

FC 17421

**SALOMON INTERNATIONAL LLC
AND SUBSIDIARY UNDERTAKINGS**

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2000

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CONSOLIDATED PROFIT & LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2000

	Notes	2000 £ Million	1999 £ Million
Net revenue	1c	472.1	299.6
Commission income and fees	1c	775.7	263.5
Interest receivable and similar income	3	1,924.4	1,300.4
Interest payable	3	(1,879.9)	(1,197.3)
GROSS PROFIT		1,292.3	666.2
Net operating expenses	4	(1,617.6)	(699.3)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(325.3)	(33.0)
Tax on loss on ordinary activities		(68.2)	7.3
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(393.5)	(25.7)
Minority interests	17	11.3	1.0
LOSS FOR THE FINANCIAL YEAR		(382.2)	(24.7)
Dividend proposed			
On preference shares of the Company	15	-	(8.7)
Appropriation on preference shares of minority interest	17	(0.6)	(0.6)
LOSS FOR THE YEAR	16	(382.8)	(34.0)

There are no recognised gains or losses other than the profit/(loss) for the year and all items are derived from continuing operations. The accompanying notes on pages 5 to 19 form an integral part of this profit and loss account.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES (Unaudited)
for the year ended 31 December 2000

	Notes	2000 £ Million	1999 £ Million
Loss attributable to members of the parent Company		(382.8)	(34.0)
Exchange difference on retranslation of net assets of subsidiary undertakings	16	81.7	31.1
Total recognised losses relating to the year		(301.1)	(2.9)

RECONCILIATION OF SHAREHOLDERS' FUNDS

		2000 £ Million	1999 £ Million
Total recognised losses		(301.1)	(2.9)
Dividends appropriated		(0.6)	(0.6)
Dividend paid	17	(1.8)	-
Profit and loss account appropriation on non-equity shares	17	0.6	0.6
Capital contributions		381.2	-
Total movements during the year		78.3	(2.9)
Shareholders' funds at 1 January		(344.9)	(342.0)
Shareholders' funds at 31 December		(266.6)	(344.9)

The accompanying notes on pages 5 to 19 form an integral part of this consolidated statement of total recognised gains and losses.

CONSOLIDATED BALANCE SHEET (Unaudited)

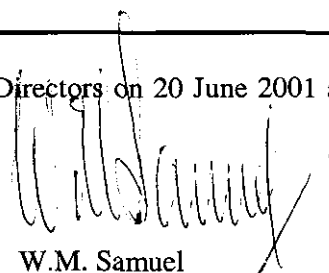
as at 31 December 2000

	Notes	2000 £ Million	2000 £ Million	1999 £ Million	1999 £ Million
FIXED ASSETS					
Tangible fixed assets	7		26.1		18.8
CURRENT ASSETS					
Debtors	9	39,352.2		31,445.6	
Investments	10	20,255.2		14,291.0	
Cash at bank and in hand	11	478.7		233.4	
		60,086.1		45,970.0	
CREDITORS: Amounts falling due within one year	12	59,388.9		44,434.4	
NET CURRENT ASSETS			697.2		1,535.6
TOTAL ASSETS LESS CURRENT LIABILITIES			723.3		1,554.4
CREDITORS: Amounts falling due after more than one year	12		494.2		1,389.5
PROVISION FOR LIABILITIES AND CHARGES	14		9.7		11.4
NET ASSETS			219.4		153.5
CAPITAL AND RESERVES					
Called up share capital	15		335.4		335.4
Capital reserve	16		516.6		135.4
Profit and loss account	16		(1,118.6)		(817.5)
Profit and loss account reserve on non-equity shares	17		-		1.8
SHAREHOLDERS' FUNDS			(266.6)		(344.9)
MINORITY NON-EQUITY INTERESTS	17		486.0		498.4
TOTAL CAPITAL EMPLOYED			219.4		153.5

The financial statements on pages 5 to 19 were approved by the Directors on 20 June 2001 and were signed on their behalf by:



E.F. Miller
Co-Chief Executive



W.M. Samuel
Co-Chief Executive

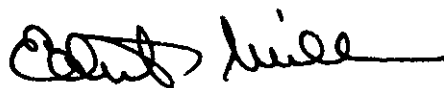
The accompanying notes on pages 5 to 19 form an integral part of this balance sheet.

