN CITIGROUP COMMON STOCK**

- A. Number of shares of Citigroup common stock held at the beginning of trading on February 26, 2007: \_\_\_\_\_.

B. Purchases or acquisitions of Citigroup common stock during the period February 26, 2007 – July 17, 2008, inclusive<sup>1</sup>:

- C. Sales of Citigroup common stock during the period February 26, 2007 – July 17, 2008, inclusive:

Only purchases made during the Class Period will be used to calculate your Recognized Loss.

D. Number of shares of Citigroup common stock held at the close of trading on July 17, 2008: \_\_\_\_\_.

E. Sales of put options over Citigroup common stock during the period February 26, 2007 – April 18, 2008, inclusive:<sup>2</sup>

Option Sale Date (Mo./Day/Year)	Number of Options Sold	Sale Price Per Option	Net Sale Price (less commissions and fees)	Assigned ("A") or Expired ("E")

If you require additional space to list your transactions, you must photocopy this page and check this box  . If you do not check this box, these additional pages will not be reviewed.

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<sup>2</sup> For Citigroup shares that were put to investors pursuant to put options sold by those investors, the purchase of the Citigroup shares shall be deemed to have occurred on the date that the put option was sold, rather than the date on which the stock was subsequently put to the investor pursuant to that option. The proceeds of any put option sales shall be offset against any losses from shares that were purchased as a result of the exercise of the put option.

### PART III: RELEASE

I/We request payment from the Defendants as provided for in the Settlement, and I/we agree to the terms set out below:

I/We hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever release, relinquish and discharge (i) all Released Claims (as defined below) against the Citigroup Releasees (as defined below); and (ii) against each and all of the Citigroup Releasees all claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or Released Claims, and that I/we shall forever be barred and enjoined from instituting or prosecuting any other action asserting any Released Claim in any court against the Citigroup Releasees.

“Released Claims” mean:<sup>3</sup>

(1) with respect to the Citigroup Releasees, defined below, the release by Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all Settlement Class Members, on behalf of themselves, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each, of all claims of every nature and description, known and unknown, arising out of or relating to investments in (including, but not limited to, purchases, sales, exercises, and decisions to hold) Citigroup common stock through April 18, 2008, inclusive, including without limitation all claims arising out of or relating to any disclosures, registration statements or other statements made or issued by any of the Citigroup Defendants concerning subprime-related assets, collateralized debt obligations, residential mortgage-backed securities, auction rate securities, leveraged lending activities, or structured investment vehicles, as well as all claims relating to such investments in Citigroup common stock asserted by or that could have been asserted by Plaintiffs or any member of the Settlement Class in the Action against the Citigroup Releasees, as defined below.

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<sup>3</sup> Released Claims do not include, release, bar, waive, impair or otherwise impact any (i) claims asserted in the action styled *In re Citigroup Inc. Bond Litigation*, Master File No. 08 Civ. 9522 (S.D.N.Y.) (SHS), insofar as those claims are not asserted in connection with the purchase or acquisition of Citigroup common stock; (ii) contractual obligations arising out of a corporate merger or acquisition agreement pursuant to which Citigroup common stock was acquired; and (iii) claims relating to the enforcement of the Settlement.

(2) with respect to Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all other Settlement Class Members, the release by the Citigroup Defendants of the Plaintiff Releasees, as defined below, from any claims relating to the institution or prosecution of this Action.

“Released Parties” means:

(1) with respect to the Citigroup Defendants, the Citigroup Defendants, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the “Citigroup Releasees”), and any person or entity which is or was related to or affiliated with any Citigroup Releasee or in which any Citigroup Releasee has or had a controlling interest and the present and former employees, officers and directors, attorneys, accountants, insurers, and agents of each of them.

(2) with respect to Plaintiffs and all other Settlement Class Members, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the “Plaintiff Releasees”), and any person or entity in which any Plaintiff Releasee has or had a controlling interest or which is or was related to or affiliated with any Plaintiff Releasee

Released Claims shall not include claims relating to the enforcement of the Settlement contemplated by the Stipulation and Agreement of Settlement dated August 28, 2012 (the “Stipulation”).

“Unknown Claims” means any Released Claims which Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Citigroup Releasees, and any Citigroup Releasee’s Claims which any Citigroup Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of the Plaintiff Releasees, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Citigroup Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any

and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs and each of the Defendants acknowledge, and each of the other Settlement Class Members and each of the other Released Parties shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

Any capitalized terms not otherwise defined in this Proof of Claim and Release form shall have the meaning set forth in the Stipulation, a copy of which (with exhibits) may be obtained as explained in the Notice.

**PART IV: SIGNATURE**

**UNDER THE PENALTY OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.**

**Signature of Claimant (if this claim is being made on behalf of Joint Claimants, then each must sign.)**

Executed this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_.  
(Month/Year) (City) (State/Country)

\_\_\_\_\_  
Signature of Claimant

\_\_\_\_\_  
Print Name of Claimant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Claimant, if any

\_\_\_\_\_  
Print Name of Joint Claimant

\_\_\_\_\_  
Date

*If Claimant is other than an individual, or is not the person completing this form, the following also must be provided:*

\_\_\_\_\_  
Signature of Person Completing Form

\_\_\_\_\_  
Print Name of Person Completing Form

\_\_\_\_\_  
Date

\_\_\_\_\_  
Capacity of Person(s) Signing, e.g., Beneficial Purchaser or Acquirer, Executor or Administrator

**ACCURATE CLAIMS PROCESSING TAKES TIME.  
THANK YOU FOR YOUR PATIENCE.**

**Reminder Checklist:**

1. Please sign the Signature Section of the Proof of Claim and Release form.
2. If this Proof of Claim and Release form is being made on behalf of Joint Claimants, then both must sign.
3. For an overview of what constitutes adequate supporting documentation, please visit [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).
4. Remember to attach supporting documentation, if available.
5. **DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.**
6. Keep a copy of your Proof of Claim and Release form and all documentation submitted for your records.
7. The Claims Administrator will acknowledge receipt of your Proof of Claim by mail, within 60 days. **Your claim is not deemed filed until you receive an acknowledgement postcard.** If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator.
8. If you move, please send your new address to the Claims Administrator at the address below:

*In re Citigroup Inc. Securities Litigation*  
c/o GCG, Inc.  
P.O. Box 9899  
Dublin, Ohio 43017-5799

9. **Do not use highlighter on the Proof of Claim and Release form or supporting documentation.**

**PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN \_\_\_\_\_, 2013.**

**EXHIBIT 3**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE CITIGROUP INC. SECURITIES  
LITIGATION

No. 07 Civ. 9901 (SHS)

**ECF Case**

**SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION;  
(II) PROPOSED SETTLEMENT AND PLAN OF ALLOCATION;  
(III) SETTLEMENT FAIRNESS HEARING; AND (IV) MOTION FOR AN AWARD OF  
ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

**TO:** All persons and entities who purchased or otherwise acquired Citigroup, Inc. ("Citigroup") common stock between February 26, 2007 and April 18, 2008, inclusive, or their successors in interest, and who were damaged thereby.

**THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, (i) that the above-captioned litigation (the "Action") has been preliminarily certified as a class action on behalf of a class of all persons and entities who purchased or otherwise acquired Citigroup common stock between February 26, 2007 and April 18, 2008, inclusive, or their successors in interest, and who were damaged thereby (the "Settlement Class"), except for certain persons and entities who are excluded from the Settlement Class, as defined in the Stipulation and Agreement of Settlement in the Action (the "Stipulation"); and (ii) that Plaintiffs in the Action have reached an agreement to settle the Action for an aggregated settlement payment of \$590 million in cash to the Settlement Class (the "Settlement").

A hearing will be held on January 15, 2013 at 10:00 a.m before the Honorable Sidney H. Stein at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 23A, New York, NY 10007, to determine (i) whether the proposed Settlement should be approved as fair, reasonable and adequate; (ii) whether the Action should be dismissed on the merits and with prejudice against all the Citigroup Defendants, and whether the releases specified and described in the Stipulation should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Class Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

If you are a member of the Settlement Class, your rights will be affected by the Action and the Settlement, and you may be entitled to share in the Settlement Fund. If you have not yet received the full printed Notice of (I) Pendency of Class Action; (II) Proposed Settlement and Plan of Allocation, (III) Settlement Fairness Hearing, and (IV) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice"), and the Proof of Claim and Release Form ("Claim Form"), you may obtain copies of these documents by contacting the Claims Administrator: *In re Citigroup Inc. Securities Litigation*, c/o GCG, Inc., P.O. Box 9899, Dublin, Ohio 43017-5799, (877) 600-6533. Copies of the Notice and Claim Form can also be downloaded from the website maintained by the Claims Administrator, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).

If you are a member of the Settlement Class, in order to be eligible to receive a payment under the proposed Settlement, **you must submit a Claim Form postmarked no later than \_\_\_\_\_, 2013.** If you are a member of the Settlement Class and do not submit a proper Claim Form, you will not share in the distribution of the net proceeds of the Settlement but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is *received* no later than December 3, 2012, in accordance with the instructions set forth in the Notice. If you properly and timely exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to share in the proceeds of the Settlement.

