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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2006

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COMPANIES HOUSE

Citigroup Global Markets International LLC

CONSOLIDATED PROFIT & LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2006

	Notes	Total 2006 \$ Million	Continuing operations 2005* \$ Million	Discontinued operations 2005 \$ Million	Total 2005* \$ Million
Net dealing income		(1)	-	61	61
Interest receivable	3	7	6	1	7
Interest payable	3	(1)	-	-	-
Gross profit		5	6	62	68
Net operating expenses	4	-	-	(65)	(65)
Other income		3	1	-	1
Operating profit /(loss)		8	7	(3)	4
Profit on disposal of subsidiary	6	-	26	-	26
Share of associate's profit/ (loss)	8	50	(180)	-	(180)
Operating profit/ (loss) on ordinary activities before taxation		58	(147)	(3)	(150)
Tax on profit/ (loss) on ordinary activities	5	(1)	(2)	-	(2)
Profit/ (loss) for the financial year	15	57	(149)	(3)	(152)

* as restated (note 14)

All results in 2006 are derived from continuing operations

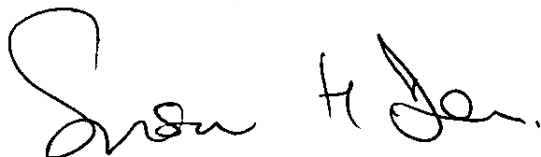
Citigroup Global Markets International LLC

CONSOLIDATED BALANCE SHEET (Unaudited)
as at 31 December 2006

	Notes	2006 \$ Million	2005* \$ Million
Fixed assets			
Investments	8	371	321
Current assets			
Debtors	10	212	234
Investments	9	27	-
Cash held by third parties		5	-
		244	234
Creditors: Amounts falling due within one year	11	(97)	(94)
Net current assets		147	140
Net assets		518	461
Capital and Reserves			
Called up share capital	13	501	501
Capital reserve	15	771	771
Profit and loss account	15	(754)	(811)
Shareholders' Funds		518	461

* as restated (note 14)

The financial statements on pages 1 to 13 were approved by the Board of Members on 6 December 2007 and were signed on their behalf by



S H Dean

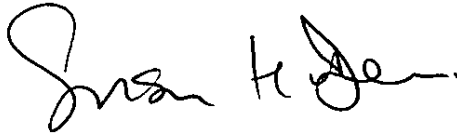
Director

Citigroup Global Markets International LLC

PARENT COMPANY BALANCE SHEET (Unaudited)
as at 31 December 2006

	Notes	2006 \$ Million	2005 \$ Million
Fixed assets			
Investments	8	184	544
Current assets			
Debtors	10	204	198
Creditors: Amounts falling due within one year	11	<u>(62)</u>	<u>(60)</u>
Net current assets		142	138
Net assets		<u>326</u>	<u>682</u>
Capital and reserves			
Called up share capital	13	501	501
Capital reserve	15	765	765
Profit and loss account	15	(940)	(584)
Shareholders' funds		<u>326</u>	<u>682</u>

The financial statements on pages 1 to 13 were approved by the Board of Members on 6 December 2007 and were signed on their behalf by



S H Dean

Director

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

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

The principal accounting policies, set out below, have been applied consistently throughout the current year and the preceding year, except for the following changes:

- Financial Reporting Standard ("FRS") 26 'Financial Instruments: Recognition and Measurement', except for the recognition and derecognition rules which will be adopted in 2007,
- FRS 25 'Financial Instruments: Disclosure and Presentation', and
- FRS 23 'The Effects of Changes in Foreign Exchange Rates'

(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 except for financial instruments at fair value through profit or loss which are measured at fair value.

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.

In accordance with the revised FRS 1, 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, 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 undertaking to 31 December 2006 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.

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2006

2. Principal accounting policies (continued)

(c) Financial Instruments

From 1 January 2006

The Company and Group have adopted FRS 25 and FRS 26 paragraphs 1 to 13 and 43 to 110 from 1 January 2006. The adoption of these standards has resulted in additional balance sheet disclosures in note 12. However, there has been no impact to reserves or the profit and loss accounts as a result of the adoption of these standards/

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.

