

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NOVA  
SCOTIA, NEWFOUNDLAND AND LABRADOR AND PRINCE EDWARD ISLAND

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
CITIGROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador and Prince Edward Island (the "Jurisdictions") has received an application from Citigroup Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that: (a) the requirements contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") and to be registered to trade in a security (the "Registration Requirements") shall not apply to certain trades to be made in stock options (the "Options") and common shares (the "Shares") of the Applicant made in connection with the Applicant's equity award programs (collectively, the "Program") (b) the Registration Requirements shall not apply to the first trades in Shares; and (c) the requirements contained in the Legislation pertaining to bids to acquire or redeem securities of an issuer made by the issuer (the "Issuer Bid Requirements") shall not apply to certain acquisitions of Shares in accordance with the Program.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Applicant has represented to the Decision Makers as follows:

1. The Applicant is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers throughout the world. The Applicant was incorporated on March 8, 1988 under the laws of the State of Delaware of the United States of America.
2. The Applicant carries on business in Canada through a number of financial service subsidiaries (the "Canadian Subsidiaries" and together with the Applicant, the "Group"). Each Canadian Subsidiary is directly or indirectly controlled by the Applicant.

3. The Applicant's authorized capital consists of 15 billion Shares and 30 million preferred shares. As at December 31, 2002, there were 5,140,671,880 Shares and 5,350,000 preferred shares of the Applicant issued and outstanding.
4. The Applicant's Shares are listed in the United States on the New York Stock Exchange (the "NYSE") and the Pacific Exchange (the "PE"), as well as being listed in Mexico on the Bolsa Mexicana de Valores (the "Bolsa" and together with the NYSE and the PE, the "Foreign Exchanges"). The Applicant is subject to the rules and regulations of each of the Foreign Exchanges and its Shares trade under the symbol "C". The Shares are not currently listed for trading on any stock exchange in Canada, and there is no intention to have the Shares so listed.
5. The Applicant is registered with the United States Securities and Exchange Commission ("SEC") under the United States *Securities Exchange Act* of 1934, as amended, (the "1934 Act"). The Applicant is not in default of the requirements of the 1934 Act, nor is it exempt from the reporting requirements of the 1934 Act.
6. There are approximately 5,400 Canadian resident employees, directors and officers of Canadian affiliates of the Applicant ("Eligible Participants") eligible or expected to participate in the Program, of which approximately 158 are resident in British Columbia, 181 are resident in Alberta, 32 are resident in Saskatchewan, 46 are resident in Manitoba, 4,000 are resident in Ontario, 95 are resident in Nova Scotia, 124 are resident in Newfoundland and Labrador and 18 are resident in Prince Edward Island.
7. As at February 27, 2003, residents of Canada did not represent in number more than 1.5% of the total number of owners directly or indirectly of Shares, and such persons did not own directly or indirectly more than 1.5% of the total number of Shares outstanding.
8. The Applicant is a reporting issuer in Ontario, Saskatchewan and Québec (the "Reporting Jurisdictions"). The Applicant became a reporting issuer in Ontario, Saskatchewan and Québec on September 9, 1994, October 8, 1998 and June 17, 1999, respectively. The Applicant is not a reporting issuer or the equivalent in any other jurisdiction of Canada. The Applicant has no intention of becoming a reporting issuer in any other Canadian jurisdiction in which it is not currently a reporting issuer.
9. To the Applicant's knowledge, it is not in default of the securities legislation of the Reporting Jurisdictions.
10. On March 14, 2002, a notice of election to become an electronic filer was filed and the Applicant has since been an electronic filer under National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR).
11. The Program generally consists of four main equity programs: the stock option program ("SOP"), Citigroup ownership program ("COP"), the capital accumulation program ("CAP") and the employee stock purchase program ("ESPP"). The Program is used by the Applicant to attract and retain employees, directors and officers to provide incentives and to align the interests of the employees, directors and officers with the financial interests of the Group with the primary goal

of increasing employee, director and officer ownership of the Applicant, and enabling the employees, directors and officers to participate in the long-term growth and success of the Applicant.

12. Participation in the Program is voluntary and Eligible Participants have not been, and will not be, induced to participate in the Program or to exercise Options or to purchase Shares by expectation of employment or continued employment with the Group.

13. The total number of Shares reserved for issuance through operation of the Program is not more than 10% of the total number of issued and outstanding Shares as at December 31, 2002.

14. The Program is subject to regulatory oversight by the SEC and Canadian participants will receive copies of communications to employees, directors and officers describing the SOP, COP, CAP and/or ESPP, as applicable. All disclosure materials relating to the Applicant furnished to eligible participants resident in the United States, such as annual reports, proxy materials and other continuous disclosure materials which are required to be filed with the SEC, are also furnished at the same time and in the same manner to Eligible Participants resident in Canada.