Any objections to any aspect of the proposed Settlement, the proposed Plan of Allocation or Lead Class Counsel's application for an award of attorneys' fees and reimbursement of expenses, must be filed with the Court and delivered to designated representative Lead Class Counsel and counsel for the Citigroup Defendants such that they are *received* no later than December 21, 2012, in accordance with the instructions set forth in the Notice.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE. Inquiries, other than requests for the Notice and Claim Form, may be made to Lead Class Counsel:

Andrew McNeela, Esq.  
Peter S. Linden, Esq.  
KIRBY McINERNEY LLP  
825 Third Avenue  
New York, NY 10022  
(212) 371-6600

Dated: \_\_\_\_\_, 2012

By Order of the United States District Court  
for the Southern District of New York

# Exhibit P

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE CITIGROUP INC.  
SECURITIES LITIGATION

No. 07 Civ. 9901 (SHS)

ECF CASE

USDC SDNY  
DOCUMENT  
ELECTRONICALLY FILED  
DOC #: \_\_\_\_\_  
DATE FILED: 9/7/12

PROPOSED ORDER AMENDING THE ORDER PRELIMINARILY APPROVING  
PROPOSED SETTLEMENT AND PROVIDING FOR NOTICE

WHEREAS, on August 29, 2012, the Court entered an order preliminarily approving the proposed settlement and providing for Notice (the "August 29, 2012 Order");

WHEREAS, on August 30, 2012, the Court directed the parties to amend certain dates contained in the Notice and the Summary Notice;

WHEREAS, the parties have requested that certain dates contained in the August 29, 2012 Order and its exhibits be amended; and

WHEREAS, unless otherwise defined herein, all capitalized words contained herein shall have the same meanings as they have in the Stipulation and Agreement of Settlement dated August 28, 2012;

NOW THEREFORE, IT IS HEREBY ORDERED:

1. All provisions set forth in the August 29, 2012 Order remain in full force and effect except for certain dates, which are amended as set forth below:

a. Exclusion From the Settlement Class – The Class Notice shall provide that any member of the Settlement Class who wishes to exclude himself, herself or itself from the Settlement Class must request exclusion in writing so that it is received no later than December 6, 2012 and in the manner set forth in ¶13 of the August 29, 2012 Order.

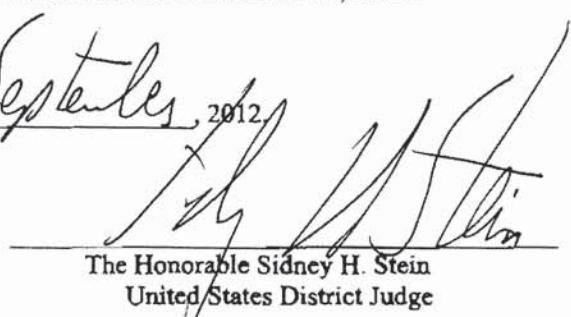
b. **Supporting Papers** – Lead Class Counsel shall file and serve papers in support of the proposed Settlement, the Plan of Allocation and Lead Class Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses no later than December 7, 2012; and reply papers to objections, if any, shall be filed and served no later than January 4, 2013.

c. **Appearance and Objections at Settlement Hearing** – Any Settlement Class Member who does not request exclusion from the Settlement Class may enter an appearance in the Action, by filing with the Clerk of Court and delivering a notice of appearance to Lead Class Counsel and Citigroup Defendants' counsel, in the manner described in ¶17 of the August 29, 2012 Order, so that it is received no later than December 21, 2012, or as the Court may otherwise direct.

d. Any Settlement Class Member who does not submit a valid and timely request for exclusion from the Settlement Class may file written objections as provided in ¶18 of the August 29, 2012 Order by filing such written objections with the Court and serving copies of such objections on Lead Class Counsel and Defendants' counsel at the addresses set forth in ¶18 of the August 29, 2012 Order so that they are received no later than December 21, 2012.

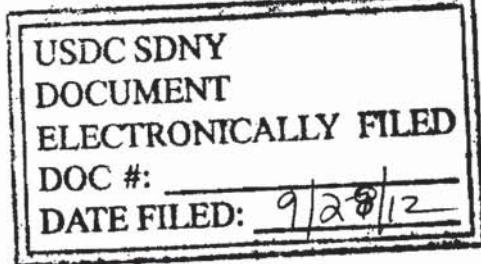
SO ORDERED this

6 day of September, 2012



The Honorable Sidney H. Stein  
United States District Judge

# Exhibit Q



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE CITIGROUP INC.  
SECURITIES LITIGATION

File No. 07 Civ. 9901 (SHS)

**(PROPOSED) ORDER FURTHER AMENDING THE ORDER PRELIMINARILY APPROVING PROPOSED SETTLEMENT AND PROVIDING FOR NOTICE**

WHEREAS, on August 29, 2012 the Court entered an order preliminarily approving the proposed settlement and providing for Notice (the "August 29, 2012 Order");

WHEREAS, on September 6, 2012 the Court issued an order (the "September 6, 2012 Order") amending certain dates in the August 29, 2012 Order;

WHEREAS, the parties have requested further modification to the August 29, 2012 Order in order to clarify certain aspects of the Settlement Class Definition, the Class Notice and the Proof of Claim form; and

WHEREAS, unless otherwise defined herein, all capitalized words contained herein shall have the same meaning as they have in the Stipulation and Agreement of Settlement dated August 28, 2012;

**NOW THEREFORE IT IS HEREBY ORDERED:**

1. All provisions set forth in the August 29, 2012 Order, as previously modified by the September 6, 2012 Order, remain in full force and effect, except as specifically set forth below:

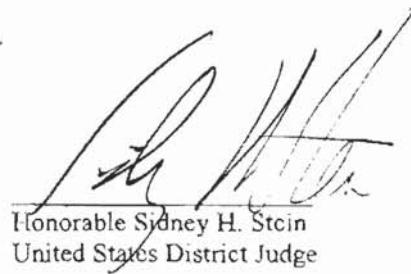
a. Paragraph 1 of the August 29, 2012 Order is hereby amended to provide as follows:

1. **Settlement Class Certification** – Pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure, and for purposes of settlement only, the Action is hereby certified as a class action on behalf of the following Settlement Class: all persons who purchased or otherwise acquired common stock issued by Citigroup during the period between February 26, 2007 and April 18, 2008, inclusive, or their successor in interest, and who were damaged thereby, excluding (i) the defendants named in the Complaint, (ii) members of the immediate families of the individual defendants named in the Complaint, (iii) any firm, trust, partnership, corporation, present or former officer, director or other individual or entity in which any of the Citigroup Defendants has a controlling interest or which is related to or affiliated with any of the Citigroup Defendants, and (iv) the legal representatives, heirs, successors-in-interest or assigns of any such excluded persons or entities. The Settlement Class includes persons or entities who acquired shares of Citigroup common stock during the Class Period by any method, including but not limited to in the secondary market, in exchange for shares of acquired companies pursuant to a registration statement, or through the exercise of options including options acquired pursuant to employee stock plans, and persons or entities who acquired shares of Citigroup common stock after the Class Period pursuant to the sale of a put option during the Class Period. Regardless of the identity of the person or entity that beneficially owned Citigroup common stock in a fiduciary capacity or otherwise held Citigroup common stock on behalf of third party clients or any employee benefit plans, such third party clients and employee benefit plans shall not be excluded from the Settlement Class, irrespective of the identity of the entity or person in whose name the Citigroup common stock were beneficially owned, except that any beneficiaries of such third party clients, or beneficiaries of such benefit plans who are natural persons and, who are otherwise excluded above will not share in any settlement recovery. Notwithstanding any other provision of this Agreement, the Citibuilder 401(k) Plan for Puerto Rico and the Citigroup 401(k) Plan shall qualify as members of the Settlement Class. In addition, a Person who owns Citigroup common stock shall not be excluded from the Settlement Class solely because that common stock is held (i) in a registered or unregistered investment company (including a unit investment trust) in which any defendant in the Action has a controlling interest, or serves as investment manager, investment adviser or depositor; or (ii) (a) in a life insurance company separate account, or (b) in a segment or subaccount of a life insurance company's general account to the extent associated with insurance contracts under which the insurer's obligation is determined by the investment return and/or market value of the assets held in such segment or subaccount. A defendant shall be deemed to have a "controlling interest" in an entity if such defendant has a beneficial ownership interest, directly or indirectly, in more than 50% of the total outstanding voting power of any class or classes of capital stock that entitle the holders thereof to vote in the election of members of the Board of Directors of such entity. "Beneficial ownership" shall have the meaning ascribed to such term under Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto. Notwithstanding the foregoing, the Settlement Class shall not include Persons

whose only acquisition of Citigroup common stock during the Class Period was via gift or inheritance if the Person from which the common stock was received did not themselves acquire the common stock during the Class Period.

b. The Class Notice and Proof of Claim and Release that shall be provided to the Settlement Class pursuant to the August 29, 2012 Order shall be substantially in the forms of Exhibits A and B hereto.

SO ORDERED this 28 day of September 2012.



