

**ATTENTION CURRENT AND FORMER HOLDERS OF  
SALOMON SMITH BARNEY  
GUIDED PORTFOLIO MANAGEMENT (GPM) ACCOUNTS**

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

W. CAFFEY NORMAN, III, on behalf  
of himself and all others similarly situated,

Plaintiff,

v.

SALOMON SMITH BARNEY, INC.,  
now known as Citigroup Global Markets,  
Inc.,

Defendant.

No. 03 Civ. 4391 (GEL)

**NOTICE OF CERTIFICATION AND PROPOSED SETTLEMENT OF CLASS ACTION,  
HEARING ON PROPOSED SETTLEMENT AND ATTORNEYS' FEE PETITION  
AND RIGHT TO SHARE IN SETTLEMENT FUND**

**TO: ALL PERSONS, OR LEGAL BENEFICIARIES OR PARTICIPANTS IN ANY PERSONS, WHO MAINTAINED A GUIDED PORTFOLIO MANAGEMENT ("GPM") ACCOUNT WITH SALOMON SMITH BARNEY INC. (NOW KNOWN AS CITIGROUP GLOBAL MARKETS, INC.) DURING THE PERIOD FROM JANUARY 3, 1998 THROUGH AUGUST 15, 2002**

***PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION.***

**CLAIMS DEADLINE: CLAIMANTS MUST SUBMIT PROOFS OF CLAIM AND RELEASE, ON THE FORM ACCOMPANYING THIS NOTICE, *POSTMARKED NO LATER THAN JULY 14, 2006.***

**EXCLUSION DEADLINE: REQUESTS FOR EXCLUSION MUST BE SUBMITTED *POSTMARKED NO LATER THAN APRIL 21, 2006.***

**SUMMARY OF SETTLEMENT AND RELATED MATTERS**

1. On January 20, 2006, the United States District Court for the Southern District of New York (the "Court") preliminarily approved a settlement between Plaintiff and Defendant Salomon Smith Barney Inc. (now known as Citigroup Global Markets, Inc., and hereinafter "SSB" or "Defendant"). The purpose of this Notice is to inform you of the certification of a class and the Settlement of this Class Action (the "Action"), of the terms of the Settlement, which will affect all Class Members' rights, and of a hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement. This Notice describes rights you may have under the Settlement and what steps you may now take in relation to the Action. This Settlement Notice is not an expression of any opinion by the Court as to the merits of any claims or any defenses asserted by any party in the Action, or the fairness or adequacy of the Settlement.

2. The Settlement provides for a Settlement Fund consisting of fifty million dollars (\$50,000,000.00) in cash, plus interest, less fees and costs (the “Net Settlement Fund”).

3. For purposes of the Settlement, a Class Member’s distribution from the Net Settlement Fund will be governed by the proposed Plan of Allocation described below at ¶¶31-36, or such other Plan of Allocation as may be approved by the Court.

4. Plaintiff’s Counsel intends to apply to the Court for an award of fees in an amount not to exceed \$9 million (or eighteen (18%) of the Settlement Fund), and for reimbursement of expenses incurred in connection with the prosecution of this Action in the approximate amount of \$300,000.00 (exclusive of ongoing costs in conjunction with the administration of the Settlement). Plaintiff’s Counsel has expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and has advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys’ fees.

### **NOTICE OF SETTLEMENT FAIRNESS HEARING**

5. On May 12, 2006, a hearing will be held before the Honorable Gerard E. Lynch, in the United States District Courthouse, 500 Pearl Street, Room 6B, New York, New York 10007 at 3:00 p.m., (the “Settlement Fairness Hearing”) to determine whether the Settlement of the Action, as set forth in the Stipulation of Settlement dated January 20, 2006, is fair, reasonable and adequate, and to consider the proposed Plan of Allocation for the Settlement proceeds and the application of Plaintiff’s Counsel for an award of attorneys’ fees and reimbursement of expenses.

### **BACKGROUND OF THE LITIGATION**

6. On January 2, 2003, Plaintiff filed this action in the United States District Court for the District of Columbia, on behalf of himself and all other persons and entities who maintained Guided Portfolio Management (“GPM”) accounts with SSB from January 3, 1998 until August 15, 2002, inclusive. GPM accounts are discretionary accounts managed by SSB.

