

Opening Statement of David Bushnell
Before the Senate Permanent Subcommittee on Investigations
December 11, 2002

Mr. Chairman and Members of the Committee, thank you for the opportunity to speak to you today.

My name is David Bushnell. I am a Managing Director at Citigroup's Corporate & Investment Bank and the head of Global Risk Management for the Global Corporate & Investment Bank (GCIB). Global Risk Management functions as an independent control over our business units. It is the responsibility of my department to ensure that risks — including market risk, credit risk, and risks to the institution's reputation — are identified, measured and evaluated for the GCIB. No extension of credit is permitted without Risk Management's approval in accordance with our established policies and procedures. The firm's risk management committees, including the Capital Markets Approval Committee, report to me. I am also charged with communicating to and interpreting for our business units the views of senior-most management as they pertain to issues of risk.

I understand that the Committee is interested in discussing my role in the Sundance transaction. I look forward to answering the Committee's questions about that transaction. But before I do, I would like to take this opportunity to

explain some of the very significant changes that Citigroup is making in the way we handle such transactions today.

As you know, on August 7, Citigroup announced a new policy regarding transactions that raise significant accounting or disclosure issues. As chief risk manager, I have been centrally involved in developing and implementing this policy. In his testimony, Mr. Prince describes the key elements of the policy and our implementation program. The message that I want to convey is that this new policy is having a real impact on the ground at Citigroup where transactions are done.

Every material structured or complex financing transaction of the sort this Committee has been concerned about is being subject to a rigorous review process. The Capital Markets Approval Committee is thoroughly evaluating the transparency of transactions and is working with our business people to ensure that in any transaction we do, the client discloses fairly and appropriately the net effect of the transaction on the company's financial condition. If the client will not commit to these kind of disclosures, the answer is simple: Citigroup will not execute the transaction.

In the months since August 7, we have reviewed dozens of transactions and we are learning a great deal. This process is helping us to develop a uniform approach to assessing, routing, and, where appropriate, approving and documenting transactions, consistent with the principles of our policy. And, the policy has already had a real impact on the transactions we are doing or declining to do.

One of the most significant objectives of the past few months has been to embed in our culture an understanding of the importance of this policy. I can tell you that our people are taking it seriously -- from the front lines of our business units to our senior-most management. We are making this policy a living, breathing part of the way we do business.

Thank you and I look forward to answering your questions.