Honorable Sidney H. Stein  
United States District Judge

EXHIBIT A

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE CITIGROUP INC.  
SECURITIES LITIGATION

No. 07 Civ. 9901 (SHS)  
ECF Case

**NOTICE OF (I) PENDENCY OF CLASS ACTION; (II) PROPOSED SETTLEMENT AND PLAN OF ALLOCATION;  
(III) SETTLEMENT FAIRNESS HEARING; AND (IV) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND  
REIMBURSEMENT OF LITIGATION EXPENSES**

*A Federal Court authorized this Notice. This is not a solicitation from a lawyer.*

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by the above-captioned class action lawsuit before this Court (the "Action"), if you purchased or otherwise acquired Citigroup Inc. ("Citigroup" or the "Company") common stock between February 26, 2007 and April 18, 2008, inclusive (the "Class Period"), and were damaged thereby.<sup>1</sup>

**NOTICE OF SETTLEMENT:** The Court-appointed Class Representatives (as defined in Paragraph 9 below), on behalf of themselves and the Settlement Class (as defined in Paragraph 24 below), have reached an agreement to settle the Action for a \$590 million cash settlement (the "Settlement"). If the Settlement is approved by the Court, all claims in the Action by the Settlement Class Members (defined in Paragraph 24 below) against all the Defendants, as well as other Released Parties, identified in Paragraph 49 below, will be resolved.

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.**

**1. Overview of the Action and the Settlement Class:** This Action is a class action lawsuit brought by Investors alleging that they suffered damages as a result of alleged violations of the federal Securities Exchange Act of 1934. A more detailed description of the Action is set forth in Paragraphs 14-23 below. The "Defendants" in the Action are: (a) Citigroup; and (b) Charles Prince, Gary Crittenden, Robert Druskin, Thomas Maheras, Michael Klein, David Bushnell and Robert Rubin (the "Individual Defendants").

The proposed Settlement provides for the release of claims against all the Defendants, as well as certain other parties related to the Defendants, as specified in the Stipulation and as defined more fully in Paragraph 49 below. The Settlement Class consists of all persons and entities who purchased or otherwise acquired Citigroup common stock during the Class Period (as defined more fully in Paragraph 24 below). Members of the Settlement Class will be affected by the Settlement, if approved by the Court, and may be eligible to receive a payment from the Settlement.

**2. Statement of the Settlement Class' Recovery:** The parties have agreed to settle all claims asserted in the Action in exchange for \$590 million in cash, plus interest as earned from the date ten business days after Preliminary Approval of the Settlement, until the Effective Date (the "Settlement Amount"). The sum of the Settlement Amount is referred to as the "Settlement Fund." The "Net Settlement Fund" (the Settlement Fund less any taxes, attorneys' fees, expert fees, Notice and Administration Costs, Litigation Expenses, or other costs and expenses approved by the Court) will be distributed in accordance with the plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among Settlement Class Members who are eligible to participate in the distribution of the Net Settlement Fund and who submit a timely and valid proof of claim and release form (a "Claim Form" or "Proof of Claim Form"). The proposed plan of allocation (the "Plan of Allocation") is included in this Notice at pages 6-8 below.

**3. Estimate of Average Amount of Recovery Per Share:** Based on the information currently available to Plaintiffs and the analysis performed by their damages experts, the estimated average recovery per eligible share (before the deduction of any Court-approved fees, expenses and costs as described herein) would be approximately \$0.19, if all eligible Settlement Class Members submit valid and timely Claim Forms. If fewer than all Settlement Class Members submit timely and valid claims, this may result in higher distributions per share. A Settlement Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that Settlement Class Member's Recognized Loss (as defined below) as compared to the total Recognized Losses of all Settlement Class Members who submit timely and valid Claim Forms. See the Plan of Allocation beginning on page 6 for more information.

**4. Statement of Potential Outcome of Case:** The Parties disagree on both liability and damages and do not agree on the average amount of damages per share of Citigroup common stock that would be recoverable if Plaintiffs were to prevail in the Action. The Defendants deny that Plaintiffs have asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever. The issues on which the Parties disagree with respect to liability include, without limitation: (1) whether Defendants made any materially false or misleading statements during the Class Period; (2) in the event that Plaintiffs can establish that Defendants made any false or misleading statements, whether Plaintiffs can also prove that Defendants acted with fraudulent intent in doing so; and (3) the impact, if any, that any alleged false or misleading statements had on the market price of Citigroup common stock during the relevant period. The Defendants assert that they were prepared to establish that the price of Citigroup's common stock declined in value for reasons not related to the allegations at issue in the Action. The issues on which the Parties disagree with respect to damages, even assuming that Plaintiffs were to prevail on all liability issues, include, without limitation: (1) the appropriate economic methodology for determining the amount by which Citigroup common stock was allegedly artificially inflated (if at all) during the Class Period; (2) the amount by which Citigroup common stock was allegedly artificially inflated (if at all) during the Class Period; and (3) the

<sup>1</sup> Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated August 28, 2012 (the "Stipulation"), which is available on the website established for the Settlement at [www.citigrouptsecuritiessettlement.com](http://www.citigrouptsecuritiessettlement.com).

extent to which information that influenced the trading prices of Citigroup common stock at various times during the Class Period corrected or otherwise related to the allegedly misleading statements that gave rise to Plaintiffs' claim.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs intend to seek attorneys' fees not to exceed 17% of the \$590 million Settlement Fund, plus expenses incurred in connection with prosecution of this Action in the approximate amount of \$3,750,000. Such requested attorneys' fees and expenses would amount to an average of approximately \$0.03 per damaged share of Citigroup common stock. In addition, the class recovery will be reduced by Notice and Administration costs. See How Will The Notice Costs And Expenses Be Paid? on page 10 below. Please note that these amounts are only estimates.

6. **Identification of Attorneys' Representatives:** Plaintiffs and the Settlement Class are represented by the law firm of Kirby McInerney LLP, the Court-appointed Lead Class Counsel in the Action ("Lead Class Counsel"). Any questions regarding the Settlement should be directed to:

Andrew McNeela, Esq.  
Peter S. Linden, Esq.  
KIRBY MCINERNEY LLP  
825 Third Avenue  
New York, NY 10022  
(212) 371-6800

The Court has appointed a Claims Administrator, who is also available to answer questions from Settlement Class Members regarding matters contained in this Notice, including submission of a Proof of Claim Form, and from whom additional copies of this Notice and the Proof of Claim Forms may be obtained.

*In re Citigroup Inc. Securities Litigation*  
c/o GCG  
P.O. Box 9899  
Dublin, Ohio 43017-5799  
(877) 600-6533  
[www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com)  
Questions@citigroupsecuritiessettlement.com

Please do not contact any representative of the Defendants or the Court with questions about the Settlement.

7. **Reasons for the Settlement:** Plaintiffs believe that the proposed Settlement is an excellent recovery and is in the best interests of the Settlement Class. The principal reasons for entering into the Settlement are the substantial benefits payable to the Settlement Class now, without further risk or the delays inherent in further litigation. The significant cash benefits under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after a decision on the pending motion for class certification, contested summary judgment process, a contested trial (if the Plaintiffs prevailed on previous motions) and possible appeals at each stage, a process that may last years into the future. Plaintiffs further considered, after conducting substantial investigation into the facts of the case, the risks to proving liability and damages and if successful in doing so, whether a larger judgment could ultimately be obtained. For the Defendants, who deny all allegations of wrongdoing or liability whatsoever (and also deny all allegations that any conduct on their part caused any Settlement Class Members to suffer any damages), the principal reason for entering into the Settlement is to eliminate the expense, risks and uncertainty of further litigation.

#### YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

**SUBMIT A CLAIM FORM POSTMARKED BY FEBRUARY 7, 2013.**

This is the only way to be eligible to get a payment from the Settlement. If you are a Settlement Class Member, and do not exclude yourself from the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any "Released Claims" (as defined in Paragraph 49 below) that you have against the Defendants. If you do not exclude yourself from the Settlement Class, it is likely in your interest to submit a Claim Form.

If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants concerning the Released Claims.

If you do not like any aspect of the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.

Filing a written objection and notice of intention to appear by December 21, 2012 allows you to speak in Court about the fairness of the Settlement, the Plan of Allocation and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and speak to the Court about your objection.

If you are a member of the Settlement Class and you do not submit a Claim Form postmarked by February 7, 2013, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the

**EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 6, 2012.**  
**OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 21, 2012.**

**GO TO A HEARING ON JANUARY 15, 2013 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN DECEMBER 21, 2012.**  
**DO NOTHING.**

Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

**[END OF COVER PAGE]**

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**WHY DID I GET THIS NOTICE?**

8. This Notice is being sent to you pursuant to an Order of the United States District Court for the Southern District of New York because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Citigroup common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know how this Settlement may generally affect your legal rights.

9. A class action is a type of lawsuit in which similar claims of a large number of individuals or entities are resolved together, thereby allowing for the efficient and consistent resolution of the claims of all class members in a single proceeding. In a class action lawsuit, the court appoints one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Action, the Court has appointed Jonathan Butler, M. David Diamond, David K. Whitcomb, Henrietta C. Whitcomb, John A. Baden III, Warren Pinchuck, Anthony Sedutto, Edward Claus, Carol Weil, and Public Employees' Retirement Association of Colorado to serve as the class representatives (hereinafter "Class Representatives"), and the Court has approved Lead Plaintiffs' selection of the law firm of Kirby McInerney LLP to serve as Lead Class Counsel in the Action.