PARENT COMPANY BALANCE SHEET (Unaudited)

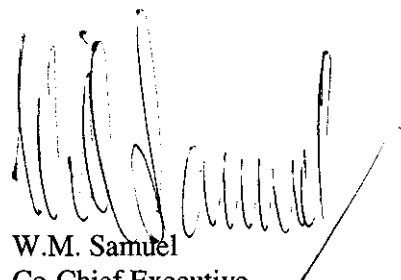
as at 31 December 2000

	Notes	2000 £ Million	2000 £ Million	1999 £ Million	1999 £ Million
FIXED ASSETS					
Investments	8		480.4		405.2
CURRENT ASSETS					
Debtors	9	1.1		9.1	
Cash at bank and in hand		0.1		0.1	
		1.2		9.2	
CREDITORS: Amounts falling due within one year	12	12.9		323.3	
NET CURRENT LIABILITIES			(11.7)		(314.1)
NET ASSETS			468.7		91.1
CAPITAL AND RESERVES					
Called up share capital	15		335.4		335.4
Capital reserve	16		512.4		131.2
Profit and loss account	16		(379.1)		(375.5)
SHAREHOLDERS' FUNDS			468.7		91.1

The financial statements on pages 5 to 19 were approved by the Board of Directors on 20 June 2001 and were signed on their behalf by:



E.F. Miller
Co-Chief Executive



W.M. Samuel
Co-Chief Executive

The accompanying notes on pages 5 to 19 form an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

for the year ended 31 December 2000

1. Principal Activity

Salomon International Limited ("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, all of which have been applied consistently throughout the current year and the preceding year, are set out below:

(a) Basis of presentation

The financial statements have been prepared under the historical cost convention, except for current asset investments, contractual commitments and foreign exchange transactions which are stated at fair value (as defined in Note 1(d) below) at the balance sheet date. The financial statements have been prepared in Sterling, which is the functional currency of the Company, and in accordance with accounting standards applicable in the United Kingdom. Any reference to \$ in these financial statements, unless otherwise stated, refers to US Dollars.

In accordance with the revised Financial Reporting Standard No 1, the Company has not prepared a cash flow statement. The Company'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 Financial Reporting Standard No 8, the Company 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 audited financial statements of the parent company and all its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or up to the date on which control passed. Acquisitions are accounted for under the acquisition method and goodwill representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired was previously written off against reserves. On disposal of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal. Following implementation of Financial Reporting Standard No 10 (Goodwill and Intangible assets), the Company has changed its accounting policy to amortise goodwill on any future acquisitions over its useful life.

No profit and loss account is presented for the Company, as permitted by Section 230 of the Companies Act 1985.

(c) Net revenue, commission income and fees

The Company's net revenue includes trading profits and losses, including dividends, earned from dealing, market making and principal activities in marketable investments, contractual commitments and foreign exchange, the substantial majority of which have liquid markets.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

1. Principal Accounting Policies – continued

(c) Net revenue, commission income and fees – continued

In the opinion of the Directors, to present a true and fair view, movements in the fair value (as defined in Note 1(d) below) of investments, contractual commitments and foreign exchange contracts are included within the profit and loss account, rather than in a revaluation reserve. This is a departure from the Companies Act 1985. The Directors consider that it is not practicable to quantify the effect of the departure from the Companies Act 1985 a way that would be useful to users of the accounts.

Commission income and fees are derived from sales activities, underwriting activities, marketing securities owned by other group undertakings, trading services provided to other group undertakings, and corporate finance fees associated with mergers and acquisitions and other corporate finance advisory activities.

Gains and losses, including commission revenues and expenses, are accounted for on the trade date of the related transaction. Corporate finance fees are credited when earned.

(d) Trading inventory

Trading inventory is accounted for on a trade date basis. Long positions are described as current asset investments as outlined in Note 10. Short positions are included within creditors due within one year in Note 12 and comprise both securities sold, but not yet purchased, and options and other contractual commitments. Contractual commitments include obligations with counterparties which may extend for more than one year.

