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**CITIGROUP GLOBAL MARKETS  
INTERNATIONAL LLC  
AND SUBSIDIARY UNDERTAKINGS**

**Company No. 17421  
Branch No. 1079**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2008**



# Citigroup Global Markets International LLC

## CONSOLIDATED PROFIT & LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2008

	Notes	2008 \$ Million	2007 \$ Million
Net dealing income		1	-
Interest receivable	3	9	11
<b>Gross profit</b>		<u>10</u>	<u>11</u>
<b>Operating profit</b>		10	11
Foreign exchange gain		1	-
Share of associate's loss	7	(497)	(175)
Operating loss on ordinary activities before taxation		<u>(486)</u>	<u>(164)</u>
Tax on loss on ordinary activities	5	-	(2)
<b>Loss for the financial year</b>		<u><u>(486)</u></u>	<u><u>(166)</u></u>

All results are derived from continuing operations.

# Citigroup Global Markets International LLC

## CONSOLIDATED BALANCE SHEET (Unaudited)

as at 31 December 2008

	Notes	2008 \$ Million	2007 \$ Million
<b>Fixed assets</b>			
Investments	7	<u>2,528</u>	<u>1,837</u>
		2,528	1,837
<b>Current assets</b>			
Debtors	8	181	223
Cash at bank and in hand		<u>3</u>	<u>3</u>
		184	226
<b>Creditors: amounts falling due within one year</b>			
Creditors	9	(18)	(70)
<b>Net current assets</b>		<u>166</u>	<u>156</u>
<b>Net assets</b>		<u>2,694</u>	<u>1,993</u>
<b>Capital and reserves</b>			
Called up share capital	11	501	501
Capital reserve	12	3,599	2,412
Profit and loss account	12	(1,406)	(920)
<b>Shareholder's funds</b>		<u>2,694</u>	<u>1,993</u>

The financial statements on pages 1 to 12 were approved by the Board of Members on 27 January 2009 and were signed on their behalf by:

David Sharland

D. I. Sharland

Director

# Citigroup Global Markets International LLC

## PARENT COMPANY BALANCE SHEET (Unaudited)

as at 31 December 2008

	Notes	\$ Million	\$ Million
<b>Fixed assets</b>			
Investments	7	2,837	1,650
<b>Current assets</b>			
Debtors	8	178	219
<b>Creditors: amounts falling due within one year</b>	9	(17)	(68)
<b>Net current assets</b>		<u>161</u>	<u>151</u>
<b>Net assets</b>		<u>2,998</u>	<u>1,801</u>
<b>Capital and reserves</b>			
Called up share capital	11	501	501
Capital reserve	12	3,593	2,406
Profit and loss account	12	(1,096)	(1,106)
<b>Shareholder's funds</b>		<u>2,998</u>	<u>1,801</u>

The financial statements on pages 1 to 12 were approved by the Board of Members on 27 January 2009 and were signed on their behalf by:

*David Sharland*

D. I. Sharland

Director

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 1. Principal activity

Citigroup Global Markets International LLC ("the Company") was incorporated on 26 April 1993 in the State of Delaware, United States of America, and established a registered branch in England under Schedule 21A to the Companies Act 1985. Its principal activity is to act as an intermediate holding company.

### 2. Principal accounting policies

#### (a) Basis of presentation

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable in the United Kingdom and the Companies Act 1985.

The principal accounting policies, set out below, have been applied consistently throughout the current year and the preceding year.

The financial statements have been prepared in US Dollars, which is the functional currency of the Group, and any reference to \$ in these financial statements refers to US Dollars.

As permitted by FRS 1, 'Cash Flow Statements', the Group has not prepared a cash flow statement. The Group's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

Under the subsidiary undertakings exemption of FRS 8, 'Related Party Disclosures', the Group is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

#### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings to 31 December 2008 unless otherwise stated. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

#### (c) Financial Instruments

##### *Trading assets*

Financial instruments that have been acquired principally for the purpose of selling in the near term are classified as "held for trading". Trading assets are initially recognised at fair value on trade date and subsequently remeasured at fair value. Unrealised gains and losses from changes in fair value are reported in the Profit and Loss Account as net dealing income.

Financial assets classified as "held for trading" are the current asset investments.

##### *Loans and receivables*

Loans and accounts receivables are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method. Liabilities are measured at amortised cost using the effective interest rate method.

##### *Determination of fair value*

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market.

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 2. Principal accounting policies (continued)

#### (d) Trading income

Net dealing income includes gains and losses relating to financial instruments that are "held for trading" or designated at fair value, and includes all realised and unrealised fair value changes and foreign exchange differences.

#### (e) Fixed asset investments

Fixed asset investments, including subsidiary undertakings and associates, are stated in the Company's balance sheet at cost less any write down for diminution in value regarded as permanent.

