



For immediate release
Citigroup Inc. (NYSE symbol: C)
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CITIGROUP CEO PRINCE HOLDS PRESS CONFERENCE IN JAPAN

Apologizes for Issues at Citibank Japan
Citibank Japan Discusses Details of Business Improvement Plan
Strategic Review of Japan Businesses Results in Decision to Wind Down Trust Bank

Tokyo, October 25, 2004 -- At a press conference in Tokyo today, Citigroup Chief Executive Officer, Mr. Charles Prince, apologized for the problems at Citibank Japan and together with Douglas L. Peterson, the recently appointed CEO of Citibank Japan, announced details of Citibank Japan's Business Improvement Plan addressing those problems.

Also today, Mr. Prince met with Mr. Hirofumi Gomi, Commissioner of the Financial Services Agency of Japan (FSA) to personally apologize for inadequate governance and management structures and the poor compliance and internal control environment in aspects of Citibank Japan's businesses.

Mr. Prince pointed to the consequences of a weak compliance and internal control environment in Citibank Japan's private banking business and a poorly executed governance and management structure for the businesses conducted from Citibank Japan. He emphasized that the company is taking direct action in addressing these problems, including implementing the Business Improvement Plan submitted to the Financial Services Agency of Japan on October 22 and winding down Citibank Japan's private banking operations in an orderly manner.

"I sincerely apologize to customers and the public for the company's failure to comply with legal and regulatory requirements in Japan and we regret the concern and inconvenience caused," said Mr. Prince. "I would like to reinforce Citigroup's commitment to Japan and our long-term commitment to our customers here. Citigroup has been in Japan for more than 100 years and we will take all necessary steps to ensure business is properly conducted."

Mr. Prince said that Citigroup is conducting a comprehensive strategic review of its businesses in Japan. As part of this ongoing strategic review, Citigroup has decided to wind down Cititrust and Banking Corporation (Cititrust), a trust bank subsidiary in Japan.

In addition, Mr. Prince addressed several hundred senior staff in Japan to reinforce that as leaders in the company, each must maintain the highest standards, exercise sound judgment and remain vigilant in the firm's service to customers. In the coming weeks, Mr. Prince and his senior management team will be visiting many of Citigroup's operations around the world, addressing staff with a similar message. The company held the first of these sessions in Japan today.

DETAILS OF BUSINESS IMPROVEMENT PLAN

At the press conference today, Douglas L. Peterson, the recently appointed Chief Executive Officer of Citibank Japan, outlined the key points from its Business Improvement Plan, presented to the Financial Services Agency (FSA) of Japan on October 22. Mr. Peterson also apologized for the company's failure to comply with legal and regulatory requirements in Japan, described

measures to rectify the situation for the present and the future, and addressed the reasons why such problems occurred.

Key Elements of Business Improvement Plan

The Business Improvement Plan developed by Citibank Japan sets out a number of measures that the company is taking to address the problems in its controls, compliance and governance. Key elements of the plan are described below.

Management

- New CEO structure. Citigroup senior management in New York has created a new chief executive officer (CEO) position for Citibank Japan. The new CEO, Mr. Douglas L. Peterson, has ultimate management authority and responsibility for all business operations conducted by Citibank in Japan, including controls and compliance. Under this new structure, the heads of the Consumer, Corporate and Private Bank Divisions and the heads of the control functions of Citibank Japan report directly to the new CEO of Citibank Japan.
- New country level management team at Citibank Japan. In addition to Mr. Peterson, Citibank Japan is building a new management team and has to date appointed Mr. Anthony P. Della Pietra Jr. as Chief Legal Officer and Mr. Jun Kadoda as Chief Financial & Chief Administrative Officer. In addition, Citibank Japan is actively recruiting a new Chief Compliance Officer.
- New integrated structure for control functions. There will be an integrated control structure for Citibank Japan, in which each control function will be run under unified management in Japan.

Compliance with Laws and Regulations

Citibank Japan will:

- Enhance its compliance culture and continue to take measures to instill a fundamentally sound compliance culture among its staff.
- Boost compliance education and training with a focus on Japanese legal and regulatory requirements, in order to foster greater staff awareness of compliance issues and give staff additional guidance on how to conduct themselves. In addition, Citibank Japan will revamp its training curriculum to ensure that the lessons learned from the recent problems are adequately incorporated into future education.
- Increase the independence of the Compliance function by having its business compliance officers report directly into the Chief Compliance Officer. The Chief Compliance Officer will report not only to the CEO of Citibank Japan but also to senior compliance management in New York.
- Create a new compliance monitoring unit, reporting directly to the Chief Compliance Officer, that has responsibility for conducting independent monitoring of regulatory compliance across all business units.

