

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE SMITH BARNEY TRANSFER AGENT  
LITIGATION

No. 05 Civ. 7583(WHP)

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

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

**NOTICE OF PENDENCY OF CLASS ACTION AND SETTLEMENT:** Please be advised that your rights may be affected by the above-captioned class action lawsuit before this Court (the "Action"),<sup>1</sup> if you purchased or sold shares in any of the following mutual funds sponsored by Smith Barney Asset Management LLC ("Smith Barney Funds" or the "Funds")<sup>2</sup> during the following time periods, and were damaged thereby:

**Smith Barney Aggressive Growth Fund, Inc.: September 11, 2000 - December 26, 2002;**  
**Smith Barney Allocation Series, Inc.-Allocation Growth Portfolio: September 11, 2000 - May 28, 2003;**  
**Smith Barney Appreciation Fund, Inc.: September 11, 2000-April 25, 2002;**  
**Smith Barney Income Fund Series-Smith Barney Convertible Fund: September 11, 2000 - November 25, 2002;**  
**Smith Barney Income Fund Series-Smith Barney Diversified Strategic Income Fund: September 11, 2000 - November 25, 2002;**  
**Smith Barney Income Fund Series-Smith Barney High Income Fund: September 11, 2000 - November 25, 2002;**  
**Smith Barney Income Fund Series-Smith Barney Premium Total Return Fund: September 11, 2000 - April 25, 2002;**  
**Smith Barney Fundamental Value Fund, Inc.: September 11, 2000 - January 23, 2003;**  
**Smith Barney World Funds, Inc.-International All Cap Growth Portfolio: September 11, 2000 - February 26, 2004;**  
**Smith Barney Managed Governments Fund, Inc.: September 11, 2000 - November 22, 2002;**  
**Smith Barney Investment Funds, Inc.-Peachtree Growth Fund: September 11, 2000 - April 25, 2002;**  
**Smith Barney Investment Funds, Inc.-Investment Grade Bond Fund: September 11, 2000 - April 25, 2002;**  
**Smith Barney Investment Funds, Inc.-Small Cap Growth Fund: September 11, 2000 - January 27, 2003;**  
**Smith Barney Investment Trust-Large Capitalization Growth: September 11, 2000 - March 27, 2003;**  
**Smith Barney Managed Municipals Fund, Inc.: September 11, 2000 - June 24, 2003;**  
**Smith Barney Money Funds, Inc.-Cash Portfolio: September 11, 2000 - April 27, 2004; and**  
**Smith Barney Equity Funds, Inc.-Social Awareness Fund: September 11, 2000 - May 29, 2002.**

**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 THE PENDENCY AND SETTLEMENT OF A CLASS ACTION LAWSUIT PENDING IN THIS COURT.**

**NOTICE OF PENDENCY OF CLASS ACTION:** YOU ARE HEREBY NOTIFIED, that on March 21, 2013, the United States District Court for the Southern District of New York issued an Order pursuant to Rule 23 of the Federal Rules of Civil Procedure certifying the Action as a class action (the "Class Certification Order") on behalf of a class of all persons and entities who purchased or sold Smith Barney Fund shares identified above between September 11, 2000 and June 24, 2004, inclusive (the "Class Period"), or their successors in interest, pursuant to a prospectus allegedly signed by Lewis E. Daidone<sup>3</sup> and who were damaged thereby, except for certain persons or entities excluded from the Class pursuant to the Court-ordered definition (the "Class").<sup>4</sup>

<sup>1</sup> All capitalized terms not otherwise defined herein shall have the meanings provided in the Amended Stipulation and Agreement of Settlement executed by the Parties on August 8, 2013 (the "Amended Stipulation"), which is available at [www.transferagentssettlement.com](http://www.transferagentssettlement.com).

<sup>2</sup> In 2006, the Smith Barney family of mutual funds was reorganized into the Legg Mason Funds. The Settlement only applies to the Smith Barney Funds, not the Legg Mason Funds.

<sup>3</sup> The time periods referenced above reflect the effective dates of the respective Class Period prospectuses allegedly signed by defendant Daidone.

<sup>4</sup> Excluded from the Class are defendant Daidone and any person or entity that is alleged to have engaged in the wrongful conduct identified in the Fourth Amended and Consolidated Complaint (the "Fourth Amended Complaint") filed on February 28, 2012. Consistent with the Court-ordered Class definition, certain excluded persons or entities are more specifically identified in ¶1(b) of the Amended Stipulation.

**NOTICE OF SETTLEMENT:** YOU ARE HEREBY NOTIFIED that Court-appointed Lead Plaintiff David Zagunis (“Lead Plaintiff”) and Named Plaintiffs and Class Representatives Jeffrey Weber, the DVL 401(k) Plan, Bharat U. Shah, Steven W. Hall, Richard W. Rees, Renee Miller (as further defined in ¶2 below), on behalf of on behalf of themselves, the Plaintiffs in the Action and the Class, have reached an agreement to settle the Action for an aggregated settlement payment of \$4.95 million in cash to the Class (the “Settlement”). If the Settlement is approved by the Court, all claims in the Action by the Class Members against all the Defendants, including the Dismissed Citi Defendants, as well as other Released Parties identified in ¶44 below, will be resolved.

A hearing will be held on October 20, 2014 at 11:30 a.m. before the Honorable William H. Pauley III at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 20B, New York, NY 10007, to determine (i) whether the proposed Settlement should be approved as fair, reasonable and adequate; (ii) whether the proposed Plan of Allocation should be approved as fair and reasonable; (iii) whether the Action should be dismissed on the merits and with prejudice against the remaining Defendant, Lewis Daidone, and whether the releases specified and described in the Amended Stipulation should be granted; (iv) whether an application by Lead Counsel (defined in section D below) for (a) an award of attorneys’ fees to compensate Lead Counsel for prosecuting the Action and achieving the benefit for the Class embodied in the Settlement, (b) reimbursement of expenses incurred by Lead Counsel directly relating to the prosecution of the Action (“Litigation Expenses”), and (c) reimbursement of expenses incurred by Lead Plaintiff and Named Plaintiffs (including lost wages) directly relating to the representation of the Class (“Plaintiffs’ Expenses”) should be approved (the “Settlement Hearing”).

