

Effective as of December 1, 2008

Vice President
Bank Supervision Group
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001

This letter confirms that PricewaterhouseCoopers LLP ("we" or "us" or "PwC") is pleased to be engaged to provide the services described below (the "Services") to the Federal Reserve Bank of New York ("you" or "the FRBNY").

Scope of Our Services

We understand that the FRBNY and Citigroup, Inc. ("Citi") are in the process of converting the Summary of Terms for an Eligible Asset Guarantee, the first draft of which was publicly released on November 23, 2008 (the "Term Sheet"), into a formal agreement (the "Agreement") designed to govern the guarantee program announced on the same date. We further understand that the FRBNY intends to have the Agreement completed by December 31, 2008, or as soon as practicable thereafter. The FRBNY and Citi have each identified a number of issues to be negotiated further and reflected in the Agreement. In order to assist the FRBNY in making its determinations and performing appropriate due diligence relating to the finalization of the Agreement, and in order to support the ongoing governance and monitoring processes that may be necessary thereafter, the FRBNY has engaged PwC to provide the Services described herein. Such Services will include, but not be limited to, the following:

- Accumulating information provided by Citi that describes Citi's valuation processes and procedures for the guaranteed asset pool based upon a November 21, 2008 valuation date;
- Advice with respect to Citi's valuation processes and procedures as compared to the publicly available information about the practices of others in the marketplace;
- Advice with respect to potential interim procedures the FRBNY may wish to institute prior to an Agreement being reached;
- Advice with respect to the overall governance and reporting structure to be reflected in the Agreement, including governance over the asset pool; and
- Advice regarding adoption of a short term and long term project plan to enable demarcation and tagging of Citi's assets.

Further details about PwC's advice on certain of those matters is set forth below.

Valuation Process Review

Prior to the FRBNY entering into the Agreement, PwC will provide advice to the FRBNY concerning the FRBNY's assessment of Citi's valuation of its guaranteed asset pool based on a November 21, 2008 valuation date. In providing advice, PwC will consider the following factors:

This engagement letter contains PwC proprietary information, and PwC requests confidential treatment of this document under section (b)(4) of the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

- Adequacy and consistency of Citi's valuation policies and procedures, including asset class methodologies and valuation change controls;
- Whether Citi's existing valuation framework, processes and organizational responsibilities adequately support the implementation of effective and independent valuation processes at the company;
- Citi's controls around the use of valuation models and maintenance of valuation inputs/outputs and sourcing of external prices and market data;
- Citi's use of valuation data by front, middle and back-office departments, including financial accounting and reporting, operations, risk management, compliance, etc;
- Citi's controls around information provided by external parties used for valuation purposes;
- For instruments that are marked-to-market, Citi's processes for estimating fair value and the controls established by Citi to assess the reasonableness of its fair values for each asset class and hedging instrument; and,
- For instruments that are accounted for on an accrual basis, Citi's processes for determining reserves for each asset type.

PwC's work will rely upon information provided by Citi. PwC will not audit or otherwise verify any information provided by Citi, nor will PwC assess the accuracy of Citi's calculations or reconciliation processes. To the extent that the FRBNY decides to engage third party valuation service providers or asks Citi to do the same, PwC may also provide advice with respect to the scope of their services or, at the request of the FRBNY, PwC may, in its sole discretion, agree to engage such service providers directly on the FRBNY's behalf, subject to fees and other terms and conditions acceptable to the FRBNY.

Agreement Governance and Monitoring

We understand that the Agreement may include provisions relating to the governance over and monitoring of Citi's compliance with the Agreement. PwC may provide advice to the FRBNY on such provisions, including with respect to matters such as:

- Valuation;
- Asset sales, purchases, substitutions (if allowed);
- Loan modifications and workouts;
- Reporting content and frequency;
- Accounting and tax; and
- Asset demarcation and tagging.

