Testimony of

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Chairman Waxman, Congressman Davis, and Members of the Committee, good morning.

In November of last year, I voluntarily stepped down as Citigroup's Chairman and CEO. I started working for the company as an attorney at one of Citigroup's predecessors in 1979. Over nearly thirty years, I worked my way up, first to General Counsel, then to Chief Administrative Officer, Chief Operating Officer, Chief Executive Officer of one of Citigroup's major businesses, and finally to CEO and then Chairman of the Board.

As the first member of my family to go to college, I am extremely grateful for the opportunities Citigroup gave me. I am also truly proud of Citigroup and its employees – it is a company that I helped to build. To serve as Citigroup's CEO was an honor and a privilege.

During my tenure as CEO, Citigroup achieved several noteworthy accomplishments. For example, we repaired our extremely important relationships with regulators around the world, which had unfortunately deteriorated. In addition, in 2005, we embarked on a comprehensive corporate governance and ethics initiative – what we called the "Five-Point Plan" – which focused on (1) expanding employee training; (2) enhancing the emphasis on talent and development; (3) strengthening performance appraisals and connecting ethical conduct directly to compensation; (4) improving communication; and (5) tightening internal controls. I took the lead in designing and implementing the Five-Point Plan, and I met with more than 50,000 employees each year to emphasize the high priority Citigroup places on the best business practices.

Citigroup's efforts on this front have been recognized. Over the past several years, Institutional Shareholder Services, a leading independent analyst on corporate governance – including executive compensation decision-making – has rated Citigroup's corporate governance practices in the top 10% of S&P 500 companies. In 2007, ISS rated Citigroup in the top 2% of diversified financial services companies. ISS's founder, Robert Monks, has described Citigroup's practices as "unique, cutting edge," and exceeding "the best practices currently required by law and in the industry." Citigroup is justifiably proud of its corporate governance practices.

The Citigroup Board of Directors also has instituted processes designed to ensure fair executive compensation. As you will hear in more detail from Mr. Parsons, the Board conducts an independent assessment of executive performance and relies on an independent compensation consultant. (A recent hearing of this Committee highlighted the importance of independent compensation consultants.) Citigroup has worked hard to align management's interests with the interests of shareholders. For example, Citigroup's Stock Ownership Commitment requires senior executives to retain at least 75% of the equity awarded to them while employed by Citigroup. Citigroup executives are required to take and hold substantial portions of their annual compensation in stock awards. The primary purpose in mind when we imposed this requirement was to tie our executives' long-term personal financial interests with those of the company and its stockholders. Now well-recognized as a corporate compensation best practice, Citigroup has had this requirement in place for more than a decade.

Citigroup has also been a leader in community lending and investment, and Citigroup's leadership in this area predates the current crisis by decades. Citigroup's long history of supporting underserved communities was highlighted by a $200 billion commitment, in 2003, to affordable mortgage lending to low and moderate income and minority households. Last year, we met that commitment – ahead of schedule – and Citigroup continues to support affordable mortgage programs. We have also formed partnerships with community groups. We have worked in partnership with ACORN, the National Urban League, the National Council of La Raza, and NeighborWorks America to support affordable lending, financial education, and community development.

More recently, Citigroup has worked to assist homeowners facing foreclosure. In July 2007, Citigroup launched the Office of Homeownership Preservation. The Office works closely with Citigroup businesses and a loss mitigation team to meet the needs of distressed borrowers, offering broad based financial education and one-on-one counseling through nonprofit counseling organizations. Additionally, through our ongoing relationship with the Neighborhood Assistance Corporation of America, Citigroup will fund up to $1 billion worth of mortgage refinancing for homeowners at risk of foreclosure.

Personally, I have spoken out on mortgage issues. Last year, in an address at the Greenlining Institute in Los Angeles, I criticized the current patchwork of regulatory rules that permit certain mortgage brokers and lenders to pursue regulatory arbitrage – seeking out areas of weaker banking regulations, often to the detriment of consumers – and called for closing the regulatory loopholes that permit these issues to develop.

I recognize how incredibly fortunate I am to have had the opportunity to lead Citigroup. It's never easy to retire from a company to which one has devoted one's entire career, and my retirement from Citigroup was no exception. Last fall, it became apparent that the risk models which Citigroup, the various rating agencies, and the rest of the financial community used to assess certain mortgage-backed securities were wrong. As CEO, I was ultimately responsible for the actions of the company, including the risk models that eventually proved inadequate. In the interests of the company I had worked so hard to build, I immediately submitted my resignation, and the Board of Directors accepted it a few days later.

I recognize that some have raised questions about my compensation, and much of the information reported in the media is incomplete or inaccurate. I therefore welcome the opportunity to provide the Committee with the complete information. I am happy to answer any questions. Thank you.