

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

CITIGROUP INC

CIK: **831001** | IRS No.: **521568099** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
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**U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported) November 23, 2008**

Citigroup Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-9924
(Commission
File Number)

52-1568099
(IRS Employer
Identification No.)

**399 Park Avenue, New York,
New York**
(Address of principal executive offices)

10043
(Zip Code)

(212) 559-1000
(Registrant's telephone number,
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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CITIGROUP INC.
Current Report on Form 8-K

Item 1.01 Entry into a Material Definitive Agreement; Item 3.02 Unregistered Sales of Equity Securities.

On November 24, 2008, Citigroup Inc. announced it reached an agreement with the U.S. Treasury, the Federal Reserve Board and the Federal Deposit Insurance Corporation to add \$40 billion of capital benefit to Citigroup through a government guarantee on \$306 billion of its assets and through the issuance of preferred stock and a warrant.

The agreement includes the following terms and conditions:

The U.S. Treasury will invest \$20 billion in Citi preferred stock under the Troubled Asset Relief Program.

Citi will issue an incremental \$7 billion in preferred stock to the U.S. Treasury and the FDIC as payment for a government guarantee on \$306 billion of securities, loans, and commitments backed by residential and commercial real estate and other assets.

Citi will assume any losses on the \$306 billion portfolio up to \$29 billion on a pre-tax basis (in addition to Citi's existing reserves); the government entities will assume 90% of any losses above that level and Citi will assume the balance.

As a result of the asset guarantee, the \$306 billion portfolio will have a new risk weighting of 20%.

Citi will issue a warrant to the U.S. Treasury for approximately 254 million shares of the company's common stock at a strike price of \$10.61.

Citi has agreed not to pay a quarterly common stock dividend exceeding \$0.01 (one cent) per share for three years effective on the next quarterly common stock dividend payment.

An executive compensation plan, including bonuses, that rewards long-term performance and profitability, with appropriate limitations, must be submitted to, and approved by, the U.S. government.

A copy of the press release announcing the agreement described above is being filed as Exhibit 99.1 to this Form 8-K. A summary of the terms of the eligible asset guarantee, the preferred stock and the warrant is being filed as Exhibit 10.1 to this Form 8-K. Both exhibits are incorporated by reference herein in their entirety.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number

10.1	Summary of Terms, dated November 23, 2008.
99.1	Press Release, dated November 24, 2008, issued by Citigroup Inc.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CITIGROUP INC.

Dated: November 26, 2008

By: /s/ Michael S. Helfer

Name: Michael S. Helfer

Title: General Counsel and Corporate Secretary

EXHIBIT INDEX

Exhibit Number

- | | |
|------|--|
| 10.1 | Summary of Terms, dated November 23, 2008. |
| 99.1 | Press Release, dated November 24, 2008, issued by Citigroup Inc. |

November 23, 2008

Summary of Terms**Eligible Asset Guarantee**

Eligible Assets:	Asset pool consisting of loans and securities backed by residential real estate and commercial real estate, and their associated hedges, as agreed, and other such assets as the U.S. Government (USG) has agreed to guarantee. Each specific asset must be identified on signing of guarantee agreement. Assets will remain on the books of institution but will be appropriately “ring-fenced.”
Size:	Up to \$306 bn in assets to be guaranteed (based on valuation agreed upon between institution and USG).
Term of Guarantee:	FDIC standard loss-sharing protocol: Guarantee is in place for 10 years for residential assets, 5 years for non-residential assets.
Deductible:	Institution absorbs all losses in portfolio up to \$29 bn (in addition to existing reserves) Any losses in portfolio in excess of that amount are shared USG (90%) and institution (10%). USG share will be allocated as follows: UST (via TARP) second loss up to \$5 bn; FDIC takes the third loss up to \$10 bn;
Financing:	Federal Reserve funds remaining pool of assets with a non-recourse loan, subject to the institution’s 10% loss sharing, at a floating rate of OIS plus 300bp. Interest payments are with recourse to the institution.
Fee for Guarantee – Preferred Stock:	Institution will issue \$7 bn of preferred stock with an 8% dividend rate (under terms described below). \$4 bn of preferred will be issued to UST. \$3 bn will be issued to the FDIC.
Management of Assets:	USG will provide institution with a template to manage guaranteed assets This template will include the use of mortgage modification procedures adopted by the FDIC, unless otherwise agreed.
Risk Weighting:	Institution will retain the income stream from the guaranteed assets. Risk weighting for assets will be 20%.