10. The court in charge of this case is the United States District Court for the Southern District of New York, and the case is known as *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (S.D.N.Y.) (SHS). The Judge presiding over this case is the Hon. Sidney H. Stein, United States District Judge. The persons or entities that are suing are called plaintiffs, and those who are being sued are called defendants. If the Settlement is approved, it will resolve all claims in the Action by Settlement Class Members against all of the Defendants, and will bring the Action to an end.

11. The purpose of this Notice is to inform you of the existence of this class action, how you might be affected and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Class Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing").

12. The Settlement Hearing will be held on January 15, 2013 at 10:00 a.m., before the Hon. Sidney H. Stein at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 23A, New York, NY 10007-1312, to determine:

- a. whether the proposed Settlement is fair, reasonable and adequate, and should be approved by the Court;
- b. whether all claims asserted in the Action against the Defendants should be dismissed on the merits and with prejudice, and whether all Released Claims against the Defendants and Citigroup Releasees should be released as set forth in the Stipulation;
- c. whether the proposed Plan of Allocation is fair and reasonable, and should be approved by the Court; and
- d. whether Lead Class Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved.

13. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and the Plan of Allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

**WHAT IS THE CASE ABOUT? WHAT HAS HAPPENED SO FAR?**

14. On November 8, 2007, a putative class action, *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (S.D.N.Y.) (SHS), was filed in the United States District Court for the Southern District of New York (the "Court") alleging claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") against Citigroup and certain of its officers and directors.

15. On August 19, 2008 the Court appointed Jonathan Butler, M. David Diamond, David Whiltcomb and Henrietta Whitcomb (the "ATD Group") as Interim Lead Plaintiffs and the law firm of Kirby McInerney LLP as Interim Lead Counsel to represent the putative class.

16. On February 24, 2009, Plaintiffs filed their Amended Consolidated Class Action Complaint (the "Complaint"), on behalf of a proposed class of themselves and all other persons or entities who purchased or otherwise acquired Citigroup's common stock between January 1, 2004 and January 15, 2009, inclusive, and who were damaged thereby. The Complaint asserted claims under Sections 10(b) and 20(a) of the Exchange Act in connection with, among other things, Citigroup's disclosures concerning collateralized debt obligations ("CDOs"), structured investment vehicles ("SIVs"), mortgages, leveraged loans, auction rate securities, residential mortgage backed securities ("RMBSs"), solvency and generally accepted accounting principles against Citigroup and certain of Citigroup's officers and directors including Charles Prince, Robert Rubin, Lewis Kaden, Sallie Krawcheck, Gary Crittenden, Steven Freiberg, Robert Druskin, Todd S. Thomson, Thomas G. Maheras, Michael Stuart Klein, David Bushnell, John C. Gerspach, Stephen R. Volk and Vikram Pandit.

17. On March 13, 2009, the Defendants filed a motion to dismiss the Complaint and a comprehensive brief and numerous exhibits in support thereof. Plaintiffs filed their similarly comprehensive papers in opposition to these motions on April 24, 2009, and the Defendants filed their reply papers on May 13, 2009.

18. On November 9, 2010, the Court entered its Opinion and Order on the motion to dismiss. See *In re Citigroup Inc. Sec. Litig.*, 753 F. Supp. 2d, 206 (S.D.N.Y. 2010) (the "November 9 Opinion"). The November 9 Opinion denied Defendants' motion to dismiss: (1) the Section 10(b) claims against Citigroup and the Section 10(b) and 20(a) claims against Prince, Crittenden, Druskin, Maheras, Klein, Bushnell and Rubin for the alleged misstatements and omissions relating to Citigroup's CDO exposure during the period from February 2007 through November 3, 2007; and (2) the Section 10(b) claims against Citigroup and the Section 10(b) and 20(a) claims against Crittenden for the alleged CDO-related misstatements and omissions occurring in the period from November 4, 2007 to April 2008. In re *Citigroup Inc. Sec. Litig.*, 753 F. Supp. 2d 206, 249 (S.D.N.Y. 2010). The remaining defendants and claims alleged in the Complaint were dismissed by the Court.

19. Following the November 9 Opinion, each party has conducted extensive discovery. Plaintiffs have produced thousands of pages of documents and provided 16 witnesses who were deposed by Defendants. Plaintiffs obtained almost 35 million pages of documents from Defendants and took depositions of more than 30 witnesses who were produced by Defendants. In addition, Plaintiffs obtained approximately 5 million pages of documents from third parties, and several experts for both Plaintiffs and Defendants have issued reports and have been deposed.

20. On July 15, 2011, Plaintiffs filed a motion seeking certification of the class. In the ensuing months, both sides filed numerous submissions with the Court in connection with this motion.

21. Plaintiffs and Defendants subsequently agreed to retain Judge Layn R. Phillips (ret.) ("Judge Phillips" or the "Mediator") to assist them in exploring a potential negotiated resolution of the claims against the Defendants, and met and exchanged certain information under the auspices of the Mediator in February and March 2012 (including a lengthy face-to-face mediation session held in New York City) in an effort to determine if the claims against the Defendants could be settled. After making significant progress, a second face-to-face mediation session was held in April 2012, and thereafter the Parties engaged in further negotiation through the mediator.

22. **Mediator's Statement:** In late April 2012, and after face-to-face and arm's-length negotiation, Judge Phillips proposed a settlement of the Action for \$590 million, all cash, to be paid by the Defendants or their insurers. The parties and their counsel accepted the proposal. In Judge Phillips' opinion, "the proposed Settlement is the result of vigorous arm's length negotiation by both sides. 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 Settlement was negotiated in good faith and that the Settlement is fair and reasonable."

23. On August 28, 2012, the Parties entered into the Stipulation setting forth the terms and conditions of the proposed Settlement. On August 29, 2012, the Court entered an Order Preliminarily Approving Proposed Settlement and Providing for Notice ("Order"), which preliminarily approved the Settlement, authorized this Notice be sent to potential Settlement Class Members and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement. Pursuant to the Court's August 29<sup>th</sup> Order, the Action was also certified as a class action with the consent of the Defendants for settlement purposes only.

#### HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

24. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The "Settlement Class" consists of:

All persons who purchased or otherwise acquired common stock issued by Citigroup during the period between February 26, 2007 and April 18, 2008, inclusive, or their successor in interest, and who were damaged thereby, excluding (i) the defendants named in the Complaint, (ii) members of the immediate families of the individual defendants named in the Complaint, (iii) any firm, trust, partnership, corporation, present or former officer, director or other individual or entity in which any of the Citigroup Defendants has a controlling interest or which is related to or affiliated with any of the Citigroup Defendants, and (iv) the legal representatives, heirs, successors-in-interest or assigns of any such excluded

persons or entities. The Settlement Class includes persons or entities who acquired shares of Citigroup common stock during the Class Period by any method, including but not limited to in the secondary market, in exchange for shares of acquired companies pursuant to a registration statement, or through the exercise of options including options acquired pursuant to employee stock plans, and persons or entities who acquired shares of Citigroup common stock after the Class Period pursuant to the sale of a put option during the Class Period. Regardless of the identity of the person or entity that beneficially owned Citigroup common stock in a fiduciary capacity or otherwise held Citigroup common stock on behalf of third party clients or any employee benefit plans, such third party clients and employee benefit plans shall not be excluded from the Settlement Class, irrespective of the identity of the entity or person in whose name the Citigroup common stock were beneficially owned, except that any beneficiaries of such third party clients, or beneficiaries of such benefit plans who are natural persons and, who are otherwise excluded above will not share in any settlement recovery. Notwithstanding the foregoing, the Settlement Class shall not include Persons whose only acquisition of Citigroup common stock during the Class Period was via gift or inheritance if the Person from which the common stock was received did not themselves acquire the common stock during the Class Period.

"Settlement Class Member" means a member of the Settlement Class who does not exclude himself, herself or itself by submitting a request for exclusion in accordance with the requirements set forth in this Notice.

**PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN FEBRUARY 7, 2013.**

#### WHAT ARE PLAINTIFFS' REASONS FOR THE SETTLEMENT?

25. Plaintiffs and Lead Class Counsel believe that the claims asserted against the Defendants in this Action have substantial merit, and that their legal advocacy and diligent factual investigation have led to a Settlement that reflects an exceptionally significant recovery.

26. Plaintiffs and Lead Class Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the Defendants, as well as the inherent risks in establishing liability for violations of the federal securities laws. In the event that the motion for certification of the class was granted, there remains the inherent uncertainty that Plaintiffs and Lead Class Counsel would face in proving that the Defendants acted with fraudulent intent. Plaintiffs have taken into account that the claims made in the Complaint may not have survived a motion for summary judgment by Defendants. Moreover, jury reactions to Plaintiffs' proofs (and the Defendants' responses thereto) on the types of complex issues in this case are inherently difficult to predict. Although Plaintiffs were confident that they would have been able to support their claims with qualified and persuasive expert testimony, Defendants would have almost certainly retained highly experienced experts to argue their various defenses to liability.

27. In addition, even if the Defendants' liability could otherwise be established, Plaintiffs faced serious arguments by the Defendants that any losses suffered by Settlement Class Members on their investments in Citigroup common stock were attributable to factors other than the alleged wrongdoing. For example, the Defendants may have argued that any losses suffered by Settlement Class Members here were caused primarily – if not entirely – by the "financial tsunami" and related financial and liquidity crisis of 2007-08, and not by any alleged misrepresentations concerning Citigroup's exposure to, or valuation of, CDOs or the other matters alleged in the Complaint. As with contested liability issues, issues relating to loss causation and damages would also have likely come down to an inherently unpredictable and hotly disputed "battle of the experts." Accordingly, even if liability were established, there was a real risk that, after a trial of the Action, the Settlement Class would have recovered an amount less than the Settlement Amount – or even nothing at all.

