



STATE STREET.



For Immediate Release  
May 1, 2008

### **Citi and State Street to Sell CitiStreet for \$900 Million**

Boston and New York – Citigroup Inc. (NYSE: C) and State Street Corporation (NYSE: STT) today announced that they have entered into a definitive agreement to sell CitiStreet, a benefits servicing business, to ING Group in an all-cash transaction valued at \$900 million. CitiStreet is a joint venture formed in 2000, which is owned 50 percent each by Citi and State Street. The acquisition is expected to close, pending customary closing conditions, by the end of the third quarter of this year.

CitiStreet, a leading benefits services company in the United States and Australia, provides a range of recordkeeping and administrative services to more than 16,000 plans and 12 million participants. Headquartered in Quincy, Massachusetts, CitiStreet has more than \$262 billion in assets under administration as of March 31, 2008 and approximately 3,700 employees.

"CitiStreet is an industry leader, but retirement plan record keeping and administrative services are not strategic priorities for us," said Charles D. Johnston, President of Citi Global Wealth Management. "Smith Barney remains committed to serving corporate and business clients with retirement plans and other institutional offerings and we will work closely with ING and State Street to ensure an orderly transition for clients and employees."

"In the eight years since its launch, CitiStreet has had steady growth and become a leading benefits servicing provider," said Ronald E. Logue, Chairman and Chief Executive Officer, State Street Corporation. "This transaction recognizes the strong business we built while enabling us to focus resources on businesses that are more closely aligned with our long-term strategy."

Today's action is consistent with Citi CEO Vikram Pandit's focus on divesting non-core assets and strategically reallocating capital throughout the organization. The action enables State Street to more effectively pursue opportunities that will continue to build on its global franchise focused on serving institutional investors.

Citi is advised on this transaction by its Institutional Clients Group and State Street is advised by Goldman, Sachs & Co.

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## International News

# ING to Buy CitiStreet for \$890 Million

May 2, 2008

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Dutch financial services group ING Groep NV announced it would buy CitiStreet, a retirement plan administrator, grabbing third place in the defined contribution business in the United States.

ING said in a statement it would pay €578 million (\$890 million) for the company, which is jointly owned by Citigroup and State Street.

"This acquisition significantly expands our existing footprint in our retirement services businesses in the US and will help drive long-term growth in the U.S. retirement savings marketplace," Tom McInerney, chief executive for ING Insurance Americas, said in a statement.

ING shares were up 2 percent at €25 (\$38.47) by 0935 GMT, in line with the DJ Stoxx banks index.

The combined operations of ING and CitiStreet will make it the third-largest defined contribution business in the United States with €224 billion (\$344.7 billion) assets under management and 14 million plan participants, ING said.

Lehman Brothers analyst Nick Holmes said at first glance the acquisition may make sense strategically, but it did not look cheap.

He said ING has indicated that the acquisition's target return on investments are a minimum 10 percent after 3 years, rising to 12 percent after 5 years, both of which are below ING's current group return on equity.

"We imagine that ING is hoping for higher returns than these in the longer term derived from gaining access to CitiStreet's customer base," Holmes said in a client note.

ING said the acquisition is expected to yield significant synergies and it will be earnings per share accretive by 2010, excluding merger-related expenses and amortization of customer-based intangible assets.

(Reporting by Harro ten Wolde; Editing by David Cowell and Jason Neely)

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## ING completes its \$900 million acquisition of CitiStreet

Corporate headquarters to leave North Quincy

By Jon Chesto  
The Patriot Ledger  
Posted Jul 02, 2008 @ 10:18 AM

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QUINCY — The South Shore has lost another corporate headquarters now that the \$900 million sale of CitiStreet to Dutch financial conglomerate ING Group has been completed.

The sale of the benefits administration and record-keeping company took a relatively short time to complete, considering its size: The transaction closed on Tuesday, only two months after it was first reported.

ING bought CitiStreet from State Street Corp. and Citigroup, which started CitiStreet in 2000 as a joint

venture. The sale of CitiStreet was sparked by Citigroup CEO Vikram Pandit's effort to sell off assets that he doesn't consider to be core to Citigroup's main business lines.

It remains unclear what the transaction will mean for CitiStreet's work force. ING spokesman Dana Ripley said CitiStreet employed about 2,500 people in the United States, including about 900 at its North Quincy headquarters, and another 642 in Australia.

Phil Lussier, the former chairman and CEO of CitiStreet, is remaining with ING to oversee the integration of the two companies, Ripley said. Sandy McCarthy, the previous president of CitiStreet, will stay with ING's U.S. operations as president of institutional plan services.

The CitiStreet name will disappear as the operations are folded into ING's U.S. Wealth Management arm, which is based in Windsor, Conn.

ING said the acquisition of CitiStreet has made ING the country's third largest provider of services for defined contribution plans such as 401(k) and 403(b) plans based on assets under management, with more than \$300 billion in assets. ING, which is headquartered in Amsterdam, said it is the second-largest company in the U.S. based on plan participants, with about 9.8 million participants.

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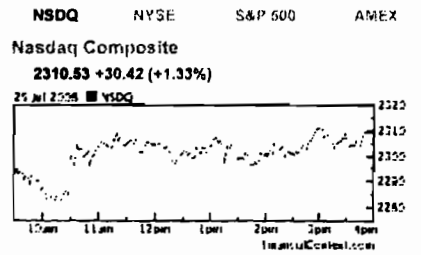
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AMEX	2152.01	+27.63 (+1.30%)
RUS 2K	710.34	+7.95 (+1.13%)
Comd Cr	123.25	-2.24 (-1.79%)

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