SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is dated as of November 23, 2010 and is by and between **THE STATE OF HAWAII** (the "State") and **CITIGROUP GLOBAL MARKETS INC.**, who hereby agree as follows:

The State currently owns the positions in auction-rate securities listed in Exhibit A hereto in Morgan Stanley Smith Barney ("MSSB") Account No. 512-40249, carried by CGMI as clearing broker for MSSB (the "State's Account") (each, a "Position" and collectively, the "Positions", with the respective Initial Outstanding Principal Amount and Initial Unpaid Principal Balance set forth in Exhibit A), in the Aggregate Principal Amount listed in Exhibit A, which Aggregate Principal Amount as of November 22, 2010 is equal to $868,876,315.

As used throughout this Agreement, the terms Position or Positions also include portions of a Position or Positions.

1. Option to Sell Positions and Receive Payment for Discharged Positions

(a) Beginning on June 1, 2015 and extending through and including June 30, 2015 (the "Sell Period"), the State shall have the option, exercisable on no more than one occasion, ("Sell Option") to require CGMI to purchase for cash any or all of the Positions remaining in the State's Settlement Account as of June 30, 2015. Additionally, CGMI shall make a payment as described below to the State in respect of all of the Discharged Positions. The aggregate payment amount due to the State (i) upon exercise of the Sell Option pursuant to this Section 1(a) and (ii) with respect to the Discharged Positions shall equal the Aggregate Purchase Price. To exercise its Sell Option and exercise its right to require CGMI's payment with respect to the Discharged Positions, the State shall deliver a notice to CGMI, in the manner specified in Section 12, during the Sell Period, specifying both the Positions it requires CGMI to purchase and the Discharged Positions for which it requires CGMI to make a payment hereunder ("Sell/Discharged Positions Notice"). The Sell/Discharged Positions Notice shall be in substantially the form attached hereto as Exhibit B and shall be executed on behalf of the State by an Authorized Signatory. The State may amend a delivered Sell/Discharged Positions Notice to correct what the State in its discretion believes to be errors or omissions by delivery of an amended Sell/Discharged Positions Notice to CGMI in the manner specified in Section 12 on or prior to June 30, 2015, which amended Sell/Discharged Positions Notice shall be in substantially the form attached hereto as Exhibit B and executed on behalf of the State by an Authorized Signatory. Settlement of such purchase and the payment of the Aggregate Purchase Price in full shall take place within ten (10) Business Days after June 30, 2015. CGMI shall not in any way be relieved of its obligation to make timely payment under this Section 1(a) because of defects, errors, or omissions in the form of any Sell/Discharged Positions Notice or amended Sell/Discharged Positions Notice that do not limit or modify in any substantive respect the representations contained in Exhibit B.

(b) Settlement of the transaction described in Section 1(a) will take place by CGMI's crediting all of the amounts owed thereon in the amount of the Aggregate Purchase Price to the State's Settlement Account wherever located at the time of payment, or to another

account according to commercially reasonable delivery-versus-payment instructions in a Notice by the State to CGMI, and simultaneously debiting the purchased Positions from the State's Settlement Account (or in such other manner as is agreed between the parties). If pursuant to Section 5 the Positions are no longer in a CGMI-affiliated account, the State shall instruct the custodian or intermediary holding the Positions to deliver the Positions to or at the direction of CGMI in a commercially reasonable manner as directed by CGMI, and CGMI shall transfer or wire the funds to the State in a commercially reasonable manner as directed by the State. If the relevant Sell/Discharged Positions Notice, Acceleration Notice or Call Notice specifies any Discharged Positions, the State shall take such reasonable measures as are requested by CGMI in order to assign to CGMI any Residual Rights with respect to the Discharged Positions, but no dispute over such assignment shall in any way relieve CGMI of the obligation to make the payment specified in Section 1(a) by the date specified in Section 1(a) in the manner specified in this Section 1(b).

(c) Any and all obligations of CGMI to purchase Positions or make any payment with respect to Discharged Positions under this Agreement shall be automatically extinguished if, upon the conclusion of the Sell Period, the State has not delivered, in the manner specified under Section 12, a Sell/Discharged Positions Notice (as described in Section 1(a)). For the avoidance of doubt, and subject to the provisions of Section 5(e), CGMI shall have no obligation to purchase or make payment with respect to any Position that has not remained, or been deemed pursuant to Section 5 to have remained, continuously in the State's Settlement Account (whether such Settlement Account is at a CGMI-affiliated entity or not) from the date of this Agreement through the date of delivery of the State's Sell/Discharged Positions Notice, Prepayment Notice or Acceleration Notice, as applicable (it being understood that no part of the Sell Option, or the State's right to require CGMI to make any payment pursuant to Section 2 or Section 3, with respect to a Discharged Position shall be extinguished just by the fact that such Position has been fully discharged or cancelled and therefore is not actually held in the State's Settlement Account, if that fact is due to the cancellation or full discharge of such Position pursuant to an Involuntary Discharge Event and there remains an Unpaid Principal Balance with respect thereto).

(d) Without limiting the generality of Section 13, the rights of the State to require CGMI to purchase Positions or make payments in respect thereof pursuant to Sections 1, 2 or 3 may not be assigned, pledged, sold or otherwise transferred without the prior written consent of CGMI.

(e) The parties agree that the Initial Outstanding Principal Amount and the Initial Unpaid Principal Balance with respect to each of the Positions set forth in Exhibit A as of November 22, 2010 is the value set forth in Exhibit A opposite such Position under the column labeled either "Initial Outstanding Principal Amount" or "Initial Unpaid Principal Balance", as applicable. The parties intend that the Initial Outstanding Principal Amount correspond to the amount of the outstanding principal in respect of such Position as of November 22, 2010 without giving effect to any Involuntary Discharge Event that has occurred during the period from July 1, 2010 to and including the date of execution and delivery of this Agreement. If, after the execution and delivery of this agreement, the

parties discover that the Initial Outstanding Principal Amount set forth in Exhibit A for any Position does not correspond to such amount, the parties shall cooperate in good faith to amend Exhibit A in order to conform to the intention of the parties set forth in the preceding sentence.

(f) The parties agree that payment of principal has been made only in part with respect to the Positions listed on Exhibit A as NextStudent Ed Loan Fund Fp 06A-1 (Cusip# 65337MAA6), NextStudent Ed Loan Fund Fp 06A-2 (Cusip# 65337MAB4) and NextStudent Ed Loan Fund Fp 06A-4 (Cusip# 65337MAD0), and that the Unpaid Principal Balance with respect to such Positions set forth in Exhibit A remains outstanding, notwithstanding the fact that the holders of such Positions have been cautioned by the indenture trustee not to assume that any funds will become available to pay debt service on the Positions. Accordingly, if the Aggregate Purchase Price with respect to such Positions were calculated as of the date of execution of this Agreement and were payable on such date, the payment amount that the State would be entitled to receive in respect of each such Position would be the Initial Unpaid Principal Balance thereof, as set forth in Exhibit A.

2. Interim Prepayments

Commencing on July 1, 2012 and thereafter through May 1, 2015, the State, by giving notice to CGMI in accordance with Section 12 in substantially the form attached hereto as Exhibit C executed on behalf of the State by an Authorized Signatory (a "Prepayment Notice"), may require CGMI to purchase Positions from the State's Settlement Account sufficient to realize a cash purchase price (excluding Accrued Unpaid Interest) not less than, and approximately equal to, the cash amount specified in such Prepayment Notice, subject to the following terms and conditions:

(a) the maximum cash amount that may be specified in any Prepayment Notice shall be such that the sum of (A) such cash amount, plus (B) the aggregate of the cash amounts paid to the State pursuant to any and all prior Prepayment Notices, shall not exceed $150 million;

(b) the cash amount specified in each Prepayment Notice shall not be less than the lesser of (A) $25 million and (B) the remaining maximum cash amount that may be specified in accordance with clause (a);

(c) the State may deliver no more than four Prepayment Notices and no more than two Prepayment Notices in any twelve calendar months;

(d) solely for the purposes of this Section 2, the purchase price for any Position (or portion thereof) ("Prepayment Price") shall be the value thereof as determined in good faith by CGMI as of the last Business Day prior to the date CGMI received the Prepayment Notice, which value shall be no less than the fair value CGMI is then using for the same auction rate security for corporate public reporting purposes for its own holdings (or, if the same security is not held by CGMI at that time, the fair value CGMI would apply to such security if it did hold it, based on the same valuation methodology used by CGMI

for its own holdings). Within five (5) Business Days of delivery of a Prepayment Notice, CGMI shall deliver to the State in the manner prescribed in Section 12, a list setting forth the Prepayment Price for each of the Positions with an Unpaid Principal Balance greater than zero (but not including any Discharged Positions or, for the avoidance of doubt, any Excluded Positions). CGMI shall accompany the list with its certification that such Prepayment Prices have been determined in good faith in accordance with this Section 2(d). CGMI's determination of the Prepayment Price shall be final for the purposes of the respective Prepayment Notice;

(e) at the same time CGMI delivers the list described in Section 2(d), CGMI shall also deliver to the State in writing in the manner prescribed in Section 12, a separate list of Positions whose aggregate value according to the list described in Section 2(d) is approximately equal to half of the amount specified in the Prepayment Notice;

(f) within five (5) Business Days of receiving such lists, the State shall either withdraw the Prepayment Notice (and if it does so, such withdrawn Prepayment Notice shall not count against the State's aggregate limit of four Prepayment Notices but shall count against the State's limit of no more than two Prepayment Notices in any twelve-month period), or deliver to CGMI in writing in the manner prescribed in Section 12, a list of Positions (or portions thereof) not included in the list described in Section 2(e) and whose aggregate value according to the list described in Section 2(d) is approximately equal to half of the amount specified in the Prepayment Notice;

(g) the Positions listed by CGMI and the State in their respective lists shall be the Positions that CGMI shall purchase from the State pursuant to the Prepayment Notice (each, a "Pre-Purchased Position") for an aggregate purchase price (the "Aggregate Prepayment Price") equal to the sum of all such Pre-Purchased Positions at the Prepayment Prices ascribed to them according to the list described in Section 2(d), plus all Accrued Unpaid Interest thereon; provided that if such sum (exclusive of Accrued Unpaid Interest) would be greater than the cash amount specified in the Prepayment Notice, then CGMI and the State shall consult in good faith and adjust their respective lists so as to eliminate such excess;

