



NEW YORK CITY LAW DEPARTMENT



## NYC PENSION FUNDS AND CITIBANK ANNOUNCE AGREEMENT

New York, N.Y., July 1, 2004 – The pension funds for New York City's firefighters, police officers, teachers and other City workers and retirees announced today that they have reached an agreement with Citibank, a unit of Citigroup Inc. (NYSE:C), pertaining to a portion of the \$80 million loss sustained by the pension funds through an investment in a health care finance company called National Century Financial Enterprises, which declared bankruptcy in November of 2002.

Citibank, which served as the funds' custodial bank, has agreed to make certain payments to the pension funds to compensate them for a portion of the loss that the funds are ultimately unable to recover from the National Century bankruptcy case or other litigation arising out of National Century's fraud. At issue was a question of whether Citibank, as custodian, should have sold National Century securities once the securities were downgraded. No claims have been made that Citibank was in any way responsible for the collapse of National Century.

The agreement involves an immediate payment by Citigroup of \$15 million and possible additional payments dependent on amounts recovered from other parties. The funds are aggressively pursuing recovery from National Century's officers and directors as well as Bank One, Credit-Suisse, JP Morgan, Fitch Rating agency and others in federal court in Ohio for their roles in National Century's collapse.

Michael A. Cardozo, Corporation Counsel of the City of New York, said, "We are pleased with this agreement, which allows our clients, the New York City Pension Funds, to recover some of their losses. We will continue to vigorously pursue in court those responsible for the collapse of National Century."

Steve Bernstein, Head of Citigroup's Securities Services, said, "We value our relationship with the City and are pleased that this matter has been resolved."

# # #

### About Citigroup

Citigroup (NYSE: C), the preeminent global financial services company which has 200 million customer accounts and does business in more than 100 countries, provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage, and asset management. Major brand names under Citigroup's trademark red umbrella include Citibank, CitiFinancial, Primerica, Smith Barney, Banamex, and Travelers Life and Annuity. Additional information may be found at [www.citigroup.com](http://www.citigroup.com)

### About the New York City Law Department

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world, ranking among the top three largest law offices in New York City and the top three largest public law offices in the country. Tracing its roots back to the 1600's, the Department's 650-plus lawyers handle more than 90,000 cases and transactions each year in 17 separate legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The Department's attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. Its web site can be accessed through the City government home page at [www.nyc.gov](http://www.nyc.gov) or via direct link at [www.nyc.gov/html/law/home.html](http://www.nyc.gov/html/law/home.html).

### **Citigroup Contacts:**

Brian Steel  
Media Relations

### **New York City Contacts:**

Kate O'Brien Ahlers  
Communications Director

212-816-2949  
[brian.w.steel@citigroup.com](mailto:brian.w.steel@citigroup.com)

212-788-0400  
[kahlers@law.nyc.gov](mailto:kahlers@law.nyc.gov)