(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 (continued)

for the year ended 31 December 2006

2. Principal accounting policies (continued)

(g) Foreign currency

The Company has adopted FRS 23 as a consequence of its adoption of FRS 26. 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

	2006	2005
	\$ Million	\$ Million
Interest receivable comprises		
Interest bearing debtors and cash assets	-	1
Interest on loans to other group undertakings	<u>7</u>	<u>6</u>
	<u>7</u>	<u>7</u>
Interest payable comprises		
Interest on loans from other group undertakings	<u>(1)</u>	<u>-</u>
	<u>(1)</u>	<u>-</u>

4. Net operating expenses

	2006	2005
	\$ Million	\$ Million
Operating expenses include		
Auditors' remuneration		
- Fees payable for the audit of the annual statutory accounts	0.03	0.3

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 (continued)
for the year ended 31 December 2006

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

(a) Analysis of tax charge in the year

	2006 \$ Million	2005 \$ Million
Current tax		
UK corporation tax	(1)	(1)
Adjustment in respect of corporation tax for earlier years	-	(1)
	<hr/>	<hr/>
Total current tax (note 5(b))	(1)	(2)
	<hr/>	<hr/>
Tax on profit/ (loss) on ordinary activities	(1)	(2)

(b) Factors affecting tax charge for the year

	2006 \$ Million	2005* \$ Million
Profit/ (loss) on ordinary activities before tax	58	(155)
	<hr/>	<hr/>
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(17)	47
Effects of		
Expenses not deductible for tax purposes	1	-
Consolidation adjustment associate's profit / (loss)	15	(56)
Non- taxable gain on sale of subsidiary	-	8
Adjustments to tax charge in relation to previous years	-	(1)
	<hr/>	<hr/>
Current tax charge for year	(1)	(2)

* as restated (note 14)

6. Discontinued operations

Discontinued operations relate to the sale of the Company's investment in Citigroup Asset Management Limited to a third party on 1 December 2005 for a profit of \$26 million

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2006

7. Directors' emoluments

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

	2006 \$'000	2005* \$'000
Aggregate emoluments	1,238	816
Contributions to money purchase pension scheme	94	12
	<u>1,332</u>	<u>828</u>

The contributions to the money purchase pension schemes are accruing to 1 of the Directors (2005 nil) The Directors of the Company participate in a parent company share plan The Directors of the Company also participate in a parent company share option plan and during the year 2 Directors exercised options (2005* 2)

The emoluments of the highest paid Director were \$1,143,484 (2005* \$815,555) During the year the highest paid Director exercised share options

* Restated to be consistent with current year

8. Fixed asset investments

Company

(a) Investment in associate and subsidiary undertakings.

	2006 \$ Million	2005 \$ Million
At 1 January	544	603
Capital contribution	5	3
Disposals	-	(10)
Impairment provision	(365)	(52)
Net book value at 31 December	<u>184</u>	<u>544</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

On 7 December 2006 the Company purchased 100 per cent of the share capital of Tanneryle Limited for a cash consideration of £1

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

8. Fixed asset investments (continued)

(b) Investment in associate undertaking (continued)

Group

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

	2006	2005
	\$ Million	\$ Million
Fixed assets	6	4
Current assets	33,298	27,663
Liabilities due within one year	(32,782)	(26,549)
Liabilities due after more than one year	(147)	(765)
Provisions for liabilities and charges	(6)	(26)
Net pension asset/ (liabilities)	2	(6)
	<u>371</u>	<u>321</u>
Share of associate's profit/ (loss)	<u>50</u>	<u>(180)</u>

Group	Proportion of voting shares held by the Company	Principal activity
Citigroup Global Markets Europe Limited ("CGMEL")	35.22%	Holding company

During the year CGMEL issued additional shares at a premium to one class of shareholder, which resulted in a decrease in the Group's effective interest in the associate to 10.92% (2005: 11.08%)

9. Current asset investments

Group	2006	2005
	\$ Million	\$ Million
Trading asset	<u>27</u>	<u>-</u>

Trading assets comprise 200,000 Class A units of GLG Equities Long Short – CI, a hedge fund governed by German law and launched by Citigroup Investment Deutschland KAG mBH

