

[Date]

[Mr. and Mrs. Client]

[Address]

Anytown, State xxxxx]

RE: Your Citi Personal Wealth Management account(s) referenced  
on the back of this letter

Thank you for your business and allowing Citi Personal Wealth Management to serve your investment needs. Over the past year, we've been transforming our business to ensure that your financial interests are at the center of everything we do. We are writing to you to tell you about upcoming changes that will help us better serve you.

As part of our commitment to provide you with the best possible financial advice, we are pleased to announce that Pershing LLC ("Pershing") will become the clearing firm for Citigroup Global Markets Inc. ("CGMI"), the broker/dealer for your Citi Personal Wealth Management account. As our clearing firm, Pershing will provide a variety of services for your Citi Personal Wealth Management account including: holding your account assets in safekeeping, settling transactions and sending trade confirmations, account statements, and tax reporting documentation, along with providing other operational account-related services. CGMI will act as your introducing broker. If you have a managed/advisory account relationship, CGMI will continue to act as your investment advisor.

Through our relationship with Pershing, we will be able to provide you with new benefits including the brokerage industry's number one ranked statement<sup>1</sup>, a new online experience in addition to continuing to provide access to a vast array of products and services including financial planning to help you achieve your financial goals.

**Your relationship with Citi Personal Wealth Management will not change.**

Though Pershing will assume some of the responsibilities for your account, you will continue to do business with Citi Personal Wealth Management just as you do today. If you have an advisor, your relationship will continue with that same advisor, at the same location and phone numbers as before. **This transition will not affect the investments in your Citi Personal Wealth Management account or any links you have with your Citibank bank accounts.**

Unless you tell us otherwise, this transition will happen automatically and Pershing will begin to provide clearing services for your account on or about February 18, 2011 without any action on your part. Please refer to the section entitled **"Important Information About Your Account"** contained in the following pages for more information about what the transition to Pershing will mean for you. We have also included a booklet entitled **"Your Clearing Firm Conversion Guide"**, which describes in detail the changes that will occur as a result of this transition to Pershing.

Our relationship with you is our top priority and we want to make the transition to our new clearing firm as easy as possible for you. If you should have any questions about this letter, please speak to your advisor or call us at 1-866-517-1846.

Thank you for your continued trust and confidence in Citi Personal Wealth Management. We look forward to serving your investing needs.

Sincerely,



Debby McWhinney

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<sup>1</sup> . Pershing's brokerage account statement has been ranked Number 1 in the Brokerage Industry category in the 12<sup>th</sup> annual *Trends and Best Practices in Investor Statements* survey published by DALBAR — the leading market research firm that evaluates and promotes higher standards for investor statements; 2009 & 2010

President, Citi Personal Wealth Management

**INVESTMENT AND INSURANCE PRODUCTS: • NOT FDIC INSURED • NO BANK GUARANTEE • NOT INSURED BY ANY  
FEDERAL GOVERNMENT AGENCY • NOT A BANK DEPOSIT • MAY LOSE VALUE**

Citi Personal Wealth Management is a business of Citigroup Inc., which offers investment products and services through Citigroup Global Markets Inc., member SIPC. Insurance offered through Citigroup Life Agency LLC. Citi and Citi with Arc design are registered service marks of Citigroup Inc. and are used and registered throughout the world. Citigroup Global Markets Inc. and Citibank are affiliated companies under the common control of Citigroup Inc.

This letter references account number(s):

## **IMPORTANT INFORMATION ABOUT YOUR ACCOUNT**

### **Account Conversion**

On or about February 18, 2011, (the "Conversion Date"), Pershing will become the clearing firm for your account. This means that the positions in your account will be transferred to Pershing, which will become responsible for holding your account assets in safekeeping, settling transactions, sending trade confirmations, account statements and tax reporting documentation along with providing other operational account-related services. CGMI will act as your introducing broker and will continue to be responsible for things such as opening accounts and providing advice and guidance. As part of the conversion process, certain securities transactions will occur in your newly established account on or about February 18, 2011. If you want Pershing to act as your clearing firm for your Citi Personal Wealth Management account, the transfer will happen automatically and you don't need to do anything.

**However, if you do not want Pershing to serve as the clearing firm for your account, we must receive your written notification by February 4, 2011, addressed as follows:**

Citigroup Global Markets Inc.  
Attn: Pershing LLC Conversion  
111 Wall St., 3<sup>rd</sup> Floor  
New York, NY 10043

Your notification must include your name, address and current Citi Personal Wealth Management account number. Please be sure all account owners sign the letter before you send it to us.