28. In agreeing to the terms of the Settlement, Plaintiffs and Lead Class Counsel weighed the magnitude of the benefits (\$580,000,000) against the risks that the claims asserted in the Complaint would be dismissed following completion of discovery in response to Defendants' anticipated motion for summary judgment. They have also considered the nature of the various issues that would have been decided by a jury in the event of a trial of the Action, including all of the risks of litigation discussed above.

29. Finally, Plaintiffs and Lead Class Counsel have also considered the fact that any recoveries obtained from a favorable verdict after a trial would still be in jeopardy on further appeal, and, even if a favorable verdict were ultimately sustained on appeal, it would likely take additional years before the Action was finally resolved, absent a settlement.

30. In light of the amount of the Settlement and the benefits of immediate and certain recovery to the Settlement Class as compared to the risks and uncertainties of ever obtaining a superior recovery at some indeterminate date in the future, Plaintiffs and Lead Class Counsel strongly believe that the proposed Settlement is fair, reasonable, adequate and in the best interests of the Settlement Class. Indeed, they respectfully submit that the Settlement achieved represents a truly outstanding result for the Settlement Class.

31. The Defendants have vigorously denied the claims asserted against them in the Action and vigorously deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants state that they are entering into this Settlement solely to eliminate the uncertainties, burden and expense of further protracted litigation, and the Stipulation they have agreed to provides that the Settlement shall not be construed as an admission of any wrongdoing by any of the Defendants or counsel for any of the Defendants.

#### HOW MUCH WILL MY PAYMENT BE?

32. At this time, it is not possible to make any determination as to how much a Settlement Class Member may receive from the Settlement. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund will be distributed to Authorized Claimants in accordance with the Plan of Allocation approved by the Court. Under the proposed Plan of Allocation, your share of the Net Settlement Fund will depend on: (1) the dates you acquired or sold your Citigroup common stock, (2) the number of shares acquired or sold and the price paid or received, (3) the expense of administering the claims process, (4) any attorneys' fees and expenses awarded by the Court, (5) interest income received and taxes paid by the Settlement Fund, (6) the number of eligible shares acquired by other Settlement Class Members who submit timely and valid Proof of Claim Forms, and (7) the Recognized Losses of all other Authorized Claimants computed in accordance with the Plan of Allocation set out on pages 6-8 below.

33. You can calculate your Recognized Loss in accordance with the formula set forth below in the proposed Plan of Allocation. In the event the aggregate Recognized Losses of all timely and validly submitted Proof of Claim Forms exceed the Net Settlement Fund, your share of the Net Settlement Fund will be proportionally less than your calculated Recognized Loss. It is unlikely that you will get a payment for all of your Recognized Loss. After all Settlement Class Members have sent in their Proof of Claim Forms, the payment you get will be that proportion of the Net Settlement Fund equal to your Recognized Loss divided by the total Recognized Losses of all Settlement Class Members who submit timely and valid Proof of Claim Forms (the "Pro Rata Share"). See the Plan of Allocation on pages 6-8 for more information on your Recognized Loss.

34. The Defendants have agreed to pay \$590 million in cash. The Settlement Amount will be deposited into an interest-bearing escrow account. If the Settlement is approved by the Court, the Net Settlement Fund will be distributed to Settlement Class Members as set forth in the proposed Plan of Allocation or such other plan as the Court may approve. The Claims Administrator shall determine each Authorized Claimant's Pro Rata Share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Net Settlement Fund shall be distributed to Settlement Class Members who submit timely and valid Proof of Claim Forms and whose payment from the Net Settlement Fund would equal or exceed ten dollars (\$10.00).

35. The Net Settlement Fund will not be distributed until the Court has approved a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

36. Neither the Defendants nor any other person or entity that paid any portion of the Settlement Amount on any of their behalves are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes final. The Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

37. Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

38. Only those Settlement Class Members who purchased or otherwise acquired Citigroup common stock during the Class Period and were damaged as a result of such purchases or acquisitions, will be eligible to share in the distribution of the Net Settlement Fund. Each person or entity wishing to participate in the distribution must timely submit a valid Claim Form establishing membership in the Settlement Class, and include all required documentation, postmarked on or before February 7, 2013 to the address set forth in the Claim Form that accompanies this Notice.

39. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before February 7, 2013 shall be forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation and Settlement, including the terms of any judgments entered and releases given. This means that each Settlement Class Member is bound by the release of claims (described in Paragraph 49 below) regardless of whether or not such Settlement Class Member submits a Claim Form.

40. *Information Required on the Claim Form:* Among other things, each Claim Form must state and provide sufficient documentation for each Claimant's transactions in Citigroup common stock during the Class Period.

41. The Court has reserved jurisdiction to allow, disallow or adjust the Claim of any Settlement Class Member on equitable grounds.

42. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her or its Claim Form.

43. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

#### PROPOSED PLAN OF ALLOCATION

44. The Plan of Allocation has been prepared by Plaintiffs and Lead Class Counsel. It reflects the allegations in the Complaint that Defendants made materially untrue and misleading statements and omissions resulting in violations of Sections 10(b) and 20(a) of the Exchange Act and opinions of Plaintiffs' experts on damages that were caused by disclosures relating to Defendants' alleged misleading statements. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to the Settlement Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws, as opposed to losses caused by market or industry factors or factors unrelated to the alleged violations of law. As set forth in the Plan of Allocation, Plaintiffs allege that on certain disclosure dates, Citigroup disclosed information that allegedly corrected previous alleged misrepresentations and omissions,

causing a drop in Citigroup's stock price (net of factors unrelated to the alleged misrepresentations and omissions). An Authorized Claimant's Recognized Loss will be based upon the particular disclosure date(s) on which the Claimant held Citigroup stock for those shares purchased during the Class Period. The Recognized Loss formula is not intended to be an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

For shares of Citigroup common stock purchased or otherwise acquired between February 26, 2007 and April 18, 2008, inclusive, the Recognized Loss will be calculated as set forth below:

- A. For shares held at the end of trading on July 17, 2008, the Recognized Loss shall be that number of shares multiplied by the lesser of:
  - (1) the applicable purchase/acquisition date artificial inflation per share figure, as found in Table A below; or
  - (2) the difference between the purchase/acquisition price per share and \$21.07.<sup>2</sup>
- B. For shares sold between February 26, 2007 and April 18, 2008, inclusive, the Recognized Loss shall be that number of shares multiplied by the lesser of:
  - (1) the applicable purchase/acquisition date artificial inflation per share figure less the applicable sale date artificial inflation per share figure, as found in Table A below; or
  - (2) the difference between the purchase/acquisition price per share and the sale price per share.
- C. For shares sold between April 19, 2008 and July 17, 2008, inclusive, the Recognized Loss shall be the lesser of:
  - (1) the applicable purchase/acquisition date artificial inflation per share figure, as found in Table A below;
  - (2) the difference between the purchase/acquisition price per share and the sale price per share; or
  - (3) the difference between the purchase/acquisition price per share and the average closing price of Citigroup common stock between April 19, 2008 and the date of sale.<sup>3</sup>
- D. To the extent an Authorized Claimant had an aggregate gain from his, her or its transactions in Citigroup common stock during the Class Period, the value of his, her or its total Recognized Loss will be zero. To the extent that an Authorized Claimant suffered an overall loss on his, her or its transactions in Citigroup common stock during the Class Period, but the loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the actual loss. There shall be no Recognized Loss on short sales of Citigroup common stock during the Class Period or Class Period purchases that were made in order to cover short sales; however, any aggregate gains with respect to short sales shall be offset against Recognized Losses on other transactions.

Table A

Purchase/Acquisition or Sale Date Range	Artificial Inflation Per Share
2/28/07 – 11/4/07	\$4.84
11/5/07	\$3.38
11/6/07 – 11/18/07	\$1.72
11/19/07 – 1/14/08	\$1.15
1/15/08	\$0.71
1/16/08 – 4/18/08	\$0.10

All purchases/acquisitions and sales of Citigroup shares in the Class Period shall be matched on a Last-In-First-Out ("LIFO") basis; sales during the Class Period and the 90 days thereafter will be matched first against the most recent Citigroup shares purchased during that period that have not already been matched to sales under LIFO, and then against prior purchases/acquisitions in backward chronological order, until the beginning of the Class Period. A purchase/acquisition or sale of Citigroup common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. However, (a) for Citigroup shares acquired pursuant to a corporate merger or acquisition, the purchase of the Citigroup shares shall be deemed to have occurred on the date that the merger agreement was executed, and (b) for Citigroup shares that were put to investors pursuant to put options sold by those investors, the purchase of the Citigroup shares shall be deemed to have occurred on the date that the put option was sold, rather than the

<sup>2</sup> Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "In any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." \$21.07 was the mean closing price of Citigroup common stock during the 90 day period beginning on April 19, 2008 and ending on July 17, 2008 (the "Holding Value").

<sup>3</sup> Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995, "In any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90 day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

date on which the stock was subsequently put to the investor pursuant to that option. The proceeds of any put option sales shall be offset against any losses from shares that were purchased as a result of the exercise of the put option.