Other areas of advice

As the engagement progresses, it is contemplated that other areas may arise where the FRBNY may seek advice from PwC. Without limitation, the matters on which PwC's advice may be sought include:

- Detailed guarantee coverage (e.g., principal and interest vs. just principal, impact of other guarantees, substitution provisions, etc.) and settlement provisions;
- Definitions, including definitions of items such as eligible assets;
- Inclusion of macro hedges, methods to allocate losses and gains to pool assets;
- Additional terms regarding the transfer of assets (e.g., pledging of mortgages to the Federal Home Loan Banks);
- Additional responsibilities for Citi's internal auditors, as well as the FRBNY's advisors; and
- Advisory services relating to Citi's executive compensation plans and arrangements and corporate governance policies and procedures

We will mutually agree whether any further services requested by the FRBNY should be the subject of an addendum to this engagement letter.

Deliverables

We expect to provide you with oral project outputs in conjunction with this project and written deliverables which may include various draft or final outlines, meeting minutes, executive summaries, presentations, memoranda, reports, analyses of issues, etc. To assist you in memorializing your instructions and our observations and findings, we will provide periodic status reports that highlight by project workstream key issues and advice. We will mutually agree on the form that any deliverables will take, including whether they will reflect PwC's name. We understand that any deliverables we provide will be, at your discretion, shared with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the U.S. Department of the Treasury or, solely for informational purposes, the FRBNY's outside legal counsel or its independent auditors. You shall notify us in writing prior to sharing any deliverables provided to you with any party other than those specified in the previous sentence

Ownership and Use

We are providing these Services solely for your use and benefit. We disclaim any contractual or other responsibility to others based either upon these Services or upon any deliverables or advice we provide in connection with these Services. You will not make reference to PwC in connection with the deliverables or the Services to any third party, other than to the parties listed in the prior paragraph, without our prior consent.

You will own all tangible written material delivered to you under this engagement letter, except as follows: PwC will own its working papers and preexisting materials and any general skills, know-how, processes, or other intellectual property (including a non-client-specific version of any deliverables) which may have been discovered or created by PwC as a result of its provision of the Services. You will have a non-exclusive, non-transferable license to use such materials included in the deliverables for your own internal use as part of such deliverables.

Because PwC accepts no liability to third parties with respect to the Services and deliverables provided hereunder, the FRBNY agrees to indemnify and hold PwC harmless from and against any and all third party claims, suits and actions, and all associated damages, settlements, losses, liabilities, costs, and expenses, including, without limitation, reasonable attorneys' fees, arising from or relating to the Services and/or deliverables provided under this engagement letter, except to the extent finally determined to have resulted from the gross negligence or intentional misconduct of PwC. PwC agrees to give the FRBNY prompt notice of its receipt of any threat, indication or other notice of any claim, investigation or demand for which PwC intends to seek indemnification for any resulting losses. For any action with respect to which PwC intends to seek indemnification, the FRBNY will have the right to conduct the defense of such action, at its sole expense.

Our Responsibilities

We will perform the Services in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we will not provide an audit or attest opinion or other form of assurance, and we will not verify or audit any information provided to us.

This engagement letter contains PwC proprietary information, and PwC requests confidential treatment of this document under section (b)(4) of the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

Your Responsibilities

Our role is advisory only. You are responsible for all determinations, judgments and assessments relating to this engagement, including evaluating and accepting the adequacy of the scope of the Services to address your needs. You are also responsible for the results achieved from your use of any Services or deliverables. You will designate a competent member of your management to oversee the Services. It is your responsibility to establish and maintain your internal controls. We expect that you will provide accurate and complete information and reasonable assistance to us upon our request, and we will perform the engagement on that basis.

Fees and Expenses

Our fees are based on the time required by our professionals to complete the engagement. Individual hourly rates vary according to the experience and skill required.

Given the nature of the assignment, our fees will be billed on a time and material basis utilizing the following rate schedule:

<u>PwC Level</u>	<u>Hourly Rate</u>
Partner:	\$630.00
Senior Manager/Director:	\$500.00
Manager:	\$400.00
Senior Associate:	\$250.00
Associate:	\$200.00

Charges under this engagement letter shall be exclusive of Federal, State, county or local sales, use, excise or other taxes, however designated, from which the FRBNY, as a Federal Reserve Bank, is exempt pursuant to the third paragraph of Section 7 of the Federal Reserve Act (12 U.S.C. § 531).