**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 Class, your legal rights will be affected whether or not you act.**

**A. Overview of the Action and the Class**

This Action is a class action lawsuit brought by investors in certain mutual funds sponsored by Smith Barney Management LLC (identified and defined above as the “Smith Barney Funds”) and alleges that they suffered damages as a result of alleged violations of the federal Securities Exchange Act of 1934 (“Exchange Act”). The Action alleges that prospectuses issued during the Class Period and allegedly signed by Daidone omitted material information concerning the true nature of the sub-transfer agency structure created by certain Smith Barney entities, which resulted in allegedly improper transfer agent fees being charged to Class Members and the improper retention of those fees by certain Smith Barney entities. The sole remaining Defendant in the Action is Lewis Daidone. The history of the Action is more fully described below in ¶¶7-22.

The proposed Settlement provides for the release of claims against the Defendant and the Dismissed Citi Defendants, as well as certain other parties related to them, as specified in the Amended Stipulation and as more fully described below in ¶¶44-46. The Class consists of all persons and entities who purchased or sold shares in any of the Smith Barney Funds during the Class Period (as defined above and more fully described in ¶1(b) of the Amended Stipulation). Members of the Class will be affected by the Settlement, if approved by the Court, and may be eligible to receive a payment from the Settlement.

**B. Statement of the Class’ Recovery**

The Parties have agreed to settle all claims asserted in the Action in exchange for \$4.95 million in cash, plus interest as earned from the date the settlement payment is escrowed after Preliminary Approval of the Settlement, until the distribution date (the “Settlement Amount”). The settlement payment is also 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 Class Members who are eligible to participate in the distribution of the Net Settlement Fund.

As reflected in the chart entitled “Harm Per Share Per Month” included below, based upon the number of shares outstanding in each of the Smith Barney Funds during the Class Period and the amount of transfer agent fees paid during the Class Period by the Funds, pursuant to a calculation performed by Lead Counsel and Plaintiffs’ retained econometric expert, Plaintiffs estimate that the approximate harm per share per month and potential average recovery per damaged share for each month held during the Class Period (before proration and deduction of Court-awarded attorneys’ fees and Litigation Expenses, Plaintiffs’ Expenses and costs of providing notice and administering the Settlement) will be between \$0.0000042 and \$0.0031633.

More specifically, Plaintiffs estimate Class Period damage across all 17 Funds at issue to be \$61,446, 676.40, which reflects what Lead Counsel and Plaintiffs’ retained expert have calculated to be the total amount of transfer agent fees paid by the Funds that were allegedly “improperly retained” by Citi entities during the Class Period. Based upon this amount, Plaintiffs’ expert has calculated the harm to each share per month as follows:

**HARM PER SHARE PER MONTH**

<b>SMITH BARNEY FUND NAME</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Smith Barney Aggressive Growth Fund, Inc.	\$ 0.0008500	\$ 0.0027600	\$ 0.0031633		
Smith Barney Allocation Series, Inc. - Allocation Growth Portfolio	\$ 0.0000475	\$ 0.0001500	\$ 0.0002550	\$ 0.0000692	\$ -
Smith Barney Appreciation Fund, Inc.	\$ 0.0001017	\$ 0.0003525	\$ 0.0001325	\$ -	\$ -
Smith Barney Income Fund Series - Convertible Fund	\$ 0.0003967	\$ 0.0001925	\$ 0.0002242	\$ -	\$ -
Smith Barney Income Fund Series - Diversified Strategic Income Fund	\$ 0.0000433	\$ 0.0001475	\$ 0.0001733	\$ -	\$ -
Smith Barney Income Fund Series - High Income Fund	\$ 0.0000517	\$ 0.0001650	\$ 0.0001683	\$ -	\$ -
Smith Barney Premium Income Fund Series - Total Return Fund	\$ -	\$ -	\$ 0.0005108	\$ -	\$ -
Smith Barney Fundamental Value Fund, Inc.	\$ 0.0001333	\$ 0.0004408	\$ 0.0005467	\$ 0.0000250	\$ -
Smith Barney World Funds, Inc. - International All Cap Growth Portfolio	\$ 0.0001450	\$ 0.0003792	\$ 0.0003600	\$ 0.0003483	\$ 0.0000708
Smith Barney Managed Governments Fund, Inc.	\$ 0.0000642		\$ 0.0002592	\$ -	\$ -
Smith Barney Investment Funds, Inc - Peachtree Growth Fund	\$ 0.0000050	\$ 0.0000108	\$ 0.0000042	\$ -	\$ -
Smith Barney Investment Funds, Inc - Investment Grade Bond Fund	\$ 0.0000625	\$ 0.0001942	\$ 0.0000783	\$ -	\$ -
Smith Barney Investment Funds, Inc - Small Cap Growth Fund	\$ 0.0001692	\$ 0.0001900	\$ 0.0002033	\$ 0.0000150	\$ -
Smith Barney Investment Trust - Large Capitalization Growth	\$ 0.0002333	\$ 0.0006217	\$ 0.0006483	\$ 0.0001192	\$ -
Smith Barney Managed Municipals Fund, Inc.	\$ 0.0000417	\$ 0.0001350	\$ 0.0001658	\$ 0.0000850	\$ -
Smith Barney Money Funds, Inc. - Cash Portfolio	\$ 0.0000092	\$ 0.0000292	\$ 0.0000333	\$ 0.0000358	\$ 0.0000125
Smith Barney Equity Funds, Inc. - Social Awareness Fund	\$ 0.0002217	\$ 0.0006258	\$ 0.0003108	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 0.0025758</b>	<b>\$ 0.0063942</b>	<b>\$ 0.0072375</b>	<b>\$ 0.0006975</b>	<b>\$ 0.0000833</b>