10. Debtors

The following amounts are included in debtors

	Group		Company	
	2006	2005	2006	2005
Amounts falling due within one year	\$ Million	\$ Million	\$ Million	\$ Million
Due from other group undertakings	13	107	5	71
Due from associated undertakings	197	127	197	127
Group relief	2	-	2	-
	<u>212</u>	<u>234</u>	<u>204</u>	<u>198</u>

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2006

11. Creditors

The following amounts are included in creditors

	Group		Company	
	2006 \$ Million	2005* \$ Million	2006 \$ Million	2005 \$ Million
Amounts falling due within one year				
Due to other group undertakings	44	72	9	38
Due to associated undertakings	52	17	52	17
Other creditors and accruals	-	1	-	1
Group relief	-	4	-	4
Corporation tax	1	-	1	-
	97	94	62	60

* Restated as a result of the prior period adjustment (note 14)

12. 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 \$ Million	3 months or less \$ Million	1-5 years \$ Million	Total \$ Million
2006				
Assets				
Cash	-	5	-	5
Current asset investments	27	-	-	27
Debtors				
Due from group undertakings	11	2	-	13
Due from associated undertakings	21	176	-	197
Total assets	59	183	-	242
Liabilities				
Creditors				
Due to group undertakings	4	40	-	44
Due to associated undertakings	52	-	-	52
Total liabilities	56	40	-	96

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2006

12. Financial instruments and risks (continued)

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 2006 and 2005, 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.

13. Called-up share capital

The Company's share capital comprises

	2006 Number	2005 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
	<u>1,076,729</u>	<u>1,076,729</u>
	2006 \$ Million	2005 \$ Million
Allotted and issued		
980,140 Class A Stock, without par value	<u>501</u>	<u>501</u>

14. Prior period adjustment

The prior period adjustment relates to a change in the calculation for consolidating the Group's effective interest in the net assets of the associate. This has resulted in changes to Investments (note 8), Creditors (note 11), Reserves (note 15) and the Reconciliation of movements in shareholder's funds (note 16).

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2006

15. Reserves

Group	Capital reserve \$ Million	Profit & loss account \$ Million	Total \$ Million
Balance at 1 January 2006	771	(577)	194
Prior period adjustment	-	(234)	(234)
Balance at 1 January 2006 (as restated)	771	(811)	(40)
Profit for the year	-	57	57
Balance at 31 December 2006	771	(754)	17

Company	Capital reserve \$ Million	Profit & loss account \$ Million	Total \$ Million
Balance at 1 January 2006	765	(584)	181
Loss for the year	-	(356)	(356)
Balance at 31 December 2006	765	(940)	(175)

16. Reconciliation of movements in shareholder's funds

	Group 2006 \$ Million	Company 2006 \$ Million
Balance at 1 January	695	682
Prior period adjustment	(234)	-
Balance at 1 January (as restated)	461	682
Profit / (loss) for the year	57	(356)
Balance at 31 December	518	326

Citigroup Global Markets International LLC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2006

17. Post balance sheet events

On 2 February 2007 the Group sold its current asset investment in GLG Equities Long Short – CI for € 20,644,000

On 12 June 2007 the Company received a capital contribution of \$104,761,902 from Citigroup Financial Products Inc (“CFPI”) On the same day a capital contribution of \$104,761,902 was made by the Company to CGMEL

On 16 July 2007 the Company received a capital contribution of \$279,365,071 from CFPI On the same day a capital contribution of \$279,365,071 was made by the Company to CGMEL

On 10 September 2007 the Company received a capital contribution of \$104,761,902 from CFPI On the same day a capital contribution of \$104,761,902 was made by the Company to CGMEL

On 9 October 2007 the Company received a capital contribution of \$279,365,071 from CFPI On the same day a capital contribution of \$279,365,071 was made by the Company to CGMEL

18. Group structure

The Company’s immediate parent undertaking is Citigroup Financial Products Inc, 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 Citigroup Document Services, 140 58th Street, Suite 51, Brooklyn, New York, NY 11220