(h) settlement of such purchase shall take place in the manner described in Section 1(b) within five (5) Business Days of the date of delivery of the list described in Section 2(f);

(i) the Positions (or portions thereof) purchased pursuant to this Section 2 (each, a "Pre-Purchased Position") shall no longer constitute part of the Positions for purposes of Sections 1, 2 (other than clause (j) thereof), 3, 4, or 5 of this Agreement and, accordingly, no payment shall be due to the State under Section 1 or Section 3 with respect to any Position (or portion thereof) purchased by CGMI pursuant to this Section 2, except that if a Pre-Purchased Position is a portion (that is, amounting to less than 100%) of a Position, then for the portion of such Position remaining in the State's Settlement Account, the Unpaid Principal Balance as of such purchase date for each such Position will be deemed upon such settlement to be reduced pro rata based upon the percentage of such Position Pre-Purchased to reflect the purchase of the Pre-Purchased Position, it being understood that CGMI will still be responsible to pay the State any such (reduced) Unpaid Principal

Balance for each such remaining Position as part of the Aggregate Purchase Price to the extent provided in Sections 1, 3 and/or 4. By way of illustration, if a Position, as a whole, has an Unpaid Principal Balance of $100, and a Pre-Payment Price of $80, and one-half of the Position is subject to a Prepayment Notice, and thus purchased from the State by CGMI for $40, the Unpaid Principal Balance for the Position remaining in the State's Settlement Account will be $50 (and as set forth in Section 2(j) below, CGMI will have an obligation to later pay the State $10 with regard to the Pre-Purchased Position); and

(j) At the same time and in the same manner as CGMI makes payment to the State of the Aggregate Purchase Price pursuant to Section 1 or Section 3, as the case may be, (or if the State delivers no Sell/Discharged Positions Notice and no Acceleration Notice, within ten (10) Business Days after June 30, 2015), CGMI shall pay the State, for each Pre-Purchased Position, the difference between (A) the Unpaid Principal Balance of such Pre-Purchased Position as of the date of its purchase pursuant to this Section 2 and (B) the amount paid by CGMI pursuant to this Section 2 for such Pre-Purchased Position (for which difference, until paid in full, CGMI shall continue to be liable to the State for payment). By way of illustration, if as of the relevant purchase date, the Unpaid Principal Balance of a Pre-Purchased Position was $100, and the amount paid by CGMI to the State for such Pre-Purchased Position was $80, the remaining payment for such Pre-Purchased Position, payable by CGMI to the State at the same time as the Aggregate Purchase Price, would be $20.

3. Acceleration of Sell Option

If (i) at any time the long term unsecured, unsubordinated debt rating of Citigroup Inc. shall be BB+ or lower by Standard & Poor's Rating Group, a division of McGraw Hill Inc. (or any successor) ("S&P") or Ba1 or lower by Moody's Investors Service, Inc. (or any successor) ("Moody's") (it being understood that in the event of split rating classification, the rating for the purpose of this Section 3 shall be based on the lower rating), or all outstanding long-term unsecured, unsubordinated debt securities of Citigroup Inc. shall fail or cease to be rated by either S&P or Moody's (or the successor to either) unless such failure is due to the fact that S&P and Moody's (or their respective successors, as applicable) are no longer in the business of issuing ratings (in which case the Parties shall work in good faith to amend this Agreement to substitute the ratings of a Nationally Recognized Statistical Rating Organization that is then rating the debt of Citigroup Inc.) or (ii) an Insolvency Event has occurred with respect to Citigroup Inc. or CGMI or (iii) CGMI ceases to exist (whether through merger or otherwise) and at such time no successor to CGMI shall have been substituted for CGMI in accordance with Section 13, *then* the State, by giving notice to CGMI in accordance with Section 12 in substantially the form attached hereto as Exhibit D executed on behalf of the State by an Authorized Signatory (an "Acceleration Notice"), may require CGMI to (1) purchase any or all of the Positions remaining in the State's Settlement Account, (2) pay to the State any Unpaid Principal Balances for Discharged Positions and (3) pay to the State all amounts due from CGMI pursuant to Section 2(j) above in respect of any Pre-Purchased Positions, subject to the following terms and conditions:

(i) the aggregate payment amount due to the State pursuant to this Section 3 shall be the Aggregate Purchase Price (it being understood that all amounts due from CGMI pursuant to Section 2(j) above in respect of any Pre-Purchased Positions shall be payable by CGMI at the same time and in the same manner as CGMI makes payment to the State of the Aggregate Purchase Price pursuant to this Section 3, as provided in such Section 2(j));

(ii) payment in full of such purchase by CGMI to the State and delivery of the relevant Positions by the State to CGMI shall take place in the manner specified in Section 1(b) within five (5) Business Days of the date the State delivers, in the manner specified under Section 12, its Acceleration Notice to CGMI; and

(iii) upon such full payment of the amount specified in clause (i) above and delivery of the relevant Positions, neither the State nor CGMI shall have any further rights or obligations under Sections 1, 2, 3, 4, or 5.

4. Certain Rights of CGMI; Pending Notices

(a) At all times following the execution of this Agreement and through and including June 30, 2015, at 4 p.m. Eastern Daylight Time, CGMI shall have the right to require, on one or more occasions from time to time, subject only to the express provisions of this Agreement, that the State sell to CGMI all or any portion of any Position or Positions at a purchase price equal to the Unpaid Principal Balance (or pro rata portion thereof, in the case of a purchase of less than all of a Position) as of the date of purchase pursuant to this Section 4, plus Accrued Unpaid Interest thereon. CGMI shall notify the State of such request (such notice, a "Call Notice") in the manner specified under Section 12 no later than the fifth (5th) Business Day prior to the proposed trade date of such sale. Settlement of such sale shall take place in the manner specified in Section 1(b) within the customary settlement timeframe for the relevant Position or Positions (it being understood, for the avoidance of doubt, that no such purchase will relieve CGMI of any existing obligation to later make payment to the State pursuant to Section 2(j) with respect to any portion of such Position previously or subsequently purchased by CGMI pursuant to Section 2). For the avoidance of doubt, the State's settlement obligation with respect to any Residual Rights with regard to any Discharged Positions specified in a Call Notice shall be as set out in Section 1(b).

(b) Notwithstanding the foregoing, if the State notifies CGMI, in the manner specified under Section 12 and in substantially the form attached hereto as Exhibit E executed on behalf of the State by an Authorized Signatory (such notice, an "Exclusion Notice"), prior to the close of trading on the Business Day immediately preceding such proposed trade date that it does not wish to sell the Position or Positions (or any portion thereof) that were the subject of CGMI's notice (the Position or Positions (or portions thereof) specified in such notice from the State, together with any Positions (or portions thereof) designated by CGMI pursuant to the immediately following sentence, the "Excluded Positions"), then the State shall not be required to sell the Excluded Positions to CGMI. Additionally, if the State does not make timely delivery of any Positions (or portions thereof) specified in a Call Notice (other than Positions the custody of which is then maintained at CGMI or at

any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b)), then CGMI may elect, in its sole discretion, to designate any such positions as "Excluded Positions". Should any Positions (or portions thereof) become Excluded Positions, the State's right to require CGMI to purchase or make a payment in respect of such Excluded Positions during the Sell Period pursuant to Section 1 or pursuant to a Prepayment Notice as provided in Section 2 or an Acceleration Notice as provided in Section 3, and CGMI's future rights to require the State to sell such Excluded Positions pursuant to this Section 4, shall be simultaneously extinguished and such Excluded Positions shall no longer constitute part of the Positions for purposes of Sections 1, 2, 3, 4 or 5, it being agreed, however, that CGMI shall not be relieved of any obligation to pay any amounts due pursuant to Section 2(j) above in respect of any Pre-Purchased Position.

(c) If a Sell/Discharged Positions Notice, Prepayment Notice, Acceleration Notice or Call Notice (each, a "Notice") is Pending at the time when a second Notice is delivered and the same Position is specified in both Notices, then settlement of the amount of such Position specified in the Notice for which the associated settlement date is the earlier settlement date shall take place on such earlier settlement date and the other Pending Notice shall be deemed amended to the extent necessary to remove such earlier-settled portion of such Position from the parties' settlement obligation under such other, later-settling Pending Notice.

5. Account Obligations

(a) As a condition to CGMI's obligations under this Agreement, at all times through and including June 30, 2015, the State shall: (i) maintain a securities customer account carried and cleared at CGMI (or any successor, permitted assign or institution other than CGMI pursuant to Sections 5(b), 5(c), and 5(e) below) ("State's Settlement Account"), which may be the State's Account so long as it continues to be carried and cleared at CGMI and (ii) maintain in the State's Settlement Account custody of all Positions (or portions thereof) that remain outstanding. The State shall also use its best efforts to keep the State's Settlement Account and the Positions held therein free and clear of any material liens, charges or encumbrances, except as might exist for the benefit of CGMI or for the benefit of any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b), but failure of the State to do so shall neither excuse CGMI from performing any of its obligations under this Agreement, nor excuse the State from making all representations and warranties that are prerequisites to CGMI purchasing any Positions from the State;

(b) CGMI shall have the right to designate a different account carried and cleared at CGMI as the State's Settlement Account or to transfer the State's Settlement Account to an Eligible Financial Institution that is either (i) Citigroup Inc. or an affiliate of Citigroup Inc. or (ii) an institution engaged by CGMI to carry and clear accounts for CGMI's customers, but only if such new account provides the State with substantially equivalent rights, benefits, and legal protections for the State with respect to the Positions as currently exist with respect to the State's Account , and without additional cost to the

State (subject only to changes, if any, mandated by compliance with legal and regulatory obligations);

(c) If CGMI (i) voluntarily or involuntarily terminates the State's Settlement Account, or gives notice of its intent to do so, or (ii) transfers the State's Settlement Account otherwise than in accordance with Section 5(b), and in case of any transfer, fails to make available to the State another account that meets the requirements of Section 5(b) by providing the State with substantially equivalent rights, benefits, and legal protections for the State with respect to the Positions as currently exist with respect to the State's Account , and without additional cost to the State (subject only to changes, if any, mandated by compliance with legal and regulatory obligations), then the State may designate a securities custody account at an Eligible Financial Institution of the State's choice to serve as the State's Settlement Account for purposes of this Agreement, whereupon the State shall promptly transfer all Positions to that account (which will become, for all purposes, the State's Settlement Account), and the parties shall negotiate in good faith to put in place arrangements at no additional cost to the State between CGMI, the State and such Eligible Financial Institution to preserve, as closely as is reasonably practicable, the benefits to the parties of the State's Settlement Account being carried and cleared at CGMI, including but not limited to making account information available to CGMI, establishing the State's eligibility to participate with customer priority in lottery redemptions with respect to the Positions, and providing for delivery-versus-payment settlement by CGMI versus such account ("Comparable Arrangements"). If there is such a transfer, the State may initiate, in its discretion, a subsequent transfer of all the Positions to a securities custody account at another Eligible Financial Institution of the State's choice, but shall also negotiate in good faith to put in place Comparable Arrangements. The Positions transferred to such new account or subsequent new account shall be deemed to have remained continuously in the State's Settlement Account and, consequently, the transfer of the Positions to such new account or subsequent new account in accordance with this Section 5(c), and maintaining custody of such Positions in such new account or subsequent new account, shall not extinguish any of the State's rights or CGMI's obligations under this Agreement, including relating to the State's Sell Option or right to deliver an Acceleration Notice or rights to require CGMI to purchase Positions pursuant to Section 2. If, following any such transfer or subsequent transfer, CGMI makes available to the State an account that meets the requirements of Section 5(b), then the State shall, upon request from CGMI, transfer all of the Positions to such account within a commercially reasonable period of time, subject to CGMI reimbursing the State for its reasonable out-of-pocket costs incurred in making such transfer at the request of CGMI.