The receipt or grant by gift, devise or inheritance of Citigroup common stock during the Class Period shall not be deemed to be a purchase or acquisition of Citigroup common stock for the calculation of an Authorized Claimant's Recognized Loss if the Person from whom the Citigroup common stock was received did not themselves acquire the common stock during the Class Period, nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such shares unless specifically provided in the instrument or gift or assignment.

The following defined terms shall be used to describe the process the Claims Administrator shall use to determine whether an Authorized Claimant had a gain or suffered a loss in his, her or its overall transactions in Citigroup common stock during the Class Period: the "Total Purchase Amount" is the total amount paid by the Authorized Claimant for all Citigroup common stock purchased or otherwise acquired during the Class Period less commissions and fees; the "Sales Proceeds" means the amount received for sales of Citigroup common stock purchased or otherwise acquired by the Authorized Claimant during the Class Period and sold on or by July 17, 2008, as matched pursuant to LIFO less commissions and fees; and "Holding Value" means the monetary value assigned to the shares of Citigroup common stock purchased or otherwise acquired by the Authorized Claimant during the Class Period and still held by the Authorized Claimant as of the close of trading on July 17, 2008 (see fn. 2).

If any funds remain in the Net Settlement Fund by reason of uncashed distributions or otherwise, then after the Claims Administrator has made reasonable and diligent efforts to have Settlement Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be redistributed to Settlement Class Members who have cashed their initial distributions in a manner consistent with the Plan of Allocation. Lead Class Counsel shall, if feasible, continue to reallocate any further balance remaining in the Net Settlement Fund after the redistribution is completed among Settlement Class Members in the same manner and time frame as provided for above. In the event that Lead Class Counsel determines that further redistribution of any balance remaining (following the initial distribution and redistribution) is no longer feasible, thereafter, Lead Class Counsel shall donate the remaining funds, if any, to a non-sectarian charitable organization(s) certified under the United States Internal Revenue Code § 501(c)(3), to be designated by Lead Class Counsel and approved by the Court.

45. Payment pursuant to this Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs, Lead Class Counsel, Defendants, and their respective counsel, or other agent designated by Lead Class Counsel, arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court, and against Defendants under any circumstances with respect to distributions. Lead Class Counsel, Plaintiffs, the Defendants and their respective counsel shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

46. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Plaintiffs and Lead Class Counsel after consultation with their experts. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. The Court will retain jurisdiction over the Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented. Any orders regarding any modification of the Plan of Allocation will be posted on the settlement website, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com) and Lead Class Counsel's website at [www.kmlp.com](http://www.kmlp.com).

#### WHAT RIGHTS AM I GIVING UP BY REMAINING IN THE SETTLEMENT CLASS?

47. If you remain in the Settlement Class, you will be bound by any orders issued by the Court. For example, if the Settlement is approved, the Court will enter a judgment (the "Judgment"), which will dismiss on the merits with prejudice the claims against the Defendants and will provide that Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and other Settlement Class Members who have not timely and validly opted out in accordance with the requirements set forth in the Notice of Class Action, on behalf of themselves, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each, are deemed to have, and by operation of the Judgment have, fully, finally, and forever released, relinquished and discharged (whether or not such Settlement Class Members execute and deliver the proof of claim and release forms) (1) all Released Claims (as defined in Paragraph 49 below) against the Citigroup Releasees (as defined in Paragraph 49 below); and (2) against each and all of the Citigroup Releasees all claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or Released Claims. All Settlement Class Members are hereby permanently barred and enjoined from instituting or prosecuting any other action asserting any Released Claim in any court against the Citigroup Releasees. This release shall not apply to any Person who has timely and validly requested exclusion from the Settlement Class in accordance with the instructions set forth in Paragraph 58 below.

48. If you purchased or otherwise acquired Citigroup common stock during the Class Period through Citigroup's Voluntary FA Capital Accumulation Program then you may also be a member of a proposed plaintiff investor class in a lawsuit pending in the Southern District of New York titled *Brecher v. Citigroup Inc.* 09 civ. 7359 (the "Brecher action"). If you participate in this Settlement, you will release any claims that you may have in the Brecher action relating to Citigroup common stock that you purchased or otherwise acquired during the Class Period. The only way you can preserve any claims that you may have in the Brecher action, or otherwise, relating to Citigroup common stock purchased or otherwise acquired during the Class Period, is by filing valid requests for exclusion from this Settlement.

49. As described in more detail below, the Released Claims are any and all claims that (1) are based on, related to, or arise out of the allegations, transactions, facts, matters, events, disclosures, statements, occurrences, circumstances, representations, conduct, acts or omissions or failures to act that have been or could have been alleged or asserted in the Action (or in any forum or proceeding or otherwise), and/or (2) relate to or arise out of Plaintiffs' or any other Settlement Class Member's purchase, acquisition, holding or sale or other disposition of Citigroup common stock during the Class Period.

"Released Claims" means<sup>4</sup>:

- 1) with respect to the Citigroup Releasees, defined below, the release by Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all Settlement Class Members, on behalf of themselves, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each, of all claims of every nature and description, known and unknown, arising out of or relating to investments in (including, but not limited to, purchases, sales, exercises, and decisions to hold) Citigroup common stock through April 18, 2008, inclusive, including without limitation all claims arising out of or relating to any disclosures, registration statements or other statements made or issued by any of the Citigroup Defendants concerning subprime-related assets, collateralized debt obligations, residential mortgage-backed securities, auction rate securities, leveraged lending activities, or structured investment vehicles, as well as all claims relating to such investments in Citigroup common stock asserted by or that could have been asserted by Plaintiffs or any member of the Settlement Class in the Action against the Citigroup Releasees, as defined below.
- 2) with respect to Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all other Settlement Class Members, the release by the Citigroup Defendants of the Plaintiff Releasees, as defined below, from any claims relating to the Institution or prosecution of this Action.

"Released Parties" means:

- 1) with respect to the Citigroup Defendants, the Citigroup Defendants, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Citigroup Releasees"), and any person or entity which is or was related to or affiliated with any Citigroup Releasee or in which any Citigroup Releasee has or had a controlling interest and the present and former employees, officers and directors, attorneys, accountants, insurers, and agents of each of them.
- 2) with respect to Plaintiffs and all other Settlement Class Members, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Plaintiff Releasees"), and any person or entity in which any Plaintiff Releasee has or had a controlling interest or which is or was related to or affiliated with any Plaintiff Releasee.

"Unknown Claims" means any Released Claims which Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Citigroup Releasees, and any Citigroup Releasees' Claims which any Citigroup Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of the Plaintiff Releasees, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Citigroup Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs and each of the Defendants acknowledge, and each of the other Settlement Class Members and each of the other Citigroup Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

50. The Judgment will also provide that, upon the Effective Date, the Citigroup Releasees fully, finally, and forever release, relinquish and discharge each and all of the Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs, other Settlement Class Members, Lead Class Counsel and Additional Settlement Class Counsel from all claims arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Action or the Released Claims.

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<sup>4</sup> Released Claims do not include, release, bar, waive, impair or otherwise impact any: (i) claims asserted in the action styled *In re Citigroup Inc. Bond Litigation*, Master File No. 08 Civ. 9522 (S.D.N.Y.) (SHS), insofar as those claims are not asserted in connection with the purchase or acquisition of Citigroup common stock; (ii) contractual obligations arising out of a corporate merger or acquisition agreement pursuant to which Citigroup common stock was acquired; and (iii) claims relating to the enforcement of the Settlement.

51. In addition, the proposed Judgment provides that all Persons are barred from bringing any claim for contribution or indemnification against the Citigroup Releasees arising out of or related to the Released Claims, and the Citigroup Releasees are barred from bringing any claim for contribution or indemnification arising out of or related to the Released Claims against any such persons.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

52. Lead Class Counsel and other counsel for Plaintiffs in this Action have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have they been reimbursed for their out-of-pocket expenses. Prior to the Settlement Hearing (see Paragraph 12 above), Lead Class Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 17% of the Settlement Fund. In addition, Lead Class Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against Defendants, in the approximate amount of \$3,750,000 (which may include an application for reimbursement of the reasonable costs and expenses incurred by the Lead Plaintiffs themselves that relate directly to their representation of the Settlement Class), plus interest on such expenses at the same rate as earned on the Settlement Amount.

**HOW WILL THE NOTICE COSTS AND EXPENSES BE PAID?**

53. Lead Class Counsel are authorized by the Stipulation to pay the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the Settlement, and distributing the Net Settlement Fund to Settlement Class Members.

**HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?**

54. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than February 7, 2013**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com), or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at (877) 600-6533. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund. Please retain all records of your ownership of and transactions in Citigroup common stock, as they may be needed to document your Claim.

55. As a Settlement Class Member you are represented by Plaintiffs and Lead Class Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?," below, so that the notice is **received** on or before December 21, 2012.

56. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want to Participate in the Settlement? How Do I Exclude Myself?," below.

57. If you are a Settlement Class Member and you wish to object to any aspect of the Settlement, the Plan of Allocation, or Lead Class Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?," below.

**WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?**

58. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written "Request for Exclusion" from the Settlement Class, addressed to *In re Citigroup Inc. Securities Litigation*, EXCLUSIONS, c/o GCG, Inc., P.O. Box 9932, Dublin, Ohio 43017-5832. The exclusion request must be **received** no later than December 6, 2012. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (1) state the name, address and telephone number of the person or entity requesting exclusion; (2) state that such person or entity requests exclusion from the Settlement Class in *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (S.D.N.Y.) (SHS); (3) state the date(s), price(s) and number of shares of Citigroup common stock that the person or entity requesting exclusion purchased or otherwise acquired and sold during the period February 26, 2007 through and including July 17, 2008; (4) state the number of shares held at the start of the Class Period; (5) state the number of shares held through the close of trading on July 17, 2008; and (6) be signed by such person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

59. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration or other proceeding relating to any Released Claim against any of Defendants. You cannot exclude yourself by telephone or by email.

60. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund, or any other benefit provided for in the Stipulation.

61. The Defendants have the right to terminate the Settlement if valid requests for exclusion are received from Persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Plaintiffs and the Defendants.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

62. Settlement Class Members may, but do not need to, attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if the Settlement Class Member does not attend the Settlement Hearing. You can participate in the Settlement without attending the Settlement Hearing.

63. The Settlement Hearing will be held on January 15, 2013 at 10:00 a.m. before the Honorable Sidney H. Stein, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 23A, New York, NY 10007. At the Settlement Hearing the Court will decide whether to approve the Settlement, the Plan of Allocation and an award of attorneys' fees and reimbursement of Litigation Expenses. If the Court approves the Settlement, there may then be appeals by interested parties which may further delay distribution of the Net Settlement Fund. It is always uncertain how those appeals will resolve, and resolving them can take time, perhaps more than a year. The Court reserves the right to approve the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

64. Any Settlement Class Member who does not request exclusion may object to any aspect of the Settlement, the proposed Plan of Allocation or Lead Class Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below on or before December 21, 2012. You must also serve the papers on designated representative Lead Class Counsel and Defendants' counsel at the addresses set forth below for their respective counsel so that the papers are received on or before December 21, 2012.

<u>Clerk's Office</u>	<u>Defendants' Counsel</u>	<u>Lead Class Counsel</u>
Clerk of the Court United States District Court Southern District of New York Daniel Patrick Moynihan United States Courthouse 500 Pearl Street New York, NY 10007-1312 Re: <i>In re Citigroup Inc. Securities Litigation</i> , Case No. 07 Civ. 9901 (SHS)	Brad S. Karp, Esq. Richard A. Rosen, Esq. Susanna M. Buergel, Esq. Jane B. O'Brien, Esq. Asad Kudiya, Esq. Paul, Weiss, Rifkind, Wharton & Garrison LLP 1285 Avenue of the Americas New York, NY 10019	Peter S. Linden, Esq. Ira M. Press, Esq. Andrew McNeela, Esq. Kirby McInerney LLP 625 Third Avenue New York, NY 10022

65. Any objection (1) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (2) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Citigroup common stock that the objecting Settlement Class Member purchased or otherwise acquired during the Class Period, as well as sales of such stock during the Class Period or thereafter through the close of trading on July 17, 2008, along with the dates and prices of each such purchase or other acquisition and sale or other disposition. You may not object to any aspect of the Settlement, the Plan of Allocation or the motion for attorneys' fees and reimbursement of expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

66. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a timely written objection in accordance with the procedures described above, unless the Court orders otherwise.

67. If you wish to be heard orally at the hearing in opposition to the approval of any aspect of the Settlement, the Plan of Allocation or Lead Class Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on the designated representatives of Lead Class Counsel and counsel for the Defendants at the addresses set forth above so that it is received on or before December 21, 2012. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

68. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she must file a notice of appearance with the Court and serve it on the designated representatives of Lead Class Counsel and counsel for the Defendants at the addresses set forth above so that the notice is received on or before December 21, 2012.

69. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Class Counsel.

Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to any aspect of the proposed

Settlement, the proposed Plan of Allocation or Lead Class Counsel's request for an award of attorneys' fees and reimbursement of expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

#### WHAT HAPPENS IF I DO NOTHING AT ALL?

70. If you do nothing, you will get no money from this Settlement. To share in the Net Settlement Fund you must submit a Proof of Claim Form by following the instructions in the section entitled "How Do I Participate In The Settlement? What Do I Need To Do?", on page 10 above.

71. If you are a Settlement Class Member and you do not exclude yourself from the Settlement, you will be bound by the terms of the proposed Settlement described in this Notice once approved by the Court and you shall be forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation and Settlement, including the terms of any judgments entered and releases given. This means that each Settlement Class Member releases the Released Claims (as defined above) against the Citigroup Releasees (as defined above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Claims against any of the Defendants regardless of whether or not such Settlement Class Member submits a Claim Form.

#### WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

72. If you purchased or otherwise acquired Citigroup common stock during the Class Period for the beneficial interest of persons or organizations other than yourself, you must, WITHIN FIFTEEN (15) CALENDAR DAYS AFTER RECEIPT OF THIS NOTICE, either (1) forward copies of the Notice and Claim Form (the "Notice Packet") to all such beneficial owners; or (2) provide the names and addresses of such persons or entities to *In re Citigroup Inc. Securities*, c/o GCG, P.O. Box 9899, Dublin, Ohio 43017-5799. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the out-of-pocket expenses for which reimbursement is sought. Copies of this Notice and the Claim Form can be obtained from the website maintained by the Claims Administrator, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com), or by calling the Claims Administrator toll-free at (877) 800-6533.

#### CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

73. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).

All inquiries concerning this Notice should be directed to:

*In re Citigroup Inc. Securities Litigation*  
c/o GCG  
P.O. Box 9899  
Dublin, Ohio 43017-5799  
(877) 800-6533  
[www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com)  
Questions@citigroupsecuritiessettlement.com

and/or

Andrew McNeela, Esq.  
Peter S. Linden, Esq.  
KIRBY McINERNEY LLP  
825 Third Avenue  
New York, NY 10022  
(212) 371-8600

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

Dated: August 29, 2012

By Order of the Court  
United States District Court  
Southern District of New York

**EXHIBIT B**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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IN RE CITIGROUP INC. SECURITIES  
LITIGATION

No. 07 Civ. 9901 (SHS)

**ECF Case**

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**PROOF OF CLAIM AND RELEASE**

**YOU MUST COMPLETE THIS CLAIM FORM AND SUBMIT IT BY  
FEBRUARY 7, 2013 TO BE ELIGIBLE TO SHARE IN THE SETTLEMENT.**

If you purchased or otherwise acquired common stock issued by Citigroup Inc. ("Citigroup") between February 26, 2007 and April 18, 2008, inclusive (the "Class Period," as further defined in the Notice), then you may be a class member entitled to share in the settlement proceeds ("Settlement Class Member," as further defined in the Notice) in *In re Citigroup Inc. Securities Litigation*, No. 07 Civ. 9901 (the "Action"), pending in the United States District Court for the Southern District of New York (the "Court").

To be eligible for any settlement benefits as a Settlement Class Member, you must provide the information requested in this Proof of Claim and Release form or you can complete and submit a valid online Proof of Claim and Release form by visiting the Claims Administrator's website at [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com). If submitted by mail, you must complete and sign this Proof of Claim and Release form and submit it to the Claims Administrator at the following address by first class mail, postmarked no later than February 7, 2013:

*In re Citigroup Inc. Securities Litigation*  
c/o GCG, Inc.  
P.O. Box 9899  
Dublin, Ohio 43017-5799

If you do not submit your Proof of Claim and Release form by the deadline set forth above, your claim will be rejected, and you will not receive any money in connection with the settlement of this Action. If you are a Settlement Class Member and you do not timely and validly request exclusion in connection with the settlement, you will be bound by the terms of any judgment entered in the Action, including the releases provided therein, regardless of whether you submit a Proof of Claim and Release form.

Do not mail or deliver your Proof of Claim and Release form to the Court or to any of the parties or their counsel as any such claim will be deemed not to have been submitted. Submit your Proof of Claim and Release form only to the Claims Administrator at the address above.

In completing the schedules of transactions requested in this Proof of Claim and Release form, separately list each purchase or acquisition and sale of Citigroup common stock, as applicable. Photocopy the relevant pages if more space is needed. Be sure to include and sign your name and the last four digits of your social security number or tax ID number on any additional sheets.

All purchases or acquisitions and sales of Citigroup common stock requested in this Proof of Claim and Release form must be documented by brokerage statements, confirmations or similar documents. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

For further information on the proposed Settlement in this Action, please review the Notice of (I) Pendency of Class Action; (II) Proposed Settlement and Plan of Allocation; (III) Settlement Fairness Hearing; and (IV) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses.