15. As there is a *de minimus* market for the Shares in Canada, and the Shares are not listed on a Canadian stock exchange, first trades of Shares by Eligible Participants resident in Canada will be affected through the facilities of, and in accordance with, the rules and regulations of the Foreign Exchanges.

16. The Applicant uses the services of an agent in connection with the administration and operation of the Program (the "Program Agent"). The role of the Program Agent may generally include: (a) disseminating information and materials to Eligible Participants; (b) assisting with the general administration of the Program and providing certain record keeping services; (c) facilitating option exercises; (d) maintaining accounts on behalf of participants under the Program; (e) holding Shares on behalf of participants; and (f) facilitating the resale of Shares acquired under the Program.

17. Salomon Smith Barney Inc. ("SSB") has been appointed by the Applicant to act as the Program Agent. SSB is registered under United States securities legislation as a securities dealer and is registered in Ontario as an International Dealer.

18. Under each of the SOP, CAP and COP, Options may be granted by the Applicant to certain of its employees, officers and directors of the Group worldwide including Eligible Participants who are resident in Canada. Generally, each Option entitles an Eligible Participant to subscribe for one share after the lapse of a vesting period at a price determined at the time the Options are granted (the "Exercise Price"). The Options expire no more than ten years from the date of grant and are exercisable during that time in accordance with a vesting schedule, provided that the Eligible Participant remains in compliance with the applicable rules of the Program (which may and usually does require that the Eligible Participant remain continually employed by the Group during that time). The Shares issued under the SOP, CAP or COP, may be issued from treasury or purchased in open market transactions.

19. The Exercise Price for Options is equal to the fair market value (the "FMV") of the Shares for the period and using the method so determined by the Applicant in accordance with applicable SEC and NYSE rules and regulations. For example, the FMV may include, but is not limited to, the closing price of the Shares as quoted on the NYSE on the trading day immediately prior to the date on which the Option is granted or may be based on the average of the closing prices of the Shares for each of five business days prior to the date of the grant of the Option.

20. The methods of payment of the Exercise Price for Options, in accordance with the Program rules applicable to a particular award of Options, may include: (a) cash; (b) the use of proceeds from the immediate sale of all or a portion of the Shares otherwise issuable upon the exercise of the Option; (c) the use of Shares by the Eligible Participant that the Eligible Participant has already owned for at least six months prior to the date of exercise of the Option; and (d) by using a process of "attestation" (whereby the Eligible Participant "attests" that he or she has sufficient Shares, that have been owned for at least six months prior to the date of exercise of the Option, that are greater in value than the exercise cost of the Option).

21. In accordance with Program rules applicable to a particular award of Options, Eligible Participants may satisfy any tax withholding obligation on the exercise of an Option in the following ways: (a) in cash; (b) by having Shares withheld from the Shares otherwise issuable upon the exercise of an Option; and (c) by the use of proceeds from the sale of Shares otherwise issuable upon exercise of an Option.

22. In certain circumstances, former employees, directors and officers of the Applicant and its Canadian affiliates who were Eligible Participants ("Former Participants") may exercise Options for a limited time following the termination of employment by reason of job discontinuance, disability, leave of absence, retirement or involuntary termination.

23. Upon the death of the Eligible Participant, in accordance with the applicable Program rules, Options may be exercised by the estate of the Eligible Participant or designated beneficiary, or, in the absence of a designated beneficiary, by another individual or entity, so designated by will or the laws of descent and distribution, (all such persons collectively, the "Permitted Transferees).

24. In accordance with applicable Program rules, an Eligible Participant who is selected to receive a total discretionary incentive and retention award that has a value equal to, or greater than, a certain eligibility threshold, will receive a percentage of that award in the form of a cash incentive bonus, and a percentage in the form of a restricted stock ("Restricted Stock") or deferred stock ("Deferred Stock" and together with Restricted Stock, the "CAP Shares") award.

25. An award of CAP Shares vests in accordance with the vesting schedule applicable to that award (which to date, has generally been three years from the date of the award) pursuant to the terms of the Program, which may and usually do require that from the award date, the Eligible Participant remain continually employed by the Group during the applicable vesting period.

26. Restricted Stock and Deferred Stock are subject to transfer restrictions and risk of cancellation during the vesting period following the date of the award. Ultimate unconditional

delivery of Restricted Stock and Deferred Stock may be and usually is contingent on the continued employment of the Eligible Participant throughout the vesting period.

27. An Eligible Participant who is awarded Restricted Stock pursuant to an award of CAP Shares is entitled to full voting and dividend rights during the vesting period. An Eligible Participant who receives an award of Deferred Stock pursuant to an award of CAP Shares will receive dividend equivalent payments during the vesting period at or about the same time as dividends are distributed to holders of Shares. Recipients of Deferred Stock awards do not have any voting or other shareholder rights during the vesting period. The determination as to whether an employee receives an award of CAP Shares containing Restricted Stock or Deferred Stock is made in the sole discretion of the Applicant in accordance with the applicable terms of the Program.

