

CITIGROUP INC
Form 424B2
October 01, 2018

The information in this preliminary pricing supplement is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. This preliminary pricing supplement and the accompanying product supplement, underlying supplement, prospectus supplement and prospectus are not an offer to sell these securities, nor are they soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 1, 2018

October-----, 2018

Medium-Term Senior Notes, Series N

Citigroup Global Markets Holdings Inc. Pricing Supplement No. 2018-USNCH1533

Filed Pursuant to Rule 424(b)(2)

Registration Statement Nos. 333-216372 and 333-216372-01

Callable Fixed to Float Range Accrual Securities Contingent on the CMS Spread and the S&P 500® Index Due
October 26, 2028

Variable coupon. The securities will pay interest at a fixed rate of 9.00% per annum for the first year following issuance. After the first year, contingent interest will accrue on the securities during each accrual period at a rate based on the CMS spread described below, but **only** for each elapsed day during that accrual period on which the accrual condition is satisfied. The accrual condition will be satisfied on an elapsed day **only** if (i) the CMS spread is greater than the CMS spread barrier (meaning that CMS30 is greater than CMS2) on that day **and** (ii) the closing § level of the underlying index on that day is greater than or equal to the accrual barrier level. Accordingly, the accrual of interest during each accrual period will be contingent on the CMS spread and the level of the underlying index. The amount of interest payable on the securities may be adversely affected by adverse movements in **either** of these variables, regardless of the performance of the other. The securities may pay low or no interest for extended periods of time or even throughout the entire term after the first year.

§ **Call right.** We have the right to call the securities for mandatory redemption on any coupon payment date beginning approximately one year after the issue date.

§ **Contingent repayment of principal at maturity.** If we do not redeem the securities prior to maturity, your payment at maturity will depend on the closing level of the underlying index on the final valuation date. If the closing level of the underlying index on the final valuation date is greater than or equal to the final barrier level, you will be repaid § the stated principal amount of your securities at maturity. However, if the closing level of the underlying index on the final valuation date is less than the final barrier level, you will lose 1% of the stated principal amount of your securities for every 1% by which the underlying index has depreciated from the initial index level. There is no minimum payment at maturity.

§ The securities offered by this pricing supplement are unsecured debt securities issued by Citigroup Global Markets Holdings Inc. and guaranteed by Citigroup Inc. Investors must be willing to accept (i) an investment that may have

limited or no liquidity and (ii) the risk of not receiving any amount due under the securities if we and Citigroup Inc. default on our obligations. **All payments on the securities are subject to the credit risk of Citigroup Global Markets Holdings Inc. and Citigroup Inc.**

KEY TERMS

Issuer:	Citigroup Global Markets Holdings Inc., a wholly owned subsidiary of Citigroup Inc.
Guarantee:	All payments due on the securities are fully and unconditionally guaranteed by Citigroup Inc.
Stated principal amount:	\$1,000 per security
Underlying index:	S&P 500 [®] Index
CMS spread:	On any day, the 30-year constant maturity swap rate (“CMS30”) <i>minus</i> the 2-year constant maturity swap rate (“CMS2”) on that day. See “Information About the CMS Spread” in this pricing supplement.
CMS spread determination date:	For any accrual period commencing on or after October 28, 2019, the second U.S. government securities business day prior to the first day of that accrual period
Pricing date:	October 23, 2018
Issue date:	October 26, 2018. See “Supplemental Plan of Distribution” in this pricing supplement for additional information.
Final valuation date:	October 23, 2028, subject to postponement if such date is not a scheduled trading day or certain market disruption events occur
Maturity date:	Unless earlier redeemed, October 26, 2028
Payment at maturity:	Unless earlier redeemed, at maturity you will receive, for each security you then hold (in addition to the final coupon payment, if any): <ul style="list-style-type: none">· If the final index level of the underlying index is greater than or equal to the final barrier level: \$1,000· If the final index level of the underlying index is less than the final barrier level: $\\$1,000 + (\\$1,000 \times \text{the index return})$

If the final index level of the underlying index is less than the final barrier level, you will have full downside exposure to the

negative index return and will receive significantly less than the stated principal amount of your securities at maturity. You may lose a significant portion, and up to all, of your investment.

On each coupon payment date occurring during the first year following issuance of the securities, the securities will pay a fixed coupon of 9.00% per annum, regardless of the CMS spread or the level of the underlying index.