Trading inventory is recorded at fair value, which represents market value or, when market prices are not readily available, instruments are priced on a comparable basis for example by using models. Fair value includes related accrued interest or dividends. The determination of fair value considers various factors, including: closing exchange or over-the-counter market price quotations; time and volatility factors underlying options, warrants and contractual commitments; price activity for equivalent or synthetic instruments in markets located in different time zones; counterparty credit quality; and the potential impact on market prices of liquidating the Company's positions in an orderly manner over a reasonable period of time under prevailing market conditions. Further, in determining the fair value of its contractual commitments, the Company considers future maintenance costs.

(e) Repurchase and resale agreements

Repurchase and resale agreements are treated as collateralised financing transactions and are carried at the amounts at which the securities will be subsequently reacquired or resold, including accrued interest, as specified in the respective agreements.

(f) Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided at rates calculated to write-off the cost of each asset on a straight-line basis over its expected economic useful life, as follows:

Leasehold improvements	-	lesser of the life of the lease or the estimated useful life
Equipment and cars	-	20% - 33 1/3% annually

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

1. Principal Accounting Policies – continued

(g) Fixed asset investments

Fixed asset investments are stated at cost or Directors' valuation.

Investments in any 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.

(h) 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.

(i) Pension costs

The Company accounts for pension costs in accordance with Statement of Standard Accounting Practice 24. For defined contribution benefits, the charge against profit is the amount of contributions payable in respect of the year. For defined benefit obligations, the pension cost is calculated using actuarial valuation methods which give rise to a regular pension cost that is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the average remaining service lives of current employees in the scheme.

(j) Foreign currency

Monetary assets and liabilities denominated in currencies other than Sterling have been translated into Sterling using the year end spot exchange rates. Non-monetary assets and liabilities, denominated in currencies other than Sterling, have been translated at the relevant historical exchange rates.

Transactions in foreign currencies are translated into Sterling at rates of exchange approximating those at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

3. Interest Receivable and Similar Income and Interest Payable

	2000 £ Million	1999 £ Million
Interest receivable and similar income comprises:		
Interest on current asset investments, interest bearing debtors and cash assets	1,505.8	981.9
Interest on loans to other group undertakings	405.7	309.7
Interest on loans to associated undertakings	12.9	8.2
	1,924.4	1,299.8

Interest payable comprises:

Interest on bank loans and overdrafts	8.3	2.7
Interest on other third party borrowings	1,352.2	875.7
Interest on borrowing from other group undertakings	511.3	308.6
Interest on borrowing from associated undertakings	8.1	10.3
	1,879.9	1,197.3

4. Net Operating Expenses

	2000 £ Million	1999 £ Million
Net operating expenses include:		
Employee remuneration	834.5	332.7
Social security costs	83.2	43.1
Pension costs (Note 5)	27.9	14.8
	945.6	390.6
Auditors' remuneration:		
- Audit fees	0.9	0.7
- Other non audit related fees	1.0	1.3

The Company has no employees. All employees of the Group are employed by Salomon Brothers International Limited.

The Group employed an average of 2,390 (1999: 1,991) employees during the year.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

5. Pension Arrangements

The Salomon Brothers International Limited Pension and Life Assurance Scheme ("the Scheme") is a funded pension scheme providing benefits primarily based on final pensionable salary. There is also a defined contribution section in the Scheme which applies to earnings which are not pensionable under the defined benefit provisions. This section of the Scheme was closed to new entrants with effect from 1 April 1997. At that time a new defined contribution section for new entrants to the Scheme was established but this is now closed to new entrants too. The assets of the Scheme are held separately from those of the Company, in a trustee administered fund. Employees are not required to contribute to the Scheme which is contracted-out of the State Earnings Related Pension Scheme.

A new defined contribution scheme has been opened for new entrants, the Citigroup (UK) Pension Plan. The pension cost for this scheme is equal to the contributions made by the Company.

From 1st November 2000 former employees of J. Henry Schroder & Co. Limited and Schroder Securities Limited were able to join the Scheme with future service benefits which replicated those that they were previously entitled to under the Schroders Retirement Benefits Scheme ("Schroders Scheme"). Individual employees were also able to transfer their past service benefits from the Schroders Scheme to the Scheme.