#### (f) Taxation

Corporation tax is recognised on taxable profits/losses at the current rate. Deferred taxation, calculated on the liability method at the rate at which the liability is likely to be paid, is provided to take account of timing differences arising from the different treatment of certain items for taxation purposes and for financial statement purposes. No deferred taxation is provided on those differences where, in the opinion of the Directors, it is probable that they will not reverse. The tax benefits arising from group relief are recognised in the financial statements.

#### (g) Foreign currency

The Company and Group's presentation and functional currency is US Dollars.

#### *Group and Company*

Monetary assets and liabilities denominated in currencies other than US dollars have been translated into US dollars using the year end spot exchange rates. Non-monetary assets and liabilities, denominated in currencies other than US dollars have been translated at the relevant historical exchange rates. Transactions in foreign currencies are translated into US dollars at rates of exchange approximating those at transaction date. Any exchange profits and losses are taken to the profit and loss account as incurred.

#### *Group*

Exchange differences arising from the re-translation of opening net investments in subsidiary undertakings at year end exchange rates and from translation of the results of those subsidiaries at average rates are taken to reserves.

### 3. Interest receivable and interest payable

	2008 \$ Million	2007 \$ Million
Interest receivable on loans to other group undertakings	9	11
Net interest income	<u>9</u>	<u>11</u>

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 4. (Loss)/ profit on ordinary activities before taxation

	2008 \$ Million	2007 \$ Million
Operating expenses include:		
Auditor's remuneration:		
Fees payable for the audit of the annual statutory accounts	0.02	0.03

The Company has no employees. All employees of the Group are employed by Citigroup Global Markets Limited and Citibank N.A.

### 5. Tax on (loss)/profit on ordinary activities

#### (a) Analysis of tax charge in the year:

	2008 \$ Million	2007 \$ Million
<b>Current tax:</b>		
UK corporation tax	-	(3)
Adjustment in respect of corporation tax for previous years	-	1
Total current tax (Note 5(b))	<u>-</u>	<u>(2)</u>

#### (b) Factors affecting tax charge for the year:

	2008 \$ Million	2007 \$ Million
(Loss)/profit on ordinary activities before tax	<u>(486)</u>	<u>(164)</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 30%)	138	49
Effects of:		
Group Relief for nil consideration	3	-
Consolidation adjustment: associate's (loss)/ profit	(139)	(52)
Adjustments to tax charge in relation to previous years	(2)	1
Current tax charge for year	<u>-</u>	<u>(2)</u>

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 6. Directors' emoluments

The Company's Directors remuneration in respect of services to the Group was as follows:

	2008 \$ '000	2007 \$'000
Aggregate emoluments	6	8

The contributions to the money purchase pension schemes are accruing to one of the Directors (2007: one). The Directors of the Company participate in a parent company share plan. None of the Directors of the Company participates in a parent company share option plan and during the year none of the Directors exercised options (2007: one).

The emoluments of the highest paid Director were \$5,890 (2007: \$7,544). During the year the highest paid Director did not exercise any share options.

### 7. Fixed asset investments

#### Company

#### (a) Investment in associate and subsidiary undertakings:

	2008 \$ Million	2007 \$ Million
At 1 January	1,650	184
Capital contribution	1,187	1,641
Impairment provision	-	(175)
Cost at 31 December	<u>2,837</u>	<u>1,650</u>

The Groups principal subsidiary undertakings, all of which are registered in England and Wales unless otherwise specified, are set out below. A schedule of all interests in subsidiary undertakings will be attached to the Company's Annual Return to the Registrar of Companies.

Company	Class of shares	% holding in ordinary share capital	Principal activity
Cheapside Holdings (Jersey) Limited	Ordinary	100%	Holding Company (registered in Jersey)
Tanneryle Limited	Ordinary	100%	Funding Company



# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 7. Fixed asset investments (continued)

#### (b) Investment in associate undertaking

##### Group

The group's share of net assets in the associate comprises:

	2008 \$ Million	2007 \$ Million
Fixed assets	41	25
Current assets	80,103	78,452
Current liabilities	(77,297)	(74,855)
Liabilities after one year	(295)	(1,796)
Prov for liab and charges, incl Net pension adjustments	(24)	(16)
Net pension assets	-	27
	<u>2,528</u>	<u>1,837</u>
Share of associate's (loss)/ profit	<u>(497)</u>	<u>(175)</u>

Group	Proportion of voting shares held by the Company	Principal activity
Citigroup Global Markets Europe Limited ("CGMEL")	34.92% (Effective interest 24.61%)	Holding company

### 8. Debtors

The following amounts are included in debtors:

	Group		Company	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Amounts falling due within one year:				
Due from other group undertakings	6	9	3	5
Due from associated undertakings	174	214	174	214
Corporation tax assets	1	-	1	-
	<u>181</u>	<u>223</u>	<u>178</u>	<u>219</u>

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 9. Creditors

The following amounts are included in creditors:

	Group		Company	
	2008 \$ Million	2007 \$ Million	2008 \$ Million	2007 \$ Million
Amounts falling due within one year:				
Due to other group undertakings	11	12	9	10
Due to associated undertakings	7	56	8	56
Other creditors and accruals	-	-	0	-
Corporation tax	-	2	-	2
	<u>18</u>	<u>70</u>	<u>17</u>	<u>68</u>

### 10. Financial instruments and risks

The Group holds financial instruments for operational purposes. The financial instruments held for trading are held as part of portfolios which are maintained and monitored by instrument or risk type.