(d) CGMI shall provide the State at least thirty (30) Business Days prior written notice in the event that CGMI terminates or transfers the State's Settlement Account in accordance with Section 5 of this Agreement.

(e) In no case shall the State be deemed to have breached any of its obligations regarding continuously maintaining Positions in the State's Settlement Account, and in no case shall CGMI be relieved of any of its obligations under this Agreement, including relating to the State's Sell Option or right to deliver an Acceleration Notice or rights to require

CGMI to purchase Positions pursuant to Section 2, if compliance by the State with any such obligation becomes impossible or impracticable (i) through no fault of the State, in which case the parties shall negotiate and cooperate in good faith to remedy such impossibility or impracticability or, should that not prove possible within a reasonable period of time, to put in place Comparable Arrangements, (ii) as a result of the actions of CGMI, or any assign, affiliated company, or parent company of CGMI, or (iii) as the result of the actions of any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b)

(f) Notwithstanding the foregoing, the State may at any time remove all or any part of a Position from the State's Settlement Account; provided, however, that the State may not remove any Position (or portion thereof) as to which CGMI has delivered a notice pursuant to Section 4 and the State has not delivered an Exclusion Notice prior to the deadline specified in Section 4. Upon such removal from the State's Settlement Account (other than any removal permitted to be made under Section 5(c) or Section 5(e) without relieving CGMI of any of its obligations under this Agreement), CGMI shall thereafter have no further obligation under Section 1, 2 or 3 or right under Section 4 to purchase from the State, or make any payment to the State in respect of, such removed Position or portion thereof and the Positions (or portions thereof) so removed shall no longer constitute part of the Positions for purposes of Sections 1, 2, 3, 4 or 5 (it being agreed, however, that CGMI shall not be relieved of any obligation to pay any amounts due pursuant to Section 2(j) above in respect of any Pre-Purchased Position). Nothing in this Agreement limits any right of the State after June 30, 2015, to transfer the State's Account, the State's Settlement Account, or any assets in either of them, except that the State agrees not to move from the State's Settlement Account any Position for which a purchase or sale has been noticed under Section 1, 2, 3 or 4 of this Agreement. Nothing in this Agreement limits any right of the State to transfer or remove from the State's Account or the State's Settlement Account any cash or assets other than the Positions.

(g) CGMI represents and warrants that neither it nor any of its affiliates receives any fees, revenues, or commissions that are payable to it or such affiliate only if the State maintains custody of the Positions in a customer account at CGMI instead of in an account at another firm ("Custody Fees"). CGMI represents and warrants that it currently receives compensation from certain issuers for processing auction bids ("Dealer Fees"), which compensation is received with respect to certain Positions only if the auction orders are submitted by or on behalf of the State through CGMI (irrespective of who maintains custody of the Positions) and with respect to certain other Positions for so long as bid rights with respect to the Positions are maintained at CGMI (irrespective of who maintains custody of the Positions). Should CGMI or any of its affiliates receive any Custody Fees in respect of the Positions during the period from the date of execution of this Agreement through, and including, June 30, 2015, then CGMI shall account for and pay no less frequently than annually any such Custody Fees to the State.

(h) During the period commencing on the date of this Agreement for so long as the State's Account or the State's Settlement Account remains with CGMI, CGMI agrees not to sell, borrow, lend to others, transfer to anyone other than the State or its designee (except

pursuant to this Agreement), pledge or hypothecate any Positions contained therein without the State's written consent.

6. Citigroup Inc. Guarantee

As a material inducement to the State to enter into this Agreement, the parent of CGMI, Citigroup Inc., has issued a Guarantee to the State, guaranteeing the obligations of CGMI under this Agreement (the "Guarantee"). A copy of the executed Guarantee is attached to this Agreement as Exhibit F.

7. Intention of the Parties

The parties acknowledge their understanding and intention that with respect to the Positions maintained in the State's Settlement Account at CGMI: (i) the State is and shall be a "customer" of CGMI within the meaning of Subchapter III of Chapter 7 of the United States Bankruptcy Code ("Bankruptcy Code") and the Securities Investor Protection Act of 1970, as amended ("SIPA") and (ii) such Positions are and shall be "fully-paid securities" within the meaning of Rule 15c3-3 under the Securities Exchange Act of 1934, as amended.

The parties acknowledge their understanding and intention that: (i) this Agreement is and shall be considered and treated as a "securities contract" as defined in Section 741(7) of the Bankruptcy Code; and (ii) all payments made or to be made by CGMI or Citigroup Inc. under this Agreement or the Guarantee are and shall constitute "settlement payments" as defined in Section 741(8) of the Bankruptcy Code. The State hereby informs CGMI that the State is, at the time of this Agreement, a "financial participant" as defined in Section 101(22A) of the Bankruptcy Code. It is the intention of the parties that the provisions of the Bankruptcy Code and SIPA that utilize the definitions in this Section 7 of the Agreement apply to the Parties and the transactions contemplated under this Agreement and the Guarantee in the event of any bankruptcy case or a proceeding under SIPA filed by or against CGMI or Citigroup, Inc, and it is further intended that the State shall have the full benefit of all protections available to it as a financial participant and a creditor under a securities contract pursuant to the Bankruptcy Code and SIPA.

For the avoidance of doubt, the parties intend that this Agreement shall operate such that upon the timely exercise by the State of the Sell Option or the State's rights in accordance with Section 3 and the full settlement of all transactions contemplated hereunder, the aggregate sum of (i) all amounts paid to the State by CGMI pursuant to Sections 1, 2, 3 and/or 4 (excluding payments of Accrued Unpaid Interest), plus (ii) all amounts, if any, paid to or for the account of the State as payment of principal in respect of any Position (or portion thereof), shall equal the Aggregate Principal Amount specified in Exhibit A (which as of November 22, 2010 was $868,876,315), *minus* (i) any amounts attributable to Positions that are not listed in any Sell/Discharged Positions Notice or Acceleration Notice by the State and that need to be so listed to give rise to a purchase or payment obligation by CGMI, (ii) any amounts attributable to Positions that have become Excluded Positions, (iii) any amounts attributable to Positions which through operation of this Agreement CGMI has no obligation to purchase from the State or make any payments to the State with respect to, and (iv) amounts subtracted from the Unpaid Principal Balance of a Position due to a Voluntary Discharge Event. For the avoidance of doubt, the

foregoing is without prejudice to the rights and remedies of CGMI, if any, against the State with respect to any damages, losses, claims, liabilities or expenses arising out of the inaccuracy or breach of any representation or warranty in this Agreement.

8. Release

In consideration of the rights granted to the State under this Agreement and the Guarantee and as an inducement for CGMI to grant such rights, and for Citigroup Inc. to enter into the Guarantee, the State hereby irrevocably releases and forever discharges CGMI and each of its respective present and former stockholders, predecessors, successors (including, but not limited to, MSSB), affiliates, parents, subsidiaries, assigns, heirs, agents, directors, officers, employees, representatives, financial consultants, brokers, lawyers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, contracts, agreements, promises, liability, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, known or unknown, fixed or contingent, including, but not limited to, claims for alleged breach of contract, violation of the implied covenant of good faith and fair dealing, fraud, breach of fiduciary duties, unfair business practices, failure to act in good faith and with commercial honor, failure to supervise, negligence, violations of state or federal securities laws, violations of NYSE or FINRA rules, violation of settlements with regulatory authorities, conspiracy, lack of suitability or any other claim, other than criminal liability of any kind (which criminal liability, of any kind whatsoever, is not released herein) arising from the State's purchase of, investment in, holding of, delivery of, disposition of, or any past, present or future difficulties the State may have experienced or may experience in disposing of, auction rate securities sold by CGMI (collectively "Released Claims"). The release contained herein shall be effective as a full and final accord and satisfaction, and as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of whatsoever nature, character or kind, known or unknown, suspected or unsuspected, referred to hereinabove. However, and not withstanding anything herein to the contrary, CGMI and the State expressly agree that this Release is not intended to and does not release CGMI, Citigroup, Inc., or any other person or entity from its obligations under this Agreement or the Guarantee, or with regard to any conduct that takes place after the date of this Agreement. Additionally, and not withstanding anything herein to the contrary, CGMI and the State expressly agree that this Release is not intended to and does not release (i) any Residual Rights, or (ii) any right of the State to assert any claim of any kind against any issuer, obligor, or guarantor of any Position.

