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United States District Judge  
(1982-1990)

June 8, 2005

James E. Holst  
General Counsel  
University of California  
1111 Franklin Street, 8th Floor  
Oakland, CA 94607-5200

Re: **Proposed Settlement with Citigroup in the *Enron* Litigation**

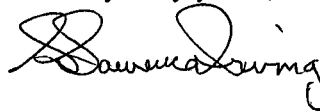
Dear Jim:

In my capacity as your consultant in the *Enron* litigation, I wanted to convey to you and the members of the Board of Regents my unqualified recommendation that you accept, on behalf of the class, the \$2 billion offer by Citigroup to settle the claims against it in the *Enron* case. This is one of the most substantial recoveries in a securities case from a single defendant, only one of many potentially liable financial institution defendants in this matter.

Citigroup is to be commended for coming forward to make this offer at the current stage of this litigation, almost eighteen months before the scheduled trial date. I am hopeful that Citigroup's leadership will lead to additional settlements, by other financial institution defendants, so that the class of victims of the Enron fraud can recover a substantial portion of their losses.

The Regents can take great pride in their leadership thus far of this litigation. Approval of the \$2 billion offer from Citigroup is the next appropriate step toward a successful conclusion in the best interest of all parties involved.

Very truly yours,



JUDGE LAWRENCE IRVING

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