

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Announces Participation in Citigroup's Exchange Offering

2/27/2009

Citigroup is planning to strengthen its capital structure through conversion of a significant portion of its preferred securities to common equity in a series of exchange offers. Citigroup requested that the Treasury participate in this exchange offer by converting a portion of its preferred security to common equity alongside the other preferred holders.

Treasury is willing to participate in this arrangement to the extent Citigroup is able to reach agreement with its other preferred holders, under the following conditions:

- Treasury would convert its security to match dollar for dollar the private preferred exchanges.
- Treasury would convert up to the \$25 billion of preferred stock issued under the Capital Purchase Program. Remaining Treasury and FDIC preferred issued under the Targeted Investment Program and Asset Guarantee Program would be converted into a trust preferred security of greater structural seniority that would carry the same 8% cash dividend rate as the existing issue.
- Treasury will receive the most favorable terms and price offered to any other preferred holder through this exchange.

This transaction does not increase the amount of Treasury's investment in Citigroup.

Separately, the Chairman of the Board of Citigroup has informed us that the Company will be altering the Board of Directors so that a majority of the Board will be comprised of new independent directors as soon as feasible.

Citigroup will be taking part, alongside other banks with over \$100 billion in assets, in the forward-looking supervisory assessment process announced on February 25, 2009 as part of the Treasury Capital Assistance Program. In connection with this program, Citigroup will be allowed to apply for additional Mandatory Convertible Preferred securities or request conversion of the remaining preferred held by Treasury into these securities, consistent with the terms of the program.

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