New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU, NYC PENSION FUNDS PRESENT AUDIT CASE TO CITIGROUP SHAREHOLDERS

Comptroller Calls on Shareholders to Support NYC Pension Funds' Proposal for Independent Audit of Bank's Foreclosure Practices

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NEW YORK, NY – City Comptroller John C. Liu today called on fellow Citigroup (NYSE:C) shareholders to advance the NYC Pension Funds' proposal that the bank launch an independent audit of its mortgage and foreclosure practices. The Comptroller's letter to shareholders comes in advance of a vote on the Pension Funds' proposal at Citigroup's annual shareholders meeting on April 21.

"We argued our case to Citigroup's board, but the directors responded with complacency," Comptroller Liu said. "Now we're taking our case to shareholders."

Last month, the Securities and Exchange Commission upheld the Pension Funds' proposal over Citigroup's effort to have it blocked from a shareholder vote.

Citigroup's mortgage and foreclosure problems are borne by its investors, including 700,000 hardworking New York City workers and retirees, as well as millions of other taxpayers and local economies that are put at risk. Flaws in the mortgage pipeline at Citigroup and other banks may have contributed to high home foreclosure rates in New York City and elsewhere. An independent review, authorized by Citigroup's board, will assure shareholders that the bank has its own house in order.

The bank's assurance that it has corrected the flaws in its lending and foreclosure practices rings hollow and compels the Pension Funds and other shareholders to action.

As Comptroller Liu's letter to fellow shareholders makes clear, since the Pension Funds submitted its proposal to Citigroup in November, evidence has mounted that underscores the need for an independent audit of the bank's mortgage and foreclosure practices.

In January, reports of an internal review by Freddie Mac, revealed that 15% of the loans it purchased from Citigroup between mid-2009 and mid-2010 were flawed by faulty documentation. On Feb. 26, Citigroup disclosed that legal and regulatory scrutiny of its mortgage practices created serious financial risk for the bank and its investors.

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Shareholders of Wells Fargo and Bank of America will vote on the Funds' independent audit proposal at their annual meetings on May 3 and May 11, respectively.

The letter was released at the Council of Institutional Investors spring meeting by the Comptroller's Executive Director for Corporate Governance Michael Garland.

The NYC Pension Funds have a long history of shareholder proposals that have brought about positive change on environmental, social and governance issues, including requiring disclosure of political contributions, reining in excessive CEO pay and prohibiting discrimination based on sexual orientation and gender identity.

The City Comptroller serves as the investment advisor to, custodian and trustee of the New York City Pension Funds. The New York City Pension Funds are comprised of the New York City Employees' Retirement System, Teachers' Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund and the Board of Education Retirement System.

The New York City Pension Funds hold a combined 62,089,421 shares in Citigroup (NYSE:C) for a combined asset value of $274,435,240.82 as of 3/31/2011.

LETTER TO CITIGROUP SHAREHOLDERS:

Dear fellow Citigroup shareholder:

On behalf of the New York City Pension Funds ("NYC Funds"), I urge you to vote FOR Proposal #12 at Citigroup's Annual Meeting of Shareholders on April 21, 2011. The proposal calls on the audit committee of the board of directors to conduct an independent review of Citi's internal controls related to loan modifications, foreclosures and securitizations and to issue a report to shareholders with findings and recommendations.

The NYC Funds have $113 billion in assets and are substantial long-term Citi shareholders, with 62 million shares of common stock valued at $276 million as of March 30, 2011. As New York City Comptroller, I serve as the investment advisor to, as well as the custodian and trustee of, the NYC Funds. Since we submitted our proposal in November 2010:

- examinations by federal banking regulators of the foreclosure processes of the 14 largest mortgage servicers found critical internal control weaknesses;

- an internal review by Freddie Mac found 15 percent of performing loans it purchased from Citi from mid-2009 to mid-2010 -- **i.e. recent loans** -- had faulty documentation, according to news reports; and

- a group of institutional shareholders with 227 million Citi shares sent a January 6 letter urging Citi's audit committee to immediately conduct an independent review of Citi's mortgage-related controls. Led by the NYC Funds, the $432 billion coalition includes state funds from Connecticut, Illinois, New York, North Carolina and Oregon. The committee reviewed the letter but did not act.

Mortgage and foreclosure irregularities not only harm homeowners and the economy, they also expose Citi to substantial financial, legal and reputational risks. In fact, Citi disclosed for the first time, in its 2010 Form 10K (p. 75) dated February 26, 2011, that legal and regulatory scrutiny of its mortgage practices are a material risk.

By voting FOR Proposal #12, shareholders can encourage Citi's board to take the steps necessary to reassure shareholders, as well as regulators, legislators and mortgage market participants, that Citi's internal controls are robust and adhere to best practices.

I urge you to review the enclosed Investor Advisory for additional information on why you should support Proposal #12. Please contact Michael Garland, Executive Director for Corporate Governance, at 212-669-2517 for additional information.