Other Key Elements of Plan

Citibank Japan will:

- Examine firewall compliance by reviewing business activities involving other Citigroup affiliates to confirm that all of those activities are permissible under the Banking Law.
- Reorganize and strengthen Legal, Compliance and Internal Audit functions, including adding more staff.
- Improve internal controls, including those relating to review of new businesses, new products and new operational processes; personnel management; branch management; operational controls; systems management; and personal trading policy.
- Improve customer identification, including policies and procedures relating to dealings with potential anti-social forces and related persons.

- Improve dealings with customers and internal controls regarding sales and disclosure practices. Citibank Japan will also enhance its customer complaint handling process.
- Enhance protection of customer information with upgraded internal controls regarding the protection of customer information.
- Enhance staff awareness of the importance of giving appropriate responses in inspections and the giving of accurate status reports to supervising authorities.

Independent Oversight Committee

In order to ensure independent monitoring of Citibank Japan's progress in implementing the Business Improvement Plan, Mr. Peterson will form an independent Oversight Committee comprised of suitably qualified external members. The Oversight Committee will monitor Citibank Japan's progress on implementing the Business Improvement Plan and other commitments, and make recommendations to Mr. Peterson for improvements where appropriate.

Responsibility and Accountability

Those employees personally responsible for the problems recently identified at Citibank Japan have been disciplined and further action will be taken against any employee who contravenes the bank's standards of conduct. In Japan, 12 officers have left Citibank to accept responsibility for the problems. In addition, 11 employees have had their compensation reduced and other employees have received formal reprimands.

Termination of Private Bank Operations

Mr. Peterson has appointed Mr. Samir Raslan as the new head of the Private Bank division in Japan. Mr. Raslan became Private Bank head on July 1, 2004, replacing Mr. Koichiro Kitade, who left the bank on August 31 and who no longer has any affiliation with Citibank.

Mr. Raslan and his management team, under the direction of Mr. Peterson, are responsible for overseeing the termination of activities of Citibank Japan's Marunouchi Branch and related sub-branches by September 30, 2005. To date Citibank Japan has contacted all Private Bank clients and will ensure an orderly transition in a manner that is in the best interests of the individual client.

Problems within Citibank Japan

The proposed Business Improvement Plan acknowledges that there were fundamental problems identified at Citibank Japan, namely:

- *Weak internal control environment in the Private Bank division in Japan.* Management of the Private Bank division in Japan failed to establish a culture that ensured ongoing compliance with laws and regulations and maintenance of a robust control environment. This failure was attributable in large part to an emphasis by Private Bank management on revenues and business efficiencies without due regard for internal controls. As a result of these failures, there were violations of laws and regulations, and an overall weak internal control environment, in the Private Bank division in Japan.
- *Failure to adequately execute governance structure.* The governance in Citibank Japan was not executed as designed or intended. The failure in execution in particular led to a lack of proper checks and balances to detect and prevent the control failures in the Private Bank division in Japan. A management structure in which the businesses were managed along strong global functional and product lines, and in which management at the country level lacked authority over the businesses, created a lack of clarity as to who had overall management responsibility. As a result, management of Citibank Japan at the country level did not adequately provide important checks and balances for the business activities carried out in Japan.

STRATEGIC REVIEW OF CITIGROUP JAPAN BUSINESSES RESULTS IN WINDING DOWN OF TRUST BANK SUBSIDIARY

The comprehensive strategic review of Citigroup's businesses in Japan is being undertaken based on factors including performance, compliance and controls, management structure and governance, appropriateness of business model, and demonstrable leadership and growth potential.

In connection with this ongoing review, Citigroup has decided to wind down Cititrust after concluding that there were internal control, compliance and governance issues in that subsidiary. Cititrust will transition its relationships with clients over the next 12 months.

Cititrust is a licensed trust bank in Japan and a wholly-owned subsidiary of Citigroup. Cititrust provides trust-based investment management and real estate advisory services to institutions and individuals.

Citigroup sincerely apologizes to the customers of Cititrust for any concern or inconvenience this decision may cause, and is committed to do everything possible to ensure a smooth transition of Cititrust customers during the winding down of the company. A number of Cititrust employees will likely be transitioned to other areas of Citigroup's businesses in Japan.

COMMITMENT TO JAPAN AND THE CUSTOMERS OF CITIGROUP JAPAN

Citigroup assures its customers, staff and the public that management will pay close attention to their needs and any concerns. Citigroup will act decisively, thoroughly and quickly to ensure that every aspect of its business operations in Japan complies with the law, with regulatory requirements and with the level of governance and transparency that is expected of a financial institution that has operated in Japan for more than 100 years.

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