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September 15, 2000

By Overnight Delivery

Mr. Richard Erb
Licensing Manager
Bank Organization and Structure 3-8
Comptroller of the Currency
250 E St., S.W.
Washington, DC 20219

Re: Notice under the Change in Bank Control Act for Citigroup Inc. to Acquire Associates National Bank (Delaware).

Dear Mr. Erb:

Please find enclosed one original and five copies of a notice (the "Notice") by Citigroup Inc., New York, New York ("Citigroup") for clearance under the Change in Bank Control Act, 12 U.S.C. § 1817(j), to acquire Associates National Bank (Delaware) (the "Bank"). The proposed acquisition of the Bank is part of a larger transaction involving Citigroup's purchase of Associates First Capital Corporation ("Associates"), which owns the Bank. In addition, we are enclosing a check in the amount of $2,000 in connection with this Notice.

We respectfully request confidential treatment for any documents which may at any time be submitted in connection with the Notice and which may be marked "confidential" or for which confidential treatment may be requested (the "Confidential Materials"). The Confidential Materials contain sensitive, non-public commercial and financial information respecting the businesses of Citigroup, the Bank, and their affiliates, which is exempt from disclosure under the Freedom of Information Act, 5 U.S.C. § 552 (the "FOIA"), and the regulations of the Comptroller of the Currency (the "OCC Regulations"), 12 C.F.R. Part 4. The Confidential Materials qualify under § 552(b)(4) of the FOIA and 12 C.F.R. § 4.12(b)(4) of the OCC Regulations as trade secrets and commercial or financial information furnished in confidence and privileged and confidential. The Confidential Materials may also qualify under the FOIA for other exemptions from disclosure.

Citigroup, the Bank and their affiliates have numerous competitors, and release of the confidential information would be likely to result in substantial competitive injury. Specifically, the release of this confidential information would provide competitors with specific details regarding the operating strategies of Citigroup, the Bank and their affiliates and the financial impact of the transaction. Because Citigroup, the Bank and their affiliates do not have similar information on their competitors, the release of this information would put them at a competitive disadvantage.

Please do not hesitate to call the undersigned at 202-371-7905, or William J. Sweet, Jr. at 202-371-7030, if you have any questions regarding this Notice.

Sincerely,

/s/ Stacie E. McGinn

Stacie E. McGinn

Enclosures

cc: Carl Howard
Citigroup Inc.
William J. Sweet, Jr.
Skadden, Arps, Slate, Meagher & Flom LLP

Notice of Change in Control

by

Citigroup Inc.
New York, New York

of its intention to acquire

Associates National Bank (Delaware)
Newark, Delaware

September 15, 2000

Introductory Statement

On September 6, 2000, it was announced that Citigroup Inc. ("Citigroup") would acquire Associates First Capital Corporation ("Associates") by merger (the "Merger"). As a result of the Merger, Citigroup will indirectly acquire Associate's wholly-owned, direct subsidiary, Associates National Bank (Delaware), Newark, Delaware (the "Bank"). This Notice seeks clearance of Citigroup's indirect acquisition of the Bank pursuant to the Change in Bank Control Act, 12 U.S.C. § 1817(j) ("CBC Act").

a. Clearances

The acquisition of Associates will require prior approval or clearance of a variety of state and foreign financial and antitrust regulators with respect to particular subsidiaries. The only notices required by federal law are a notice under the Hart-Scott-Rodino Antitrust Improvements Act, and with respect to each of Associates' three bank subsidiaries, notices to the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") under the CBC Act .[1] The Merger presents no

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[1] Contemporaneous with this Notice, Citigroup is filing CBC Act notices with

(i) the FDIC and the Utah Commissioner of Financial Institutions for the indirect acquisition of Associates' industrial loan company, Associates Capital Bank, Inc., Salt Lake City, Utah and

(ii) the FDIC and the South Dakota Department of Commerce and Regulation - Banking Division for the acquisition of Hurley State Bank, Sioux Falls, South Dakota, a limited purpose credit card bank.

Citigroup and Associates each filed a Hart-Scott-Rodino notice on September 8. The Merger is also subject to approvals by certain domestic and foreign antitrust, competitive issues and provides no basis for disapproval under the CBC Act.

