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NEWS RELEASE

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Colorado to Receive \$1.24 Million in Citigroup Settlement

Citigroup Global Markets, Inc. Settles Multistate Enforcement Actions Involving Widespread Marketing of Auction Rate Securities as Cash Equivalents, Followed by the Collapse of the Auction Rate Securities Market in February, 2008.

Colorado Securities Commissioner Fred Joseph announced today the terms of a settlement between state securities regulators and Citigroup Global Market, Inc. ("CGMI"). The settlement will provide thousands of Citigroup clients access to billions of dollars in funds that have been frozen in the auction rate securities ("ARS") market. As part of the settlement, Colorado will receive \$1.24 million.

The settlement concludes an investigation led by state securities regulators into allegations that Citigroup misled its clients by falsely assuring them that ARS securities were as safe and liquid as cash. The ARS markets froze in February of 2008, triggering a flood of complaints from investors who could not withdraw money from their accounts. States received complaints from a wide range of investors who suffered significant financial damage because the money they were told was liquid was tied up in the frozen ARS market.

"This settlement represents a major victory for investors who for months have been unable to access their funds at Citigroup because those funds were placed in auction rate securities," said Colorado Securities Commissioner Fred Joseph. "Securing a liquidity solution for investors has been the primary objective of our investigations, and this agreement achieves that goal."

Under the terms of the settlement, Citigroup will offer to repurchase at par all auction rate securities from all Citigroup retail customers in Colorado who held those securities at the time the auction market failed on February 12, 2008. For purposes of the

settlement, retail customers are defined to include individual investors, all businesses with account values of up to \$10 million, and all charities regardless of account values.

Citigroup will also:

- Reimburse all retail investors who sold their auction rate securities at a discount after the market failed;
- Consent to a special, public arbitration procedure to resolve claims of consequential damages suffered by retail investors who were unable to access their funds, in which Citigroup will concede liability related to its sale of auction rate securities;
- Undertake to expeditiously provide liquidity solutions to all other institutional investors; and
- Reimburse all refinancing fees to any state municipal issuers who issued auction rate securities through Citigroup between August 1, 2007 and February 11, 2008, and who refinanced those securities after February 11, 2008.

“This was a well-coordinated, collaborative effort, and it’s a terrific example of efficient and effective enforcement work by state securities regulators,” said Joseph. “We also want to commend Citigroup for arriving at a solution that addresses the needs of its clients, many of whom have faced real hardship after losing access to their money,” he added.

The investigation into possible violations by Citigroup is part of a larger state-led effort to address problems in connection with the offer and sale of ARS securities. State regulators are continuing their investigations into possible misconduct by other firms, and have reached agreements to settle with some of these firms.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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