

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

**Company No. FC017421  
Branch No. BR001079**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2010**

1



## CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

### CONSOLIDATED PROFIT AND LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2010

	Notes	2010 \$ Million	2009 \$ Million
Interest receivable	2	1	3
<b>Gross profit</b>		<u>1</u>	<u>3</u>
Dividend income		891	-
Operating expenses	3	-	(1)
<b>Operating profit</b>		<u>892</u>	<u>2</u>
Share of associate's (loss)/profit	6	(784)	644
Operating profit on ordinary activities before taxation		<u>108</u>	<u>646</u>
Tax on profit on ordinary activities	4	-	-
<b>Profit for the financial year</b>		<u><u>108</u></u>	<u><u>646</u></u>

The accompanying notes on pages 4 to 12 form an integral part of these financial statements

There are no recognised gains or losses other than the profit for the year

All results are derived from continuing operations

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

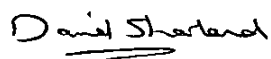
## CONSOLIDATED BALANCE SHEET (Unaudited)

as at 31 December 2010

	Notes	2010 \$ Million	2009 \$ Million
<b>Fixed assets</b>			
Investments	6	<u>2,389</u>	<u>3,172</u>
		2,389	3,172
<b>Current assets</b>			
Debtors	7	<u>211</u>	<u>197</u>
		211	197
<b>Creditors: amounts falling due within one year</b>			
Creditors	8	(24)	(28)
		<u>187</u>	<u>169</u>
<b>Net current assets</b>		187	169
<b>Net assets</b>		<u>2,576</u>	<u>3,341</u>
<b>Capital and reserves</b>			
Called up share capital	10	501	501
Capital reserve	11	2,726	3,599
Profit and loss account	11	(651)	(759)
		<u>2,576</u>	<u>3,341</u>
<b>Total shareholder's funds</b>		<u>2,576</u>	<u>3,341</u>

The accompanying notes on pages 4 to 12 form an integral part of these financial statements

The financial statements on pages 1 to 12 were approved by the Directors on 31 January 2012 and were signed on their behalf by



D I Sharland  
Director

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

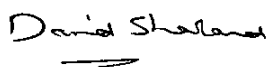
## COMPANY BALANCE SHEET (Unaudited)

as at 31 December 2010

	Notes	2010 \$ Million	2009 \$ Million
<b>Fixed assets</b>			
Investments	6	<u>2,683</u>	<u>2,832</u>
		2,683	2,832
<b>Current assets</b>			
Debtors	7	<u>211</u>	<u>197</u>
		211	197
<b>Creditors: amounts falling due within one year</b>			
Creditors	8	(28)	(33)
<b>Net current assets</b>		<u>183</u>	<u>164</u>
<b>Net assets</b>		<u>2,866</u>	<u>2,996</u>
<b>Capital and reserves</b>			
Called up share capital	10	501	501
Capital reserve	11	2,720	3,593
Profit and loss account	11	(355)	(1,098)
<b>Total shareholder's funds</b>		<u>2,866</u>	<u>2,996</u>

The accompanying notes on pages 4 to 12 form an integral part of these financial statements

The financial statements on pages 1 to 12 were approved by the Directors on 31 January 2012 and were signed on their behalf by



DI Sharland  
Director

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

### 1. Principal accounting policies

#### (a) Basis of presentation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies, set out below, have been applied consistently throughout the current and 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 2010 unless otherwise stated. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

No profit and loss account is presented for the Company, as permitted by Section 408 of the Companies Act 2006.

#### (c) Financial instruments

##### *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.

#### (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.

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

### 1. Principal accounting policies (continued)

#### (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 recorded using the rate of exchange at the date of the transaction. 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.

### 2. Interest receivable

	2010 \$ Million	2009 \$ Million
Interest receivable on loans to other group undertakings	<u>1</u>	<u>3</u>

### 3. Operating expenses

	2010 \$ Million	2009 \$ Million
Operating expenses include		
Auditor's remuneration		
Fees payable to the Group's auditor for the audit of the Group's annual accounts	0.01	0.02

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

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

### 4. Tax on profit on ordinary activities

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

	2010 \$ Million	2009 \$ Million
Current tax		
UK corporation tax	-	-
Total current tax (Note 4(b))	<u>-</u>	<u>-</u>

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

	2010 \$ Million	2009 \$ Million
(Loss)/profit on ordinary activities before tax	<u>108</u>	<u>646</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	30	181
Effects of		
Dividend income not taxable	(249)	-
Expenses not deductible for tax purposes	42	-
Group relief for nil consideration	-	(1)
Consolidation adjustment associate's profit/(loss)	219	(180)
Consolidation adjustment write down of investment	(42)	-
Current tax charge for year	<u>-</u>	<u>-</u>

### 5. Directors' remuneration

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

	2010 \$ '000	2009 \$ '000
Aggregate emoluments	<u>9</u>	<u>7</u>

Contributions to the money purchase pension schemes are accruing to one of the Directors (2009 one) The Directors of the Company participate in a parent company share plan Two of the Directors of the Company participate in a parent company share option plan and during the year none of the Directors exercised options (2009 none)

The emoluments of the highest paid Director were \$5,629 (2009 \$5,143) During the year the highest paid Director did not exercise any share options