**QUESTIONS? PLEASE CONTACT THE CLAIMS ADMINISTRATOR AT (877) 600-6533, EMAIL [QUESTIONS@CITIGROUPSECURITIESSETTLEMENT.COM](mailto:QUESTIONS@CITIGROUPSECURITIESSETTLEMENT.COM) OR VISIT [WWW.CITIGROUPSECURITIESSETTLEMENT.COM](http://WWW.CITIGROUPSECURITIESSETTLEMENT.COM)**

**PART I: CLAIMANT IDENTIFICATION**

Beneficial Owner's First Name

Beneficial Owner's Last Name

Joint Owner's First Name

Joint Owner's Last Name

Street Address

City

State/Province

Zip Code

Country Name/Abbreviation

Record Owner's Name (if Different from Beneficial Owner listed Above)

Social Security Number (last four digits)

or Taxpayer I.D. Number (last four digits)

Telephone Number (Home)

Telephone Number (Work)

Check appropriate box:

- |   |                                       |  |
|---|---------------------------------------|--|
| <input type="checkbox"/> Individual/Sole Proprietor | <input type="checkbox"/> Partnership  | <input type="checkbox"/> Pension Plan            |
| <input type="checkbox"/> Corporation                | <input type="checkbox"/> Joint Owners | <input type="checkbox"/> Trust                   |
| <input type="checkbox"/> IRA                        |                                       | <input type="checkbox"/> Other (describe): _____ |

**NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at [www.gcginc.com](http://www.gcginc.com) or you may e-mail the Claims Administrator at [eClaim@gcginc.com](mailto:eClaim@gcginc.com). Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive an email within 10 days of your submission, you should contact the electronic filing department at [eClaim@gcginc.com](mailto:eClaim@gcginc.com) to inquire about your file and confirm it was received and acceptable.

**NOTE:** Separate Proof of Claim and Release forms should be submitted for each separate legal entity (e.g., a claim from Joint Owners should not include separate transactions of just one of the Joint Owners, an Individual should not combine his or her IRA transactions with transactions made solely in the Individual's name). Conversely, a single Proof of Claim and Release form should be submitted on behalf of one legal entity including all transactions made by that entity no matter how many separate accounts that entity has (e.g., a corporation with multiple brokerage accounts should include all transactions in Citigroup common stock) during the Class Period on one Proof of Claim and Release form, no matter how many accounts the transactions were made in.

**PART II: SCHEDULE OF TRANSACTIONS IN CITIGROUP COMMON STOCK**

- A. Number of shares of Citigroup common stock held at the beginning of trading on February 26, 2007: \_\_\_\_\_.
- B. Purchases or acquisitions of Citigroup common stock during the period February 26, 2007 – July 17, 2008, inclusive<sup>1</sup>:

Trade Date (Mo./Day/Year)	Number of Shares Purchased or Acquired	Purchase or Acquisition Price Per Share	Net Purchase or Acquisition Price (less commissions and fees)	Identify if shares acquired pursuant to: (i) sale of put options; (ii) corporate merger or acquisition; or (iii) employee shares; or (iv) cover of short position.

- C. Sales of Citigroup common stock during the period February 26, 2007 – July 17, 2008, inclusive:

Trade Date (Mo./Day/Year)	Number of Shares Sold	Sale Price Per Share	Net Sale Price (less commissions and fees)	Shares Sold Short (Y/N)

<sup>1</sup> Only purchases or acquisitions made during the Class Period (February 26, 2007 through and including April 18, 2008) will be used to calculate your Recognized Loss. With respect to shares of common stock issued pursuant to the Citigroup 1999 Stock Incentive Plan, as amended and restated effective April 19, 2005, including, but not limited to, through Citigroup's Core Capital Accumulation Program, Supplemental Capital Accumulation Program, and Voluntary FA Capital Accumulation Program, the acquisition date is the date on which the grant was awarded, and the price is the share price at which the grant was awarded on the award date during the Class Period.


D. Number of shares of Citigroup common stock held at the close of trading on July 17, 2008: \_\_\_\_\_.

E. Sales of put options over Citigroup common stock during the period February 26, 2007 – April 18, 2008, inclusive:<sup>2</sup>

Option Sale Date (Mo./Day/Year)	Number of Options Sold	Sale Price Per Option	Net Sale Price (less commissions and fees)	Assigned ("A") or Expired ("E")

If you require additional space to list your transactions, you must photocopy this page and check this box . If you do not check this box, these additional pages will not be reviewed.

<sup>2</sup> For Citigroup shares that were put to investors pursuant to put options sold by those investors, the purchase of the Citigroup shares shall be deemed to have occurred on the date that the put option was sold, rather than the date on which the stock was subsequently put to the investor pursuant to that option. The proceeds of any put option sales shall be offset against any losses from shares that were purchased as a result of the exercise of the put option.

### PART III: RELEASE

I/We request payment from the Defendants as provided for in the Settlement, and I/we agree to the terms set out below:

I/We hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever release, relinquish and discharge (i) all Released Claims (as defined below) against the Citigroup Releasees (as defined below); and (ii) against each and all of the Citigroup Releasees all claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or Released Claims, and that I/we shall forever be barred and enjoined from instituting or prosecuting any other action asserting any Released Claim in any court against the Citigroup Releasees.

"Released Claims" mean:<sup>3</sup>

- (1) with respect to the Citigroup Releasees, defined below, the release by Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all Settlement Class Members, on behalf of themselves, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each, of all claims of every nature and description, known and unknown, arising out of or relating to investments in (including, but not limited to, purchases, sales, exercises, and decisions to hold) Citigroup common stock through April 18, 2008, inclusive, including without limitation all claims arising out of or relating to any disclosures, registration statements or other statements made or issued by any of the Citigroup Defendants concerning subprime-related assets, collateralized debt obligations, residential mortgage-backed securities, auction rate securities, leveraged lending activities, or structured investment vehicles, as well as all claims relating to such investments in Citigroup common stock asserted by or that could have been asserted by Plaintiffs or any member of the Settlement Class in the Action against the Citigroup Releasees, as defined below.

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<sup>3</sup> Released Claims do not include, release, bar, waive, impair or otherwise impact any (i) claims asserted in the action styled *In re Citigroup Inc. Bond Litigation*, Master File No. 08 Civ. 9522 (S.D.N.Y.) (SHS), insofar as those claims are not asserted in connection with the purchase or acquisition of Citigroup common stock; (ii) contractual obligations arising out of a corporate merger or acquisition agreement pursuant to which Citigroup common stock was acquired; and (iii) claims relating to the enforcement of the Settlement.

(2) with respect to Lead Plaintiff, Named Plaintiffs, Additional Proposed Named Plaintiffs and all other Settlement Class Members, the release by the Citigroup Defendants of the Plaintiff Releasees, as defined below, from any claims relating to the institution or prosecution of this Action.

"Released Parties" means:

(1) with respect to the Citigroup Defendants, the Citigroup Defendants, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Citigroup Releasees"), and any person or entity which is or was related to or affiliated with any Citigroup Releasee or in which any Citigroup Releasee has or had a controlling interest and the present and former employees, officers and directors, attorneys, accountants, insurers, and agents of each of them.

(2) with respect to Plaintiffs and all other Settlement Class Members, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Plaintiff Releasees"), and any person or entity in which any Plaintiff Releasee has or had a controlling interest or which is or was related to or affiliated with any Plaintiff Releasee

Released Claims shall not include claims relating to the enforcement of the Settlement contemplated by the Stipulation and Agreement of Settlement dated August 28, 2012 (the "Stipulation").

"Unknown Claims" means any Released Claims which Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Citigroup Releasees, and any Citigroup Releasee's Claims which any Citigroup Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of the Plaintiff Releasees, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Citigroup Releasees shall

be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs and each of the Defendants acknowledge, and each of the other Settlement Class Members and each of the other Released Parties shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

Any capitalized terms not otherwise defined in this Proof of Claim and Release form shall have the meaning set forth in the Stipulation, a copy of which (with exhibits) may be obtained as explained in the Notice.

**PART IV: SIGNATURE**

**UNDER THE PENALTY OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.**

**Signature of Claimant (if this claim is being made on behalf of Joint Claimants, then each must sign.)**

Executed this \_\_\_\_\_ day of \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_.  
(Month/Year) (City) (State/Country)

\_\_\_\_\_  
Signature of Claimant

\_\_\_\_\_  
Print Name of Claimant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Claimant, if any

\_\_\_\_\_  
Print Name of Joint Claimant

\_\_\_\_\_  
Date

*If Claimant is other than an individual, or is not the person completing this form, the following also must be provided:*

\_\_\_\_\_  
Signature of Person Completing Form

\_\_\_\_\_  
Print Name of Person Completing Form

\_\_\_\_\_  
Date

\_\_\_\_\_  
Capacity of Person(s) Signing, e.g., Beneficial Purchaser or Acquirer, Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES TIME.  
THANK YOU FOR YOUR PATIENCE.**

**Reminder Checklist:**

1. Please sign the Signature Section of the Proof of Claim and Release form.
2. If this Proof of Claim and Release form is being made on behalf of Joint Claimants, then both must sign.
3. For an overview of what constitutes adequate supporting documentation, please visit [www.citigroupsecuritiessettlement.com](http://www.citigroupsecuritiessettlement.com).
4. Remember to attach supporting documentation, if available.
5. **DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.**
6. Keep a copy of your Proof of Claim and Release form and all documentation submitted for your records.
7. The Claims Administrator will acknowledge receipt of your Proof of Claim by mail, within 60 days. **Your claim is not deemed filed until you receive an acknowledgement postcard.** If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator.
8. If you move, please send your new address to the Claims Administrator at the address below:

*In re Citigroup Inc. Securities Litigation*  
c/o GCG, Inc.  
P.O. Box 9899  
Dublin, Ohio 43017-5799

9. **Do not use highlighter on the Proof of Claim and Release form or supporting documentation.**

**PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN FEBRUARY 7, 2013.**