**Illustration:** A Class Member can calculate approximate harm related to a particular Class Period investment in a particular Fund as follows: (1) multiply the harm per share per month by the number of months the investment was held during the applicable damages period, then (2) multiply that product by the number of shares held, and (3) sum the harm totals for the years during which Class Period investments were held. For example, a hypothetical Class Member who purchased 1000 shares of Aggressive Growth on September 30, 2000 and sold those shares on July 1, 2002 would have \$54.66 of harm relating to that investment as follows: \$2.55 of harm for 2000 (i.e., \$0.00085 (x) 3 months held = \$0.00255; 1000 shares (x) \$0.00255 = \$2.55); \$33.12 of harm for 2001 (i.e., \$0.00276 (x) 12 months held = \$0.03312; 1000 shares (x) \$0.03312 = \$33.12); and \$18.96 of harm for 2002 (i.e., \$0.00316 x 6 months held = \$0.01896; 1000 shares (x) \$0.01896=\$18.96). As stated above, the sum of the harm incurred during the 2000-2002 time period during which this hypothetical Aggressive Growth investment was purchased and held equals \$54.66, also known as “Recognized Loss” (as defined and further described in the Plan of Allocation at ¶¶31-39 herein).

**PLEASE NOTE: The average amounts listed above are only estimates and reflect the maximum recovery available.** Depending on which Smith Barney Fund a Class Member purchased, the number of shares for which claims are filed, when a Class Member purchased shares of Smith Barney Funds, and if sold, when the shares were sold, an individual Class Member will likely receive less than this per share amount. Moreover, any recovery would be reduced by attorney’s fees, Litigation Expenses, Plaintiffs’ Expenses awarded and expenses incurred for notice and administration of the settlement, **and recovery shall be limited to those Class Members with prorated Recognized Losses of at least \$10.00** (see Plan Of Allocation, at ¶¶31-39).

For purposes of the Settlement herein, a Class Member’s distribution from the Net Settlement Fund will be governed by the proposed Plan of Allocation described below at ¶¶31-39, or such other Plan of Allocation as may be approved by the Court.

Statement of Potential Outcome of Case: The parties disagree on both liability and damages that would be recoverable if Plaintiffs were to prevail in the Action. Daidone and the Dismissed Citi 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 Daidone made any materially false or misleading statements during the Class Period or omitted to disclose material information in statements allegedly made by him that are necessary to make the statements he allegedly made not materially misleading; (2) if so, whether Plaintiffs and the other members of the Class were damaged as a result of the actionable conduct; and (3) the amount of damages, if any, caused by Daidone’s conduct. 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, the appropriate methodology for determining the amount by which the Smith Barney Fund shares were allegedly improperly diminished (if at all) during the Class Period.

Plaintiffs’ Counsel considered that there was a substantial risk that Plaintiffs and the other members of the of the Class might not have prevailed on any or all of their claims and that there were risks that any reduction in the value of the Smith Barney Funds arising out of transfer fee charges may not have been actionable. Therefore, Plaintiffs could have recovered nothing or substantially less than the amount of the Settlement. There is also a substantial risk that the Class would not have been able to achieve a substantially higher settlement due to the difficulty of Daidone to pay more than the Settlement Amount.

### **C. Attorneys' Fees, Litigation Expenses and Expenses of Plaintiffs Sought**

Lead Counsel in this Action have not received any payment for their services in pursuing claims against the Defendant or the Dismissed Citi Defendants on behalf of the Class, nor have they been reimbursed for their out-of-pocket expenses. Prior to the Settlement Hearing, Court-appointed Lead Counsel have performed their work in the Action on a contingent-fee basis. Lead Counsel will ask the Court for reimbursement of outstanding expenses paid or incurred in during the prosecution of the Action connection with the institution, prosecution and resolution of the claims against Defendants ("Litigation Expenses") in an amount not to exceed \$125,000, plus interest at the same rate as earned on the Settlement Amount, including reasonable costs and expenses of Lead Plaintiff and Class Representatives directly related to their representation of the Class ("Plaintiffs' Expenses"). Lead Counsel will also apply for an award of attorneys' fees not to exceed 22.5% of the Settlement Fund ("Attorneys' Fees") for their efforts in connection with the Action, including: (i) investigating the facts and class claims; (ii) drafting a detailed amended complaint; (iii) successfully opposing two motions to dismiss; (iv) achieving certification of the Class (which included extensive class discovery); (v) reviewing and analyzing hundreds of thousands of pages of discovery produced in the Action; (vi) preparing full merits mediation briefs and engaging in full merits mediation with nationally known mediator Jonathan Marks; and (vii) ultimately negotiating an agreement in principle to resolve the Action after many months of mediator-assisted negotiation. If the Court approves Lead Counsel's fee and expense application, the average cost of attorneys' fees and Litigation Expenses and Plaintiffs' Expenses per share will be equal to approximately 25% of the average recovery per damaged share as set forth in the table included in Section B above. **Please note that these amounts are only estimates.**

Lead Counsel has been informed that Original Lead Counsel (as identified and defined in ¶5 below)<sup>5</sup> intend to ask the Court for an award of attorneys' fees for their role in the Action not to exceed 15% of the Settlement Fund, and reimbursement of expenses purportedly incurred during the Action not to exceed \$180,000. Lead Counsel reserves the right to oppose, in whole or in part, any fee or expense application made by Original Lead Counsel.