On each coupon payment date after the first year (beginning in January 2020), you will receive a coupon payment at an annual rate equal to the variable coupon rate for that coupon payment date. The variable coupon rate for any coupon payment date after the first year will be determined as follows:

relevant number of accrual days during
contingent rate
the related accrual period

Coupon payments:

per
annum \times number of elapsed days during
the related accrual period

Each coupon payment per security will be equal to (i) \$1,000 *multiplied by* the applicable variable coupon rate per annum *divided by* (ii) 4.

If the number of accrual days in a given accrual period is less than the number of elapsed days in that accrual period, the variable coupon rate for the related coupon payment date will be less than the full relevant contingent rate, and if there are no accrual days in a given accrual period, the variable coupon rate for the related coupon payment date will be 0%.

Relevant contingent rate:

The relevant contingent rate for any coupon payment date after the first year following issuance of the securities means:

50.00 \times the CMS spread (as of the CMS spread determination date for the related accrual period), subject to a minimum relevant contingent rate of 0.00% per annum and a maximum relevant contingent rate of 11.00%

per annum.

If the CMS spread for any CMS spread determination date is less than or equal to 0.00%, the relevant contingent rate for that accrual period will be 0.00% and you will not receive any coupon payment on the related coupon payment date. The relevant contingent rate will in no event exceed 11.00% per annum.

Accrual barrier level:	60% of the initial index level		
Final barrier level:	60% of the initial index level		
CMS spread barrier:	0.00%		
Listing:	The securities will not be listed on any securities exchange		
Underwriter:	Citigroup Global Markets Inc. (“CGMI”), an affiliate of the issuer, acting as principal		
Underwriting fee and issue price:	Issue price ⁽¹⁾⁽²⁾	Underwriting fee ⁽³⁾	Proceeds to issuer ⁽⁴⁾
Per security:	\$1,000	\$45	\$955
Total:	\$	\$	\$

(Key Terms continued on next page)

(1) Citigroup Global Markets Holdings Inc. currently expects that the estimated value of the securities on the pricing date will be at least \$850 per security, which will be less than the issue price. The estimated value of the securities is based on CGMI’s proprietary pricing models and our internal funding rate. It is not an indication of actual profit to CGMI or other of our affiliates, nor is it an indication of the price, if any, at which CGMI or any other person may be willing to buy the securities from you at any time after issuance. See “Valuation of the Securities” in this pricing supplement.

(2) The issue price for investors purchasing the securities in fee-based advisory accounts will be \$955 per security, assuming no custodial fee is charged by a selected dealer, and up to \$960 per security, assuming the maximum custodial fee is charged by a selected dealer. See “Supplemental Plan of Distribution” in this pricing supplement.

(3) CGMI will receive an underwriting fee of up to \$45 for each security sold in this offering. For more information on the distribution of the securities, see “Supplemental Plan of Distribution” in this pricing supplement. In addition to the underwriting fee, CGMI and its affiliates may profit from expected hedging activity related to this offering, even if the value of the securities declines. See “Use of Proceeds and Hedging” in the accompanying prospectus.

(4) The per security proceeds to Citigroup Global Markets Holdings Inc. indicated above represent the minimum per security proceeds to Citigroup Global Markets Holdings Inc. for any security, assuming the maximum per security underwriting fee of \$45. As noted in footnote (2), the underwriting fee is variable.

Investing in the securities involves risks not associated with an investment in conventional debt securities. See “Summary Risk Factors” beginning on page PS-6.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the securities or determined that this pricing supplement and the accompanying product supplement, underlying supplement, prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense. You should read this pricing supplement together with the accompanying product supplement, underlying supplement, prospectus supplement and prospectus, each of which can be accessed via the following hyperlinks:

[Product Supplement No. IE-05-05 dated April 7, 2017](#) [Underlying Supplement No. 7 dated July 16, 2018](#)

[Prospectus Supplement and Prospectus each dated April 7, 2017](#)