7. In his Complaint, Plaintiff alleges in essence that SSB’s equity ratings for stocks were improperly influenced by SSB’s desire to obtain or retain investment banking business from those companies whose stock was being rated by SSB. During the class period, SSB’s financial consultants could generally purchase for GPM accounts only equity securities that were favorably rated by SSB’s Research Department. Plaintiff alleges that as a result of SSB’s inappropriate and unwarranted ratings, SSB failed to deliver account management services based on objective research in accordance with SSB’s contractual and fiduciary duties. Plaintiff asserts causes of action for alleged violations of Section 206 of the Investment Advisers Act of 1940, 15 U.S.C. § 80b-6, breaches of fiduciary duty, and breaches of contract, on behalf of all persons and entities who maintained GPM accounts between January 3, 1998 and August 15, 2002, inclusive.

8. Defendant has denied and continues to deny all of the Plaintiff’s allegations of wrongdoing.

9. On June 18, 2003, this action was transferred to the United States District Court for the Southern District of New York.

10. On June 27, 2003, this action was reassigned to Judge Gerard E. Lynch, United States District Judge.

11. On August 7, 2003, Defendant moved for an order dismissing the Complaint, which the Court denied on June 8, 2004.

12. On January 28, 2005, Plaintiff moved for class certification. Briefing on this motion was completed on June 16, 2005. On October 19, 2005, the Court deemed the motion to have been withdrawn pending this Settlement, subject to reinstatement.

13. On April 25, 2005, Defendant moved for judgment on the pleadings dismissing Plaintiff's state-law claims as preempted by the Securities Litigation Uniform Standards Act of 1998 ("SLUSA"), Pub. L. No. 105-353, 112 Stat. 3227. Briefing on this motion was completed on June 16, 2005. On October 19, 2005, the Court deemed the motion to have been withdrawn pending this Settlement, subject to reinstatement.

#### **DESCRIPTION OF THE MEDIATION LEADING TO THE SETTLEMENT**

14. In July of 2005, Plaintiff and Defendant agreed to participate in non-binding mediation before the Honorable Daniel Weinstein, retired Judge of the Superior Court of California, under the auspices of Judicial Arbitration and Mediation Services, Inc. ("JAMS").

15. In accordance with Judge Weinstein's procedures, Plaintiff and Defendant submitted comprehensive mediation statements and a two-volume joint appendix of exhibits.

16. The mediation was held on September 21 and 22, 2005, at JAMS's New York offices. Representatives of Defendant, Defendant's Counsel, and Plaintiff's Counsel attended in person. Plaintiff's Counsel and Defendant's Counsel each made presentations to Judge Weinstein and to each other and engaged in arm's-length negotiations.

17. On September 22, 2005, Plaintiff and Defendant reached an agreement in principle to settle the Action. Negotiations between the parties continued until the Stipulation of Settlement was executed.

18. Prior to the settlement negotiations, Plaintiff was advised by an expert consultant with respect to analyzing GPM accounts and estimating potential damages.

#### **BACKGROUND TO THE SETTLEMENT**

19. The principal reasons that the Plaintiff has agreed to the Settlement are: (a) the benefits to be provided to the Class from a certain settlement outweigh the risk that the Class would recover substantially less or nothing at all if the case were to continue through motion practice or to trial and a decision by a jury; and (b) the Class would receive benefits under the Settlement now, rather than after lengthy, costly and time-consuming litigation, including the likelihood that any verdict partially or wholly favorable to the Class would be appealed, further delaying any recovery to the Class.

20. As with any litigated case, Plaintiff would face an uncertain outcome if the Action were litigated or went to trial. Defendant denied any wrongdoing or liability in the Action or that it violated any law, and there was a risk that two motions, still pending when the parties reached an agreement in principle to settle, would be decided in Defendant's favor.

a. Defendant had moved to dismiss Plaintiff's claims for breach of contract and breach of fiduciary duty, asserting that those claims were preempted by SLUSA, as interpreted by the Court of Appeals for the Second Circuit in *Dabit v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 395 F.3d 25 (2d Cir. 2005). While the Court had previously rejected the arguments made in favor of this motion, Defendant asserted that the *Dabit* opinion, issued after the Court's decision, required the reconsideration of the arguments and dismissal of the claims. Although Plaintiff strenuously disputed the argument that *Dabit* required the Court to reconsider or change its prior ruling, the outcome of this motion was not certain. The United States Supreme Court has recently agreed to review the issues raised in *Dabit*, and an adverse ruling from the Supreme Court could have raised further questions as to Plaintiff's ability to pursue his state law claims. These claims were the only claims under which the Class could have recovered trading losses; had the Court granted Defendant's Motion to Dismiss, the Class Members' claims would have been limited to restitution of fees that they paid to SSB to maintain their GPM accounts.