28. The number of CAP Shares awarded is a U.S. dollar value divided by the FMV of one Share, (as established by the Applicant pursuant to the Program in accordance with applicable SEC and NYSE regulation) discounted by a percentage determined by the Applicant pursuant to the Program in accordance with applicable SEC and NYSE regulation (e.g. 25% for 2003). The FMV is calculated as the average closing price of Shares for a defined period immediately preceding the award date.

29. Upon the death of an Eligible Participant, in accordance with applicable Program rules, CAP Shares may be distributed to Permitted Transferees.

30. Certain Eligible Participants may be offered the choice of electing to receive their award in the form of a combination of CAP Shares and Options (a "CAP Award"), as opposed to Restricted or Deferred Stock exclusively. If an Eligible Participant is offered, and chooses this alternative, the terms of the Options granted under the CAP Award will be identical to the description of Options provided above in accordance with the applicable Program rules.

31. Further, certain Eligible Participants may also be offered the opportunity to elect to receive an award under the SOP in the form of Options and Deferred Stock or Restricted Stock (as opposed to Options exclusively) in accordance with the provisions of the Program applicable to the particular Eligible Participant and a particular award. The size of any equity award made under the Program shall be within the sole discretion of the Applicant.

32. The ESPP enables Eligible Participants to purchase Shares using funds accumulated by way of authorized payroll deductions during separate offering periods of varying duration.

33. At the end of an offering period applicable to an Eligible Participant, such participant will be entitled to use the accumulated amounts deducted from their payroll, plus interest accumulated thereon, to purchase Shares at a price as determined by the applicable Program rules at the beginning of the applicable offering period (the "Offering Price"). In certain circumstances, an Eligible Participant may use the accumulated funds to make a purchase of Shares earlier than the end of the offering period. The Offering Price is the fair market value of the Shares as determined by the Applicant over a specified period in accordance with applicable Program provisions and SEC and NYSE rules and regulations.

34. Under the ESPP, if the price of Shares on the closing date of the applicable offering period is lower than the Offering Price, all funds accumulated on behalf of the Eligible Participant (plus accrued interest) shall be refunded to such participant.

35. The Legislation of all of the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for all the intended trades under the Program, including trades made through the Program Agent.

36. The exemptions in the Legislation may not be available in connection with certain first trades of Shares because the Applicant is a reporting issuer in certain Canadian jurisdictions.

37. The exemptions in the Legislation from the Issuer Bid Requirements may not be available for all acquisitions of Shares under the Program and acquisitions may occur at a price that is not calculated in accordance with the "market price" as that term is defined in the Legislation.

AND WHEREAS pursuant to the System, this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1.the Registration Requirements and Prospectus Requirements shall not apply to any trades or distributions of Options or Shares made in connection with the Program, including trades and distributions involving the Applicant, Eligible Participants, Former Participants or Permitted Transferees and trades carried out with or through the Program Agent, provided that:

- (i) participation in the trade by the Eligible Participants, Former Participants or Permitted Transferees is voluntary;
- (ii) the Applicant is listed on the NYSE; and
- (iii) the first trade in Shares acquired pursuant to the Program will be deemed to be a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.6 of Multilateral Instrument 45-102 - Resale of Securities are satisfied;

2.the first trade in Shares acquired under the Program by an Eligible Participant, Former Participant, Permitted Transferee or the Program Agent, including first trades effected through the Program Agent shall not be subject to the Registration Requirements provided that:

- i. such trade is executed on the NYSE; and

ii. at the time of the acquisition of the Shares or Options, as applicable, residents of Canada

(a) did not own directly or indirectly more than 5 percent of the outstanding Shares; and

(b) did not represent in number more than 5 percent of the total number of owners directly or indirectly of Shares.

3.the Issuer Bid Requirements do not apply to the acquisition of Shares by the Applicant in accordance with the Program from an Eligible Participant, Former Participant, Permitted Transferee or the Program Agent acting on behalf of or for the benefit of any of the foregoing persons.

March 25, 2003.

"Robert L. Shirriff"

"Paul M. Moore"

Headnote

MRRS - prospectus and registration relief for trades of options and shares in connection with an employee incentive program involving the Applicant, Eligible Participants, Former Participants and certain Transferees - registration relief for first trades of shares acquired under such employee incentive program - issuer bid relief in connection with acquisition of shares under employee incentive plans.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am.

Applicable Ontario Rule

OSC Rule 45-503 - Trades to Employees, Executives and Consultants.

Applicable Instrument

Multilateral Instrument 45-102 - Resale of Securities.