The securities are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

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**KEY TERMS
(CONTINUED)**

Coupon payment dates:	The 26th day of each January, April, July and October beginning on January 26, 2019, except that the final coupon payment date will be the maturity date (or the earlier date on which we redeem the securities, if applicable)
Accrual period:	For each coupon payment date after the first year following issuance of the securities, the period from and including the immediately preceding coupon payment date to but excluding such coupon payment date
Accrual day:	An elapsed day on which the accrual condition is satisfied
Elapsed day:	Calendar day
Accrual condition:	The accrual condition will be satisfied on an elapsed day if, and only if, (i) the CMS spread is greater than the CMS spread barrier on that elapsed day and (ii) the closing level of the underlying index is greater than or equal to the accrual barrier level on that elapsed day. For purposes of determining whether the accrual condition is satisfied on any elapsed day, if CMS30 or CMS2 (each, a “CMS rate”) or the closing level of the underlying index is not available for any reason on that day (including weekends and holidays), the applicable CMS rate or the closing level of such underlying index, as applicable, will be assumed to be the same as on the immediately preceding elapsed day (subject to the discussion in the section “Information About the CMS Spread—Discontinuance of a CMS Rate” in this pricing supplement and in the section “Description of the Securities—Terms Related to the Underlying Index—Discontinuance or Material Modification of the Underlying Index” in the accompanying product supplement). In addition, for all elapsed days from and including the fourth-to-last day that is a scheduled trading day for the underlying index in an accrual period to and including the last elapsed day of that accrual period, the CMS rates and the closing level of the underlying index will not be observed and will be assumed to be the same as on the elapsed day immediately preceding such unobserved days.
Final index level:	The closing level of the underlying index on the final valuation date
Index return:	(i) The final index level <i>minus</i> the initial index level, <i>divided by</i> (ii) the initial index level.
Early redemption:	We have the right to redeem the securities, in whole and not in part, on any coupon payment date on or after October 28, 2019 upon not less than five business days’ notice for an amount in cash equal to 100% of the stated principal amount of your securities plus the coupon payment due on the date of redemption, if any.
CUSIP / ISIN:	17326YXX9 / US17326YXX92

Additional Information

General. The terms of the securities are set forth in the accompanying product supplement, prospectus supplement and prospectus, as supplemented by this pricing supplement. The accompanying product supplement, prospectus

supplement and prospectus contain important disclosures that are not repeated in this pricing supplement. For example, certain events may occur that could affect the amount of any variable coupon payment you receive and your payment at maturity. These events and their consequences are described in the accompanying product supplement in the sections “Description of the Securities—Terms Related to the Underlying Index—Discontinuance or Material Modification of the Underlying Index” and “Description of the Securities—Terms Related to the Underlying Index—Consequences of a Market Disruption Event; Postponement of the Final Valuation Date,” and not in this pricing supplement. In addition, the accompanying underlying supplement contains important disclosures regarding the underlying index that are not repeated in this pricing supplement. It is important that you read the accompanying product supplement, underlying supplement, prospectus supplement and prospectus together with this pricing supplement before deciding whether to invest in the securities. Certain terms used but not defined in this pricing supplement are defined in the accompanying product supplement.

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Hypothetical Examples

Variable Coupon Payments

The sections below provide examples of how the variable coupon payments on the securities will be determined. The first section, “—Determining the Hypothetical Relevant Contingent Rate,” provides a limited number of hypothetical examples of how the relevant contingent rate for any accrual period will be determined based on hypothetical CMS spread values, as determined on the second U.S. government securities business day prior to the beginning of the applicable accrual period. The second section, “—Determining the Hypothetical Variable Coupon Rates and Coupon Payment Amounts,” provides a limited number of hypothetical examples of how the coupon payments on the securities will be determined based on a limited number of hypothetical relevant contingent interest rates and a limited number of hypothetical accrual days during a hypothetical accrual period. The figures below have been rounded for ease of analysis.

Determining the Hypothetical Relevant Contingent Rate

The table below presents examples of hypothetical relevant contingent rates based on various hypothetical CMS spread values.

Example	Hypothetical CMS Spread*	Hypothetical Relevant Contingent Rate per Annum**
1	-1.00%	0.00%
2	-0.80%	0.00%
3	-0.60%	0.00%
4	-0.40%	0.00%
5	-0.20%	0.00%
6	0.00%	0.00%
7	0.10%	5.00%
8	0.20%	10.00%
9	0.22%	11.00%
10	0.30%	11.00%
11	0.40%	11.00%

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12	0.50%	11.00%
13	0.60%	11.00%
14	0.80%	11.00%
15	1.00%	11.00%
16	1.20%	11.00%
17	1.40%	11.00%
18	1.60%	11.00%
19	1.80%	11.00%
20	2.00%	11.00%
21	2.20%	11.00%
22	2.40%	11.00%

* Hypothetical CMS spread = $(\text{CMS30} - \text{CMS2})$, where CMS30 and CMS2 are determined on the second U.S. government securities business day prior to the beginning of the applicable accrual period.

** Hypothetical relevant contingent rate per annum for the accrual period = $50.00 \times$ hypothetical CMS spread, subject to a minimum of 0.00% and a maximum of 11.00% per annum.