No prior approval is required from the Board of Governors of the Federal Reserve System ("Federal Reserve Board") under Section 3 of the Bank Holding Company Act of 1956, as amended by the Gramm-Leach-Bliley Act ("BHC Act"). Because the Bank and its sister banks are credit card banks that qualify for the credit card exception to the definition of a "bank," as that term is defined in the BHC Act, Section 3 of the BHC Act is not applicable to the Merger.[2]

Under the functional supervision system laid out in the Gramm-Leach-Bliley Act, the only portion of the Merger subject to OCC review is Citigroup's indirect acquisition of the Bank. The OCC must take into account the statutory factors set forth in the CBC Act in connection with change in control of the Bank. If the OCC does not disapprove the change of control notice within sixty days, based upon any of the factors set forth in the statute, or extend the period for review, the acquisition of the Bank may proceed.

The CBC Act authorizes the OCC to disapprove a change in control where it determines that:

- the acquisition would have an adverse competitive effect (under the same standards applicable under the BHC Act and the Bank Merger Act);

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consumer finance and insurance regulators.

2 12 U.S.C. 1841(2)(c)(2)(F).

- the financial condition of Citigroup might jeopardize the financial stability of the Bank;
- the competence, experience, or integrity of Citigroup or of any of the proposed management personnel indicates that it would not be in the interests of the depositors or the public to permit such person to control the Bank;
- Citigroup neglects, fails, or refuses to furnish the information required by the agency; or
- the agency determines that the transaction would have an adverse effect on the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF").[3]

Citigroup's acquisition of the Bank would have no adverse effect on competition in any relevant geographic market. The acquisition would substantially enhance the financial and managerial resources available to operate the Bank. In addition, the transaction would have no negative impact on the BIF.[4] Thus, Citigroup respectfully requests that the OCC clear the notice as soon as possible. A copy of the newspaper notice to be published contemporaneously with this Notice is Public Exhibit 16.

While other aspects of the Merger are not subject to OCC review, Citigroup recognizes that legitimate questions have been asked by regulators, community groups and the media in the past regarding Associates. Citigroup will be a large participant in the consumer finance marketplace as a result of the Merger, just as it is a significant force in virtually every aspect of the financial services industry. This marketplace fulfills an important role in communities by providing access to credit for individuals re-entering the

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[3] 12 U.S.C. § 1817(j).

[4] The Bank's deposits are BIF-insured.

economic mainstream. Involvement of companies like Citigroup helps enhance practices within this segment by expanding alternatives for consumers, increasing the quality of products offered and adhering to high standards for sales practices. Moreover, Citigroup has a long history of successfully integrating companies with differing cultures and bringing these businesses to its standards and practices quickly.

b. Parties to the Merger

Citigroup. Citigroup is a diversified holding company with approximately $791.0 billion in total consolidated assets, $285.6 billion in total deposits and $51.6 billion in stockholders' equity as of June 30, 2000. Citigroup's businesses offer a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage and asset management to consumer and corporate customers in over 100 countries and territories. The 1998 merger of Citicorp and Travelers Group Inc. brought together such brand names as Citibank, Travelers, Salomon Smith Barney, CitiFinancial and Primerica. A copy of Citigroup's Annual Report on Form 10-K as of December 31, 1999 is attached as Public Exhibit 3 and Quarterly Reports on Form 10-Q as of March 31, 2000 and June 30, 2000 are attached as Public Exhibit 4.

Citigroup's Global Consumer business segment includes a global, full-service consumer franchise that delivers a wide array of banking, lending, and investment services, including consumer lending, credit and charge cards and personal insurance products. Banking services are offered to customers through 370 branches and electronic delivery systems of several federally-insured institutions. Citigroup's principal banking subsidiary, Citibank, N.A., is a national bank regulated by the OCC. Copies of the reports of condition and income for Citibank, N.A. for fiscal years ended 1996-1999 and for the quarter ended March 31, 2000 are attached as Public Exhibit 6.

One of the primary business units of the Global Consumer business segment is the Cards unit, which offers products such as MasterCard® and VISA® and Diners Club across North America. Citigroup is the largest issuer of credit cards in the United States, with 42.1 million accounts and $79.1 billion in managed credit card receivables in the United States as of June 30, 2000. Citigroup currently operates its United States credit card business through multiple bank and non-bank affiliates, including Citibank (South Dakota), N.A., Sioux Falls, South Dakota, Citibank USA, Newark, Delaware, Universal Bank, N.A., Columbus, Georgia and Universal Financial Corp., Salt Lake City, Utah.