The pension cost in respect of defined benefit obligations is assessed in accordance with the advice of a qualified actuary using the projected unit method with a three year control period. The most recent actuarial valuation of the pension cost for the Scheme was at 1 January 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investments and the rates of increase in salaries and pensions.

It was assumed that the investment return would be 8.5% per annum, that salary increases would be 7% per annum, that statutory required increases would apply to present and future guaranteed minimum pensions in payment and that increases of 5% per annum would apply to the remainder of pensions in payment.

At the date of the last actuarial valuation the market value of the assets, excluding those held in respect of defined contributions was £124.6 million and the actuarial value of those assets represented 119.4% of the value of benefits that had accrued to members including allowance for future salary increases. The surplus is being eliminated through a decrease in the employer's pension cost. The current surplus is being spread over 7 years.

Costs of the Scheme in respect of the defined benefit obligations are charged to the profit and loss account so as to spread the cost of pensions over 10 years, which is the average remaining service life of current employees in the Scheme. The pension charge for the year comprises £4.3 million (1999: £6.5 million) in respect of the defined benefit obligations. The pension cost in respect of defined contribution benefits represents contributions paid and payable in respect of the year, namely, £14.1 million (1999: £8.4 million).

6. Directors' Emoluments

The Directors received no emoluments in respect of their services to the Group as directors or otherwise and £3,887,589 (1999: £3,672,963) in respect of their services for subsidiary undertakings during the year.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

7. Tangible Fixed Assets

The movement in tangible fixed assets for the year was as follows:

	Group
	Leasehold Improvements Fixtures & Fittings, Equipment & Cars £ Million
COST -	
Balance at 1 January 2000	79.6
Additions	20.8
Disposals	(3.3)
Exchange adjustment	6.5
 Balance at 31 December 2000	 103.6
 DEPRECIATION -	
Balance at 1 January 1999	60.8
Charge for the year	12.8
Disposals	(1.1)
Exchange adjustment	5.0
 Balance at 31 December 2000	 77.5
 Net Book Value at 31 December 2000	 26.1
 Net Book Value at 1 January 2000	 18.8

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

8. Fixed Asset Investments

The following amounts for subsidiary undertakings are included in fixed asset investments:

	2000 £ Million	1999 £ Million
COST		
At 1 January 2000	405.2	710.1
Additions	86.2	4.9
Provision for distribution value	(11.0)	(309.8)
Net Book Value at 31 December 2000	480.4	405.2

The Company's principal subsidiary undertakings, all of which are registered in England and Wales, 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	Proportion of Shares Held by the Company	Principal Activity
Salomon Brothers Europe Limited	Ordinary Preference	See below	Holding Company
Salomon Brothers U.K. Limited	Ordinary	100%	Broker and dealer in UK Gilt Securities
Citigroup Asset Management Limited	Ordinary	100%	Asset management

The Company owns 97.3% of the ordinary share capital of Salomon Brothers Europe Limited. The remaining 2.7% is owned by Salomon (International) Finance AG, which is a fellow subsidiary undertaking of Salomon Brothers Holding Company Inc.

On 1 May 2000 Salomon Brothers Holding Company Inc purchased the shares of Schroder Securities Limited, Schroder US Securities Limited and Schroder Switzerland Securities Limited for £55.1 million. These investments were transferred to the Company by way of a capital contribution.

On 1 May 2000 Salomon Brothers Holding Company Inc purchased the shares of Cheapside Holdings (Jersey) Limited for £502.2 million. These investments were transferred to the Company by way of a capital contribution.

On 2 May 2000 the Company acquired all of the issued ordinary shares of Schroder Italia SIM SpA from Salomon Brothers Holding Company Inc by way of capital contribution of €14.4 million.

On 16 June 2000 Schroder Securities Limited petitioned the court to reduce the share capital of the Company by cancelling and extinguishing 35 million ordinary shares of £1 each and returning £35 million to the Company. The court approved this petition on 26 July 2000 and the cash payment was made on 28 July 2000.