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Determining the Hypothetical Variable Coupon Rates and Variable Coupon Payments

The tables below present examples of the hypothetical variable coupon rate and hypothetical variable coupon payments after the first year following issuance of the securities based on the number of accrual days in a particular accrual period and different assumptions about the CMS spread. For illustrative purposes only, the tables assume an accrual period that contains 90 elapsed days and that the securities have not previously been redeemed. The actual coupon payment for any coupon payment date after the first year will depend on the actual number of accrual days and elapsed days during the related accrual period and the actual CMS spread on the CMS spread determination date for that accrual period. The variable coupon rate for each accrual period will apply only to that accrual period.

Assuming the CMS spread is 0.1% on the applicable CMS spread determination date:

Hypothetical Number of Accrual Days in Accrual Period*	Hypothetical Relevant Contingent Rate per Annum**	Hypothetical Variable Coupon Rate per Annum***	Hypothetical Variable Coupon Payment per Security****
0	5.00%	0.000%	\$0.00
15	5.00%	0.833%	\$2.08
30	5.00%	1.667%	\$4.17
45	5.00%	2.500%	\$6.25
60	5.00%	3.333%	\$8.33
75	5.00%	4.167%	\$10.42
90	5.00%	5.000%	\$12.50

Assuming the CMS spread is 2.00% on the applicable CMS spread determination date:

Hypothetical Number of Accrual Days in Accrual Period*	Hypothetical Relevant Contingent Rate per Annum**	Hypothetical Variable Coupon Rate per Annum***	Hypothetical Variable Coupon Payment per Security****
0	11.00%	0.000%	\$0.00
15	11.00%	1.833%	\$4.58

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30	11.00%	3.667%	\$9.17
45	11.00%	5.500%	\$13.75
60	11.00%	7.333%	\$18.33
75	11.00%	9.167%	\$22.92
90	11.00%	11.000%	\$27.50

Assuming the CMS spread is 0.00% on the applicable CMS spread determination date:

Hypothetical Number of Accrual Days in Accrual Period*	Hypothetical Relevant Contingent Rate per Annum**	Hypothetical Variable Coupon Rate per Annum***	Hypothetical Variable Coupon Payment per Security****
0	0.00%	0.000%	\$0.00
15	0.00%	0.000%	\$0.00
30	0.00%	0.000%	\$0.00
45	0.00%	0.000%	\$0.00
60	0.00%	0.000%	\$0.00
75	0.00%	0.000%	\$0.00
90	0.00%	0.000%	\$0.00

* An accrual day is an elapsed day on which the accrual condition is satisfied (i.e., on which the CMS spread is greater than the CMS spread barrier and the closing level of the underlying index is greater than or equal to the accrual barrier level)

** The hypothetical relevant contingent rate is equal to $50.00 \times$ CMS spread (as of the CMS spread determination date for the related accrual period), subject to a minimum of 0.00% and a maximum of 11.00% per annum

*** The hypothetical variable coupon rate per annum is equal to (i) the hypothetical relevant contingent rate per annum *multiplied by* (ii) (a) the hypothetical number of accrual days in the related accrual period divided by (b) 90

**** The hypothetical variable coupon payment per security is equal to (i) \$1,000 *multiplied by* the hypothetical variable coupon rate per annum *divided by* (ii) 4

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Payment at Maturity

The diagram below illustrates your payment at maturity for a range of hypothetical percentage changes from the initial index level to the final index level (excluding the final coupon payment, if any, and assuming we do not redeem the securities prior to maturity).

Callable Fixed to Float Range Accrual Securities

Payment at Maturity Diagram

Your actual payment at maturity per security, excluding the final coupon payment, if any, will depend on the actual initial index level, the actual final barrier level and the actual final index level of the underlying index. The examples below are intended to illustrate how your payment at maturity will depend on whether the final index level of the underlying index is greater than or less than the final barrier level and, if less, how much less. The examples are solely for illustrative purposes, do not show all possible outcomes and are not a prediction of what the actual payment at maturity on the securities will be.

The examples below are based on a hypothetical initial index level of 100 and a hypothetical final barrier level of 60 and do not reflect the actual initial index level or final barrier level. For the actual initial index level and final barrier level, see the cover page of this pricing supplement. We have used these hypothetical levels, rather than the actual levels, to simplify the calculations and aid understanding of how the securities work. However, you should understand that the actual payment at maturity on the securities will be calculated based on the actual initial index level and final barrier level, and not these hypothetical levels.