9. Representations and Warranties

The State hereby represents and warrants that:

(i) this Agreement constitutes a legal, valid and binding obligation of the State enforceable in accordance with its terms and the entry into this Agreement by the State, through its Attorney General, is an authorized act of a state officer within the meaning of Haw. Rev. Stat. § 661-1;

(ii) any and all consents and approvals of any governmental authority, official, legislative body, board, agency or commission having jurisdiction, or by ballot of

the citizenry, that are required for the State to enter into and perform its obligations, exercise its rights and take any actions contemplated, under this Agreement have been obtained;

(iii) the State's execution and performance of its obligations, and exercise of its rights and taking any actions contemplated, under this Agreement do not and will not violate or conflict with or constitute a breach of any applicable constitutional provision or law of Hawaii or the United States, any interstate compact to which the State is a party, any order or judgment of any court, any material administrative regulation or ordinance of Hawaii or the United States, or any material agreements or obligations of the State;

(iv) it is the sole and the lawful owner of the Positions and of all rights, title and interest in and to all claims it is releasing in Section 8, in each case free and clear of any liens, encumbrances or charges except such as may exist for the benefit of CGMI, or for the benefit of any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b), no person or entity other than the State (including its Attorney General), has standing to bring any action with respect to any claims it is releasing in Section 8 herein, and it has not heretofore assigned, pledged or transferred or purported to assign, pledge or transfer to any other person or entity any interest in the Positions, or any of the claims it is releasing in Section 8 herein or any part or portion of them;

(v) there is no action, suit, proceeding, inquiry or investigation, at law or equity, before or by any court, agency, public board or body, pending or, to the knowledge of the State, threatened that (a) would affect the validity of any of the foregoing representations or the title or authorization of any individual executing or negotiating this Agreement; or (b) seeks to prohibit or restrain or enjoin the entering into of this Agreement, the State's performance of its obligations, the exercise of its rights or the taking of any actions contemplated hereunder, or any legal or financial settlement or release described herein; and

(vi) at all times until June 30, 2015 or such earlier time at which the no Positions remain subject to the State's right to require CGMI to purchase, or make payments in respect of, Positions pursuant to Section 1, the State, in providing the release to CGMI and entering into and performing its obligations and exercising its rights under this Agreement, is not, and is not acting on behalf of, a federal, state or local governmental plan or non-U.S. plan that is subject to any federal, state or local law that is materially similar to the provisions of Section 406 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the of the Internal Revenue Code of 1986, as amended.

Upon the delivery by the State of a Sell/Discharged Positions Notice, Acceleration Notice, Prepayment Notice, or Exclusion Notice or the removal of any Position (or portion thereof) from the State's Settlement Account pursuant to Section 5, the State shall be deemed to repeat the representation set forth in clause (i) above.

Upon the settlement of any delivery of Positions to CGMI pursuant to Section 1, 2, 3, or 4, the State shall be deemed to represent that it has conveyed good and marketable title to such Positions, free and clear of any liens, encumbrances or charges (except such as may exist for the benefit of CGMI, or for the benefit of any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b)), and the State shall be liable to CGMI, and shall promptly pay or reimburse CGMI, for all damages, losses, claims, liabilities and expenses CGMI incurs as a result of any breach or inaccuracy of such representation.

CGMI hereby represents and warrants that:

(i) this Agreement constitutes a legal, valid and binding obligation of CGMI, enforceable in accordance with its terms, and the performance of the obligations of CGMI hereunder are guaranteed, pursuant to the Guarantee, by Citigroup Inc.;

(ii) the Guarantee issued by Citigroup, Inc. constitutes a legal, valid and binding obligation of Citigroup Inc. enforceable in accordance with its terms;

(iii) those signing the Guarantee on behalf of Citigroup, Inc. have the full legal right, power, capacity, and authority to enter into the Guarantee on Citigroup Inc.'s behalf;

(iv) any and all consents and approvals of any governmental authority or self-regulatory organization that are required for CGMI to enter into and perform its obligations, exercise its rights and take any actions, under this Agreement, or that are required for Citigroup Inc. to enter into and perform its obligations under the Guarantee have been obtained;

(v) CGMI's execution and performance of its obligations, and exercise of its rights and taking any actions contemplated, under this Agreement, and Citigroup Inc.'s execution and performance of its obligations under the Guarantee do not and will not violate or conflict with or constitute a breach of any law or administrative regulation applicable to them, any provision of their articles of incorporation, by-laws, charter or other governing or organic documents, any order or judgment of any court, or any material agreements or obligations of CGMI or Citigroup Inc.; and

(vi) there is no action, suit, proceeding, inquiry or investigation, at law or equity, before or by any court, agency, public board or body, pending or, to the knowledge of CGMI, threatened that (a) would affect the validity of any of the foregoing representations; or (b) seeks to prohibit or restrain or enjoin the entering into of this Agreement or the Guarantee, CGMI's and Citigroup Inc.'s performance of its or their respective obligations under the Agreement or Guarantee, or CGMI's exercise of its rights or the taking of any actions contemplated under the Agreement.

Upon the delivery of any notice by CGMI pursuant to Section 4, CGMI shall be deemed to repeat the representation set forth in clause (i) above and, insofar as they relate to the delivery of

such notice and the consequences there of under this Agreement, the representations set forth in clauses (ii) and (iv) above.

Each Party hereby represents and warrants that:

(i) in connection with the negotiation of, entry into, and performance of its obligations and exercise of its rights under, this Agreement: (A) the other Party is not acting as a fiduciary or financial or investment advisor for it; (B) it will make no claim in the future that it was, to its detriment, relying upon any representations (whether written or oral) of the other Party other than the representations expressly set forth in this Agreement and in the Guarantee; and (C) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made and will make its own decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party;

(ii) it is an "accredited investor" as such term is defined in Regulation D as promulgated under the Securities Act of 1933 (the "Securities Act");

(iii) it is an "eligible contract participant" as such term is defined in the U.S. Commodity Exchange Act; and

(iv) its signatories to this Agreement have the full legal right, power, capacity and authority to enter into the Agreement on its behalf.

Within thirty (30) days following each anniversary of the execution of this Agreement, CGMI shall deliver to the State a written confirmation, executed by a duly authorized representative thereof, certifying that it is in compliance as of such dates with its obligations under this Agreement; *provided*, however, that failure by CGMI to provide such confirmation (but not any other failure of CGMI to comply materially with the Agreement) shall not (i) constitute a breach of this Agreement until thirty (30) days following delivery of a notice of such failure to CGMI by the State in the manner described in Section 12 or (ii) excuse the State from performing its obligations under, and being bound by the terms of, this Agreement. CGMI shall deliver to the State, approximately concurrently with such written confirmation, a report identifying each Position for which the Unpaid Principal Balance differs from the Initial Unpaid Principal Balance set forth in Exhibit A, and the reasons for such differences, if any.

The undersigned signatories each represent and warrant that he or she is fully authorized to execute this Agreement on behalf of the persons and entities indicated.

10. News Releases

The Parties have drafted a media statement attached as Exhibit G. The Parties agree that as feasible, they will keep each other informed of plans regarding media releases, but no Party may bring any claim for failure to abide by this section.

11. Acknowledgement

The State acknowledges and agrees that any disposition of its rights or interests in or under this Agreement is or may be restricted under this Agreement, the Securities Act and state securities laws. The Parties acknowledge that the auction rate securities market continues to experience significant supply and demand imbalances, resulting in failed auctions and lack of liquidity for many auction rate securities, and that there is currently no publicly-traded market or price for auction rate securities that are experiencing failed auctions. The Parties acknowledge and agree that CGMI has no obligation to provide indicative quotations or valuations with respect to the Positions or the option rights of the State pursuant to Section 1, that traded instruments corresponding to such option rights may not exist and that, consequently, it may be difficult to establish an independent value for such option rights; *provided*, however, that CGMI shall use its commercially reasonable efforts to continue to provide the State with information regarding the Positions in substantially the same manner and of substantially the same type as it has customarily provided to the State prior to the execution of this Agreement.

12. Notices

Any notices, given hereunder shall be sent by facsimile, or email, with a confirmation copy via overnight courier to the following addresses (or such other address as a party may designate as a notice address upon ten (10) days prior written notice to the other party) and shall be deemed delivered upon the earlier of (a) receipt of such confirmation copy by the receiving party (or if received on a weekend or holiday or after the close of business, on the next Business Day) or (b) receipt by the party giving such notice from the other party of written confirmation (via facsimile or email) that the notice has been received.

If to the State:

Scott A. Kami
Administrator, Financial Administration Division
State of Hawaii Department of Budget and Finance
P.O. Box 150
Honolulu, Hawaii 96810-0150
Fax number: (808) 586-1644
Email: Scott.A.Kami@hawaii.gov

With a copy to:

Randall Nishiyama
Deputy Attorney General
425 Queen Street
Honolulu, Hawaii 96813
Fax Number: (808) 586-1372
Email: Randall.S.Nishiyama@hawaii.gov

If to CGMI:

Office of the General Counsel
Attn: Edward Turan. Esq.
Citigroup Global Markets, Inc.
388 Greenwich Street
New York, NY 10013
(212) 816-0111
Email: Edward.turan@citi.com

With a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
Attn: Harry Weiss, Esq.
1875 Pennsylvania Avenue, NW
Washington, DC 20006
Fax: (202) 663-6363
Email: Harry.Weiss@wilmerhale.com

13. Amendment; Counterparts; Assignment

This Agreement may only be amended by written agreement of the State and CGMI. This Agreement may be executed in counterparts and each counterpart, when duly executed, shall be effective as an original and all counterparts taken together shall constitute one and the same agreement. Except as set forth in Section 5, neither Party may assign its rights and obligations pursuant hereto without the written consent of the other Party, except that CGMI may assign and/or transfer all rights, obligations, title and interest, powers, privileges and remedies of CGMI under this Agreement, in whole or in part, (i) without the consent of the State to Citigroup Inc. or (ii) with the prior written consent of the State (which consent shall not be unreasonably withheld or delayed) to (A) any of CGMI's affiliates that has the financial capacity and regulatory capability to perform fully the obligations of CGMI under this Agreement or (B) any other person in connection with a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to, or reorganization, incorporation, reincorporation, or reconstitution into or as, such other person, provided that (x) in the case of an assignment or transfer to a person other than Citigroup Inc., Citigroup Inc. affirms in writing to the State that it consents to such assignment or transfer and that after the assignment or transfer the Guarantee remains in full force and effect with respect to the obligations of CGMI so assigned or transferred and (y) any assignee or transferee explicitly affirms in writing to the State its acknowledgment and acceptance of all obligations of CGMI under this Agreement to be assigned or transferred to it. Upon any assignment or transfer of this Agreement in whole in accordance with this Section 13, such transferee or assignee shall succeed to, and be substituted for, and may exercise every right and power of, CGMI, and be fully obligated to the State as CGMI was under this Agreement with the same effect as if such transferee or assignee had been named as CGMI herein, and thereafter CGMI shall be relieved of all obligations and liabilities hereunder. The

parties agree that, without prejudice to any other right or remedy of CGMI, the existence of a dispute regarding whether the State's withholding or delaying its consent to any such assignment is reasonable shall not excuse CGMI from performing its obligations to the State arising under Sections 1, 2, 3, and 4 including CGMI's obligations to make payments to the State pursuant to those Sections. Any assignment, transfer, or delegation in violation of this Section 13 shall be null and void as between CGMI and the State.