b. Defendant had opposed Plaintiff's motion for class certification on a variety of grounds, raising issues as to whether Plaintiff's claims would be certified as a class action. The Court could have certified all of the claims for class action treatment, could have certified only some portion of the claims for class action treatment, or could have denied class certification entirely.

c. A number of the claims for trading losses had been, or may be, encompassed in settlements of pending securities fraud class actions against SSB, and the Court had held that the Class would be barred from pursuing in this Action any trading loss claims released in the settlements of those securities fraud class actions. The Settlement permits Class Members to share in any recovery obtained in those securities fraud class actions.

d. In the Complaint, Plaintiff had alleged that the research recommendations and stock ratings of the SSB analyst Jack Grubman, who covered the telecommunications sector, were inflated and tainted by conflicts of interest because they were influenced by SSB's desire to secure investment banking business and that this kind of conflict was widespread at SSB. Defendant denied these allegations and asserted, among other things, that the evidence would have shown that SSB's equity research recommendations and ratings were reasonable and were made in good faith, that GPM accountholders received the services that they paid for, and that trading losses were caused by factors other than SSB's recommendations. Plaintiff recognizes that there was a risk that he would not have prevailed on his claim that conflicts of interest in the management of the GPM Program were widespread.

e. Plaintiff recognizes that he may not have recovered all of his claimed damages even if he prevailed on issues of liability. Defendant has argued that, even assuming liability, Class members would only be entitled to restitution of the fees allocable to those stocks that were contemporaneously the subject of tainted ratings or recommendations, not to restitution of all their GPM fees paid during the Class Period, as Plaintiff has claimed. It is impossible to predict which view of damages would have been accepted by the Court or the jury. Class Members potentially could recover all of their claimed damages, could recover nothing, or could recover substantially less than the amount of this Settlement.

21. Plaintiff's Counsel conducted and completed a thorough investigation and extensive fact discovery in the Action. Before filing the Complaint, Plaintiff's Counsel obtained and analyzed documents from the New York Attorney General's Office relating to the investigation of analyst conflict of interest and IPO allocations that focused, among other parties, on Defendant. Plaintiff's Counsel obtained and analyzed additional publicly available documents while Defendant's motion to dismiss was pending. After Defendant's motion to dismiss was denied, Plaintiff's Counsel received and analyzed (a) more than 30,000 pages of documents produced by Defendant, and (b) GPM account records, including records of trades, year-end holdings, fees, and account profiles. After reaching an agreement in principle to settle the Action, Plaintiff, through Plaintiff's Counsel, conducted further discovery to confirm the fairness, reasonableness and adequacy of the terms of the Settlement. That further discovery—which was completed on November 22, 2005—included interviews of the director of Defendant's U.S. Equity Research, the former Program Director, Portfolio Management Group, and equity research analysts, and analysis of additional documents produced by Defendant. Plaintiff and Plaintiff's Counsel were satisfied by such discovery that the Settlement is fair, reasonable, and adequate.

22. The Court has not determined the merits of Plaintiff's claims. This Notice does not imply that there has been or would be any finding of violation of the law or that recovery could be had in any amount if the Action was not settled. Instead, the parties have agreed to a Settlement. Based on the factors discussed above, Plaintiff and Plaintiff's Counsel believe that the Settlement confers substantial benefits upon the Class and that it is in the best interests of Plaintiff and the Class. Further, the settlement negotiations were conducted under the supervision of a retired State Court judge who is an experienced Mediator. As stated by the Mediator:

### **STATEMENT BY THE MEDIATOR, THE HON. DANIEL WEINSTEIN**

I am a retired Judge of the Superior Court of California and a member of Judicial Arbitration and Mediation Services, Inc. (“JAMS”).

I was retained by the Parties to this Action to attempt to mediate a settlement of this Action. Prior to the scheduled mediation, the Parties submitted confidential mediation statements and documentation supporting their respective positions, including relevant briefs and court orders.

I presided over the mediation between the Parties that was held on September 21 and 22, 2005 at JAMS’s New York offices. The issues in this case were complex and novel, and I met first jointly and then separately with each side to discuss the strengths and weaknesses of their respective positions and the risks of litigation in an effort to bridge the differences between the Parties. The discussions during this two-day mediation session were vigorous on both sides, and during the second day I decided that, if a settlement were to be reached, I would have to submit a Mediator’s Proposal to the Parties for acceptance or rejection. The Parties ultimately agreed to the Mediator’s Proposal which became the basis for the settlement which is being submitted for the Court’s approval.

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.