Example 1—Par Scenario A. The hypothetical final index level is 110 (a 10% increase from the hypothetical initial index level), which is **greater than** the hypothetical final barrier level.

Payment at maturity per security = \$1,000 (excluding the final coupon payment, if any)

Because the final index level of the underlying index is greater than the final barrier level, you would be repaid the stated principal amount of your securities in this example. Even though the underlying index has appreciated from the initial index level in this example, you would not participate in the appreciation of the underlying index.

Example 2—Par Scenario B. The hypothetical final index level is 90 (a 10% decrease from the hypothetical initial index level), which is **greater than** its hypothetical final barrier level.

Payment at maturity per security = \$1,000 (excluding the final coupon payment, if any)

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Because the underlying index did not depreciate from the hypothetical initial index level to the hypothetical final index level by more than 40% (that is, it did not depreciate below its hypothetical final barrier level), your payment at maturity in this scenario would be equal to the \$1,000 stated principal amount per security (excluding the final coupon payment, if any).

Example 3—Downside Scenario. The hypothetical final index level is 30 (an approximately 70% decrease from the hypothetical initial index level), which is **less than** the hypothetical final barrier level.

Payment at maturity per security = \$1,000 + (\$1,000 × the index return)

= \$1,000 + (\$1,000 × -70%)

= \$1,000 + -\$700

= \$300

Because the underlying index depreciated from the hypothetical initial index level to the hypothetical final index level by more than 40% (that is, it depreciated below its hypothetical final barrier level), your payment at maturity in this scenario would reflect 1-to-1 exposure to the negative performance of the underlying index from the initial index level to the final index level.

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Summary Risk Factors

An investment in the securities is significantly riskier than an investment in conventional debt securities. The securities are subject to all of the risks associated with an investment in our conventional debt securities (guaranteed by Citigroup Inc.), including the risk that we and Citigroup Inc. may default on our obligations under the securities, and are also subject to risks associated with CMS30, CMS2 and the underlying index. Accordingly, the securities are suitable only for investors who are capable of understanding the complexities and risks of the securities. You should consult your own financial, tax and legal advisors as to the risks of an investment in the securities and the suitability of the securities in light of your particular circumstances.

The following is a summary of certain key risk factors for investors in the securities. You should read this summary together with the more detailed description of risks relating to an investment in the securities contained in the section “Risk Factors Relating to the Securities” beginning on page IE-6 in the accompanying product supplement. You should also carefully read the risk factors included in the accompanying prospectus supplement and in the documents incorporated by reference in the accompanying prospectus, including Citigroup Inc.’s most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, which describe risks relating to the business of Citigroup Inc. more generally. Citigroup Inc. will release quarterly earnings on October 12, 2018, which is during the marketing period and prior to the pricing date of these securities.

You may lose some or all of your investment. Unlike conventional debt securities, the securities do not repay a fixed amount of principal at maturity. Instead, your payment at maturity will depend on the performance of the underlying index. If we do not redeem the securities prior to maturity, you may receive significantly less than the stated principal amount of the securities at maturity, but in no circumstance will you receive more than the stated § principal amount of the securities (excluding the final coupon payment, if any). If the final index level of the underlying index is less than the final barrier level, you will lose 1% of the stated principal amount of the securities for every 1% by which the final index level of the underlying index is less than the initial index level. There is no minimum payment at maturity on the securities, and you may lose up to all of your investment.

The barrier feature of the securities exposes you to particular risks. If the final index level of the underlying index is less than the final barrier level, you will not be repaid the stated principal amount of your securities at maturity and instead will lose 1% of the stated principal amount of the securities for every 1% by which the final § index level of the underlying index is less than the initial index level. Therefore, the securities offer no protection at all if the underlying index depreciates by more than 40% from the initial index level to the final index level. As a result, you may lose your entire investment in the securities.