14. Governing Law

This Agreement and all matters arising herein or in connection herewith will be governed by, and construed and enforced in accordance with, the law of the State of Hawaii, and any lawsuits brought by either party with regard to this agreement shall be brought in federal or state courts located in the State of Hawaii, and venue shall only lie in the State of Hawaii.

15. Entire Agreement; Severability

This Agreement, including the Guarantee, is intended by the Parties as a final expression of their agreement and as a complete and exclusive statement of the terms hereof, and supersedes all prior understandings, oral and written, between the Parties. This Agreement may not be altered or amended except in a writing signed by both Parties. If any provision of this Agreement is held to be or becomes invalid or unenforceable under the law of any jurisdiction, the Parties shall use all reasonable efforts to reform this Agreement to preserve as closely as possible the overall effect on the Parties of this Agreement as if such invalid or unenforceable provision remained in effect; provided that if either the rights of the State to receive payment from CGMI pursuant to Sections 1 or 3 or the Release set forth in Section 8 is held to be materially invalid or materially unenforceable in a final decision by a court of competent jurisdiction (after all appeal periods have run), this Agreement shall then terminate, except that any rights or remedies that have accrued prior to such termination for breaches of the representations and warranties contained herein shall survive, and all provisions in this Section 15 relating to the statute of limitations shall survive. Moreover, this Agreement shall be voidable at the option of the State, if the Guarantee described in Section 6 is held to be materially invalid or materially unenforceable in a final decision by a court of competent jurisdiction (after all appeal periods have run), except that any rights or remedies that have accrued prior to such termination for breaches of the representations and warranties contained herein shall survive, and all provisions in this Section 15 relating to the statute of limitations shall survive. In the event that this Agreement terminates pursuant to this section or is voided by the State pursuant to this section, the Parties covenant, promise, and agree that the statute of limitations for any or all of the claims released by the State in this Agreement that had not run as of the date of execution of this Agreement, shall be deemed extended until one year after the date of such termination or voiding.

16. No Admissions

The State and CGMI mutually and expressly agree that by entering into this Agreement, neither makes any admission of any matter, including without limitation liability or wrongdoing.

17. Reliance on Legal Counsel

Without limiting the generality of any other representation or warranty in this Agreement, the parties both warrant and represent that each has relied on its own legal counsel regarding the proper, complete, and agreed-upon consideration for, and the terms and provisions of, this Agreement, and that neither party will make any future claim against the other, or challenge the validity of this Agreement, based on statements or representations made by any other Party or any of its agents, employees, or legal counsel (other than statements or representations expressly set forth in this Agreement or the Guarantee).

18. Construction

The Parties acknowledge and agree that: (i) each has substantial business experience and is fully acquainted with the provisions of this Agreement, (ii) the provisions and language of this Agreement have been fully negotiated, and (iii) no provision of this Agreement shall be construed in favor of any Party or against any Party by reason of such provision of this Agreement having been drafted on behalf of one Party rather than the other.

19. State Immunity

The State acknowledges that Haw. Rev. Stat. § 661-1 allows actions to be maintained against the State in Hawaii courts for breach of contract.

20. Applicable Currency

The Parties agree that, for avoidance of doubt, all amounts due to be paid hereunder shall be denominated in United States dollars.

21. Definitions

"Acceleration Event" shall have the meaning set forth in Section 3 of this Agreement.

"Acceleration Notice" shall have the meaning set forth in Section 3 of this Agreement.

"Accrued Unpaid Interest" means, as of the time of any purchase of a Position pursuant to this Agreement, all amounts accrued as interest on such Positions pursuant to the legally enforceable obligations of the issuer with respect to the interest accrual period during which the relevant purchase occurs, and shall include interest accruals from the first day of such interest accrual period through but excluding the date of CGMI's purchase. To the extent consistent with the foregoing, all computations of Accrued Unpaid Interest shall be made consistently with bond market practice.

"Aggregate Prepayment Price" shall have the meaning set forth in Section 2(g) of this Agreement.

"Aggregate Principal Amount" means the amount referred to as such opposite the caption "Aggregate Principal Amount" in Exhibit A of this Agreement, which as of November 22, 2010 was $868,876,315.

"Aggregate Purchase Price" means the sum of the Unpaid Principal Balances for each Position (including each Discharged Position) that is, in either case, specified in the relevant Sell/Discharged Positions Notice or Acceleration Notice, as the case may be, plus Accrued Unpaid Interest on each such Position, notwithstanding that any such Discharged Positions have been fully discharged or cancelled and therefore cannot be delivered by the State to CGMI.

"Authorized Signatory" means those persons authorized to give instructions with respect to the State's Account and such other persons for which the State furnishes to CGMI satisfactory evidence of signing authority. Authorized Signatories shall initially be the then State of Hawaii Director of Budget and Finance, Deputy Director of Budget and Finance, Attorney General, and First Deputy Attorney General, and then each other person that either the Director of Budget and Finance or Attorney General designates as an Authorized Signatory by providing CGMI notice in the manner specified in Section 12, which notice shall include evidence reasonably satisfactory to CGMI of such designee's signing authority and a specimen of such designee's signature.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, as codified in 11 U.S.C. 101 *et seq.*, as amended.

"Business Day" means, any day on which (i) commercial banks in New York City are required to be open for business and (ii) markets for the trading of fixed income securities in New York City are open for business for the full trading day.

"Call Notice" shall have the meaning set forth in Section 4(a) of this Agreement.

"CGMI" means Citigroup Global Markets Inc.; provided, however, that if any successor entity or person is substituted for Citigroup Global Markets Inc. pursuant to Section 13 then "CGMI" shall thenceforth refer to such successor.

"Comparable Arrangements" shall have the meaning set forth in Section 5(c) of this Agreement.

"Custody Fees" shall have the meaning set forth in Section 5(f) of this Agreement.

"Dealer Fees" shall have the meaning set forth in Section 5(f) of this Agreement.

"Discharged Position" means any Position with respect to which the issuer's (and, if applicable, each other primary obligor's) obligation to make any further payments has been fully discharged and cancelled but which Position has a positive Unpaid Principal Balance.

"Eligible Financial Institution" means a securities broker or dealer that is registered as such with the Securities and Exchange Commission, a member in good standing of FINRA, a participant in The Depository Trust & Clearing Corporation and has regulatory capital in excess of $1,000,000,000.

"ERISA" shall have the meaning set forth in Section 9(vi) of this Agreement.

"Excluded Positions" shall have the meaning set forth in Section 4(b) of this Agreement.

"Exclusion Notice" shall have the meaning set forth in Section 4(b) of this Agreement.

"Guarantee" shall have the meaning set forth in Section 6 of this Agreement.

"Initial Outstanding Principal Amount" means the amount referred to in Exhibit A of this Agreement.

"Initial Unpaid Principal Balance" means the amount referred to in Exhibit A of this Agreement.

"Insolvency Event" means, with respect to any person (including, but not limited to Citigroup, Inc. and CGMI), that such person (A) itself institutes a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it, or (B) has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it (including, without limitation, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Financial Stability Oversight Council, Federal Reserve Board and any similar federal regulatory agencies) or any regulator in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (C) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) or (B) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) throughout any 30 consecutive day period following the institution or presentation thereof, remains unstayed, unrestrained, undismissed and not discharged.

"Involuntary Discharge Amount" means any amount by which the issuer's (and, if applicable, each other primary obligor's) obligation to repay all or any portion of the principal in respect of such Position has been satisfied and discharged during the period from July 1, 2010 to and including such determination date other than by (i) full payment of the amount discharged or (ii) action by the State, in its capacity as holder of such Position, consenting to or facilitating such discharge by means of (a) noteholder consent to an amendment or waiver of the governing instruments for such Position, (b) entry into a forbearance agreement with the issuer, (c) voting in favor of a plan of reorganization or liquidation for the issuer, (d) assigning, delegating or otherwise transferring its voting, consent or any other rights to any other person, or (e) transferring any portion of a Position to any transferee that, to the State's knowledge, has solicited such transfer in connection with a plan or proposal to effect a discharge of principal otherwise than by full payment of the amount discharged.

"Involuntary Discharge Event" means any event with respect to a Position that gives rise to an Involuntary Discharge Amount. In the event of any Involuntary Discharge Event that is accompanied by a payment to holders of such affected Position, the Unpaid Principal Balance of such affected Position shall be reduced solely by the respective amount (excluding any amounts

received as interest payments) paid to or for the account of the State in connection therewith. By way of illustration, if the Unpaid Principal Balance for a Position was $100, and the issuer's (and, if applicable, each other primary obligor's) obligation to repay principal in respect of the entirety of such Position is wholly satisfied/ discharged by the payment to the State of $90 pursuant to an Involuntary Discharge Event, then the Unpaid Principal Balance for such satisfied/discharged Position would thereafter be $10.

"Moody's" shall have the meaning set forth in Section 3 of this Agreement.

"MSSB" shall have the meaning set forth in the preamble of this Agreement.

"Nationally Recognized Statistical Rating Organization" shall have the meaning given to such term by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

"Notice" shall have the meaning set forth in Section 4(c) of this Agreement.

"Parties" means CGMI and the State.

"Pending" means that a Notice has been delivered in the manner specified in Section 12 of this Agreement and all conditions required under this Agreement for the valid delivery of such Notice have been met, but the settlement of the purchase of Positions (or portions thereof) associated with such Notice has not yet occurred.

"Position" shall have the meaning set forth in the preamble to this Agreement.

"Pre-Purchased Position" shall have the meaning set forth in Section 2(g) of this Agreement.

"Prepayment Notice" shall have the meaning set forth in Section 2 of this Agreement.

"Prepayment Price" shall have the meaning set forth in Section 2(d) of this Agreement.

"Released Claims" shall have the meaning set forth in Section 8 of this Agreement.