We will provide bi-weekly reporting as to the work completed, any changes to the scope of services provided, and the fees incurred to date. We will also discuss these matters with the FRBNY on a continuing basis, and will jointly agree on undertaking any major new work or new efforts. The estimated fees, excluding expenses, for the Services as currently contemplated are between \$5 million and \$10 million. PwC will notify the FRBNY as soon as practicable if this estimate will be significantly exceeded. In any case, PwC's professional fees in the performance of the Services will not exceed \$10 million without the prior written consent of the FRBNY.

We also will bill you for our reasonable out-of-pocket expenses. Such expenses will be invoiced on an itemized basis to the satisfaction of the FRBNY. Without your prior written approval, aggregate expenses incurred shall not exceed 10% of the above-mentioned professional fees. Travel expenses will comply with PwC's and the FRBNY's travel policies, including the use of available company discounts and preferred providers. Invoices are due within 15 days of the invoice date.

You acknowledge that we began performing the Services as of the effective date of this engagement letter, and that this engagement letter will be considered effective as of that date regardless of when this letter is signed by either party.

Payment of Invoices

All payments due from the FRBNY to PwC pursuant to this engagement letter will be made by electronic funds transfer into a deposit account specified by PwC in a written notice to the FRBNY. Such written notice (the "Account Notice") shall include the Authorization Agreement for ACH Payment form to be provided to PwC by the FRBNY, and shall include the name of PwC's bank, the ABA routing number for that bank, and PwC's account number. The FRBNY shall not be required to make any payments pursuant to this engagement letter until PwC provides a proper Account Notice to the FRBNY. PwC agrees that the FRBNY shall have no liability for payments which are misdirected as a result of inaccuracies in the Account Notice. PwC also agrees to give the FRBNY immediate telephone notification whenever there is a change in the Account Notice information, followed by a new written Account Notice within three (3) business days. Upon receipt of a new Account Notice, the FRBNY will cause future payments to be made pursuant to such new Account Notice, effective no later than five (5) business days after receipt.

Conflicts

During the term of the engagement described in this letter, PwC agrees to seek consent from the FRBNY prior to agreeing to any engagement that we determine in good faith, based on, and in accordance with, our customary conflicts clearance policies and procedures, will give rise to a conflict of interest with respect to the engagement described herein. With respect to any future engagement which we determine, in good faith and in accordance with our customary conflicts clearance policies and procedures, is in conflict with this engagement (the "future engagement"), PwC agrees that no information obtained by PwC during the course of this engagement will be shared with those individuals performing work on such future engagement, and that no PwC personnel who perform work on this engagement shall be assigned to work on such future engagement. Such undertaking regarding the assignment of PwC personnel will be effective for the duration of this engagement and for six months following its completion or termination.

Termination and Dispute Resolution

This engagement letter will terminate automatically upon the completion of the Services. Either party may terminate the Services prior to their completion by giving written notice to that effect to the other party. Any dispute relating in any way to the Services or this engagement letter shall be resolved by arbitration. The arbitration will be conducted in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect. The arbitration will be conducted before a panel of three arbitrators. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort. It shall also have no power to award damages in excess of two times the total amount of fees paid to us under this engagement letter; damages representing lost profits or consequential, indirect, punitive, exemplary or special damages. You accept and acknowledge that any demand for arbitration arising from or in connection with the Services must be issued within one year from the date you became aware or should reasonably have become aware of the facts that give rise to our alleged liability, and in any event no later than two years after any such cause of action accrued. Judgment on any arbitration award may be entered solely in the U.S. District Court for the Southern District of New York.

This engagement letter and any dispute relating to the Services will be governed by and construed, interpreted and enforced in accordance with the federal laws of the United States of America and, in the absence of controlling federal law, the laws of the State of New York, without giving effect to any provisions relating to conflict of laws that would require the laws of another jurisdiction to apply.