On 22 September 2000 the Company purchased Schroders Japan Limited from J. Henry Schroder & Co. Limited for £49.2 million, being the net assets of Schroders Japan Limited.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

8. Fixed Asset Investments – continued

On 22 September 2000 Cheapside Holdings (Jersey) Limited issued 471,752 ordinary shares of £0.01p each for a cash consideration of £751,769.19 to the Company. On that same date, Cheapside Holdings (Jersey) Limited repurchased 75,684,671 ordinary shares of £0.01p for a cash consideration of £120,551,355 from the Company.

On 6 October 2000 the Company acquired all of the issued ordinary shares of J. Henry Schroder S.V.S.A. from Salomon Brothers Holding Company Inc by way of a capital contribution of €15.0 million.

On 10 November 2000 the Company purchased Salomon Brothers U.K. Limited for £22.6 million from its subsidiary undertaking, Salomon Brothers Europe Limited.

On 16 November 2000 the Company acquired all of the issued ordinary shares of Schroder France S.A. from Salomon Brothers Holding Company Inc by way of a capital contribution of €6.8 million.

On 1 December 2000 Cheapside Holdings (Jersey) Limited issued 234,900 ordinary shares of £0.01p each for a cash consideration of £406,676.03 to the Company. On that same date, Cheapside Holdings (Jersey) Limited repurchased 40,667 ordinary shares of £0.01p for a cash consideration of £70,406,676.03 from the Company.

On 19 December 2000 the Company made a distribution from capital reserves of £200 million to its sole member, Salomon Brothers Holding Company Inc.

On 19 December 2000 Cheapside Holdings (Jersey) Limited issued 978,710 ordinary shares of £0.01p each for a cash consideration of £1,706,741.77 to the Company. On that same date, Cheapside Holdings Jersey Limited repurchased 170,874,177 ordinary shares of £0.01p for cash consideration of £297,633,446.77 from the Company.

On 19 December 2000 Schroder Securities Limited declared and paid a dividend of £5.6 million to the Company

On 19 December 2000 Schroders Japan Limited repurchased 5.6 million class 'A' shares of JP Yen 1,000 each and 1,000 class 'B' shares of Yen 1,000 each for a consideration of Yen 7.5 billion comprising Yen 5.6 billion of capital, Yen 1.150 billion of distributable reserves and Yen 750 million of share premium.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

9. Debtors

The following amounts are included in debtors:

	2000	Group	2000	Company
	£ Million	1999	£ Million	1999
Amounts falling due within one year:				
Trade debtors	25,392.4	24,422.4	-	-
Due from other Group undertakings	13,599.3	6,991.5	1.1	9.1
Due from associated undertakings	271.2	-	-	-
VAT recoverable	0.5	0.1	-	-
Corporation tax recoverable	-	12.2	-	-
Income tax recoverable	-	0.8	-	-
Other debtors	83.0	16.1	-	-
Prepayments and accrued income	5.8	2.5	-	-
	39,352.2	31,445.6	1.1	9.1

The Group trade debtors include collateralised short-term financing transactions with counterparties of £20,192.5 million (1999: £15,961.3 million). These positions are entered into to cover short trading

positions and to facilitate customer financing activity. The substantial majority of the collateral securing these positions comprises government bonds.

Due from other group undertakings are secured financing transactions, collateralised by current asset investments, of £12,910.0 million (1999: £6,479.7 million). Due from associated undertakings include collateralised financing transactions of £262.0 million (1999: £2,215.1 million).

10. Current Asset Investments

The current asset investments comprise marketable securities and related instruments taken into inventory as part of the Group's principal trading activities. The Group's accounting policy for such investments is explained in Note 1(d). Included within current asset investments are:

	2000	1999
	£ Million	£ Million
Government bonds	6,590.7	4,457.1
Eurobonds and other corporate bonds	2,434.6	1,484.4
Equities - listed on a recognised UK exchange	915.5	146.3
- listed elsewhere	2,745.6	1,104.0
Certificates of deposit	2,653.4	2,214.7
Options and other contractual commitments (Note 17(b))	4,915.4	4,884.5
	20,255.2	14,291.0

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

11. Cash at Bank and in Hand

	2000 £ Million	Group 1999 £ Million
Cash held by third parties	402.9	176.3
Cash held by other group undertakings	75.8	57.1
	478.7	233.4

Included within cash at bank and in hand is £177.9 million (1999: £71.6 million) that is held on behalf of clients in segregated accounts.