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

### 6. Fixed asset investments

#### Company

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

	2010 \$ Million	2009 \$ Million
At 1 January	2,832	2,837
Write down in investments	(149)	(5)
Cost at 31 December	<u>2,683</u>	<u>2,832</u>

The Group's 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 name	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

#### Group

##### (b) Investment in associate undertaking

The Group's share of net assets in the associate comprises

	2010 \$ Million	2009 \$ Million
Fixed assets	53	48
Current assets	61,128	60,462
Current liabilities	(57,910)	(55,068)
Liabilities after one year	(880)	(2,252)
Provision for liabilities and charges, net of pension assets	(2)	(18)
	<u>2,389</u>	<u>3,172</u>
Share of associate's profit/(loss)	<u>(784)</u>	<u>644</u>

Company name	Proportion of voting shares held by the Company	Principal activity
Citigroup Global Markets Europe Limited ("CGMEL")	34.92% (Effective interest 22.92%)	Holding company



# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

### 7 Debtors

	Group and Company	
	2010	2009
	\$ Million	\$ Million
Due from other group undertakings	23	5
Due from associated undertakings	188	192
	<u>211</u>	<u>197</u>

### 8. Creditors' amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	\$ Million	\$ Million	\$ Million	\$ Million
Due to other group undertakings	10	9	14	14
Due to associated undertakings	14	19	14	19
	<u>24</u>	<u>28</u>	<u>28</u>	<u>33</u>

### 9. 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 Citigroup 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 Citigroup policies and procedures in relation to credit.

#### *Market Risk*

The tables on the following page show 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 across the currencies in which the Group has interest rate positions.

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

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

Group	Trading or non-interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
<b>2010</b>			
<b>Assets</b>			
Debtors			
Due from group undertakings	5	18	23
Due from associated undertakings	17	171	188
<b>Total financial assets</b>	<u>22</u>	<u>189</u>	<u>211</u>
<b>Liabilities</b>			
Creditors			
Due to group undertakings	3	7	10
Due to associated undertakings	-	14	14
<b>Total financial liabilities</b>	<u>3</u>	<u>21</u>	<u>24</u>
<b>Group</b>	<b>Trading or non-interest bearing \$ Million</b>	<b>3 months or less \$ Million</b>	<b>Total \$ Million</b>
<b>2009</b>			
<b>Assets</b>			
Debtors			
Due from group undertakings	5	-	5
Due from associated undertakings	17	175	192
<b>Total financial assets</b>	<u>22</u>	<u>175</u>	<u>197</u>
<b>Liabilities</b>			
Creditors			
Due to group undertakings	1	8	9
Due to associated undertakings	-	19	19
<b>Total financial liabilities</b>	<u>1</u>	<u>27</u>	<u>28</u>

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

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

Company	Trading or non-interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
<b>2010</b>			
<b>Assets</b>			
Debtors			
Due from group undertakings	5	18	23
Due from associated undertakings	17	171	188
<b>Total financial assets</b>	<u>22</u>	<u>189</u>	<u>211</u>
<b>Liabilities</b>			
Creditors			
Due to group undertakings	7	7	14
Due to associated undertakings	-	14	14
<b>Total financial liabilities</b>	<u>7</u>	<u>21</u>	<u>28</u>
<b>2009</b>			
<b>Assets</b>			
Debtors			
Due from group undertakings	5	-	5
Due from associated undertakings	17	175	192
<b>Total financial assets</b>	<u>22</u>	<u>175</u>	<u>197</u>
<b>Liabilities</b>			
Creditors			
Due to group undertakings	6	8	14
Due to associated undertakings	-	19	19
<b>Total financial liabilities</b>	<u>6</u>	<u>27</u>	<u>33</u>

#### *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 1 (c) financial instruments are recorded at fair value or amortised cost.

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.

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

### 10. Called-up share capital

	2010 Number	2009 Number
<b>Authorised:</b>		
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
	<u>1,076,729</u>	<u>1,076,729</u>
	<b>2010 \$ Million</b>	<b>2009 \$ Million</b>
<b>Allotted and issued:</b>		
980,140 Class A Stock, without par value	<u>501</u>	<u>501</u>

### 11. Reserves

Group	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
At 1 January 2010	3,599	(759)	2,840
Profit for the year	-	108	108
Dividends paid	(873)	-	(873)
At 31 December 2010	<u>2,726</u>	<u>(651)</u>	<u>2,075</u>
	<b>Capital reserve \$ Million</b>	<b>Profit and loss account \$ Million</b>	<b>Total \$ Million</b>
<b>Company</b>			
At 1 January 2010	3,593	(1,098)	2,495
Profit for the year	-	743	743
Dividends paid	(873)	-	(873)
At 31 December 2010	<u>2,720</u>	<u>(355)</u>	<u>2,365</u>

# CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

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

	Group		Company	
	2010	2009	2010	2009
	\$ Million	\$ Million	\$ Million	\$ Million
Balance at 1 January	3,341	2,695	2,996	2,998
Profit for the year	108	646	743	(2)
Dividends paid	(873)	-	(873)	-
Balance at 31 December	<u>2 576</u>	<u>3 341</u>	<u>2 866</u>	<u>2,996</u>

### 13. Post balance sheet events

On 2 May 2011 the Company received a capital contribution from Citigroup Financial Products Inc of \$175mm. On the same day the Company paid a capital contribution to Citigroup Global Markets Europe Limited of \$175mm.

### 14. 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)