**If you do not want Pershing to serve as the clearing firm for your account, you must also arrange to transfer your Citi Personal Wealth Management account to another investment firm by February 4, 2011.** To do this, you will need to find another investment firm with which you want to do business, open a new account and complete the required transfer paperwork. **If you decide to transfer your account to another investment firm after the Conversion Date, we will waive the account transfer fee provided you have written us as described above and you move your account by February 4, 2011. If you fail to do so, you will be charged the account transfer fee of up to \$95.00.**

If we do not receive your transfer instructions by February 4, 2011, your Citi Personal Wealth Management account will be transferred to Pershing on the Conversion Date. Once this happens, you will continue to maintain a relationship with Citi Personal Wealth Management unless you choose otherwise and transfer your account to another investment firm. **If you decide to transfer your account to another investment firm after the Conversion Date, we will waive the account transfer fee provided you have written us as described above and you move your account by March 18, 2011. If you fail to do so, you will be charged the account transfer fee of up to \$95.00.**

### **What's Changing?**

Please refer to the enclosed booklet, "Serving You Better: Your Clearing Firm Conversion Guide" ("Guide") for other important information. The Guide is a great resource for answers to questions you may have about the relationship with Pershing as well as any changes to your Citi Personal Wealth Management account. The following are some of the important highlights:

### **New Client Agreements.**

The terms and conditions in your current Client Agreement and other applicable agreements will be amended to reflect the relationship with Pershing. As part of this conversion, CGMI will assign its rights under the CGMI margin agreement to Pershing as it will become the provider of margin loans. As a result, the terms of your existing margin relationship (if applicable) will be replaced with Pershing's margin terms and conditions available to CGMI clients, which are part of your new Client Agreement. As of the Conversion Date, your account will be governed by the terms and conditions of these agreements, as applicable, which we have included in the Guide. The terms and conditions of these agreements will supersede and replace the terms and conditions of the agreements you currently have with CGMI through Citi

Personal Wealth Management, and we encourage you to read them in their entirety. By continuing to maintain your account(s) with CGMI through Citi Personal Wealth Management, you are agreeing to the new terms and conditions of these agreements. If you have any questions regarding the terms, please contact your advisor.

#### **New Account Number.**

As the result of the transition to Pershing, it will be necessary to change your account number. You will receive your new account number in a separate communication on or about February 15, 2011. If you have **automated transfers or direct deposits** posting to your account, from Social Security or payroll, for example, you will need to contact the organizations initiating these transfers, so that you can complete new paperwork *after you receive your new account number*. If you need additional information, please contact your advisor.

#### **New Fee and Commission Schedule.**

Starting in 2011, Citi Personal Wealth Management will introduce a new fee and commission schedule. The annual account fee will be based on either the Citibank account package linked to your investment account or your total investment balances. In addition, certain accounts will receive a fee waiver. We have also instituted a new straightforward commission schedule for equity and option trades. Please refer to the enclosed pricing schedule or speak to your Financial Advisor for more information.

#### **You will receive two account statements for February 2011 as well as two IRS 1099 Forms for the tax year 2011.**

One account statement for the month of February 2011 will come from CGMI and another one will come from Pershing. The CGMI statement will show your positions being transferred out while the Pershing statement will reflect these same positions being received.

The Form 1099 from CGMI will document taxable activity that occurred in your CGMI account. The one from Pershing will reflect taxable activity that occurred in your account carried by Pershing. The transfer of your securities to Pershing will not result in a taxable event.

**For Citigold clients:** After the conversion your investment accounts will no longer be a part of your Citigold consolidated statement. Instead, a summary of your investment balances will appear on your Citigold statement and you will receive a separate statement for your investment accounts from Pershing.

#### **Trade Settlement/Sweep Options.**

Your trade settlement/sweep options will not change as a result of the conversion to Pershing. If you currently utilize the Bank Deposit Program ("BDP"), please note that funds will continue to be deposited into the same three Citibank program banks in the same order as before. However, you should review the new Bank Deposit Program Disclosure Statement in the Guide, which details how the program will work **including the introduction of "tiered" interest rates based on consolidated household investment balances, which CGMI has been using for other clients of the firm.**

Currently, if you have the BDP as your settlement option, your cash balances earn a single interest rate regardless of the size of these balances. With the introduction of tiered rates the balances of every account registered with Pershing under the same social security number will be aggregated, as described in Paragraph G of the Bank Deposit Disclosure Statement (Section 11 of the Guide). The aggregated balance will correspond to the applicable balance requirements associated with one of six different tiers. The introduction of tiered rates means that the program bank balances of clients in higher interest rate tiers will typically receive higher interest than those clients in lower interest rate tiers. Depending on the tier which applies to your aggregated balance and the then prevailing market conditions, the interest rate applicable to your tier may be higher, lower or the same as the single rate currently offered on BDP balances. For illustrative purposes, the chart on the bottom of page 7 shows the current single interest rate as well the interest rate tiers currently in effect for other CGMI clients and the corresponding interest rates for the week of November 16, 2010. The rates may be different after the Conversion Date.