12. Creditors

The following amounts are included in creditors:

	2000 £ Million	Group 1999 £ Million	2000 £ Million	Company 1999 £ Million
Amounts falling due within one year:				
Bank loans and overdrafts	165.7	113.5	-	-
Trade creditors	39,165.7	28,823.1	-	-
Securities sold not yet purchased (Note 1(d))	6,301.5	5,584.5	-	-
Options and other contractual commitments (Notes 1(c), 18(b))	5,924.6	5,258.1	-	-
Due to other group undertakings	5,439.0	4,276.8	12.6	323.1
Due to associated undertakings	373.6		-	-
Subordinated loans	1,136.8	95.7	-	-
Corporation taxation payable	34.8	0.2	0.3	0.2
Other creditors and accruals	789.8	258.7	-	-
Social security and PAYE	57.4	23.8	-	-
	59,388.9	44,434.4	12.9	323.3
Amounts falling due after more than one year:				
Subordinated loans	494.2	1,389.5	-	-

Group trade creditors primarily represent amounts payable under repurchase and stock lending agreements, amounts due to counterparties including other financial institutions and short-term borrowings from banks and other institutions.

Group trade creditors include both unsecured and secured financing arrangements. Security for financing transactions is provided in the form of current asset investments and securities obtained from trade debtor financing. The value of collateralised financing transactions at the balance sheet date was £34,554.3 million (1999: £20,912.8 million). Bank loans and overdrafts at 31 December 2000 on an unsecured basis amounted to £162.5 million (1999: £106.1 million).

Due to other group undertakings includes collateralised financing transactions of £2,033.0 million (1999: £1,976.2 million).

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

13. Subordinated Loans

The subordinated loans form part of the Group's financial resources required to comply with the capital adequacy requirements of the Securities and Futures Authority ("SFA") and can only be repaid with their consent. The subordinated loans, on which interest is payable at a market rate, are due to other group undertakings. At 31 December 2000 the Group had in place the following subordinated loan facilities:

	2000 £ Million	1999 £ Million
Facilities falling due within one year:	3,354.0	295.7
Facilities falling due after one year:	771.7	3,460.0

14. Provision for Liabilities and Charges

The provision for liabilities and charges comprises deferred taxation attributable to:

	2000 £ Million	Group 1999 £ Million
Balance at beginning of year	11.4	16.3
Charged/(credited) to profit & loss in respect of other timing differences in relation to current assets and liabilities	4.4	(0.9)
Exchange difference	1.9	0.3
Adjustment in respect of prior years	-	(4.3)
Deferred tax asset transferred from other group undertakings on transfer of their business	(8.0)	-
Balance at end of year	9.7	11.4

The year end balance arose in respect of:

	2000 £ Million	Group 1999 £ Million
Excess of depreciation on fixed assets over capital allowances	-	(4.9)
Other timing differences	9.7	16.3
Balance at end of year	9.7	11.4

The maximum total deferred tax liability has been accounted for. The Company has substantial tax losses to carry forward.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

15. Called-Up Share Capital

The Company's share capital comprises:

	2000 Number	1999 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
	1,076,729	1,076,729

	2000 £ Million	1999 £ Million
Allotted and issued:		
980,140 Class A Stock, without par value	335.4	335.4
	335.4	335.4

Dividends:		
Proposed on the ordinary shares of the Company	-	8.7

16. Reserves

Group	Capital Reserve £ Million	Profit & Loss Account £ Million	Total £ Million
Balance at 1 January 2000	135.4	(817.5)	(682.1)
Exchange difference on retranslation of net assets and results of subsidiary undertakings	-	81.7	81.7
Loss for the year	-	(382.8)	(382.8)
Capital reserve (Note 8)	381.2	-	381.2
Balance at 31 December 2000	516.6	(1,118.6)	(602.0)

Company	Capital Reserve £ Million	Profit & Loss Account £ Million	Total £ Million
Balance at 1 January 2000	131.2	(375.5)	(244.3)
Loss for the year	-	(3.6)	(3.6)
Capital reserve (Note 8)	381.2	-	381.2
Balance at 31 December 2000	512.4	(379.1)	133.3