Sincerely,

John C. Liu

Additional Reasons to Support Proposal #12 at Citigroup's 2011 Annual Meeting

Investor Advisory from the

New York City Comptroller's Office and Pension Funds

Recent legal and regulatory developments underscore need for independent review

- The Congressional Oversight Panel, in its November 2010 report, characterized the view expressed by large banks that "current concerns over foreclosure irregularities are overblown" as the best case scenario and warned of severe capital losses in the worst case. The COP calculated industry exposure from mortgage put-backs -- the largest source of potential instability -- at $52 billion, which it said would be borne mainly by the four largest banks, including Citi.

- Federal regulators examining the foreclosure practices of the major mortgage servicers found "critical deficiencies and shortcomings" that "resulted in violations of state and local foreclosure laws, regulations, or rules," according to February 17, 2011 Congressional testimony by John Walsh, Acting Comptroller of the Currency. "Outside the scope of the foreclosure review," Walsh added," we have also seen servicing-related problems arise for borrowers seeking mortgage relief."

- A broad coalition of state attorneys general and federal agencies are reportedly pushing for banks to pay more than $20 billion in civil fines as part of a unified settlement relating to improper foreclosure practices. (*Bloomberg*, 2/24/11)

- Mortgage-related lawsuits filed against Citi jumped 174% from 2008 to 2010, according to *Bloomberg*, while all other types rose 21% As a result, mortgage-related lawsuits accounted for 25% of total cases in 2010, up from 13% in 2008. Based on cases filed through March 20, mortgage-related lawsuits are on track to surge an additional 134% in 2011.

Ongoing disclosures suggest unresolved internal control problems at Citi

- An internal Freddie Mac review found that 15 percent of the performing loans it purchased from Citi from mid-2009 to mid-2010 -- **i.e. recent loans** -- had "missing appraisals or insurance documents or income miscalculations," according to *Bloomberg* (1/18/11); an expert quoted in the article said the target should be about 5 percent. The report prompted an Institutional Risk Analytics analyst to conclude that Citigroup continues to have significant problems with internal systems and controls.

- A former Citi mortgage executive testified to the Financial Crisis Inquiry Commission in April 2010 that from mid-2006 through 2007 management ignored his repeated internal control warnings. In a November 2007 email made public by the FCIC, he warned Robert Rubin, executive committee chair, and the CFO, senior risk officer and chief auditor, of "breakdowns of internal controls" and said "40-60% of [acquired mortgage] files are either outside of policy criteria or have documentation missing from the files."

Contrary to Citi's proxy statement, its audit committee has not conducted an independent review of internal controls, as the Securities and Exchange Commission recently affirmed.

- Citi's internal audit function is not independent, notwithstanding its reporting line to the Audit Committee. Moreover, relying on an internal audit team to review its own work presents an especially acute conflict.

- The SEC, in denying Citi's efforts to exclude Proposal #12 from its proxy statement, explicitly rejected management's argument that it had satisfied the proposal's request for an independent review.

- Recent regulatory examinations also do not satisfy the proposal's request, as some banks have argued. Examinations that could result in financial penalties are by their very nature adversarial and therefore do not promote a robust discussion of existing practices. In addition, the scope was limited and regulators did not disclose bank-specific findings.

In addition to Comptroller Liu, the New York City Pension Funds trustees are:

New York City Employees' Retirement System: Ranji Nagaswami, Mayor's Representative (Chair); New York City Public Advocate Bill de Blasio; Borough Presidents: Scott Stringer (Manhattan), Helen Marshall (Queens), Marty Markowitz (Brooklyn), James Molinaro (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelsen, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

Teachers' Retirement System: Ranji Nagaswami, Mayor's Representative; Deputy Chancellor Kathleen Grimm, New York City Department of Education; Mayoral appointee Tino Hernandez; and Sandra March, Melvyn Aaronson and Mona Romain, all of the United Federation of Teachers.

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New York City Police Pension Fund: Mayor Michael Bloomberg; New York City Finance Commissioner David Frankel; New York City Police Commissioner Raymond Kelly (Chair); Patrick Lynch, Patrolmen's Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Thomas Sullivan, Lieutenants Benevolent Association; and, Roy T. Richter, Captain's Endowment Association.

New York City Fire Department Pension Fund: Mayor Michael Bloomberg; New York City Fire Commissioner Salvatore Cassano (Chair);New York City Finance Commissioner David Frankel; Stephen Cassidy, President, James Slevin, Vice President, Robert Straub, Treasurer, and John Kelly, Brooklyn Representative and Chair, Uniformed Firefighters Association of Greater New York; John Dunne, Captains' Rep.; James Lemonda , Chiefs' Rep., and James J. McGowan, Lieutenants' Rep., Uniformed Fire Officers Association; and, Sean O'Connor, Marine Engineers Association.

Board of Education Retirement System: Schools Chancellor Cathleen Black, Mayoral: Philip Berry, Gitte Peng, Robert Reffkin, Tino Hernandez, Joe Chan, Tomas Morales, Linda Laursell Bryant, and Lisette Nieves; Patrick Sullivan (Manhattan BP), Gbubemi Okotieuro (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), Joan Correale (Staten Island BP), and Monica Major (Bronx BP); and employee members Joseph D'Amico of the IUOE Local 891 and Milagros Rodriguez of District Council 37, Local 372.

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