The Group's approach to risk management is described below:

#### *Operational risk*

The operational risks of the Group are subject to periodic reviews by Citi Internal Audit and risk and control self-assessment reviews conducted by management.

#### *Credit risk*

The Group is exposed to credit risk to the extent that counterparties to financial instruments fail to discharge their obligations and the Group incurs a financial loss. The Group monitors and limits its exposure to credit risk through the application of Citi policies and procedures in relation to credit.

#### *Market Risk*

The following table shows the earlier of contractual re-pricing and maturity terms for each category of financial asset and liability. Positions may not be reflective of those in subsequent periods. In addition, significant variation in interest rate sensitivity may exist within the re-pricing periods presented and amount the currencies in which the Company has interest rate positions.

Group	Trading or non-interest bearing			
	3 months or less	3 months or less	1-5 years	Total
2008	\$ Million	\$ Million	\$ Million	\$ Million
<b>Assets</b>				
Cash	-	3	-	3
<b>Debtors:</b>				
Due from group undertakings	5	1	-	6
Due from associated undertakings	13	161	-	174
<b>Total financial assets</b>	<u>18</u>	<u>165</u>	<u>-</u>	<u>183</u>
<b>Liabilities</b>				
<b>Creditors:</b>				
Due to group undertakings	5	6	-	11
Due to associated undertakings	8	-	-	8
<b>Total financial liabilities</b>	<u>13</u>	<u>6</u>	<u>0</u>	<u>19</u>

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 10. Financial instruments and risks (continued)

Group	Trading or non-interest bearing	3 months or less	1-5 years	Total
	\$ Million	\$ Million	\$ Million	\$ Million
<b>2007</b>				
<b>Assets</b>				
Cash	-	3	-	3
Debtors:				
Due from group undertakings	5	4	-	9
Due from associated undertakings	24	190	-	214
<b>Total financial assets</b>	<b>29</b>	<b>197</b>	<b>-</b>	<b>226</b>
<b>Liabilities</b>				
Creditors:				
Due to group undertakings	2	10	-	12
Due to associated undertakings	56	-	-	56
<b>Total financial liabilities</b>	<b>58</b>	<b>10</b>	<b>-</b>	<b>68</b>

Current asset investments classified as "held for trading" are shown within 'Trading or non-interest bearing' which management believes most accurately reflects the short term nature of the trading activities.

#### *Fair values of financial instruments*

In the normal course of its operations, the Group enters into various financial instruments involving forward settlement. As discussed in Note 2(c), financial instruments are recorded at fair value or amortised cost.

In both 2008 and 2007, the Group carrying values of all financial assets and liabilities was substantially the same as the fair value.

Financial instruments 'held for trading' are priced with reference to a quoted market price for those instruments.

Given the short term nature and characteristics of amounts due to and from other Group and Associate companies, fair value has been assumed to be equivalent to carrying value.

### 11. Called-up share capital

The Company's share capital comprises:

	2008	2007
	Number	Number
Authorised:		
Class A Stock, without par value	1,000,000	1,000,000
Class B Stock, without par value	25,000	25,000
Class C Stock, without par value	31,327	31,327
Class D Stock, without par value	20,402	20,402
	<b>1,076,729</b>	<b>1,076,729</b>
	2008	2007
	\$ Million	\$ Million
Allotted and issued:		
980,140 Class A Stock, without par value	501	501

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

### 12. Reserves

Group	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
At 1 January	2,412	(920)	1,492
Capital contribution	1,187	-	1,187
Loss for the year	-	(486)	(486)
At 31 December	<u>3,599</u>	<u>(1,406)</u>	<u>2,193</u>

Company	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
At 1 January	2,406	(1,106)	1,300
Capital contribution	1,187	-	1,187
Profit for the year	-	10	10
At 31 December	<u>3,593</u>	<u>(1,096)</u>	<u>2,497</u>

### 13. Reconciliation of movements in shareholder's funds

	Group 2008 \$ Million	Company 2008 \$ Million
Balance at 1 January	1,993	1,801
Capital contribution (Loss) / profit for the year	1,187 (486)	1,187 9
Balance at 31 December	<u>2,694</u>	<u>2,997</u>

# Citigroup Global Markets International LLC

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 14. Post balance sheet events

On 30 April 2009 the Company sold its investment in JHSW Limited to CGMEL for £669,000.

### 15. Group structure

The Company's immediate parent undertaking is CFPI, registered in the State of Delaware, United States of America. The Company's parent company and ultimate controlling party is Citigroup Inc., incorporated in the State of Delaware, United States of America.

The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from [www.citigroup.com/citi/corporategovernance/ar.htm](http://www.citigroup.com/citi/corporategovernance/ar.htm).