Dividends: Institution is prohibited from paying common stock dividends, in excess of \$.01 per share per quarter, for 3 years without UST/FDIC/FRB consent. A factor taken into account for consideration of the USG' s consent is the ability to complete a common stock offering of appropriate size.

Executive Compensation: An executive compensation plan, including bonuses, that rewards long-term performance and profitability, with appropriate limitations, must be submitted to, and approved by, the USG

Corporate Governance: Other matters as specified

Preferred Securities

Issuer:	Citigroup (“Citi”)
Initial Holder:	United States Department of the Treasury (“UST”).
Size:	\$20 billion
Security:	Preferred, liquidation preference \$1,000 per share. (Depending upon the available authorized preferred shares, the UST may agree to purchase preferred with a higher liquidation preference per share, in which case the UST may require Citi to appoint a depository to hold the Preferred and issue depository receipts.)
Ranking:	Same terms as preferred issued in CPP.
Term:	Perpetual life.
Dividend:	The Preferred will pay cumulative dividends at a rate of 8% per annum. Dividends will be payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year.
Redemption:	In stock or cash, as mutually agreed between UST and Citi. Otherwise, redemption terms of CPP preferred terms apply.
Restrictions on Dividends:	Institution is prohibited from paying common stock dividends, in excess of \$.01 per share per quarter, for 3 years without UST consent. A factor taken into account for consideration of the UST’s consent is the ability to complete a common stock offering of appropriate size.
Repurchases:	Same terms as preferred issued in CPP.
Voting rights:	The Preferred shall be non-voting, other than class voting rights on (i) any authorization or issuance of shares ranking senior to the Preferred, (ii) any amendment to the rights of Preferred, or (iii) any merger, exchange or similar transaction which would adversely affect the rights of the Preferred.

If dividends on the Preferred are not paid in full for six dividend periods, whether or not consecutive, the Preferred will have the right to elect 2 directors. The right to elect directors will end when full dividends have been paid for (i) all prior dividend periods in the case of cumulative Preferred or (ii) four consecutive dividend periods in the case of non-cumulative Preferred.

Transferability: The Preferred will not be subject to any contractual restrictions on transfer.

Executive Compensation: An executive compensation plan, including bonuses, that rewards long-term performance and profitability, with appropriate limitations, must be submitted to, and approved by, the USG.

Summary of Warrant Terms

Warrant: Institution will issue a warrant to UST for an aggregate exercise value of 10% of the total preferred issued to USG (in both transactions) (\$2.7 bn).

Exercise Price: The strike price will be equal to \$10.61 per share (the 20 day trailing average ending on November 21, 2008). The warrants issued to UST are not subject to reduction based on additional offerings.

Term: Ten years, immediately exercisable, in whole or in part.

DEPARTMENT OF THE TREASURY

/s/ Neel T. Kashkari

Interim Assistant Secretary for Financial Stability

CITIGROUP INC.

/s/ Vikram Pandit

FEDERAL RESERVE BOARD

/s/ Scott G. Alvarez

General Counsel

FEDERAL DEPOSIT INSURANCE CORP.