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

17. Minority Interests

	2000 £ Million	1999 £ Million
Balance at 1 January	498.4	498.8
Appropriation of loss for the year	11.3	(1.0)
Dividend paid on non equity shares	(1.8)	-
Profit and loss account appropriation on non-equity shares	0.6	0.6
Balance at 31 December	486.0	498.4

18. Contractual Commitments and Contingencies

(a) Risk Management

The Company derives revenues from trading activities that expose it to market, credit and operational risks. These risks are principally managed on a global basis. Global procedures in place to manage such risks are disclosed in the Managing Global Risk section of the consolidated accounts of Citigroup Inc. The Company undertakes local risk management procedures that are integral and consistent with those described for Citigroup Inc.

(b) Fair Values of Contractual Commitments

In the normal course of its operations, the Company enters into various contractual commitments involving forward settlement. These include futures contracts, commitments to buy and sell foreign currencies, interest rate swap, cap and floor agreements, and options or similar contractals. As discussed in Note 1(d), the Company records all contractual commitments involving future settlement at fair value. Consequently, changes in fair values are included in the profit and loss account.

Commitments involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular instrument. The Company's exposure to market risk is determined by a number of factors, including the size, composition and diversification of positions held, the absolute and relative levels of interest rates and foreign currency exchange rates as well as market volatility and liquidity. For instruments such as options and warrants, the time period during which the options or warrants may be exercised and the relationship between the current market price of the underlying instrument and the options' or warrants' strike or exercise price also affects the level of market risk. The most significant factor influencing the overall level of market risk to which the Company is exposed is its use of hedging techniques to mitigate such risk.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
for the year ended 31 December 2000

18. Contractual Commitments and Contingencies – continued

As discussed in Note 1(d), the balance sheet includes the fair value of options and other contractual commitments involving forward settlement. At 31 December 2000 and 1999, the fair value of contractual commitments recorded as assets and liabilities was as follows:

	Assets 2000 £ Million	Liabilities 2000 £ Million	Assets 1999 £ Million	Liabilities 1999 £ Million
Swap agreements, swap options, and interest Rate cap and floor agreements	2,205.6	3,159.9	1,027.5	1,178.1
Index and equity options and similar Contractuals	2,447.0	2,499.3	3,592.3	3,839.4
Other options and contractuals	231.6	151.2	264.7	240.6
	4,884.2	5,810.4	4,884.5	5,258.1

(c) Letters of Credit

The Company had £302.6 million (1999: £298.8 million) of unsecured letters of credit outstanding from banks to satisfy collateral requirements under securities borrowing agreements and margin requirements.

(d) Capital Commitments

There were no capital commitments as at 31 December 2000 (1999: £ nil).

19. Registered Charges

The Companies within the Group have granted to various bankers and other entities a number of fixed and floating charges over certain holdings in securities, properties, collateral and monies held by or on behalf of such banks or other entities, including charges relating to the Group's European Settlements Office agreement with the Bank of England and the Group's participation in clearance/settlement systems.

20. Subsequent Events

On 8 February 2001 Cheapside Holdings (Jersey) Limited issued 23,348 ordinary shares of £0.01p each for a cash consideration of £85,320.42 to the Company. On that same date, Cheapside Holdings (Jersey) Limited repurchased 8,532,042 ordinary shares of £0.01p for a cash consideration of £31,179,165.42 from the Company.

On 25 May 2001 Cheapside Holdings (Jersey) Limited issued 17,078 ordinary shares of £0.01p each for a cash consideration of £25,893.46 to the Company. On that same date, Cheapside Holdings (Jersey) Limited repurchased 2,589,346 ordinary shares of £0.01p for a cash consideration of £3,925,893.46 from the Company.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited) - continued
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20. Subsequent Events - continued

On 25 May 2001 Salomon Brothers U.K. Limited repurchased 19,999,900 ordinary shares of £1 each from the Company. On that same date Salomon Brothers U.K. Limited repurchased 3,197,250 preference shares of £2.50 each from Salomon Smith Barney Inc.

21. Group Structure

The Company's immediate parent undertaking is Salomon Brothers Holding Company 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 Corporate Affairs, Citigroup Inc., 13th Floor, 850 Third Avenue, New York, NY 10043.