Associates. Associates is a diversified financial services organization with approximately $87.7 billion in total consolidated assets and $10.3 billion in stockholders' equity as of June 30, 2000. Associates provides consumer and commercial finance, leasing, insurance and related services worldwide and has operations in 13 international markets. Associates is organized into five primary business units: U.S. credit card (of which the Bank is a part), U.S. consumer finance, U.S. home equity, commercial and international finance. A copy of Associates' Annual Report on Form 10-K as of December 31, 1999 is attached as Public Exhibit 7 and Quarterly Reports on Form 10-Q as of March 31, 2000 and June 30, 2000 are attached as Public Exhibit 8.

Associates' U.S. credit card business unit offers private label credit card and revolving programs and VISA® and MasterCard® bankcard credit card products, which are marketed to the public directly and through cooperative marketing programs with other companies throughout the United States. The merchant Private Label Card program offers retail and commercial credit cards to customers of national merchants such as Radio Shack, Gateway, Goodyear, Staples, Office Depot and Office Max, among others. Associates' oil Private Label program offers retail and commercial credit cards on behalf of oil companies such as Texaco, Shell Oil and British Petroleum. Associates is among the twelve largest credit card issuers in the United States, with outstanding managed accounts receivable of $10.9 billion, as of year end December 31, 1999. In addition to the Bank, Associates distributes its United States credit card products through Hurley State Bank and Associates Capital Bank, Inc.

Associates National Bank (Delaware). The Bank is a national CEBA credit card bank with $443.9 million in total assets, $290.0 million in total deposits and $68.6 million in stockholders' equity as of March 31, 2000. Headquartered in Newark, Delaware, the Bank operates a credit card business consisting of retail VISA® and MasterCard® bankcards and consumer private label credit cards on behalf of major oil companies. The Bank is "well-capitalized" as that term is defined by OCC regulations.[5] Copies of the Bank's reports of condition and income for fiscal years ended 1996-1999 and for the quarter ended March 31, 2000 are attached as Public Exhibit 10.

Combined Credit Card Operations. Following the Merger, Associates' United States credit card operations, including those of the Bank, will be combined with Citigroup's credit card operations. Organization charts reflecting ownership of the Bank pre- and post-consummation of the Merger are attached as Public Exhibit 12.

c. The Merger

Citigroup and Associates entered into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 5, 2000, pursuant to which Citigroup would acquire Associates by merger. Under the terms of the Merger Agreement, at the effective time of the Merger, Associates shareholders will receive .7334 (the "Exchange Ratio") shares of Citigroup common stock (and cash in lieu of fractional shares) for each share of Associates common stock. Based on the closing price of Citigroup common stock on September 5, 2000, Associates shareholders will receive Citigroup common stock with a total value of approximately $31.1 billion. The Exchange Ratio will be adjusted in the event of any reclassification, recapitalization, split-up, combination or exchange of shares, stock dividend or any similar event, as necessary to maintain the economic effect of the Exchange Ratio before any such adjustment event. The transaction is contingent upon,

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[5] 12 C.F.R. § 6.4(b)(1).

among other things, approval of the shareholders of Associates and receipt of all governmental and third party consents, including approval of the OCC. A copy of the Merger Agreement and related press releases containing additional details of the terms of the Merger are attached as Public Exhibits 1 and 2.

Because Citigroup will acquire Associates by means of an exchange of stock, there is no financing for this transaction. Citigroup will account for the transaction using the "pooling of interests" method of accounting and expects that the transaction will be accretive to Citigroup's earnings in the first year of operations.

The Merger is expected to close on or about December 31, 2000.

d. Financial and Managerial Resources

As a leading issuer of credit cards, Citigroup has substantial experience in the credit card business, the operation of bank subsidiaries and compliance with consumer and bank regulatory requirements. Citigroup expects to institute its policies and procedures at the Bank. The Bank currently has a "needs to improve" CRA rating from a CRA Performance Evaluation dated May 30, 1997. The sole criticism noted in that evaluation is that a concurrent fair lending examination established a reason to believe that a violation of the Equal Credit Opportunity Act and Regulation B had occurred due to deficient internal controls, and the report noted that the Bank had taken a majority of the steps necessary to address the affected individuals and the underlying causes of the violation. Citigroup plans to review this issue to ensure that all necessary steps have been taken. In addition, Citigroup (whose subsidiary banks have CRA ratings of satisfactory or better) plans to review the Bank's CRA program and make any changes necessary to ensure that the Bank's CRA performance qualifies for a CRA rating of "satisfactory" or better.

