



EMPLOYEES PENSION PLAN

July 18, 2008

Committee

Gerald W. McEntee

William Lucy

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Henry C. Scheff

Sir Winfried Bischoff
Chairman of the Board
c/o the Corporate Secretary
Citigroup Inc.
399 Park Avenue
New York, NY 10043

Dear Sir Bischoff:

I am writing to you as Chairman of the AFSCME Employees Pension Plan (the PlanTM). AFSCME is the nation's largest public service employees union. We represent more than 1.5 million members who participate in public pension systems across the country that hold approximately 3 percent of Citigroup's outstanding shares. The Plan is a long-term shareholder that manages \$850 million in assets for its participants and holds approximately 120,000 shares of Citigroup.

On behalf of the Plan, I am writing to request the board begin to restore shareholder value that currently is trapped in the sprawling financial supermarket approach. We believe shareholders have been ill-served by the structure left by the growth-by-acquisition strategy employed by our company in the nineties. We believe this structure has been too big and unwieldy to properly oversee, and that this lack of focus has led us to the lowest share price since the company was founded. Over the last year, Citigroup shares have fallen by more than two-thirds while shareholders have seen more than \$180 billion in equity lost. Our company will need to move nimbly in addressing the continuing losses that have mounted from Citigroup's overexposure to losses in subprime mortgages, complex debt and deteriorating consumer credit.

Do What You Know Well

We believe much of our company's financial underperformance and subsequent loss of shareholder equity can be attributed to a lack of coherent strategy. After Glass-Steagall was repealed, the wall separating banks, securities firms and insurance companies came down, but this led to the overgrowth, sprawl, and lack of communication among Citigroup's business units. Shareholders find Citigroup as currently composed to be an incredibly complex organization to analyze and value, and shareholder confusion extends to understanding Citigroup's earnings. We believe the list of Citigroup's subsidiaries illustrates the over complexity of Citigroup's business reach -- the list attached to the annual report is 54 pages long. While the stock price has been dropping in large part because of the mounting subprime losses, we contend that much of the current depression of the stock price reflects investor confusion over Citigroup's sprawling makeup.

American Federation of State, County and Municipal Employees, AFL-CIO

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The current crisis illustrates the shortcomings of the financial supermarket approach, at least as practiced by Citigroup. Although supporters of this model touted the benefits of synergies between business units, it turns out that such connectedness can be damaging as well as helpful—witness the impact of subprime throughout different Citigroup businesses—and the supposed diversification afforded by the financial supermarket model does not appear to have done much to cushion Citigroup's earnings. The management challenges posed by differing information systems, compensation approaches and cultures are significant and consumers have not embraced the notion of a single provider as enthusiastically as some predicted.

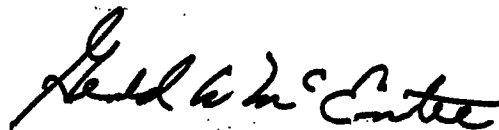
Although Citigroup has sold assets over the past several months, its leadership has not articulated a clear vision for the company going forward. We were disappointed by media reports that a recent meeting with 60 top Citigroup executives seemed to focus on shallow platitudes and not on corporate strategy. Not only is it unclear which assets are considered "non-core" and thus likely to be sold, but shareholders have not been given any sense of how Citigroup plans to grow revenues.

Offset Mounting Losses and Regain Focus

Citigroup lost close to \$15 billion in the six months ended March 31, and today Citigroup posted a second-quarter loss of \$2.5 billion. How many more losses can our company as currently composed withstand? Our company's strategy of growth by acquisition has drained needed capital. And the resulting conglomeration of businesses led to risk blinders that failed to shield Citigroup from heavy exposure to subprime mortgages.

We believe that the recent sale of the German retail bank operations to Credit Mutuel is a start to shedding non-core assets and raising much-needed capital. But much more is needed, beyond asset sales. Citigroup shareholders would benefit from a strategic plan that would implement a vision for a new more rationally focused company that would create value for shareholders. A place to start could be to break Citigroup into two separate entities—one for securities/investment banking and one for retail banking. Such a move would clarify Citigroup's financial position, would unlock value, and would allow greater focus in each core area, rather than the unwieldy jumble that has jeopardized our company's financial position and led to the loss of so much shareholder value. If you have any questions, please feel free to contact Richard Ferlauto, Director, Corporate Governance and Investment Policy at (202) 429-1275.

Sincerely,



GERALD W. McENTEE
Chairman