Daniel Weinstein

### **TERMS OF THE SETTLEMENT**

23. On January 20, 2006, the Court conditionally ordered the certification of a class of holders of GPM accounts with SSB during the period from January 3, 1998 through August 15, 2002 (the “Class”). Excluded from the Class are:

a. Defendant, any entity in which Defendant has had a Controlling Interest at any time since January 3, 1998, any natural person who has been an officer or director of Defendant at any time since January 3, 1998; any equity research analyst employed by Defendant at any time during the Class Period; and the Family Members of any Person excluded pursuant to this subsection;

b. Any Person who, as of the date the Judgment becomes final and not subject to appeal, (i) is or was a party to a lawsuit, arbitration, or similar proceeding in which such Person asserted a claim against Defendant concerning the GPM Program or his, her, or its GPM account, and in which a final judgment or final award has been rendered respecting such claim, or (ii) has entered into a release releasing the Defendant Releasees from any Released claims; and

c. The legal representatives, heirs, executors, successors, or assigns of any person excluded pursuant to this subsection.

Also excluded from the Class are any putative Class Members who request exclusion from the Class in accordance with the requirements set forth in this Notice.

24. If the Court approves the Settlement, Defendant has agreed to pay \$50 million in cash, plus interest (the “Settlement Fund”) into escrow on behalf of Plaintiff and the Class. In return, upon the Effective Date (defined below), the Plaintiff Releasees (defined below), regardless of whether such Plaintiff Releasee ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim, any distribution from the Settlement Fund, will be deemed to have, and by operation of the Judgment will have, fully, finally, and forever released, relinquished, and discharged all Released Claims (defined below) against the

Defendant Releasees (defined below) and Defendant's Counsel, will have covenanted not to sue the Defendant Releasees and Defendant's Counsel with respect to all such Released Claims, and will be permanently barred and enjoined from asserting any such Released Claim against the Defendant Releasees and Defendant's Counsel.

24a. If you have opted out, or intend to opt out, of *In re WorldCom Securities Litigation*, No. 02 Civ. 3288 (DLC), or *In re Global Crossing Securities Litigation*, No. 02 Civ. 910 (GEL), and have filed or intend to file any separate proceeding (including a lawsuit or arbitration) against Citigroup or Defendant Releasees (as defined below) involving any of the investments in your GPM account, you will release and extinguish that claim if you participate in this Settlement and do not opt out.

25. The Stipulation of Settlement provides that, on the Effective Date, Class Members, their present and former parents, subsidiaries, divisions and affiliates (as defined in 17 C.F.R. Part 210.1-02.b), the present and former employees, members, partners, principals, officers and directors of each of them, the present and former attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents of each of them, and the predecessors, estates, heirs, executors, trusts, trustees, administrators, successors, and assigns of each, and any Person which is or was related to or affiliated with any of the foregoing or in which any of the foregoing Persons has or had a Controlling Interest and the present and former employees, members, partners, principals, officers and directors, attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents or each of them (together, the "Plaintiff Releasees") would forever be enjoined from prosecuting each and every Released Claim (defined below) against the Defendant Releasees (defined below).

26. "Released Claims" means (a) all Claims against Defendant Releasees arising out of, in any way related to, or in connection with the GPM Program or GPM accounts during the Class Period, including without limitation all Claims that were asserted or could have been asserted against the Defendant Releasees by the Plaintiff in the Complaint; *provided, however*, that this definition of "Released Claims" will not preclude any Class Member or Authorized Claimant from participating as a member of the class and making any claim with respect to any funds made available from any settlement or judgment arising out of the following litigations: *In re WorldCom Securities Litigation*, No. 02 Civ. 3288 (DLC); *In re Global Crossing Securities Litigation*, No. 02 Civ. 910 (GEL); *In re Salomon Analyst Level 3 Litigation*, No. 02 Civ. 6919 (GEL); *In re Salomon Analyst XO Litigation*, No. 02 Civ. 8114 (GEL); *In re Salomon Analyst Williams Litigation*, No. 02 Civ. 8156 (GEL); *Los Angeles County Employees Retirement Association v. Citigroup et al.*, No. 04 Civ. 5854 (GEL); *In re Salomon Analyst Metromedia Litigation*, No. 02 Civ. 7966 (GEL); and *In re Salomon Analyst AT&T Litigation*, No. 02 Civ. 6801 (GEL) (the "Pending Class Actions"); *provided further*, that the immediately preceding proviso respecting the definition of "Released Claims" would not apply to any Person who opts out of any of the Pending Class Actions; and (b) all Claims arising out of, in any way relating to, or in connection with the defense, settlement, or resolution of the Action or the Released Claims, except a Claim to enforce the releases or other terms and conditions contained in this Settlement Agreement or any Court order (including but not limited to the Judgment) entered pursuant thereto.