Please refer to the Guide and the Bank Deposit Program Disclosure Statement for more information about the interest rate tiers and how this change may affect your account.

#### **Illustration of the Bank Deposit Program's Interest Rates and Interest Rate Tiers**

<b>Single Rate for the week of November 16, 2010</b>	<b>Tiered Rate for the week of November 16, 2010</b>	
<b>Annual Percentage Yield</b> .15% for any balance	<b>Tier</b>	<b>Annual Percentage Yield</b>
	\$10,000,000 or greater	.20%
	\$1,000,000 to \$9,999,999.99	.15%
	\$500,000 to \$999,999.99	.03%
	\$250,000 to \$499,999.99	.02%
	\$50,000 to \$249,999.99	.01%
	Less than \$50,000.00	.01%

**The rates are shown for illustrative purposes only and may not be representative of the rates available after the Conversion Date.**

#### **New Privacy Notice.**

We consider your personal information to be confidential and will take all reasonable steps to safeguard the privacy of your personal information, as will Pershing. Both firms will abide by all applicable laws and regulations with respect to your personal information, including Securities and Exchange Commission Regulation S-P. As clearing firm, Pershing will get access to your account information in order to fulfill its responsibilities. As such, a copy of the Pershing Privacy Notice is included in the Guide.

#### **Margin Lending.**

If you have a margin account with an existing debit balance, it will be automatically transferred to Pershing as the new margin lender. The credit terms related to rates of interest will remain the same. If you currently have a margin balance or are thinking of utilizing this service, please carefully review both the "Margin Lending at Pershing" section of the *Guide* and the "Credit and Margin Disclosures" of the Pershing Disclosure Statement which is also part of the Guide and speak to your advisor.

#### **How we are handling your open orders.**

Open orders on our system as of February 15, 2011 will be automatically cancelled and re-entered on Pershing's system on or before the conversion date. These include good-till-cancelled ("GTC") orders and limit orders. While this process should not affect your transactions, you may experience a change in your order priority. Please contact your advisor for more information.

#### **Online Access.**

As a result of the conversion to Pershing, there will be a short period of time when online trading and your ability to view account positions online will be unavailable due to necessary upgrades to the site when online order entry and viewing of positions will be unavailable due to necessary upgrades to the site. Online order entry will be temporarily unavailable as of market close February 15, 2011 and viewing positions online will be temporarily unavailable as of market close February 19, 2011. We expect your online investment access to be available for use by February 21, 2011. Online trading will be available on February 22, 2011.. If you need assistance during this period, please call 1-866-517-1846.

If you previously accessed your Citi Personal Wealth Management account through Citibank Online, you will continue to do so after the conversion. If you use [smithbarney.com](http://smithbarney.com), you should use [investments.citi.com/pwm](http://investments.citi.com/pwm). You will be able to access this site on February 21, 2011.

## **What's next?**

Depending on your account type and/or the services you receive, you may receive additional information regarding the transition to Pershing:

- **For Clients with Individual Retirement Accounts (IRA), Coverdell Education Savings Accounts, 403(b)(7) Accounts or Qualified Retirement Plans**

If you have a Traditional, Roth or Rollover IRA, a Coverdell Education Savings Account or 403(b)(7) account, please note that in addition to acting as your clearing firm, Pershing will become the custodian and replace CGMI. You will receive additional information from us, including new account documents, which explain this change and what to do if you do not want Pershing to act in this capacity. If you have a Citibank Keogh with an investment account component, Citibank, N.A. will continue to be the plan trustee, while Pershing will become the clearing firm for the account unless you object, as outlined above in the section entitled "Account Conversion." If you have a Qualified Retirement Plan account (other than a Citibank Keogh), CGMI will continue to act as plan trustee or custodian, as applicable, until CGMI receives your Plan's affirmative consent to permit Pershing to act as custodian. Actual custody of the assets in your Qualified Retirement Plan account, however, will transfer to Pershing in its role as the clearing firm for the account unless you affirmatively object, as outlined above in the section entitled "Account Conversion."

- **For Clients with annuities or Section 529 College Savings Plans linked to your brokerage account carried at Pershing**

If you have an annuity investment opened through CGMI and held directly with a carrier, you may receive additional correspondence from these firms. If such annuity investment is linked to your brokerage account carried at Pershing, CGMI will continue to service these investments after the conversion and these positions will be reflected on your monthly account statements. If you have a Section 529 College Savings Plan held directly with the plan provider and which is linked to your brokerage account carried at Pershing, you will continue to receive statements and correspondence from the 529 provider. CGMI will continue to service 529 College Savings Plans after the conversion and the positions will be reflected on your monthly account statements.

- **For Clients with Managed/Advisory Accounts**

If you have an advisory relationship, you will receive a subsequent mailing explaining any changes to your managed/advisory accounts.