### **D. Identification of Attorneys' Representatives**

Plaintiffs and the Class are represented by the law firms of WeissLaw LLP and Stull, Stull & Brody, the Court-appointed Lead Counsel and Class Counsel ("Lead Counsel"). Any questions regarding the Settlement should be directed to:

Richard Acocelli, Esq.  
WeissLaw LLP  
1500 Broadway 16<sup>th</sup> Floor  
New York, NY 10036  
(212) 682-3025  
(888) 593-4771 (toll free)

Mark Levine, Esq.  
Stull, Stull & Brody  
6 E. 45th Street  
New York, NY 10017  
(212) 687-7230  
(800) 337-4983 (toll free)

The Court has appointed a Claims Administrator, who is also available to answer questions from Class Members regarding matters contained in this Notice and from whom additional copies of this Notice, the Mailing Notice or the Proof of Claim Form may be obtained. The Administrator has also established a website, [www.transferagentssettlement.com](http://www.transferagentssettlement.com), containing this Notice, the Mailing Notice, Proof of Claim Form, Amended Stipulation and other documents relevant to the Settlement, as well as the Complaint and questions may be directed to the Administrator at the below address and/or email address:

*In re Smith Barney Transfer Agent Litigation*  
c/o RG2 Claims Administration LLC  
P.O. Box 59479  
Philadelphia, PA 19102-9479  
[info@transferagentssettlement.com](mailto:info@transferagentssettlement.com)

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

### **E. Reasons for the Settlement**

Plaintiffs and Lead Counsel believe that the claims asserted against Daidone in this Action have substantial merit, and that their legal advocacy and diligent factual investigation have led to a Settlement that reflects a significant recovery. Plaintiffs and Lead Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims, as well as the inherent risks in establishing liability for violations of the federal securities laws. There remains the inherent uncertainty that Plaintiffs would face in proving that the Defendant acted with fraudulent intent. Plaintiffs have taken into account that their claims may not have survived a motion for summary judgment. Moreover, jury reactions to Plaintiffs' proof (and the Defendant's 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 persuasive fact and expert testimony and documentation, Defendant would have almost certainly retained highly experienced experts to argue his various defenses to liability. There is also a risk that even if they achieved a significant judgment, it

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<sup>5</sup> As described more fully in ¶¶5 and 12-13 below, on April 17, 2006 the Court appointed plaintiffs Operating Local 649 Annuity Trust Fund Local 649 ("Local 649") and Jeffrey Weber as lead plaintiff ("Original Lead Plaintiff") and the law firm of Bernstein Liebhard, LLP as lead counsel ("Original Lead Counsel") in the Actions. On August 31, 2011, Local 649 withdrew as Original Lead Plaintiff. On December 15, 2011, the Court entered an order replacing Original Lead Plaintiff with current Lead Plaintiff David Zagunis, and Original Lead Counsel with current Lead Counsel Weiss Law LLP and Stull, Stull & Brody.

would be against Daidone alone and Daidone would not have the financial resources to pay the judgment and that the Citi Defendants would not or could not indemnify him.

In addition, even if the Defendant’s liability could otherwise be established, Plaintiffs faced serious arguments by the Defendant that no legally recognized damages were proven by the Class based upon a hotly disputed “battle of the experts.”

Finally, Plaintiffs and Lead 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.

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

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM POSTMARKED BY JUNE 25, 2014.</b>	This is the only way to be eligible to receive a distribution from the Settlement Fund. If you are a Class Member and do not exclude yourself from the Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Claims (as defined in ¶¶44-46 below and 1(x)-(dd) of the Amended Stipulation) that you have against Defendant Daidone and the Dismissed Citi Defendants. <b>In order to be eligible to receive a payment from the Settlement Fund, you must submit a Claim Form setting forth certain information about your purchases and sales of Smith Barney Funds. If you do not provide accurate and complete information with your Proof of Claim Form, you will not be eligible to receive any share of the Settlement Fund. Because of the size of the Settlement Fund, not every Class Member who files a Proof of Claim Form will necessarily receive a distribution from the Settlement Fund.</b> In addition, whether or not a Class Member who purchased Smith Barney Funds receives a distribution from the Settlement Fund also depends on the number of shares purchased or sold whether those shares of Smith Barney Funds were sold and if so, when they were sold, and how many claims are submitted. The Plan of Allocation will determine which Class Members will be eligible to receive a share of the Settlement Fund and you should therefore consult the Plan to determine how distributions will be made.
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN MAY 30, 2014.</b>	If you have an objection to any aspect of the proposed Settlement, the proposed Plan of Allocation, the request for attorneys’ fees and reimbursement of Litigation Expenses or Plaintiffs’ Expenses, you may write to the Court and explain why you are objecting. You cannot object to the Settlement, the Plan of Allocation, application for attorneys’ fees, Litigation Expenses or Plaintiffs’ Expense request unless you are a Class Member and do not exclude yourself from the Class. You do not have to be present at the Settlement Hearing in order for you to have your objection considered by the Court.
<b>GO TO A HEARING ON OCTOBER 20, 2014 AT 11:30 A.M. AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN MAY 30, 2014.</b>	Filing a written objection and notice of intention to appear by May 30, 2014 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 and/or Plaintiffs’ 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 Class and you do not submit a Proof of Claim Form postmarked by June 25, 2014, you will not be eligible to receive any portion of the Net Settlement Fund but will nevertheless be deemed to have given up your right to sue about the claims against Daidone and the Citi Releasees that are resolved by the Settlement and will bound by any judgments or orders entered by the Court in the Action.

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## WHY DID I GET THIS NOTICE?

1. 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 sold shares in a Smith Barney Fund during the Class Period. As a potential Class Member, you have a right to know of the pendency of the Action as a class action, and how this Settlement may generally affect your legal rights.
2. 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 Jeffrey Weber, the DVL 401(k) Plan, Bharat U. Shah, Steven W. Hall, David Zagunis, Richard W. Rees and Renee Miller as class representatives of the certified Class (hereinafter "Class Representatives"). The Court had previously appointed David Zagunis as Lead Plaintiff and the Court has approved Lead Plaintiffs' selection of the law firm of WeissLaw LLP and Stull, Stull & Brody to serve as Lead Counsel for the Class in the Action.