"Residual Rights" means any and all of the State's right, title, and interest in all claims (including "claims" as defined in Bankruptcy Code §101(5)), suits, causes of action, and any other right of the State, whether known or unknown, against any issuer, other obligor or guarantor of a Discharged Position, relating to the State's right to collect any monies due from any such issuer, obligor or guarantor, on account of such Discharged Position.

"Securities Act" shall have the meaning set forth in Section 9(ii) of this Agreement.

"S&P" shall have the meaning set forth in Section 3 of this Agreement.

"Sell/Discharged Positions Notice" shall have the meaning set forth in Section 1(a) of this Agreement.

"Sell Option" shall have the meaning set forth in Section 1(a) of this Agreement.

"Sell Period" shall have the meaning set forth in Section 1(a) of this Agreement.

"SIPA" shall have the meaning set forth in Section 6 of this Agreement.

"State's Account" shall have the meaning set forth in the preamble of this Agreement.

"State's Settlement Account" shall have the meaning set forth in Section 5(a) of this Agreement.

"Unpaid Principal Balance" means, with respect to a Position and as of any time of determination, the Initial Outstanding Principal Amount, *reduced* by all repayments of principal paid to or for the account of the State, and *further reduced* by the amount of principal, if any, discharged pursuant to a Voluntary Discharge Event. For the avoidance of doubt, if any portion (that is, amounting to less than 100%) of any Position has become a Pre-Purchased Position pursuant to Section 2 or an Excluded Position pursuant to Section 4(b), or has been purchased by CGMI pursuant to Section 4 or has ceased to be a Position pursuant to Section 5(f), then with respect to the portion of such Position that was not so transferred or excluded, the Unpaid Principal Balance will be deemed upon such transfer or exclusion to be reduced *pro rata* based upon the percentage of such Position so transferred or excluded.

"Voluntary Discharge Event" means, with respect to any Position, any event, action or legal process (other than full payment of the amount discharged) pursuant to which the issuer's (and, if applicable, each other primary obligor's) obligation to repay all or any portion of the principal in respect of such Position has been satisfied and discharged during the period from the execution of this Agreement to and including such determination date and to which the State has given its written consent, or which the State has facilitated, by means of (a) written noteholder consent to an amendment or waiver of the governing instruments for such Position, (b) entry into a written forbearance agreement with the issuer, (c) voting in favor of a plan of reorganization or liquidation for the issuer, (d) in writing, assigning, delegating or otherwise transferring its voting, consent or any other rights to any other person, or (e) transferring any portion of a Position to any transferee that, to the State's knowledge, has solicited such transfer in connection with a plan or proposal to effect a discharge of principal otherwise than by full payment of the amount discharged.

In Witness Whereof, the State and CGMI have executed this Agreement effective as of this 23rd day of November, 2010.

STATE OF HAWAII

By: Georgina K. Kawamura

Name: Georgina K. Kawamura

Title: Director, Department of Budget and Finance

Date: November 23, 2010

CITIGROUP GLOBAL MARKETS INC.

By: _____

Name: Elaine H. Mandelbaum

Title: Deputy General Counsel

Date: _____

STATE OF HAWAII

By: Mark J. Bennett

Name: Mark J. Bennett

Title: Attorney General

Date: November 23, 2010

In Witness Whereof, the State and CGMI have executed this Agreement effective as of this 23rd day of November, 2010.

STATE OF HAWAII

By: _____

Name: Georgina K. Kawamura

Title: Director, Department of Budget and Finance

Date: _____

CITIGROUP GLOBAL MARKETS INC.

By: Elaine B. Mandelbaum

Name: Elaine H. Mandelbaum

Title: Deputy General Counsel

Date: November 23, 2010

STATE OF HAWAII

By: _____

Name: Mark J. Bennett

Title: Attorney General

Date: _____

EXHIBIT A

Position	Initial Unpaid Principal Balance	Initial Outstanding Principal Amount
Brazos H.E.A. Fp 06-II-A-13 (DBRS AAA) Cusip# 10620NBA5	$8,950,000	$8,950,000
Brazos H.E.A. 06 A-9 Fp (DBRS AAA) Cusip# 10620NBG2	$3,950,000	$3,950,000
Brazos H.E.A. 06 A-14 Fp (DBRS AAA) Cusip# 10620NBM9	$10,000,000	$10,000,000
Brazos H.E.A. 06 A-15 Fp (DBRS AAA) Cusip# 10620NBN7	$20,000,000	$20,000,000
Brazos S.F.C. Ser 1998 A-3 Cusip# 10623PBC3	$6,750,000	$6,750,000
Brazos S.F.C. 99A-2 Cusip# 10623PBF6	$2,100,000	$2,100,000
BRAZOS STDNT FIN CORP STND LN Cusip# 10623PBV1	$30,000,000	$30,000,000
Brazos S.F.C. Ser 2003 A-3 Cusip# 10623PCK4	$7,800,000	$7,800,000
BRAZOS STDT FIN CRP STD LN Cusip# 10623PCZ1	$8,550,000	$8,550,000
Brazos S.F.C. 06 A-3 (DBRS AAA) Cusip# 10623PDG2	$21,900,000	$21,900,000
Brazos S.F.C. 06 A-4 (DBRS AAA) Cusip# 10623PDH0	$25,000,000	$25,000,000
Brazos S.F.C. 06 A-5 (DBRS AAA) Cusip# 10623PDJ6	$15,500,000	$15,500,000
Brazos H.E.A. Fp 99A-6 Cusip# 106238FK9	$25,000,000	$25,000,000
Brazos H.E.A. Fp 99A-11 Cusip# 106238FU7	$5,400,000	$5,400,000

Position	Initial Unpaid Principal Balance	Initial Outstanding Principal Amount
Brazos H.E.A. Fp 01A-6 Cusip# 106238GV4	$24,400,000	$24,400,000
Brazos H.E.A. Fp 03A-5 Cusip# 106238JH2	$10,000,000	$10,000,000
Brazos H.E.A. Fp 03A-13 Cusip# 106238JS8	$6,500,000	$6,500,000
Brazos H.E.A. Fp 06A-4 Cusip# 106238MA3	$9,000,000	$9,000,000
CLC Fp 07-2 A-9 Act-Act Cusip# 194262DG3	$27,725,000	$27,725,000
EDINVEST CO STDT LN ASSET BK Cusip# 280850AE8	$10,000,000	$10,000,000
Ed Fund.Cap. Fp 2003-Ii A-7 Cusip# 28140EAG6	$10,000,000	$10,000,000
EDUCATION FDG CAP TR II SR A-8 Cusip# 28140EAH4	$8,150,000	$8,150,000
Ed Fund.Cap. Fp 2003-Iii A5 Cusip# 28140UAE5	$5,550,000	$5,550,000
Ed Fund.Cap. Fp 2003-Iii A6 Cusip# 28140UAF2	$5,250,000	$5,250,000
Ed Fund.Cap. Fp 2003-Iii A7 Cusip# 28140UAG0	$5,000,000	$5,000,000
Ed Fund.Cap. Fp 2003-Iii A8 Cusip# 28140UAH8	$10,400,000	$10,400,000
EDUCATION FDG CAP TR -IV ED Cusip# 28140VAE3	$12,100,000	$12,100,000
Ed Fund.Cap. Fp 2004-Iv A-6 Cusip# 28140VAF0	$11,550,000	$11,550,000
Edsouth Fp Ser. 2001 B-3 Cusip# 28148NAW3	$3,950,000	$3,950,000

Position	Initial Unpaid Principal Balance	Initial Outstanding Principal Amount
GCO Ed Loan Funding Tr 1 Fp I-03 A-4 Cusip# 36156HAF5	$4,500,000	$4,500,000
GCO ELF STUDENT LN ASSET BK Cusip# 36156YAG6	$11,550,000	$11,550,000
GCO Ed Loan Funding Tr Fp 07-1 A-7 Cusip# 36156YAT8	$32,250,000	$32,250,000
Mississippi H.E.A.C. Fp 00-A1 Cusip# 605354EA3	$5,500,000	$5,500,000
Mississippi H.E.A.C. Fp 00-A3 Cusip# 605354ED7	$4,800,000	$4,800,000
MISS HGHR ED ASST CORP Cusip# 605354EK1	$5,000,000	$5,000,000
Nelnet 2003-1 A9 Fp Cusip# 64031RAJ8	$11,000,000	$11,000,000
Nelnet 2003 -1 A11 Fp Cusip# 64031RAL3	$18,800,000	$18,800,000
NextStudent Ed Loan Fund Fp 06A-1 Cusip# 65337MAA6	$57,836.24	$57,836.24
NextStudent Ed Loan Fund Fp 06A-2 Cusip# 65337MAB4	$642,624.91	$642,624.91
NextStudent Ed Loan Fund Fp 06A-4 Cusip# 65337MAD0	$600,854.29	$600,854.29
Northstar Education Finance Fp 07-1 A-8 Cusip# 66704JCA4	$10,000,000	$10,000,000
PANHANDLE-PLAINS STDT FIN CRP Cusip# 69847RAA0	$15,000,000	$15,000,000
PANHANDLE-PLAINS STDT FIN CRP Cusip# 69847RAB8	$23,500,000	$23,500,000
PANHANDLE-PLAINS TX HEA STNDT Cusip# 698476DA3	$5,200,000	$5,200,000

Position	Initial Unpaid Principal Balance	Initial Outstanding Principal Amount
Panhandle-Plains Hea Fp 03 A-1 Cusip# 698476DJ4	$6,600,000	$6,600,000
Pheaa Ser. 2001 L-1 Cusip# 709163CH0	$56,750,000	$56,750,000
Pheaa Ser. 2001 L-2 Cusip# 709163CJ6	$20,650,000	$20,650,000
Pheaa Ser. 2002 T-1 Cusip# 709163DC0	$19,450,000	$19,450,000
Pheaa Ser. 2002 T-3 Cusip# 709163DE6	$22,850,000	$22,850,000
Pheaa Ser 2002 T-4 Cusip# 709163DF3	$10,150,000	$10,150,000
Pheaa Ser. 2002 T-5 Cusip# 709163DG1	$53,800,000	$53,800,000
Pheaa Ser 2005 DD-1 Cusip# 709163EQ8	$23,900,000	$23,900,000
Pheaa Ser 2005 EE-1 Cusip# 709163ES4	$24,700,000	$24,700,000
Pheaa Ser 2005 EE-2 Cusip# 709163ET2	$34,200,000	$34,200,000
Pheaa Ser 2005 EE-3 Cusip# 709163EU9	$15,600,000	$15,600,000
Pheaa Ser 2005 EE-4 Cusip# 709163EV7	$7,900,000	$7,900,000
Pheaa Tr I Ser 2003 A-3 Cusip# 71722TAB0	$20,000,000	$20,000,000
SLMA 2002-7 A7 Cusip# 78442GET9	$9,850,000	$9,850,000
SLMA 2003-2 A8 Cusip# 78442GFV3	$5,000,000	$5,000,000