A schedule of the board of directors and the senior executive officers of the Bank is included as Confidential Exhibit A. There is no present plan to change the Bank's senior executive officers or directors or to merge the Bank with any of Citigroup's existing depository institution subsidiaries.[6]

A schedule of the board of directors and senior executive officers of Citigroup is included as Public Exhibit 11. Following the Merger, Keith Hughes, Chairman of the Board and Chief Operating Officer of Associates, will join the Citigroup board and will become Vice Chairman of Citigroup. In addition, Roy A. Guthrie, Associates' Senior Vice President and Chief Financial Officer, will assume responsibilities for Associates' current operations in commercial and international finance.

The Merger will have no direct impact on the financial condition of the Bank, which is expected to remain well-capitalized. Citigroup itself maintains a strong capital position and was well-capitalized as of June 30, 2000. Total Capital (Tier 1 and Tier 2) of Citigroup amounted to $60.4 billion at June 30, 2000, representing 11.12% of net risk-adjusted assets. Tier 1 capital of $46.8 billion at June 30, 2000 represented 8.62%

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[6] Citigroup will seek appropriate regulatory approvals, as necessary, should this change.

of net risk-adjusted assets, and Citigroup's leverage ratio was 6.07%. *See* Citigroup Form 10-Q as of June 30, 2000, pg. 31. Citigroup expects that as a result of the Merger its Tier 1 risk-adjusted capital ratio will remain unchanged and Total Capital risk-adjusted asset ratio will increase.

e. Competitive Analysis

The Merger will not adversely affect competition in the credit card business. Credit card services represent the only line of business in which the Bank is engaged. Citigroup offers credit card services, principally through the four bank and non-bank subsidiaries described above, to customers located throughout the United States. The credit card services business encompasses the issuance of credit cards, the extension of credit to cardholders and the processing of credit card transactions.

The Federal Reserve Board has recognized a market for credit card services that is national in scope.[7] That this market is national in scope is entirely consistent with the experience of Citigroup and Associates, which solicit and serve customers throughout the United States, and face competition from organizations located and/or otherwise doing business throughout the United States.

The national market for credit card services is highly competitive and highly fragmented, and it will remain so following the present acquisition. Published industry data indicate that Associates ranks among the top twelve issuers of credit cards

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[7] See e.g., MNC Financial, Inc., 76 Fed. Res. Bull. 89, 93 n. 9 (1990); Bank One Corporation, 83 Fed. Res. Bull. 602, 603 (1997).

(measured by dollar volume of credit card balances outstanding as of December 31, 1999) and that Citigroup is the largest competitor by the same measure. On this basis, the combined company will continue to rank first among a large number of strong and effective competitors - including, among others, MBNA, Chase Manhattan, Bank One, Bank of America and Wells Fargo.

Moreover, the market is exceptionally unconcentrated, and even the leading competitors have relatively modest market shares. Including only the issuers of VISA® and MasterCard® credit cards with at least $10.0 million in managed receivables (omitting Discover, American Express, and a number of other competitors),[8] the market share of the combined company will be less than twenty percent. On the same basis, the Herfindahl-Hirshman Index ("HHI") for the market will increase by 87 points, with a resulting post-merger HHI of 980. The market thus will remain unconcentrated following the Merger.

While the local Federal Reserve Bank geographic market is not the relevant market, the resulting increase in the HHI, as measured by deposits, would be negligible. *See* Public Exhibit 15.

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[8] Omitting such a large number of competitors is, of course, an incomplete measure that overstates the level of market concentration.

f. No Adverse Effect on the BIF

Citigroup’s acquisition of the Bank would have no adverse effect on the BIF, which insures the deposits of the Bank. To the contrary, Citigroup’s substantial capital and access to the capital markets will provide the Bank with access to substantially greater financial resources than have been available through Associates. The availability of such resources will minimize the possibility that the Bank would ever pose a liability to the BIF.

* * *

As described above and in the attached Notice, Citigroup's proposal for the indirect acquisition of the Bank is consistent with the statutory criteria provided under the Change in Bank Control Act, 12 U.S.C. § 1817(j), and regulations of the OCC: (i) the Merger would not substantially lessen competition or create a monopoly in the markets served by the Bank; (ii) the financial condition of Citigroup is sound and will support the financial stability of the Bank and the deposit insurance funds; and (iii) the competence, experience and integrity of Citigroup's directors and management and those responsible for management of the Bank supports approval (in this regard, Citigroup has a long history of successfully integrating acquired businesses). Accordingly, Citigroup respectfully requests that the OCC clear its Notice to acquire the Bank as soon as possible.