27. The "Defendant Releasees" are the Defendant Citigroup Global Markets Inc. (formerly Salomon Smith Barney Inc.), its present and former parents, subsidiaries, divisions and affiliates (as defined in 17 C.F.R. Part 210.1-02.b) (including the Robinson-Humphrey Company, LLC), the present and former employees, members, partners, principals, officers and directors of each of them, the present and former attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents of each of them, and the predecessors, estates, heirs, executors, trusts, trustees, administrators, successors, and assigns of each, and any Person which is or was related to or affiliated with any of the foregoing or in which any of the foregoing Persons has or had a Controlling Interest and the present and former employees, members, partners, principals, officers and directors, attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents or each of them.

28. The Release would apply to all Released Claims whether known or unknown, and by participating in the Class you are deemed to have waived any rights under California Civil Code Section 1542 (to the extent it applies to the Action), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

29. By participating in the Class you are deemed to have 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, that is similar, comparable, or equivalent in effect to California Civil Code Section 1542 or that would otherwise act to limit the effectiveness or scope of the releases. You are deemed to have acknowledged that the Plaintiff Releasees may hereafter discover facts in addition to or different from those that any of them or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or otherwise, but you are deemed to have fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts. You are deemed to have acknowledged that the foregoing waiver was separately bargained for and a key element of the Settlement of which this Release is a part.

30. Upon the Effective Date, all Released Claims asserted in this Action will be dismissed on the merits and with prejudice as to all Class Members and all Class Members will be forever barred from prosecuting a class action or any other action raising any Settled Claims against any of the Released Parties. The Effective Date is the date on which an Order approving the Settlement is not subject to appeal.

**PROPOSED PLAN OF ALLOCATION OF SETTLEMENT  
PROCEEDS AMONG CLASS MEMBERS**

31. Defendant has agreed to pay \$50 million in cash, plus interest, to settle claims of class members. The Settlement Fund, plus interest and less all taxes, approved costs, fees and expenses (the “Net Settlement Fund”) will be distributed to members of the Class who submit acceptable Proofs of Claim and Release (“Authorized Claimants”), in accordance with a Plan of Allocation that Plaintiff’s Counsel and their expert consultant have prepared.

32. The Claims Administrator, Berdon Claims Administration LLC, will determine each Authorized Claimant’s proportionate share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Claim.” To determine that “Recognized Claim,” the Claims Administrator will use a two-step formula that will take into account the Initial Recognized Claim and the Secondary Recognized Claim, as described below.

a. The Initial Recognized Claim. First, the Claims Administrator will determine for each Authorized Claimant the percentage of that Claimant’s total GPM account invested in stocks covered by SSB analyst Jack Grubman (“Grubman Covered Stocks,” a list of which appears in Appendix A) at year end for each year of the Class Period. This percentage is the Exposure Ratio. For each year of the Class Period, the Exposure Ratio will be multiplied by the GPM Fees paid that year by the Authorized Claimant, and the sum for all years in the Class Period will be the Initial Recognized Claim. If an Authorized Claimant did not own any of the Grubman Covered Stocks at year end, the Initial Recognized Claim will be zero. The Claims Administrator will determine the total sum of all Initial Recognized Claims, which will be the Initial Claims Amount, except that the Initial Claims Amount will not exceed 40% of the Net Settlement Fund. If the Initial Claims Amount exceeds 40% of the Net Settlement Fund, then each Authorized Claimant’s Initial Recognized Claim will be reduced *pro rata* so that the total Initial Recognized Claims will not exceed the 40% limit.

b. The Secondary Recognized Claim. The difference between the Initial Claims Amount and the Net Settlement Fund will be the Secondary Claims Amount. To allocate that amount, the Claims Administrator will determine, for each Authorized Claimant, the Secondary Recognized Claim, which will be the total amount of GPM Fees paid by each Authorized Claimant, less the Authorized Claimant's Initial Recognized Claim. The Claims Administrator will allocate the Secondary Claims Amount among Authorized Claimants pro rata based upon their Secondary Recognized Claims.

33. Payments will be distributed to Authorized Claimants after all claims have been processed and after the Effective Date. Authorized Claimants who still maintain a GPM Account (or other account at Citigroup) will have the option of receiving their payments in the form of a check or as a direct deposit into that account. You should indicate on the Claim Form if you would like to receive your payment in the form of a check or direct deposit. Authorized Claimants who no longer maintain a GPM Account, and who do not have another Citigroup account, will receive their payment in the form of a check.