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

3. On August 26, 2005, 2005, *Chilton v. Smith Barney Fund Management LLC, and Citigroup Global Markets, Inc.*, 05-cv7583 (WHC) (S.D.N.Y.), was filed by and on behalf of certain persons who purchased or sold shares in mutual funds sponsored by Smith Barney Fund Management LLC ("Smith Barney") asserting violations of Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder ("Rule 10b-5"), and Section 36(b) of the Investment Company Act of 1940 ("ICA") 1940 against defendants Smith Barney, Citigroup Global Markets, Inc., Thomas Jones ("Jones") and Daidone relating to the alleged improper institution and retention of transfer agent fees from the Smith Barney Funds and disclosures made by the Defendants regarding the transfer agent fees. Between August 26 and September 30, 2005, four other class actions alleging substantially similar facts were filed in this Court.
4. On December 28, 2005, this Court consolidated all of the actions under the caption *In re Smith Barney Transfer Agent Litigation*, 05-cv-7583(WHP).
5. On April 17, 2006 the Court appointed Local 649 and Weber as Lead Plaintiff ("Original Lead Plaintiff"), and the Court and appointed Bernstein Liebhard as Lead Counsel ("Original Lead Counsel") for Original Lead Plaintiff and the putative class.
6. On June 1, 2006, Original Lead Plaintiff filed an Amended Consolidated Class Action Complaint (the "First Amended Complaint"), which charged, among others, Daidone and the Dismissed Citi Defendants with violations of Sections 10(b) of the Exchange Act and Rule 10b-5, other violations of the Exchange Act, and violations of the ICA.
7. On September 26, 2007, the Court granted Defendants' motion to dismiss the First Amended Complaint, and granting Original Lead Plaintiff leave to replead. Instead of repleading, the Original Lead Plaintiff appealed the Court's September 26 Order to the Second Circuit Court of Appeals on April 15, 2008.
8. On February 16, 2010, the Second Circuit vacated the Court's dismissal of the Exchange Act claims, affirmed the dismissal of the ICA claims, and remanded the Action back to this Court for further proceedings.
9. On April 28, 2010, Defendants renewed their motion to dismiss the First Amended Complaint's Section 10(b) claims on grounds not reached in this Court's September 26, 2007 decision. On January 25, 2011, the Court granted in part, and denied in part, Defendants' motion to dismiss, ruling that Plaintiffs lacked standing to pursue claims related to the Smith Barney funds in which no named plaintiff invested.
10. On May 5, 2011, Original Lead Plaintiff filed the Second Amended Consolidated Class Action Complaint ("Second Amended Complaint"), which also charged, among others, Daidone and the Dismissed Citi Defendants with violations of Sections 10(b) of the Exchange Act and Rule 10b-5. The Second Amended Complaint added ten additional named plaintiffs. Subsequently, a Third Amended Complaint added one more additional plaintiff.

11. Between May 2011 and August 2011, the Parties engaged in comprehensive class discovery.
12. On August 31, 2011, Local 649 withdrew as Original Lead Plaintiff.
13. On December 15, 2011, the Court entered an order replacing the Original Lead Plaintiff with David Zagunis as Lead Plaintiff to pursue claims on behalf of certain persons who purchased or sold shares in certain Smith Barney funds, and replaced Original Lead Counsel with the law firms of WeissLaw and Stull, Stull & Brody as Lead Counsel for Lead Plaintiff.
14. On February 28, 2012, Plaintiffs filed the Fourth Amended Complaint, which also charged, Daidone, Jones, and the Dismissed Citi Defendants with violations of Sections 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. The Fourth Amended Complaint also included for the first time a “scheme liability” claim under Rule 10b-5(a) and 10b-5(c) against Daidone, Jones and the Dismissed Citi Defendants.
15. On March 30, 2012, Defendants moved to dismiss the Fourth Amended Complaint.
16. On August 15, 2012, the Court issued an order and opinion granting in part and denying in part the Dismissed Citi Defendants, Jones and Daidone’s motions to dismiss the Fourth Amended Complaint (the “August 15 Order”). The August 15 Order dismissed all claims against the Dismissed Citi Defendants and Jones.
17. Following the Court’s August 15 Order, the Parties began discussing the possibility of resolving the Action through full merits mediation. The Parties subsequently retained Jonathan Marks, a nationally recognized highly experienced mediator. A full day mediation before Mr. Marks occurred on November 7, 2012. Although the initial mediation was unsuccessful, the Parties continued to regularly communicate through the Mr. Marks over the course of the next few months in an effort to resolve the Action.
18. On January 18, 2013, following the Named Plaintiffs’ written responses to document requests, production of documents, responses to interrogatories and appearance for depositions, Lead Plaintiff moved to certify the putative class and Named Plaintiffs as Class Representatives. Daidone opposed class certification.
19. On March 23, 2013, the Court certified the Class, appointing the Named Plaintiffs as Class Representatives and Lead Counsel as Class Counsel.
20. Following Class certification, the Parties renewed an intense series of arms’ length negotiations through the mediator Jonathan Marks.
21. On April 25, 2013, the Plaintiffs, Daidone and the Dismissed Citi Defendants reached an agreement in principle to resolve the Action, the terms of which are reflected in the Amended Stipulation.
22. On August 8, 2013, the Parties entered into the Amended Stipulation setting forth the terms and conditions of the proposed Settlement. On October 7, 2013, the Court entered an Order Preliminarily Approving Proposed Settlement and Providing for Notice, which preliminarily approved the Settlement, authorized the Mailing Notice be sent to potential Class Members and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