§ The securities offer a variable coupon rate after the first year following issuance, and you may not receive any coupon payment on one or more coupon payment dates. Any variable coupon payment you receive will be paid at a per annum rate equal to the relevant contingent rate for the applicable coupon payment date only if the accrual condition is satisfied on each elapsed day during the related accrual period. The accrual condition will be satisfied on

any elapsed day only if (i) the CMS spread is greater than the CMS spread barrier on that elapsed day **and** (ii) the closing level of the underlying index on that elapsed day is greater than or equal to the accrual barrier level. If, on any elapsed day during an accrual period, the accrual condition is not satisfied, the applicable variable coupon payment will be paid at a rate that is less, and possibly significantly less, than the relevant contingent rate. If, on each elapsed day during an accrual period, the accrual condition is not satisfied, no variable coupon payment will be made on the related coupon payment date. Accordingly, there can be no assurance that you will receive a variable coupon payment on any coupon payment date or that any variable coupon payment you do receive will be calculated at the full relevant contingent rate. Furthermore, because the relevant contingent rate is itself a floating rate determined by reference to the CMS spread, the securities are subject to an additional contingency associated with the CMS spread. The relevant contingent rate will vary based on fluctuations in the CMS spread. If the CMS spread narrows, the relevant contingent rate will be reduced. The relevant contingent rate may be as low as zero for any coupon payment date. If the relevant contingent rate is zero for any coupon payment date, you will not receive any variable coupon payment on that coupon payment date even if the accrual condition is satisfied on each elapsed day in the related accrual period. Thus, the securities are not a suitable investment for investors who require regular fixed income payments.

The relevant contingent rate may decline, possibly to 0.00%, if short-term interest rates rise. Although there is no single factor that determines CMS spreads, CMS spreads have historically tended to fall when short-term interest rates rise. Short-term interest rates have historically been highly sensitive to the monetary policy of the Federal Reserve Board. Accordingly, one significant risk assumed by investors in the securities is that the Federal Reserve Board may pursue a policy of raising short-term interest rates, which, if historical patterns hold, would lead to a § decrease in the CMS spread. In that event, the relevant contingent rate would be reduced, and may be 0.00%, and the floating rate payable on the securities would also decline significantly, possibly to 0.00%. It is important to understand, however, that short-term interest rates are affected by many factors and may increase even in the absence of a Federal Reserve Board policy to increase short-term interest rates. Furthermore, it is important to understand that the CMS spread may decrease even in the absence of an increase in short-term interest rates because it, too, is influenced by many complex factors.

The relevant contingent rate on the securities may be lower than other market interest rates. The relevant contingent rate on the securities will not necessarily move in line with general U.S. market interest rates or even § CMS rates and, in fact, may move inversely with general U.S. market interest rates. For example, if there is a general § increase in CMS rates but shorter-term rates rise more than longer-term rates, the CMS spread will decrease, as will the relevant contingent rate. Accordingly, the securities are not appropriate for investors who seek floating interest payments based on general market interest rates.

The relevant contingent rate on the securities is subject to a cap. As a result, the securities may pay interest at a § lower rate than an alternative instrument that is not so capped.

The higher potential yield offered by the securities is associated with greater risk than conventional debt § securities. The securities offer coupon payments with the potential to result in a higher yield than the yield on our conventional debt securities of the

Citigroup Global Markets Holdings Inc.

same maturity. You should understand that, in exchange for this potentially higher yield, you will be exposed to significantly greater risks than investors in our conventional debt securities (guaranteed by Citigroup Inc.). These risks include the risk that the variable coupon payments you receive, if any, will result in a yield on the securities that is lower, and perhaps significantly lower, than the yield on our conventional debt securities of the same maturity that are guaranteed by Citigroup Inc., and the risk that you will incur a significant loss on the securities at maturity. **The volatility of the CMS spread and the underlying index, and the correlation between the CMS spread and the underlying index, are important factors affecting this risk. Greater expected volatility and/or lower expected correlation as of the pricing date may contribute to the higher yield potential, but would also represent a greater expected likelihood as of the pricing date that, after the first year, you will receive low or no coupon payments on the securities and that you would incur a significant loss on the securities at maturity.**

The securities are subject to risks associated with the CMS spread and the underlying index and may be negatively affected by adverse movements in *either* of these variables, regardless of the performance of the other. The amount of any variable coupon payments you receive will depend on the performance of the CMS spread and the underlying index. If the CMS spread is less than or equal to the CMS spread barrier, the securities will pay no coupon even if the closing level of the underlying index is consistently greater than the accrual barrier level. Conversely, even if the CMS spread is consistently greater than the CMS spread barrier, the securities will pay no coupon if the closing level of the underlying index is consistently less than the accrual barrier level. Additionally, the § relevant contingent rate for any coupon payment date after the first year following issuance of the securities will depend on the CMS spread as of the CMS spread determination date for the related accrual period. Accordingly, you will be subject to risks associated with the CMS spread and the underlying index, and your return on the securities will depend significantly on the relationship between such risks over the term of the securities. If either performs sufficiently poorly, you may receive low or no variable coupon payments for an extended period of time, or even throughout the entire period following the first year of the term of the securities, even if the other performs favorably. Furthermore, if the final index level of the underlying index is less than the final barrier level, you will incur a significant loss at maturity.