Limitations on Liability

Except to the extent finally determined to have resulted from our gross negligence or intentional misconduct, our liability to pay damages for any losses incurred by you as a result of breach of contract, negligence or other torts committed by us, regardless of the theory of liability asserted, is limited to no more than two times the total amount of fees paid to us under this engagement letter. In addition, we will not be liable in any event for lost profits or any consequential, indirect, punitive, exemplary or special damages. Also, we shall have no liability to you arising from or relating to any third party hardware, software, information or materials selected or supplied by you.

Other Matters

The Confidentiality Agreement between PwC and the FRBNY dated as of December 1, 2008, as set forth in Attachment A hereto, is hereby incorporated in full as part of this engagement letter.

PwC, its agents and employees shall abide by all of the FRBNY's security arrangements. PwC hereby agrees that the FRBNY may at any time request that PwC perform background checks on any employee or agent of PwC that has been granted physical access to the FRBNY or access to the FRBNY's computer systems (including, but not limited to, criminal background checks, drug testing, fingerprinting, credit history checks and prior-employer reference checks) subject to any such employee or agent's consent to cooperate fully with respect to such matters. PwC also agrees that any security-related concern with respect to any employee or agent of PwC may constitute grounds for physical removal from the FRBNY at any time. PwC further agrees that any employees or agents of PwC will immediately terminate all electronic and/or physical means of accessing the FRBNY, and will return all property and data belonging to the FRBNY, upon termination of this engagement letter.

Neither party may assign or transfer this engagement letter, or any rights, obligations, claims or proceeds from claims arising under it, without the prior written consent of the other party, and any assignment without such consent shall be ineffective. If any provision of this engagement letter is found to be unenforceable, the remainder of this engagement letter shall be enforced to the extent permitted by law. This engagement letter supersedes any prior understandings, proposals, or written or oral agreements between the parties with respect to the Services provided hereunder, and any amendments or changes to this engagement letter must be agreed to in a writing signed by both parties.

PwC is owned by professionals who hold Certified Public Accountant ("CPA") licenses, as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

* * * * *

We are pleased to have the opportunity to provide Services to the FRBNY. If you have any questions about the contents of this letter, please discuss them with _____, who will lead our engagement team. If the Services and terms outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to the undersigned.

Very truly yours,



PRICEWATERHOUSECOOPERS LLP

Attachment

ACKNOWLEDGED AND AGREED:

FEDERAL RESERVE BANK OF NEW YORK

A handwritten signature in black ink, appearing to be a stylized 'R' followed by a flourish, positioned over the text 'FEDERAL RESERVE BANK OF NEW YORK'.

This engagement letter contains PwC proprietary information, and PwC requests confidential treatment of this document under section (b)(4) of the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

(7)

Attachment A – Confidentiality Agreement

CONFIDENTIALITY AGREEMENT
BETWEEN
PRICEWATERHOUSECOOPERS, LLP
AND
THE FEDERAL RESERVE BANK OF NEW YORK
REGARDING
THE ENGAGEMENT IN CONNECTION WITH CITIGROUP, INC.

APPLICABILITY: This confidentiality agreement, dated as of December 1, 2008, governs the entire engagement of PriceWaterhouseCoopers, LLP (“PWC”) by the Federal Reserve Bank of New York (“FRBNY”) in connection with certain measures announced by the FRBNY with respect to Citigroup, Inc. or its subsidiaries (“Citigroup”) on November 23, 2008 (the “Project”). The terms of this confidentiality agreement will be incorporated by reference into any future agreements or letters of engagement executed between the named parties on this subject, and may be augmented and amended as necessary.

TERMS OF CONFIDENTIALITY

ENGAGEMENT: PWC shall keep the existence, terms, and subject of this engagement strictly confidential, except to the extent required by law, governmental or administrative rule, or regulation including, for these purposes, Rule ET 301 of the American Institute of Certified Public Accountants.