Position	Initial Unpaid Principal Balance	Initial Outstanding Principal Amount
SLMA 2003-A A4 Cusip# 78443CAK0	$9,850,000	$9,850,000
SLMA 2003-B A4 Cusip# 78443CAP9	$16,900,000	$16,900,000
SLMA 2003-C A4 Cusip# 78443CBB9	$11,850,000	$11,850,000
Aggregate Principal Amount		$868,876,315

EXHIBIT B

[Sell/Discharged Positions Notice]

Date:

To: Citigroup Global Markets Inc. ("CGMI")

From: The State of Hawaii (the "State")

Re: Exercise of Sell Option

Pursuant to Section 1 of that certain Settlement Agreement between the State and CGMI dated November 23, 2010 (the "Agreement"), the State hereby exercises its Sell Option (as defined in the Agreement) with respect to each Position listed below and requires CGMI to pay for each Discharged Position listed below by delivery of this Sell/Discharged Positions Notice. Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Agreement.

Position

[SECURITY NAME/DESCRIPTION]
Cusip# _____

Discharged Position

[Appropriate Description]

In connection with the exercise by the State of its Sell Option with respect to the Positions listed above, the State hereby represents and warrants that:

(i) any and all consents and approvals of any governmental authority, official, legislative body, board, agency or commission having jurisdiction, or by ballot of the citizenry, that are required for the State to deliver this Sell/Discharged Positions Notice, and sell the Positions specified above to CGMI pursuant to Section 1 of the Agreement, have been obtained;

(ii) the State's delivery of this Sell/Discharged Positions Notice, and the ensuing sale of the Positions specified above to CGMI pursuant to Section 1 of the Agreement, do not and will not violate or conflict with or constitute a breach of any applicable constitutional provision or law of Hawaii or the United States, any interstate compact to which the State is a party, any order or judgment of any court, any material administrative regulation or ordinance of Hawaii or the United States, or any material agreements or obligations of the State; and

(iii) it is the sole and the lawful owner of the Positions specified above, in each case free and clear of any liens, encumbrances or charges, except such as may exist for the benefit of CGMI, or for the benefit of any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b), and it has not heretofore assigned, pledged or transferred or purported to assign, pledge or transfer to any other person or entity any interest in such Positions;

(iv) without prejudice to any right or remedy the State may have for any material breach of the Agreement by CGMI, the Agreement is the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms; and

(v) the undersigned signatory is fully authorized to execute and deliver this Sell/Discharged Positions Notice on its behalf.

Very truly yours,

STATE OF HAWAII

By:

Name:

Title:

EXHIBIT C

[Prepayment Notice]

Date:

To: Citigroup Global Markets Inc. ("CGMI")

From: The State of Hawaii (the "State")

Re: Prepayment Notice

Pursuant to Section 2 of that certain Settlement Agreement between the State and CGMI dated November 23, 2010 (the "Agreement"), the State hereby exercises its option to require CGMI to purchase Positions sufficient to realize a cash purchase price not less than, USD _____. Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Agreement.

In connection with the delivery by the State of this Prepayment Notice, and the exercise by the State of its rights under Section 2 of the Agreement with respect to the Positions listed above, the State hereby represents and warrants that:

(i) any and all consents and approvals of any governmental authority, official, legislative body, board, agency or commission having jurisdiction, or by ballot of the citizenry, that are required for the State to deliver to CGMI this Prepayment Notice, and sell the Positions specified pursuant to Section 2 of the Agreement, have been obtained;

(ii) the State's delivery of this Prepayment Notice, and the ensuing sale to CGMI of the Positions specified pursuant to Section 2 of the Agreement, do not and will not violate or conflict with or constitute a breach of any applicable constitutional provision or law of Hawaii or the United States, any interstate compact to which the State is a party, any order or judgment of any court, any material administrative regulation or ordinance of Hawaii or the United States, or any material agreements or obligations of the State;

(iii) it is the sole and the lawful owner of the Positions being sold pursuant to this Prepayment Notice, in each case free and clear of any liens, encumbrances or charges, except such as may exist for the benefit of CGMI, or for the benefit of any person or entity designated by CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b), and it has not heretofore assigned, pledged or transferred or purported to assign, pledge or transfer to any other person or entity any interest in such Positions;

(iv) without prejudice to any right or remedy the State may have for any material breach of the Agreement by CGMI, the Agreement is the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms; and

(v) the undersigned signatory is fully authorized to execute and deliver this Prepayment Notice on its behalf.

Very truly yours,

STATE OF HAWAII

By:

Name:

Title:

EXHIBIT D

[Acceleration Notice]

Date:

To: Citigroup Global Markets Inc. ("CGMI")

From: The State of Hawaii (the "State")

Re: Acceleration of Sell Option

Pursuant to Section 3 of that certain Settlement Agreement between the State and CGMI dated November 23, 2010 (the "Agreement"), the State hereby requires CGMI to purchase each Position listed below and pay for each Discharged Position listed below by delivery of this Acceleration Notice. Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Agreement.

Position

[SECURITY NAME/DESCRIPTION]
Cusip# _____

Discharged Position

[Appropriate description]

In connection with the delivery by the State of this Acceleration Notice, and the exercise by the State of its rights under Section 3 of the Agreement with respect to the Positions listed above, the State hereby represents and warrants that:

(i) any and all consents and approvals of any governmental authority, official, legislative body, board, agency or commission having jurisdiction, or by ballot of the citizenry, that are required for the State to deliver this Acceleration Notice, and sell the Positions specified above to CGMI pursuant to Section 3 of the Agreement, have been obtained;

(ii) the State's delivery of this Acceleration Notice, and the ensuing sale of the Positions specified above to CGMI pursuant to the Agreement, do not and will not violate or conflict with or constitute a breach of any applicable constitutional provision or law of Hawaii or the United States, any interstate compact to which the State is a party, any order or judgment of any court, any material administrative regulation or ordinance of Hawaii or the United States, or any material agreements or obligations of the State;

(iii) it is the sole and the lawful owner of the Positions specified above, in each case free and clear of any liens, encumbrances or charges, except such as may exist for the benefit of CGMI, or for the benefit of any person or entity designated by

CGMI to carry and clear the State's Settlement Account pursuant to Section 5(b), and it has not heretofore assigned, pledged or transferred or purported to assign, pledge or transfer to any other person or entity any interest in such Positions;

(iv) the conditions set forth in Section 3 of the Agreement that give the State the right to deliver this Acceleration Notice have been met;

(v) without prejudice to any right or remedy the State may have for any material breach of the Agreement by CGMI, the Agreement is the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms; and

(vi) the undersigned signatory is fully authorized to execute and deliver this Acceleration Notice on its behalf.

Very truly yours,

STATE OF HAWAII

By:

Name:

Title:

EXHIBIT E

[Exclusion Notice]

Date:

To: Citigroup Global Markets Inc. ("CGMI")

From: The State of Hawaii (the "State")

Re: Delivery of Exclusion Notice

Pursuant to Section 4 of that certain Settlement Agreement between the State and CGMI dated November 23, 2010 (the "Agreement"), the State hereby notifies CGMI by delivery of this Exclusion Notice that it does not wish to sell the Position or Positions (or any portion thereof) listed below. Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Agreement.

Position Outstanding principal amount

[SECURITY NAME/DESCRIPTION]
(principal amount $_____)
Cusip# _____

In connection with the delivery by the State of this Exclusion Notice, and the exercise by the State of its rights under Section 4 of the Agreement with respect to the Positions listed above, the State hereby represents and warrants that:

(i) any and all consents and approvals of any governmental authority, official, legislative body, board, agency or commission having jurisdiction, or by ballot of the citizenry, that are required for the State to deliver this Exclusion Notice pursuant to Section 4 of the Agreement, have been obtained;

(ii) the State's delivery of this Exclusion Notice pursuant to Section 4 of the Agreement, does not and will not violate or conflict with or constitute a breach of any applicable constitutional provision or law of Hawaii or the United States, any interstate compact to which the State is a party, any order or judgment of any court, any material administrative regulation or ordinance of Hawaii or the United States, or any material agreements or obligations of the State; and

(iii) the undersigned signatory is fully authorized to execute and deliver this Exclusion Notice on its behalf.

Very truly yours,

STATE OF HAWAII

By:

Name:

Title:

EXHIBIT F

[Executed Copy of Guarantee appears on following five pages]

Citigroup Inc.
153 East 53rd Street
New York, NY 10022

citi

November 23, 2010

State of Hawaii
State of Hawaii Department of Budget and Finance
Attn: Scott A. Kami
Administrator, Financial Administration Division
P.O. Box 150
Honolulu, Hawaii 96810-0150
Fax number: (808) 586-1644

Gentlemen:

In consideration of the State of Hawaii (the "State") entering into that certain Settlement Agreement with Citigroup Global Markets Inc., an indirect wholly-owned subsidiary of Citigroup Inc. (together with its successors, transferees, and assigns under the Agreement, the "Subsidiary"), dated November 23, 2010 (the "Agreement", attached hereto as Exhibit "A"), Citigroup Inc., a corporation incorporated under the laws of Delaware, hereby agrees and guarantees in accordance with the following:

1. Citigroup Inc. guarantees to the State the full payment and performance of the obligations of the Subsidiary in accordance with the provisions of the Agreement ("Obligations"), subject only to the terms set forth below (the "Guarantee"). This Guarantee shall be irrevocable, absolute, continuing and unconditional (except for delivery of a Payment Notice as expressly set forth in paragraph 2 below). This Guarantee is a guaranty of payment and not of collection. Citigroup Inc. agrees that the State need not attempt to collect any Obligations from the Subsidiary, but may require, by delivery of a Payment Notice as expressly set forth in paragraph 2 below, that Citigroup Inc. make immediate payment of the Obligations to the State that have become due. Citigroup Inc. shall make all payments to the State on the Obligations free and clear of any deductions, setoff, counterclaim, restrictions or conditions of any kind.