34. If you have any questions about the tax consequences of participating in the settlement, you should consult your own tax advisor regarding such consequences.

35. If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds will be re-distributed to Class Members who have cashed their checks and who would receive at least \$5.00 each from such re-distribution. If, after six months after such re-distribution any funds remain in the Net Settlement Fund, then such balance will be distributed pursuant to Court order, but no remaining sums will be returned to Defendant.

36. The Plan of Allocation may be modified in connection with, among other things, a ruling by the Court, an objection filed by a Class Member or a settlement with a Person requesting exclusion from the Class without further notice. Any receipt of a distribution or other relief by a Class Member is contingent on entry of the Judgment, and the Judgment not being subject to appeal.

### **THE RIGHTS OF CLASS MEMBERS**

37. Class Members will be bound by all proceedings, orders, and judgments in this Action, whether favorable or unfavorable, unless they request exclusion from the Class in a timely and proper manner. A Class Member wishing to make such request must mail the request in written form by first-class mail **postmarked no later than April 21, 2006** to the claims Administrator at:

Salomon Smith Barney GPM Account Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914

A class member wishing to be excluded must make such a written request even if the Class Member has pending, or subsequently initiates, any litigation, arbitration or any other proceeding, or has any Claim, against any or all of the Releasees relating to any of the Released Claims.

38. Any request for exclusion must clearly indicate the name and address of the person seeking exclusion, that the sender requests to be excluded from the Class in the *Norman v. Salomon* Litigation, and must be signed by such person. Persons requesting exclusion are required to state their (a) name, (b) address, (c) telephone number, (d) account number(s) of GPM account(s) owned, and (e) the date(s) of GPM account

opening(s) and if applicable, closing(s). The request for exclusion will not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

39. Class Members requesting exclusion from the Class will not be entitled to receive any payment out of the Settlement Fund.

40. Unless otherwise ordered by the Court, any potential Class Member who does not file a timely request for exclusion as provided above will be bound by the Release and by all proceedings, orders and judgments in the Action, even if that Class Member has pending, or subsequently initiates, litigation, arbitration or any other proceeding, or has any Claim against any or all of the Releasees relating to any of the Released Claims. In other words, and as set forth in Paragraph 24a above, if you do not request exclusion, you may not initiate or maintain any proceeding against Citigroup or Defendant Releasees relating to any investments in your GPM account during the Class Period.

#### **SUBMISSION AND PROCESSING OF PROOFS OF CLAIM**

41. In order to be eligible to receive any distribution from the Net Settlement Fund, you must complete and sign the accompanying Proof of Claim and Release form and send it by first class mail to the Claims Administrator, **postmarked on or before July 14, 2006**, addressed as follows:

Salomon Smith Barney GPM Account Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914

42. If you do not submit an acceptable Proof of Claim and Release, you will not be entitled to any share of the Net Settlement Fund.

43. All Proofs of Claim and Release must be submitted by the date specified in this Notice unless such period is extended by Order of the Court.

44. Each Claimant will 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 Proof of Claim and Release.

#### **SETTLEMENT FAIRNESS HEARING**

45. At the Settlement Fairness Hearing, the Court will determine whether to finally certify the Class, approve this Settlement and dismiss the Action and the claims of the Plaintiff and the Class Members. The Court will also determine whether the proposed Plan of Allocation for the Settlement proceeds is fair and reasonable. The Settlement Fairness Hearing may be adjourned from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Fairness Hearing, you should confirm the date and time with Plaintiff's Lead Counsel. If the Settlement is approved, the Court will also consider the application of Plaintiff's Counsel for attorneys' fees and reimbursement of costs and expenses.

46. Any Class Member who wishes to object to the fairness, reasonableness, or adequacy of the Settlement, to the Plan of Allocation, to any term(s) of the Settlement, or to the request for an award of Attorneys' Fees and Expenses must both effect service on Plaintiff's Counsel and Defendant's Counsel identified below and file with the Court by no later than April 21, 2006, a statement of his, her, or its objection(s); *provided, however*, that a potential Class Member who requests exclusion from the Class will not be able to submit an objection.