CONFIDENTIAL INFORMATION: PWC acknowledges that all information and material that has or will come into the possession or knowledge of PWC in connection with the Project including, but not limited to:

1. briefing material, information, and data, both written and oral, related to the proposed transactions;
2. financial information, condition, processes, and procedures of the FRBNY, Citigroup and any of their respective subsidiaries or affiliated entities;
3. material related to the FRBNY’s data processing systems, applications, procedures, policies and standards;
4. the physical security of the FRBNY;
5. economic data, including but not limited to open market operations or information regarding the Federal Open Market Committee;
6. financial, statistical and personnel data pertaining to the FRBNY, Citigroup, other member banks of the Federal Reserve System, and other financial institutions; and

7. financial, statistical, strategic planning and other similar information relating to the past, present, or future activities of the FRBNY or Citigroup, which has or will come into the possession or knowledge of PWC in connection with this engagement or its performance hereunder,

(collectively, “Confidential Information”) shall be considered to be confidential and proprietary, the disclosure of which to third parties, or use by third parties will be damaging to the FRBNY. Accordingly, PWC agrees to maintain the strict confidentiality of this information, and agrees not to disclose any such information other than to its own employees, agents or attorneys who have a need to know such information without the prior written consent of the FRBNY, unless such disclosure is required by law.

PWC further agrees that, in the event that it determines that disclosure is required by law, it will promptly notify the FRBNY and will take all steps reasonably required to protect the confidentiality of the Confidential Information being disclosed including, but not limited to: (i) considering any argument that the FRBNY wishes to make that disclosure is not required and/or that such disclosure is in violation of the terms and conditions of this confidentiality agreement; (ii) providing the FRBNY, at the expense of the FRBNY, with all reasonable assistance in resisting or limiting disclosure; (iii) advising the recipient that the Confidential Information is subject to this confidentiality agreement; and (iv) using reasonable efforts to obtain an appropriate stipulation or order of confidentiality, if applicable.

PWC agrees to promptly notify the FRBNY of any breach of confidentiality or misappropriation by PWC that comes to the attention of a PWC employee concerning any information protected under this confidentiality agreement, and to take all reasonable measures to cure any such breach by PWC of its confidentiality obligations hereunder and to recover any data or information wrongfully disclosed.

LIMITED ACCESS: PWC agrees to limit the access to information related to this engagement to only those of its employees that are necessary to its performance under this engagement.

PUBLIC STATEMENTS: PWC agrees not to originate, participate in, or encourage any written or oral statement, news release, or other public announcement or publication relating to any matter arising during this engagement, and/or any related matter concerning the FRBNY or the Project, without the prior written consent of the President, First Vice President, or an Executive Vice President of the FRBNY.

EXCEPTIONS: PWC shall have no obligation under this confidentiality agreement with respect to any information that: (1) is, at the time of disclosure, or thereafter becomes, part of the public domain through a source other than PWC in violation of this confidentiality agreement; (2) is subsequently learned from a third party that, to the knowledge of PWC, is not under an obligation of confidentiality to the FRBNY or Citigroup; (3) was known to PWC at the time of disclosure, as can be demonstrated by contemporaneous written evidence; (4) is generated independently by PWC without reference to the Confidential Information of the FRBNY, as can be demonstrated by contemporaneous written evidence; or (5) is disclosed pursuant to applicable

law, subpoena, other legal process, or in connection with the enforcement of PWC's rights under this confidentiality agreement.

GOVERNING LAW AND JURISDICTION: This confidentiality agreement shall be governed by and construed in accordance with the laws of the United States and, in the absence of controlling federal law, the laws of the State of New York, notwithstanding its conflicts of law rules. All claims under this confidentiality agreement shall be subject to the exclusive jurisdiction of the U.S. District Court for the Southern District of New York, and the parties hereby consent to the personal jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this confidentiality agreement to be duly executed by an authorized person as of the date first written above.

FEDERAL RESERVE BANK OF NEW YORK

PRICEWATERHOUSECOOPERS, LLP