

Citi to Expand Public Exchange Offers by \$5.5 Billion to Meet U.S. Government Stress Test Requirements

Expanded Transaction Does Not Require Additional U.S. Government Investment or Conversion of Additional U.S. Government Preferred Shares

NEW YORK – Citi announced today that it will expand its previously disclosed public exchange offers by \$5.5 billion. This increase reflects the results of the U.S. government's Supervisory Capital Assessment Program (SCAP).

"The government's stress test was a rigorous process that assessed our capital and confirms our view that Citi's plans and actions will give it the financial strength to weather an adverse stress scenario," said Vikram Pandit, Chief Executive Officer of Citi. "The results also reflect 15 months of continuous work, tough decisions and steady execution towards a strong and stable Citi with a clear strategy for the future."

In the past 15 months, Citi has achieved the following milestones:

- Reduced expenses by 25% and headcount by almost 20% from the peak in 4Q '07
- Reduced the balance sheet by 23% from the peak in 3Q '07
- Completed 23 divestitures
- Announced the Morgan Stanley/Smith Barney joint venture and the sale of Nikko Cordial Securities
- Strategically focused Citi by separating the company into Citicorp and Citi Holdings

"Citi has a unique global franchise and global network that we will continue to strengthen," said Mr. Pandit. "There is no other institution in the world that offers the services we offer in the places we offer them. We bring the world to our clients and our clients to the world. Today, Citi serves 98% of the *Fortune* 500 and 99% of the Global *Fortune* 500 and we look forward to continuing to execute on our strategy and fully realize the power of Citi's extraordinary global franchise."

Citi will expand its public exchange offers previously announced on February 27, 2009 by increasing the maximum amount of preferred securities and trust preferred securities that it will accept in exchange for common stock from \$27.5 billion to \$33 billion to further increase Tier I Common without any additional U.S. government investment or conversion of U.S. government securities into common shares. The conversion price of \$3.25, the exchange factors and the priority of trust preferred securities accepted in the exchange offers will remain unchanged from the transaction terms as previously announced. ([See attached transaction summary](#))

Consistent with the previous announcement, the U.S. government will continue to match the exchanges by public and private holders up to a maximum of \$25 billion face value of its preferred stock at the same conversion price. The U.S. government will also continue to exchange the portion of its existing preferred securities that are not exchanged for common shares into new trust preferred securities with an annual coupon of 8%.

Citi said that it expects to launch the public exchange offers shortly after further SEC review of our S-4 and finalization of definitive agreements with the U.S. government reflecting the transaction terms previously agreed with the U.S. government.

This transaction could increase Tier I Common of the company from the first quarter level of \$22.1 billion to as much as \$86.2 billion, which assumes the exchange of \$33 billion of preferred securities and trust preferred securities, the maximum eligible under this transaction. Citi's TCE which was \$30.9 billion on March 31, 2009 will increase by as much as \$60.4 billion to up to \$91.3 billion.

Based on the maximum eligible conversion, the U.S. government would own approximately 34% of Citi's outstanding common stock and existing shareholders would own approximately 24% of the outstanding common shares.

As previously announced, Citi intends to continue to pay full dividends on the preferred shares through and until the closing of the public exchange at which point these dividends will be suspended. It remains Citi's intention not to pay common stock dividends during this period. Citi also reconfirms that it has no plans to suspend distributions at current rates on its trust preferred securities.

Vikram Pandit, Chief Executive Officer, and Ned Kelly, Chief Financial Officer, will host a teleconference and live webcast on Thursday, May 7, 2009 at 6:00 PM (EDT) to discuss results from the Supervisory Capital Assessment Program and provide an update on the timing of the previously announced public exchange offer. A live webcast of the presentation, as well as presentation materials, will be available at <http://www.citigroup.com/citi/fin>. A replay of the webcast will be available at <http://www.citigroup.com/citi/fin/pres.htm>.

To dial-in to the live teleconference, please call (877) 700-4194 (for U.S. and Canada callers) or (706) 679-8401 (for international callers). Conference code: 98930052.