**Counsel for Plaintiff:**

Steven J. Toll, Esq.  
Joshua S. Devore, Esq.  
COHEN, MILSTEIN,  
HAUSFELD & TOLL, P.L.L.C.  
1100 New York Ave., N.W.  
Suite 500, West Tower  
Washington, DC 20005  
(202) 408-4600

Terry Rose Saunders, Esq.  
Thomas A. Doyle, Esq.  
SAUNDERS & DOYLE  
20 South Clark Street  
Suite 1720  
Chicago, IL 60603  
(312) 551-0051

Thomas E. Patton, Esq.  
TIGHE PATTON ARMSTRONG  
TEASDALE, PLLC  
1747 Pennsylvania Ave., N.W.  
Suite 300  
Washington, DC 20006  
(202) 454-2800

**Counsel for Defendant:**

Brad S. Karp, Esq.  
Richard A. Rosen, Esq.  
PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064  
(212) 373-3000

47. Any statement of objection of the Class Member must state (a) that the Class Member is a Class Member, and provide documentation to support this statement, (b) which part of the Settlement the Class Member objects to and (c) the specific reason(s), if any, for each such objection made by the Class Member, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of such objection.

48. Any Class Member may file an objection on his, her, or its own, or through an attorney hired at his, her, or its own expense. If a Class Member hires an attorney to represent him, her, or it in connection with filing an objection, the attorney must both effect service on Plaintiff's Counsel and Defendant's Counsel, and file with the Court a notice of appearance no later than May 2, 2006.

49. Any Class Member who files and serves a written objection pursuant to this Section – and only such Class Members – may appear at the Settlement Fairness Hearing, either in person or through counsel hired at the Class Member's expense, to object to the fairness, reasonableness, or adequacy of this Settlement Agreement, to the Plan of Allocation, to any term(s) of this Settlement Agreement, or to the proposed Attorneys' Fees and Expenses Award. Class Members or their attorneys intending to make an appearance at the Settlement Fairness Hearing must both effect service on Plaintiff's Counsel and Defendant's Counsel, and file with the Court a notice of intention to appear by no later than May 2, 2006.

50. Any Class Member who fails to comply with any of these requirements will waive and forfeit any and all rights he, she, or it might otherwise have to appear separately at the Settlement Fairness Hearing and/or to object to the Settlement, and will be bound by all the terms of the Settlement and by all proceedings, orders, and judgments in the Action. Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the proposed Plan of Allocation, and/or the request for an award of attorneys' fees are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the proposed Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval of the Settlement, the proposed Plan of Allocation, or Plaintiff's Counsel's application for an award of attorneys' fees and expenses.

**ATTORNEYS' FEES AND DISBURSEMENTS**

51. At the Settlement Fairness Hearing, or at such other time as the Court may direct, Plaintiff's Counsel intends to apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed \$9 million or eighteen (18%) of the Settlement Fund and for reimbursement of their expenses in the approximate amount of \$300,000.00, plus interest at the same rate as earned by the Settlement Fund. Plaintiff's Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the Net Settlement Fund to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing. Plaintiff also intends to request that the Court award him a reasonable incentive award, not to exceed \$25,000.00 to compensate him for the risk that he incurred, and the time and effort he expended, in connection with the Action.

**TERMINATION OF THE STIPULATION OF SETTLEMENT**

52. Defendant may withdraw from and terminate the Stipulation of Settlement if requests for exclusion are received from potential Class Members who paid GPM Fees for services provided during the Class Period in an aggregate amount that exceeds 5% of the Total GPM Fees paid by all Class Members and potential Class Members who request exclusion for services provided during the Class Period.

53. Either party to the Stipulation of Settlement may terminate the agreement if any court materially changes the terms of the Stipulation of Settlement.

**FURTHER INFORMATION**

54. For a more detailed statement of the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007, during regular business hours.

55. ALL INQUIRIES BY CLASS MEMBERS CONCERNING THIS SETTLEMENT NOTICE OR THE PROOF OF CLAIM AND RELEASE SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR AS INDICATED BELOW.

Salomon Smith Barney GPM Account Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914  
Tel: (800) 766-3330  
Fax: (516) 931-0810  
Website: [www.berdonlip.com/claims](http://www.berdonlip.com/claims)

