The Economic **Landscape**

The past year brought with it unprecedented and extreme circumstances for the entire financial services industry. Along with our peers, we were forced to make many tough decisions on expenses, asset dispositions, equity infusions and overall strategic direction. Over the past year, we have pursued a determined strategy to get "fit" for the future through efforts designed to reduce our balance sheet exposures, enhance our risk management function, reduce costs and put the company on a path to growth.

Troubled Asset Relief Program (TARP)

In late 2008 the U.S. Treasury Department, the Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC) responded to the gravity of threats to the stability of the U.S. financial system. They created a $700 billion TARP fund to inject capital into the banking system, increase credit liquidity and restore market confidence.

Citi received an initial $25 billion investment in October 2008 and an additional $20 billion in December 2008 through an agreement that strengthened Citi's capital ratios. The U.S. government also agreed to a loss-sharing agreement on approximately $301 billion of assets. Citi paid for this agreement by issuing $7.3 billion of preferred stock and warrants; details on the terms of these agreements are available online. WWW and WWW

Citi's Board of Directors receives periodic reports on the uses of TARP capital.

Citi is committed to using TARP capital to support the objectives of the TARP program, including promoting the sustained growth and vitality of the U.S. economy. In February 2009 Citi released a progress report WWW describing the procedures it has established to oversee deployment of TARP capital, as well as other efforts the company is making to help Americans remain in their homes, assist distressed borrowers and support U.S. businesses and communities. Citi will update the TARP Progress Report on a quarterly basis.