/s/ Mitchell L. Glassman

Director

Division of Resolutions and Receivership



For Immediate Release
Citigroup Inc. (NYSE symbol: C)
November 24, 2008

**CITI ADDS \$40 BILLION OF CAPITAL BENEFIT THROUGH AGREEMENT
WITH U.S. TREASURY, FEDERAL RESERVE, AND FDIC**

Citi to issue preferred stock and warrants to U.S. Treasury and FDIC

Strike price on warrants set at \$10.61

**Citi to receive capital benefits from government guarantee
on \$306 billion of assets**

Citi secures access to multiple additional liquidity facilities

New York – Citi (NYSE: C) today announced that it has reached an agreement with the U.S. Treasury, the Federal Reserve Board, and the Federal Deposit Insurance Corp. (FDIC) on a series of steps to strengthen Citi's capital ratios, reduce risk, and increase liquidity, as described below:

CAPITAL

The U.S. Treasury will invest \$20 billion in Citi preferred stock under the Troubled Asset Relief Program (TARP).

Citi will issue an incremental \$7 billion in preferred stock to the U.S. Treasury and the FDIC as payment for a government guarantee on \$306 billion of securities, loans, and commitments backed by residential and commercial real estate and other assets.

As a result of the asset guarantee, the \$306 billion portfolio will have a new risk weighting of 20%, thus freeing up an additional \$16 billion of capital to the company.

Citi will issue warrants to the U.S. Treasury and the FDIC for approximately 254 million shares of the company's common stock at a strike price of \$10.61.

Citi also has agreed not to pay a quarterly common stock dividend exceeding \$0.01 (one cent) per share for three years effective on the next quarterly common stock dividend payment.

The program significantly strengthens Citi's key capital ratios by generating approximately \$40 billion of capital benefits as follows:

\$20 billion from the TARP investment.

\$3.5 billion, the portion of the \$7 billion of preferred stock fee recognized for capital purposes.

\$16 billion of capital benefits resulting from the asset guarantee.

Citi's Tier 1 capital ratio for the third quarter ended September 30, 2008, on a pro forma basis, for the October TARP capital injection and the new capital generated by today's announcement, subject to Federal Reserve Board approval, is expected to be approximately 14.8% and its TCE/RWMA ratio would be approximately 9.3%.

RISK REDUCTION

Under the guarantee, Citi will assume any losses on the portfolio up to \$29 billion on a pre-tax basis, in addition to Citi's existing reserves; the government entities will assume 90% of any losses above that level and Citi will assume the balance. Citi will retain these assets on its balance sheet and realize the associated cash flow.

LIQUIDITY

In addition to its extensive access to existing liquidity sources, Citi has been provided expanded access to both the Federal Reserve's Primary Dealer Credit Facility and the discount window, resulting in strong additional liquidity resources should they be needed. Citi also has access to the yet-unused Federal Reserve's Commercial Paper Funding Facility and intends to issue debt under the FDIC's Temporary Liquidity Guarantee Program.

The agreement also provides that an executive compensation plan, including bonuses, that rewards long-term performance and profitability, with appropriate limitations, must be submitted to, and approved by, the U.S. government.

"This weekend, the U.S. government and Citi worked together in an unprecedented way to address market confidence and the recent decline in Citi's stock price," said Vikram S. Pandit, Chief Executive Officer. "We reached an agreement based on an innovative market solution to further strengthen our capital ratios, reduce risk, and increase liquidity. We appreciate the tremendous effort by the government to assure market stability.

"We are committed to streamlining our business and providing outstanding banking services to our clients around the world. We will continue to focus on opportunities and alternatives to further enhance the company's overall position and value," Mr. Pandit concluded.

The transaction has been unanimously approved by the Citi Board of Directors.

For more details, please see the term sheet for the transaction at www.citigroup.com/citi/fin/index.htm

Citi

Citi, the leading global financial services company, has some 200 million customer accounts and does business in more than 100 countries, providing consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, and wealth management. Citi's major brand names include Citibank, CitiFinancial, Primerica, Smith Barney, Banamex, and Nikko. Additional information may be found at www.citigroup.com or www.citi.com.

Forward-Looking Statements

Certain statements in this document are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in Citi's filings with the Securities and Exchange Commission.

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