**DO NOT CONTACT THE COURT CONCERNING  
THE SETTLEMENT OR THIS NOTICE**

Dated: New York, New York  
March 13, 2006

BY ORDER OF THE COURT

*Salomon Smith Barney GPM Account Litigation*

APPENDIX A

Adelphia Business Solutions	Metromedia Fiber Network
Allegiance Telecom, Inc.	MPower Holding Corp.
Ameritech	Nextlink
AT&T	Pacific Gateway Exchange, Inc.
AT&T Canada	Qwest
BCE Inc.	RCN Corporation
BellSouth	Rhythms NetCommunications
Broadwing	SBC
CapRock Communications	Smartalk Teleservices
CenturyTel	Southern New England Telecom
Citizens Communication Company	Sprint
Equant NV	Talk.com
Flag Telecom Holdings Ltd.	Teligent
Focal Communications	Time Warner Telecom Inc.
Frontier Corporation	TyCom Ltd.
General Communications Inc.	US LEC
Global Crossing	US West Communications (New)
GT Group Telecom	Verizon Communications
GTE	Williams Communications
ICG Communications	Winstar Communications, Inc.
Intermedia Communications	WorldCom Inc.
ITC DeltaCom, Inc.	WorldCom Group
Level 3 Communications	WorldCom- MCI Group
MCI WorldCom	XO Communications
McLeod USA	



**PROOF OF CLAIM AND RELEASE**

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

W. CAFFEY NORMAN, III,

v.

No. 03 Civ. 4391 (GEL)

SALOMON SMITH BARNEY INC.

**I WISH TO MAKE A CLAIM FROM THE SETTLEMENT FUND IN THIS ACTION**

Name

Street Address

City

State

Zip

(\_\_\_\_\_) \_\_\_\_\_  
Area Code Telephone Number

(Day) \_\_\_\_\_

(\_\_\_\_\_) \_\_\_\_\_  
Area Code Telephone Number

(Evening) \_\_\_\_\_

(\_\_\_\_\_) \_\_\_\_\_  
Area Code Fax Number

\_\_\_\_\_

\_\_\_\_\_ E-Mail Address

\_\_\_\_\_ GPM Account Number(s)

\_\_\_\_\_ Social Security or Taxpayer ID Number

Release: I hereby release all Claims against Defendant Releasees (as defined in the Notice) arising out of, in any way related to, or in connection with the GPM Program or GPM accounts during the Class Period, including without limitation all Claims that were asserted or could have been asserted against the Defendant Releasees by the Plaintiff in the Complaint, except those claims specifically excluded from release as set out in the Notice.

By Signing below, I agree to the terms of the release and the conditions set forth on the back of this form.

\_\_\_\_\_  
Signature

**This Proof of Claim and Release is subject to the  
penalty of perjury pursuant to 28 U.S.C. § 1746.**

DETACH HERE





I hereby agree to the terms of the Release that are contained in the Notice Of Certification And Proposed Settlement Of Class Action, Hearing On Proposed Settlement And Attorneys' Fee Petition And Right To Share In Settlement Fund;

I hereby consent to the jurisdiction of the United States District Court for the Southern District of New York (the "Court") for purposes of making a claim;

I hereby agree to be subject to discovery with respect to the validity and/or amount of my claim;

I hereby agree to summary disposition by the Court, without any right of appeal or review, with respect to the validity and/or amount of, or any other dispute regarding, my claim; and

I hereby waive trial by jury (to the extent any such right may exist) in connection with the Court's summary disposition of the validity or amount of my claim.

Check here if you would like your distribution directly deposited in your GPM Account identified above.

Check here if you would like your distribution directly deposited into a non-GPM account at Citigroup. Identify that account here: \_\_\_\_\_.

If you do not check one of the above boxes, or if you do not currently have an account, you will receive a distribution by a mailed check.

**THIS PROOF OF CLAIM AND RELEASE MUST BE MAILED, *POSTMARKED NO LATER THAN JULY 14, 2006*, TO THE CLAIMS ADMINISTRATOR AT:**

Salomon Smith Barney GPM Account Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914

DETACH HERE





**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

**Reminder Checklist:**

1. Remember to sign the above Release.
2. Keep a copy of the completed claim form for your own records.
3. If you desire an acknowledgement of your claim form, please send it Certified Mail, return receipt Requested, or its equivalent. You will bear all risks of delay or non-delivery of your claim.
4. If your address changes in the future, or if these documents were sent to an old or incorrect address, please send us written notification of your new address.
5. If you have any questions or concerns regarding your claim, please contact the Administrator at:

Salomon Smith Barney GPM Account Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914  
Tel: (800) 766-3330  
Fax: (516) 931-0810  
Website: [www.berdonllp.com/claims](http://www.berdonllp.com/claims)



**SSB-GPM**

**IMPORTANT LEGAL INFORMATION**

Salomon Smith Barney GPM Account Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914

PRESORTED  
FIRST-CLASS MAIL  
U.S. POSTAGE PAID  
PEARL PRESSMAN LIBERTY  
COMMUNICATIONS GROUP