The variable coupon payments depend on multiple variables, and you are therefore exposed to greater risks of receiving no variable coupon payments after the first year than if the securities were linked to just one variable. The risk that you will receive no variable coupon payment on one or more coupon payment dates after the § first year is greater if you invest in the securities as opposed to substantially similar securities that are linked to the performance of just one variable. With multiple variables, it is more likely that the accrual condition will not be satisfied on any day during an accrual period than if coupon payments on the securities were contingent on only one variable.

The securities will be subject to risks associated with the CMS spread. If the CMS spread is less than or equal to the CMS spread barrier on any elapsed day, no interest will accrue on the notes on that elapsed day. If the CMS spread is less than or equal to the CMS spread barrier on each elapsed day during an accrual period, the accrual § condition will not be satisfied on any elapsed day during that accrual period, and you will receive no coupon payment on the related coupon payment date. Additionally, the relevant contingent rate for any coupon payment date after the first year following issuance of the securities will depend on the CMS spread as of the CMS spread determination date for the related accrual period.

The accrual condition and relevant contingent rate will not depend on the absolute level of either CMS30 or CMS2, but rather on the relationship between CMS30 and CMS2—specifically, whether CMS30 is greater than CMS2. Many factors affect CMS30 and CMS2, such that future values of CMS30 and CMS2 and their relationship are impossible to predict. If CMS30 is consistently less than or equal to CMS2, the CMS spread will be less than or equal to the CMS spread barrier and no interest will accrue on the securities. If the CMS spread for any CMS spread determination date is less than or equal to 0.00%, the relevant contingent rate for that accrual period will be 0.00% and you will not receive any coupon payment on the related coupon payment date.

Although there is no single factor that determines the CMS spread, the CMS spread has historically tended to fall when short-term interest rates rise. As with CMS rates, short-term interest rates are influenced by many complex factors, and it is impossible to predict their future performance. However, historically short-term interest rates have been highly sensitive to the monetary policy of the Federal Reserve Board. Accordingly, one significant risk assumed by investors in the securities is that the Federal Reserve Board may pursue a policy of raising short-term interest rates, which, if historical patterns hold, would lead to a decrease in the CMS spread, possibly to a level that is below the CMS spread barrier. It is important to understand that, although the policies of the Federal Reserve Board have historically had a significant influence on short-term interest rates, short-term interest rates are affected by many factors and may increase even in the absence of a Federal Reserve Board policy to increase short-term interest rates. For example, short-term interest rates tend to rise when there is a worsening of the perceived creditworthiness of the banks that participate in the interest rate swap and London interbank markets and when there is a worsening of general economic and credit conditions. Furthermore, it is important to understand that the CMS spread may decrease even in the absence of an increase in short-term interest rates because it, too, is influenced by many complex factors. Another circumstance when the CMS spread has historically tended to fall and become negative is when the market expects an economic recession. Accordingly, another significant risk assumed by investors in the securities is that the market may anticipate a recession or that there may be a recession.

The securities may be called for mandatory redemption at our option after the first year of their term, which limits your ability to receive variable coupon payments if the CMS spread and the underlying index perform favorably. In determining whether to redeem the securities, we will consider various factors, including then current market interest rates and our expectations about payments we will be required to make on the securities in the future. If we call the securities for mandatory redemption, we will do so at a time that is advantageous to us and without regard to your interests. We are more likely to redeem the securities at a time when the CMS spread and underlying index are performing favorably from your perspective and when we expect them to continue to do so. Therefore, although the securities offer variable coupon payments after the first year following issuance of the securities with the potential to result in a higher yield than the yield on our conventional debt securities of the same maturity, if the securities are paying that higher yield and we expect them to continue to do so, it is more likely that we would redeem the securities. Accordingly, the

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redemption feature of the securities is likely to limit the benefits you receive from the variable coupon payments. If we exercise our redemption right prior to maturity, you may not be able to reinvest your funds in another investment that provides a similar yield with a similar level of risk. Alternatively, if the CMS spread and/or the underlying index is performing unfavorably from your perspective or when we expect it to do so in the future, we are less likely to call the securities, so that you may continue to hold securities paying below-market or no interest for an extended period of time.

