

As stated above, TCE is a non-GAAP financial measure. Citigroup's management believes TCE is useful because it is a measure utilized by regulators and market analysts in evaluating a company's financial condition and capital strength. TCE, as defined by Citigroup, represents Common equity less Goodwill and intangible assets (excluding MSRs) net of the related deferred tax liabilities. Other companies may calculate TCE in a manner different from Citigroup. A reconciliation of Citigroup's total stockholders' equity to TCE follows:

(in millions of dollars)	June 30, 2009 (Preliminary)
Citigroup's Total Stockholders' Equity	\$ 152,302
Less:	
Preferred Stock	<u>74,301</u>
Common Equity	78,001
Less:	
Goodwill - as reported	25,578
Intangible Assets (other than MSR's) - as reported	10,098
Goodwill and Intangible Assets - recorded as Assets of Discontinued Operations Held for Sale	3,618
Less: Related Net Deferred Tax Liabilities	<u>1,296</u>
Tangible Common Equity (TCE)	<u>\$ 40,003</u>
Approximate increase to TCE from the Exchange Offer	<u>\$ 60,000</u>
Approximate TCE (reflecting the impact of the Exchange Offer)	<u>\$ 100,003</u>

Preliminary. Citigroup will file its June 30, 2009 Form 10-Q in early August 2009.

Tier 1 Common is a non-GAAP financial measure. Citigroup's management believes Tier 1 Common is a useful measure because it is a measure used by banking regulators in evaluating a company's financial condition and capital strength and thus investors desire to see this information. Tier 1 Common was developed by the banking regulators and is defined as Tier 1 Capital less non-common elements including qualified perpetual preferred stock, qualifying noncontrolling interests in subsidiaries and qualifying trust preferred securities. A reconciliation of Tier 1 Common to Citigroup's common stockholder's equity is included below.

**June 30
2009
(Preliminary)**

In millions of dollars, except ratios

Tier 1 Common	
Citigroup common stockholders' equity	\$ 78,001
Less: Net unrealized gains (losses) on securities available-for-sale, net of tax ⁽¹⁾	(7,055)
Less: Accumulated net losses on cash flow hedges, net of tax	(3,665)
Less: Pension liability adjustment, net of tax ⁽²⁾	(2,611)
Less: Cumulative effect included in fair value of financial liabilities attributable to credit worthiness, net of tax ⁽³⁾	2,496
Less: Disallowed deferred tax assets ⁽⁴⁾	24,672
Less: Intangible assets:	
Goodwill	26,111
Other disallowed intangible assets	10,023
Other	(893)
Total Tier 1 Common	\$ 27,137
Qualifying perpetual preferred stock	\$ 74,301
Qualifying mandatorily redeemable securities of subsidiary trusts	24,034
Qualifying noncontrolling interest	1,082
Total Tier 1 Capital	\$ 126,554

Preliminary. Citigroup will file its June 30, 2009 Form 10-Q in early August 2009.

- (1) Tier 1 Capital excludes net unrealized gains (losses) on available-for-sale debt securities and net unrealized gains on available-for-sale equity securities with readily determinable fair values, in accordance with regulatory risk-based capital guidelines. In arriving at Tier 1 Capital, institutions are required to deduct net unrealized losses on available-for-sale equity securities with readily determinable fair values, net of tax.
- (2) The Federal Reserve Board granted interim capital relief for the impact of adopting SFAS 158.
- (3) The impact of including Citigroup's own credit rating in valuing liabilities for which the fair value option has been elected is excluded from Tier 1 Capital, in accordance with regulatory risk-based capital guidelines.
- (4) Of Citi's approximately \$42 billion of net deferred tax assets at June 30, approximately \$13 billion of such assets were includable without limitation in regulatory capital pursuant to the risk-based capital guidelines, while approximately \$25 billion of such assets exceeded the limitation imposed by these guidelines and, as "disallowed deferred tax assets," were deducted in arriving at Tier 1 Capital. Citi's other approximately \$4 billion of net deferred tax assets at June 30, 2009 primarily represented the deferred tax effects of unrealized gains and losses on available-for-sale debt securities, which are permitted to be excluded prior to deriving the amount of net deferred tax assets subject to limitation under the guidelines.

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