### **WILL I RECEIVE A PAYMENT AND, IF SO, HOW MUCH WILL IT BE?**

23. At this time, it is not possible to make any determination as to which Class Members may receive payments from the Settlement Fund or how much. 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 certain Class Members in accordance with the Plan of Allocation approved by the Court.
24. To be eligible for a payment related to an investment in a in a particular Fund, you must have a prorated Recognized Loss (defined and further explained below) that is at least the minimum threshold of \$10.00. If you are entitled to a payment related to an investment in a particular Fund, it will likely not compensate you for all of your per-share harm described in Paragraph B above. The payment you receive, if any, will be determined based upon factors identified in ¶¶34-35 below, including whether and at what magnitude you maintained shares in a Fund for which you are an Eligible Class Member on or about May 9, 2010 (the date of distribution by the SEC to that Fund arising out of the settlement of related litigation) (“May 2010 SEC Distribution”).
25. The \$4,950,000 Settlement Fund will be deposited into an interest-bearing escrow account held by the Court. If the Settlement is approved by the Court, the Net Settlement Fund will be distributed to Class Members as set forth in the proposed Plan of Allocation or such other plan as the Court may approve to be calculated by the Claims Administrator, under the supervision of Lead Counsel.
26. The Net Settlement Fund will not be distributed until all the claims are fully processed, the Court has approved the Settlement and Plan of Allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.
27. Neither Daidone, the Dismissed Citi 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.
28. Approval of the Settlement is independent from approval of the Plan of Allocation. Distributions will be made to only those Class Members entitled to receive funds under the terms of the Plan of Allocation and who submit timely and complete Claim Forms.
29. The Court has reserved jurisdiction to allow, disallow or adjust the Plan of Allocation on equitable grounds.
30. Persons and entities that are excluded from the Class by definition or that exclude themselves from the Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

## PROPOSED PLAN OF ALLOCATION

31. The Plan of Allocation is based, in part, on the allegations in the Complaint that the Defendant made materially untrue and misleading statements or omitted to disclose material information in statements he allegedly made during the Class Period, resulting in violations of Sections 10(b) of the Exchange Act and damage to Class Period investors. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those Class Members who suffered the greatest economic loss as a result of the alleged violations of the federal securities laws, as opposed to factors unrelated to the alleged violations of law. Plaintiffs' theory of economic loss is based upon the diminution in value of their Class Period investments in an amount equal to the fees that were "improperly" charged and retained by Smith Barney entities during the Class Period pursuant to the allegedly undisclosed transfer agent arrangement. As such, Plaintiffs believe that the objective of the Plan of Allocation should be to prorate and distribute the Settlement Fund based upon (i) which Funds paid the most transfer agent fees during the Class Period, and (ii) which Class Members had the largest investments in those Funds, thereby suffering the greatest economic loss.
32. The Plan of Allocation has been proposed to the Court for its approval. It is based upon Class Members' prorated share of damages in accordance with the objective set forth in ¶31. The Plan of Allocation contemplates distribution of the Net Settlement Fund to Class Members who can demonstrate that they purchased Smith Barney Funds during the applicable damages periods set forth above ("Eligible Class Members") and whose prorated Recognized Loss is at least \$10.00.
33. A Class Member may potentially recover in as many of the Funds as he, she or it qualifies as an Eligible Class Member. For example, if a Class Member submits a valid Proof of Claim Form with documentation sufficient to establish that he, she or it purchased or redeemed shares in five (5) of the Smith Barney Funds during those Funds' respective damages periods, the Class Member would be an Eligible Class Member for each of those five (5) Funds and could potentially receive five (5) separate recoveries (i.e., one for each Fund for which they are Eligible Class Members).
34. ***Submitting a Claim Form, qualifying as an Eligible Class Member and demonstrating a Recognized Loss in any given Fund does not guarantee you will receive a recovery. As discussed above and below, your Recognized Loss will be pro-rated based upon the number of valid claims submitted and the magnitude of all Recognized Losses and potentially reduced or eliminated based upon your holdings at the time of the May 2010 SEC Distribution.***

### Calculation and Allocation of Eligible Recognized Loss

35. Plaintiffs' expert calculated estimated alleged damages incurred by investors in each Fund based upon the actual amounts of transfer agent fees paid by the each Fund during the respective damages period and the number of outstanding shares in each Fund. These amounts are set forth in the chart entitled "Harm Per Fund Per Month" in Paragraph B above. The amount of your potential recovery in each Fund in which you are an Eligible Class Member can be calculated based upon the Fund(s) in which you invested during each Funds' applicable damages periods and the number of shares you purchased, sold or held (if purchased or sold during a damages period) during each Funds' applicable damages period as set forth in the illustration included in Paragraph B above ("Recognized Loss"). If you submit records of your applicable damages period transactions sufficient to make a full calculation of your Recognized Loss in a Fund in which you are an Eligible Class Member **and** your prorated Recognized Loss is at least \$10.00, you will recover a prorated amount of your Recognized Loss for that Fund so long as the prorated Recognized Loss is at least \$10.00. ***Please note: If you continued to hold some or all of your applicable damages period investments at the time of the May 2010 SEC Distribution, your Recognized Loss could be eliminated or reduced by an amount equal to the pro-rata per-share benefit received via the May 2010 SEC Distribution.***

### Allocation of Settlement Fund Among the Smith Barney Funds

36. Consistent with the objective set forth in ¶31 above, Plaintiffs and their expert first determined which portion of the Settlement Fund should be allocated to which Fund for distribution to Eligible Class Members of those Funds.
37. Documents produced during the Action set forth the amount of transfer agent fees paid by each Fund during the Class Period. In accordance with calculations performed by Lead Counsel and Plaintiffs' expert based upon the transfer agent fee information contained in these documents, a portion of the Settlement Amount has been allocated to each Fund for distribution to Eligible Class Members based upon the aforementioned amount of transfer agency fees paid by each Fund during the Class Period. The portion of the Settlement Funds designated for each Smith Barney Fund for distribution (before deduction of Court-awarded attorneys' fees and expenses and costs of providing notice and administering the Settlement), are as follows:



**ALLOCATION OF SETTLEMENT FUND  
AMONG SMITH BARNEY MUTUAL FUNDS<sup>6</sup>**

SMITH BARNEY FUND NAME	TOTAL ALLEGED “IMPROPERLY RETAINED” TA FEES PAID DURING THE CLASS PERIOD	PERCENTAGE OF TOTAL ALLEGED “IMPROPERLY RETAINED” TA FEES	DOLLAR AMOUNT OF SETTLEMENT FUND ALLOCATED
Smith Barney Aggressive Growth Fund, Inc.	\$5,671,764.31	9.230%	\$456,904
Smith Barney Allocation Series, Inc.- Allocation Growth Portfolio	\$402,847.11	0.656%	\$32,452
Smith Barney Appreciation Fund, Inc.	\$2,456,417.71	3.998%	\$197,883
Smith Barney Income Fund Series - Convertible Fund	\$80,213.44	0.131%	\$6,462
Smith Barney Income Fund Series - Diversified Strategic Income Fund	\$1,087,600.30	1.770%	\$87,615
Smith Barney Income Fund Series - High Income Fund	\$709,677.17	1.155%	\$57,170
Smith Barney Premium Income Fund Series - Total Return Fund	\$707,535.64	1.151%	\$56,997
Smith Barney Fundamental Value Fund, Inc.	\$4,104,854.36	6.680%	\$330,677
Smith Barney World Funds, Inc. - International All Cap Growth Portfolio	\$734,265.57	1.195%	\$59,151
Smith Barney Managed Governments Fund, Inc.	\$235,040.86	0.383%	\$18,934
Smith Barney Investment Funds, Inc. - Peachtree Growth Fund	\$7,595.02	0.012%	\$612
Smith Barney Investment Funds, Inc. - Investment Grade Bond Fund	\$211,157.47	0.344%	\$17,010
Smith Barney Investment Funds, Inc. - Small Cap Growth Fund	\$224,652.95	0.366%	\$18,098
Smith Barney Investment Trust - Large Capitalization Growth	\$3,614,417.64	5.882%	\$291,169
Smith Barney Managed Municipals Fund, Inc.	\$972,611.22	1.583%	\$78,351
Smith Barney Money Funds, Inc. - Cash Portfolio	\$39,903,804.56	64.941%	\$3,214,557
Smith Barney Equity Funds, Inc. - Social Awareness Fund	\$322,221.07	0.524%	\$25,957
<b>TOTALS</b>	<b>\$61,446, 676.40</b>	<b>100%</b>	<b>\$4,949,999.00</b>

38. The total amounts available for the initial distribution to Eligible Class Members in each Fund will be limited to the allocation set forth above. For example, \$456,904, or approximately 9.2% of the Settlement Fund (before deduction of any Court awarded attorneys’ fees and expenses or costs of administering the Settlement) is available to be allocated among and distributed to investors in the Smith Barney Aggressive Growth Fund, Inc. (“Aggressive Growth”) who demonstrate purchases during the applicable Aggressive Growth damages period (i.e., September 11, 2000 through December 26, 2002). As reflected in the chart included above, designating 9.2% of the Settlement Fund to Aggressive Growth is consistent with the 9.2% of “improperly retained” transfer agent fees paid by Aggressive Growth and its shareholders during the applicable damages period.
39. An Eligible Class Member with prorated Recognized Losses of at least \$10.00 in one Fund may not recover from amounts allocated to another Fund unless the other Fund has satisfied all Eligible Class Members with prorated Recognized Losses of at least \$10.00 and there are funds remaining after an initial allocation. The Claims Administrator, in conjunction with Plaintiffs’ Counsel will determine when and if Settlement Fund proceeds allocated to one Fund may be used to satisfy the claims of Eligible Class Members of another Fund.

**Miscellaneous**

40. The receipt or grant by gift, devise or inheritance of Fund shares during the Class Period shall not be deemed to be a purchase or acquisition of such shares for the purposes of the Settlement if the Person from whom the Fund shares were acquired did not themselves acquire their shares 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.
41. Any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall, if feasible and practicable, be redistributed to Class Members who have cashed their initial distributions in a manner consistent with the Plan of Allocation. Lead Counsel shall, if feasible, continue to reallocate any further balance remaining in the Net Settlement Fund after the redistribution is completed among Eligible Class Members in the same manner and time frame as provided for above. In the event that Lead Counsel determines that further redistribution of any balance remaining (following the initial distribution and redistribution) is no longer feasible or reasonable based on the cost involved, thereafter, Lead Counsel shall donate the remaining

<sup>6</sup> Total Settlement Fund of \$4,950,000 prorated according to the total amount of “improperly retained” transfer agent fees paid by each Fund during the respective damage periods.

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 Counsel and approved by the Court.

42. Payment pursuant to the Plan of Allocation as approved by the Court, shall be conclusive against all Class Members. No person shall have any claim against Plaintiffs, Lead Counsel, Defendant Daidone or the Dismissed Citi Defendants, and their respective counsel, or other agent designated by Lead Counsel, arising from the Plan of Allocation or distributions made substantially in accordance with the Amended Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court and shall not be liable for the actions of, or failure to act on behalf of, the Claims Administrator in administering the Settlement.
43. The Court may approve the plan as proposed or it may modify the Plan of Allocation without further notice to the 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.transferagentssettlement.com](http://www.transferagentssettlement.com).