2. Notice of acceptance of the Guarantee, presentment, demand, protest, notice of protest, notice of default or non-payment by the Subsidiary is expressly waived, and performance under this Guarantee shall be subject to no condition other than the giving of a written request by the State prior to the Final Termination Date (each a "Payment Notice"), stating the fact of default or non-payment, mailed, hand delivered or sent by overnight courier to Citigroup Inc. at the following address: Citigroup Inc., Corporate Treasury, 153 East 53rd Street, 5th Floor, New York, New York 10043. Any communication from Citigroup Inc. to the State in connection with this Guarantee shall be in writing and shall be mailed, hand delivered or sent by overnight courier to the State at the address set forth in the Agreement.

3. The obligations of Citigroup Inc. under the Guarantee shall in no way be impaired by:

- any extension, amendment, modification or renewal of the Agreement or of the Obligations;

- any waiver of any event of default, extension of time, delay in enforcing or failure to enforce any of the Obligations;

- the release or discharge of the Subsidiary in any creditors' rights, receivership, bankruptcy or other proceedings (collectively, "Proceedings"), the impairment, limitation or modification of the liability of the Subsidiary or the estate of the Subsidiary in any Proceedings, or any remedy for the enforcement of the Subsidiary's said liability under the Agreement resulting from the operation of any present or future provision of the United States Bankruptcy Code, as amended, or other statutes or from the decisions in any court in any Proceedings, or the rejection or disaffirmance of the Agreement in any Proceedings;

- any extension, moratorium or other relief granted to the Subsidiary pursuant to any applicable law or statute;

- the sale of stock, sale of assets, merger, consolidation, discontinuance of its business operations (in whole or in part), termination of its charter, dissolution or any other corporate transaction involving the Subsidiary or the lack of authority of the Subsidiary;

- invalidity, irregularity, or unenforceability of the Agreement or the Obligations, or the cessation (in whole or in part) from any cause whatsoever of the liability of the Subsidiary under the Agreement or the Obligations, except in any such case as is expressly provided in the Agreement, including without limitation any termination of an Obligation pursuant to the severability provisions of Section 15 of the Agreement;

- any assignment of the Subsidiary's rights, title and interest, powers, privileges or remedies under the Agreement (including, without limitation, any such assignment resulting from a transfer or change in the State's Account to another account, including the State's Settlement Account, as those foregoing terms are defined in the Agreement); or

- any other event or circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor generally, other than the defense of full payment and performance by the Subsidiary of all Obligations.

4. This Guarantee is continuing, and all Obligations shall be conclusively presumed to have been created in reliance on this Guarantee. This Guarantee shall remain in full force and effect until the earlier of:

- return by the State of the original of this Guarantee or

- full payment and performance of the Obligations (i) with respect to all Payment Notices delivered on or before the Final Termination Date (as defined below) and/or (ii) referenced in Section 5 hereof.

Except as set forth in paragraph 7 below, no Payment Notice may be given under this Guarantee after 5:00 p.m. New York time on the date that is 150 days after the end of the Sell Period (as defined in the Agreement) ("Final Termination Date"). For purposes of clarity, the State may deliver any number of Payment Notices prior to the Final Termination Date.

5. Notwithstanding anything to the contrary contained herein or any of the terms of the Agreement, the liability of Citigroup Inc. to make immediate payment of the entire Obligations that have become due and payable as a result of the delivery of an Acceleration Notice in respect of an Insolvency Event (as such terms are defined in the Agreement) with respect to Citigroup Inc. shall not be conditional on the delivery of a Payment Notice.

6. Unless and until the payment in full of the Obligations, Citigroup Inc. hereby irrevocably and unconditionally agrees not to assert any statutory, contractual, common law, equitable or any other claims against the Subsidiary, any collateral for the Obligations or other assets of the Subsidiary, for subrogation, reimbursement, exoneration, contribution, indemnification, setoff or other recourse in respect to sums paid or payable to the State by Citigroup Inc. hereunder.

7. This Guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the State in an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding of the Subsidiary or Citigroup Inc., or under any law affecting creditors' rights or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Subsidiary or Citigroup Inc. or any substantial part of their property, or otherwise, all as though such payments had not been made.

8. This Guarantee and all matters arising herein or in connection herewith will be governed by, and construed and enforced in accordance with, the law of the State of Hawaii, and any lawsuits brought with regard to this Guarantee shall be brought in federal or state courts located in the State of Hawaii, and venue shall only lie in the First Circuit in the State of Hawaii. Citigroup Inc. hereby submits to the jurisdiction of the courts of the State of Hawaii. Citigroup Inc. shall be obligated to make payment hereunder only by means of wiring funds to an account located in the United States designated by the State.

9. Citigroup Inc. hereby represents and warrants to the State that: (A) its execution, delivery and performance of its obligations under this Guarantee have been duly authorized by all necessary corporate and other required action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation, order or judgment of any court, or any material contractual restrictions binding on it or its assets; (B) this Guarantee,

constitutes a legal, valid and binding obligation enforceable against Citigroup Inc. in accordance with its terms; (C) the undersigned signatory is fully authorized to execute this Guarantee on behalf of Citigroup Inc.; (D) it has received reasonably equivalent value in exchange for this Guarantee by virtue of the benefits derived by the Subsidiary from the Agreement; (E) it (i) is not insolvent, does not have unreasonably small capital and will not be rendered insolvent or left with unreasonably small capital as a result of the execution and delivery (and, as applicable, payment and performance) to the State of this Guarantee and (ii) does not intend to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature; (F) any and all consents and approvals of any governmental authority or self-regulatory organization that are required for Citigroup Inc. to enter into and perform its obligations under this Guarantee have been obtained; (G) its execution and performance of its obligations under this Guarantee do not and will not violate or conflict with or constitute a breach of any law or administrative regulation applicable to it, any provision of its organic documents, any order or judgment of any court, or any of its material agreements or obligations; and (H) there is no action, suit, proceeding, inquiry or investigation, at law or equity, before or by any court, agency, public board or body, pending or, to the knowledge of Citigroup Inc. threatened that (i) would affect the validity of any of the foregoing representations, warranties or covenants; or (ii) seeks to prohibit or restrain or enjoin the entering into this Guarantee or Citigroup Inc.'s performance of its obligations under this Guarantee.

10. Citigroup Inc. shall pay the State's reasonable attorneys' fees and all costs and other expenses incurred in the enforcement of this Guarantee against Citigroup Inc.

11. The terms of this Guarantee may not be modified or amended, except by a written agreement executed by Citigroup Inc. and the State.

12. All rights and remedies of the State under this Guarantee are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law. The State shall not by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of the State. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the State of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the State would otherwise have on any future occasion, whether similar in kind or otherwise.

13. If any provision of this Guarantee is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Guarantee as a whole, but this Guarantee shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

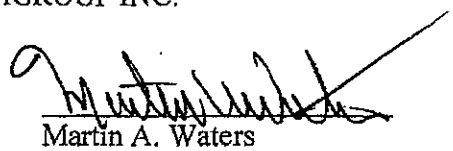
14. The terms and provisions of this Guarantee shall be binding upon any successors or assigns of Citigroup Inc., provided that Citigroup, Inc. shall not transfer, assign or delegate its obligations hereunder without the prior written consent of the State, and any transfer, assignment, or delegation in violation of this provision shall be null and void.

15. EACH OF CITIGROUP INC. AND THE STATE HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS GUARANTEE OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF CITIGROUP INC., THE SUBSIDIARY OR THE STATE IN RESPECT OF THIS GUARANTEE OR THE AGREEMENT OR THE TRANSACTIONS RELATED HERETO OR THERETO.

IN WITNESS WHEREOF, Citigroup Inc. has caused these presents to be executed by its duly authorized officer this 23rd day of November two thousand ten.

Very truly yours,

CITIGROUP INC.

By: 

Martin A. Waters
Assistant Treasurer

EXHIBIT A

Settlement Agreement

EXHIBIT G

[Media Statement]

Hawaii Attorney General Mark Bennett and Citigroup Global Markets Inc. (Citi) announced today that the State of Hawaii and Citi have reached a resolution concerning the State's purchase of auction rate securities.

The State currently owns approximately $869 million in such securities, which were the subject of auction failures beginning in 2008. The State is currently earning interest on these securities, but the market value of the State's portfolio has significantly decreased. The State has already liquidated approximately $200 million worth of securities at par value since February 2008.

The attached agreement (which the State and Citi have been negotiating for several months since developing basic deal parameters in July), principally provides:

1) In June 2015, the State will have the option to require Citi to purchase some or all of the State's remaining auction rate securities portfolio at par as well as to have Citi make up the difference between liquidation price and par on any of the State's auction rate securities which have been previously involuntarily liquidated below par, which means the State's taxpayers will lose no principal on any of the State's auction rate securities investments.

2) Starting in July 2012, the State will have the ability to obtain interim liquidity on its auction rate securities portfolio of up to $150 million worth of the securities, at market value, with the difference between that market value and par paid by Citi in July 2015.

3) The State has released potential claims against Citi and any affiliated entities or individuals in connection with its investments in auction rate securities, and Citi admits no wrongdoing.

Attorney General Bennett stated: "These negotiations have been complex and difficult, but from the beginning the State and Citi worked hard to find a resolution. I believe this settlement is in the best interests of the State, and provides substantial value to the State. The State will essentially get back what it paid for these securities, plus interest collected on them. The alternative—lengthy, expensive litigation—would have provided no certainty, and might, in the end, have been unsuccessful. Bottom line—taxpayers will not lose out on the principal value of these securities, and that is a good result for Hawaii and its citizens. I would like to commend Citi for this agreement, for the way it has approached this matter, and for its good faith efforts to resolve this issue."

Georgina Kawamura, Director of the Hawaii Department of Budget and Finance stated: "I believe this agreement makes sense for Hawaii. Our goal in these negotiations has been to assure that our taxpayers will not receive less than par on these investments, and this agreement provides for that."

"We're pleased to provide this liquidity solution to the State," said Alexander Samuelson, Director, Citi Public Affairs. "We value our relationship with the State of Hawaii and thank Attorney General Bennett for his dedication during the past several months of negotiations to finding a solution."