

YOUR DIVERSIFICATION RIGHTS

(This section serves as your notice of diversification rights under Section 101(m) of ERISA.)

Under a new law that went into effect January 1, 2007, the plan must allow you to move any portion of your account that is invested in Travelers stock from that investment into other investment options under the plan. This right extends to all of the Travelers stock (both common and preferred shares) held under the plan, except that the plan is not required by the new law to extend this right to your account balance attributable to company matching contributions until you have three years of service. However, **the plan has diversification rules in place that are more generous than those provided under the new law.** Under the plan, you can exchange balances (including company matching contribution balances) out of Travelers stock at any time.*

In deciding whether to exercise your diversification rights, you will want to give careful consideration to the information below that describes the importance of diversification. All of the investment options under the plan are available to you if you decide to diversify out of Travelers stock.**

The Importance of Diversifying Your Account

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk. You should remember that Travelers stock is not a diversified or managed investment option under the plan. **Investing in a non-diversified, unmanaged single stock (of any company) involves more investment risk than investing in a diversified portfolio.** Investment performance of Travelers stock is affected by the performance of Travelers, as well as the overall stock market. **If the value of a single stock declines, you could lose a substantial amount of account value.**

You may have an investment in Citigroup common stock as a result of your prior participation in the Citigroup 401(k) Plan. The same diversification considerations apply to your investment in Citigroup stock as apply to your investment in Travelers stock.

If you invest more than 20% of your assets in any one company or industry, most investment professionals would agree that your savings may not be properly diversified. Many investment professionals would tell you that investing more than 5% or 10% of your assets in any one company or industry may be too much for adequate diversification.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. You should invest or continue to invest in Travelers stock under the plan only if you feel it is the right investment for you, taking into account your overall investment portfolio.

It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

The Role of Stock under the Plan

The plan is designed in part to allow you to participate in the financial future of Travelers by investing in Travelers stock **if that is what you choose to do**. Because the plan requires that Travelers stock be provided as an investment option, Travelers stock will remain an option unless Travelers amends the plan to remove Travelers stock. Travelers will not provide financial or other information to plan participants that it does not otherwise provide to the public.

For More Information

If you have any questions about your rights under this new law, or how to exercise your diversification rights under the plan, contact the 401(k) Service Center at 800.480.9980.

* Refer to the earlier paragraph titled “Coordination with Insider Trading Policy” for trading limits that may apply. Also, while daily processing of transactions generally occurs, events may occur from time to time that result in a suspension of investment transactions.

**The plan maintains two “frozen” company stock funds – the Travelers Preferred Stock Fund and the Citigroup Common Stock Fund – which are closed to new investments. You are permitted to exchange balances out of these funds, but you cannot direct any new contributions to, or make an exchange into, these funds.