The CMS rates and the closing level of the underlying index will not be observed on certain days and will be assumed to be the same as on earlier days, which will cause certain days to have a greater weight in determining the variable coupon rate. With respect to an elapsed day on which a CMS rate or the closing level of the underlying index is not available, the applicable CMS rate or closing level of the underlying index for that day, as applicable, will be deemed to be the same as on the immediately preceding elapsed day on which the rate or level, as applicable, is available. In addition, for purposes of determining whether the accrual condition is satisfied, for all elapsed days from and including the fourth-to-last day that is a scheduled trading day for the underlying index in an accrual period to and including the last elapsed day of that accrual period, the CMS rates and the closing level of the § underlying index will not be observed and will be assumed to be the same as on the elapsed day immediately preceding such unobserved days. The relative weighting of the applicable preceding elapsed day will be magnified for purposes of determining whether such elapsed day qualifies as an accrual day. Under these circumstances, if the applicable preceding elapsed day is not an accrual day, each successive day on which the CMS rates or the closing level of that underlying index, as applicable, is not observed will also not qualify as an accrual day. As a result, to the extent that such preceding elapsed day is not an accrual day, such preceding elapsed day will have a greater weight in determining the number of accrual days during an accrual period. This could adversely affect the amount of any variable coupon payment.

The return on the securities will be limited. The return on the securities will be limited to the sum of your coupon payments, even if the closing level of the underlying index greatly exceeds the initial index level at one or more times during the term of the securities. The maximum possible return on the securities after the first year is 11.00% per annum, which would be achieved only if (i) the CMS spread is greater than the CMS spread barrier on each elapsed day during the term of the securities, (ii) the relevant contingent rate is 11.00% per annum for each accrual § period, (iii) the closing level of the underlying index is greater than or equal to the accrual barrier level on each elapsed day during the term of the securities, after the first year and (iv) the final index level of the underlying index is greater than or equal to the final barrier level. Although you will bear the downside risk relating to the underlying index if the underlying index depreciates below the final barrier level on the final valuation date, you will not receive the dividend yield on, or share in any appreciation of, the underlying index over the term of the securities.

§ You may not be adequately compensated for assuming the downside risks of the underlying index. The fixed coupon payments during the first year following issuance of the securities and the variable coupon payments you receive on the securities, if any, after the first year are the compensation you receive for assuming the downside risks of the underlying index, as well as all the other risks of the securities. That compensation is effectively “at risk” and may, therefore, be less than you currently anticipate. First, the actual yield you realize on the securities could be lower than you anticipate because the coupon payments after the first year are variable and you may not receive any variable coupon payment after the first year. Second, the fixed coupon payments during the first year following issuance of the securities and the variable coupon payments, if any, after the first year are the compensation you

receive not only for assuming the downside risk of the underlying index, but also for all of the other risks of the securities, including interest rate risk, the risk that we may call the securities and our and Citigroup Inc.'s credit risk. If those other risks increase or are otherwise greater than you currently anticipate, the coupon payments may turn out to be inadequate to compensate you for all the risks of the securities, including the downside risk of the underlying index.

Your payment at maturity depends on the closing level of the underlying index on a single day. Because your payment at maturity (assuming we do not redeem the securities prior to maturity) depends on the closing level of the underlying index solely on the final valuation date, you are subject to the risk that the closing level of the underlying index on that day may be lower, and possibly significantly lower, than on one or more other dates during the term of the securities. If you had invested in another instrument linked to the underlying index that you could sell for full value at a time selected by you, or if the payment at maturity were based on an average of closing levels of the underlying index, you might have achieved better returns.

The securities are subject to the credit risk of Citigroup Global Markets Holdings Inc. and Citigroup Inc. If we default on our obligations under the securities and Citigroup Inc. defaults on its guarantee obligations, you may not receive anything owed to you under the securities.

The securities will not be listed on any securities exchange and you may not be able to sell them prior to maturity. The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. CGMI currently intends to make a secondary market in relation to the securities and to provide an indicative bid price for the securities on a daily basis. Any indicative bid price for the securities provided by CGMI will be determined in CGMI's sole discretion, taking into account prevailing market conditions and other relevant factors, and will not be a representation by CGMI that the securities can be sold at that price, or at all. CGMI may suspend or terminate making a market and providing indicative bid prices without notice, at any time and for any reason. If CGMI suspends or terminates making a market, there may be no secondary market at all for the securities because it is likely that CGMI will be the only broker-dealer that is willing to buy your securities prior to maturity. Accordingly, an investor must be prepared to hold the securities until maturity.