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

44. If you remain in the Class, you will be bound by any orders issued by the Court even if you are not eligible to receive a distribution from the Settlement Fund. 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 Defendant and will provide that Plaintiffs and the other 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 Class Members execute and deliver the proof of claim and release forms) Daidone and the Citi Releasees (as defined in ¶1(y) of the Amended Stipulation) from (1) all Released Claims (as defined in ¶1(x) of the Amended Stipulation); and (2) all claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action or Released Claims. All Class Members are hereby permanently barred and enjoined from instituting or prosecuting any other action asserting any Released Claim in any court against the Citi Releasees. This release shall apply only Class Members who have not timely and validly requested exclusion from the Class in accordance with the instructions set forth in ¶¶52-53 below.
45. 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).  
A full description of the Released Claims can be found in ¶1(x) of the Amended Stipulation, which is posted on the Settlement website [www.transferagendlitigation.com](http://www.transferagendlitigation.com).
46. Citi Releasees fully, finally, and forever release, relinquish and discharge each and all of the Plaintiffs, the other Class Members, Lead Counsel and all other Plaintiffs' 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.

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

47. Lead Counsel will seek authorization from the Court to pay the Notice and Administration Costs out of the Settlement Fund.

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

48. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Class and you must timely complete and return the Proof of Claim Form with adequate supporting documentation **postmarked no later than June 25, 2014**. A Proof of Claim Form is included with this Notice or the Mailing Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, [www.transferagentssettlement.com](http://www.transferagentssettlement.com), or you may request that a Proof of Claim Form be mailed to you by calling the Claims Administrator toll free at (866) 742-4955. Please retain all records of your ownership of and transactions in Smith Barney Fund shares, as they may be needed to document your Claim.
49. As a Class Member you are represented by the Plaintiffs and Lead 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?," in ¶58 below, so that the notice is **received** on or before May 30, 2014.
50. If you are a Class Member and do not wish to remain a Class Member, you may exclude yourself from the 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.
51. If you are a Class Member and you wish to object to any aspect of the Settlement, to the Plan of Allocation, or to Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses or Plaintiffs' Expenses, and if you do not exclude yourself from the 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?," in ¶58 below.

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

52. Each Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity timely mails or delivers a written "Request for Exclusion" from the Class, addressed to *In re Smith Barney Transfer Agent Litigation*, EXCLUSIONS, c/o RG/2 Claims Administration LLC, P.O. Box 59479, Philadelphia, PA 19102- 9479. The exclusion request must be *received* no later than May 30, 2014. You will not be able to exclude yourself from the 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 Class in *In re Smith Barney Transfer Agent Litigation*, No. 05 Civ. 7583 (S.D.N.Y.) (WHP)"; (3) as to each Smith Barney Fund, identify the Fund purchased or sold; state the date(s), price(s) and number of shares that the person or entity requesting exclusion purchased or otherwise acquired or sold during the period September 11, 2000 through and including June 24, 2004; (4) as to each Smith Barney Fund, state the number of shares held at the start of the Class Period; (5) as to each Smith Barney Fund state the number of shares held through the close of trading on May 9, 2010; 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.
53. If you do not want to be part of the 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 Daidone or any of Dismissed Citi Defendants. You cannot exclude yourself by telephone or by email.
54. If you ask to be excluded from the Class, you will not be eligible to receive any payment out of the Net Settlement Fund.
55. Defendant Daidone and the Dismissed Citi 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 Class in a dollar amount of purchases that exceeds an amount agreed to by Plaintiffs, Daidone and the Dismissed Citi 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?**

56. **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 Class Member does not attend the Settlement Hearing. You can participate in the Settlement without attending the Settlement Hearing.**
57. The Settlement Hearing will be held on October 20, 2014 at 11:30 a.m. before the Honorable William H. Pauley III, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 20-B, New York, NY 10007. At the Settlement Hearing the Court will decide whether to approve the Settlement, the Plan of Allocation, an award of attorneys' fees and reimbursement of Litigation Expenses and Plaintiffs' Expenses.
58. Any Class Member who does not request exclusion may object to any aspect of the Settlement, the proposed Plan of Allocation or Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses or Plaintiffs' 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 May 30, 2014. You must also serve the papers on designated representative Lead Counsel and Defendants' counsel at the addresses set forth below for their respective counsel so that the papers are *received on or before* May 30, 2014.

**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 Smith Barney Transfer Agent Litigation*, Case No. 05 Civ.7583 (WHP)

**Plaintiffs Co-Lead Counsel**

Richard A. Acocelli, Esq.  
WeissLaw LLP  
1500 Broadway, 16<sup>th</sup> Floor  
New York, NY 10036

**Daidone's and Dismissed Citi  
Defendants' Counsel**

Richard J. Morvillo, Esq. Morvillo LLP  
1101 17<sup>th</sup> Street, NW Suite 1006  
Washington, DC 20036

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

Unless the Court orders otherwise, any 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 Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses or Plaintiffs' Expenses. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

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

60. If you purchased or otherwise acquired or sold Smith Barney Fund shares 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 OR THE MAILING NOTICE, either (1) forward copies of the Mailing Notice and Proof of 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 Smith Barney Transfer Agent Litigation*, c/o RG/2 Claims Administration LLC, P.O. Box 59479, Philadelphia, PA 19102-9479, and/or info@transferagentssettlement.com. If you choose the second option, the Claims Administrator will send a copy of the Mailing Notice and Proof of 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. Payment of such expenses is subject to Court approval. Copies of the Mailing Notice or Notice can be obtained from the website maintained by the Claims Administrator, www.transferagentssettlement.com, or by calling the Claims Administrator toll-free at (866) 742-4955.

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

61. 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 Amended 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 Fourth Amended Complaint, Amended Stipulation and any related orders entered by the Court will be posted on the website maintained by the Administrator, www.transferagentssettlement.com. All inquiries concerning this Notice should be directed to:

*In re Smith Barney Transfer Agents Litigation*  
c/o RG2 Claims Administration LLC  
P.O. Box 59479  
Philadelphia, PA 19102-9479  
info@transferagentssettlement.com

Richard A. Acocelli, Esq.  
WeissLaw LLP  
1500 Broadway, 16<sup>th</sup> Floor  
New York, NY 10036  
(212) 682-3025  
(888) 593-4771

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

By Order of the Court  
Dated: October 7, 2013