SECURITIES LITIGATION & CONSULTING GROUP

Structured Products Research Report

Report Prepared On: 02/02/13

Structured Product Details

Name	Buffer Notes linked to SPDR Gold Trust
Issue Size	$1.96 million
Issue Price	$1,000
Term	24 Months
Annualized Coupon	0.00%
Pricing Date	February 15, 2012
Issue Date	February 21, 2012
Valuation Date	February 18, 2014
Maturity Date	February 21, 2014
Issuer	Citigroup
CDS Rate	189.29 bps
Swap Rate	0.55%
Reference Asset	SPDR Gold Trust's stock
Initial Level	$168.09
Dividend Rate	0.00%
Implied Volatility	24.39%
Delta[1]	0.62
Fair Price at Issue	$979.87
CUSIP	1730T0VX4
SEC Link	www.sec.gov/Archives/edgar/data/831001/000095010312000860/dp28815_424b2-0188.htm

Related Research

Research Papers:

www.slcg.com/research.php

- *"Are Structured Products Suitable for Retail Investors?"* December 2006.
- *"Structured Products in the Aftermath of Lehman Brothers,"* November 2009.
- *"What TiVo and JP Morgan Teach Us about Reverse Convertibles,"* June 2010.

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Buffer Notes linked to SPDR Gold Trust

Description

Citigroup issued $1.96 million of Buffer Notes linked to SPDR Gold Trust on February 21, 2012 at $1,000 per note.

These notes are Citigroup-branded Buffered PLUS securities that do not pay periodic coupons, but instead pay a single amount at maturity depending on the final level of SPDR Gold Trust's stock.

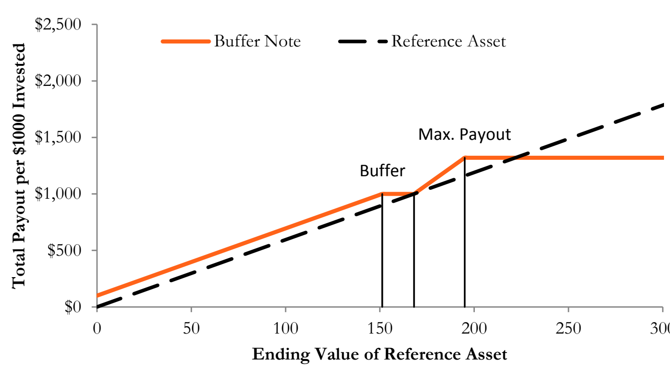
If on February 18, 2014 SPDR Gold Trust's stock price is higher than $168.09, but lower than $194.98, the notes pay a return equal to the percentage increase in SPDR Gold Trust's stock multiplied by 2.0, up to a cap of 32.00%. If on February 18, 2014 the refe is below $168.09 but not below $151.28, investors receive $1,000 face value per note. If SPDR Gold Trust's stock price on February 18, 2014 is lower than $151.28, investors receive face value per note reduced by the amount the reference asset is below $151.28 as a percent of the initial level, $168.09.

Valuation

This product can be valued as a combination of a note from Citigroup, one short out-of-the-money put option, two long at-the-money call options, and two short out-of-the-money call options. For reasonable valuation inputs this note was worth $979.87 when it was issued on February 21, 2012 because the value of the options investors gave Citigroup plus the interest investors would have received on Citigroup's straight debt was worth $20.13 more than the options investors received from Citigroup.

There is no active secondary market for most structured products. Structured products, including this note, therefore are much less liquid than simple stocks, bonds, notes and mutual funds. Investors are likely to receive less than the structured product's estimated market value if they try to sell the structured product prior to maturity. Our valuations do not incorporate this relative lack of liquidity and therefore should be considered an upper bound on the value of the structured product.

Payoff Curve at Maturity



The payoff diagram shows the final payoff of this note given SPDR Gold Trust's stock price (horizontal axis). For comparison, the dashed line shows the payoff if you invested in SPDR Gold Trust's stock directly.

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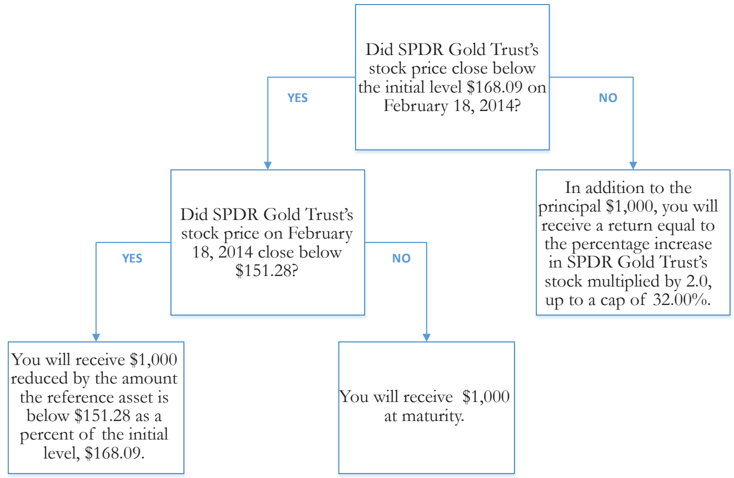
Principal Payback Table

SPDR Gold Trust's Stock	Note Payoff
$0.00	$100.00
$16.81	$200.00
$33.62	$300.00
$50.43	$400.00
$67.24	$500.00
$84.05	$600.00
$100.85	$700.00
$117.66	$800.00
$134.47	$900.00
$151.28	$1,000.00
$168.09	**$1,000.00**
$184.90	$1,200.00
$201.71	$1,320.00
$218.52	$1,320.00
$235.33	$1,320.00
$252.14	$1,320.00

Maturity Payoff Diagram

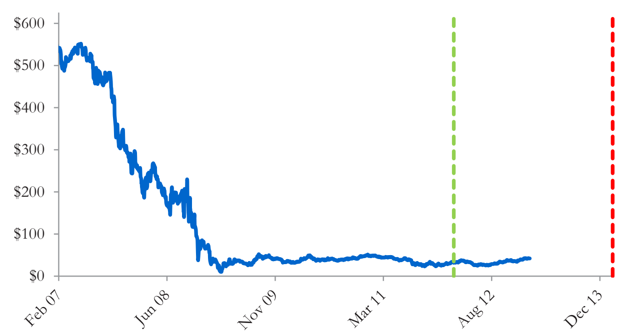


The contingent payoffs of this Buffer Note.

Analysis

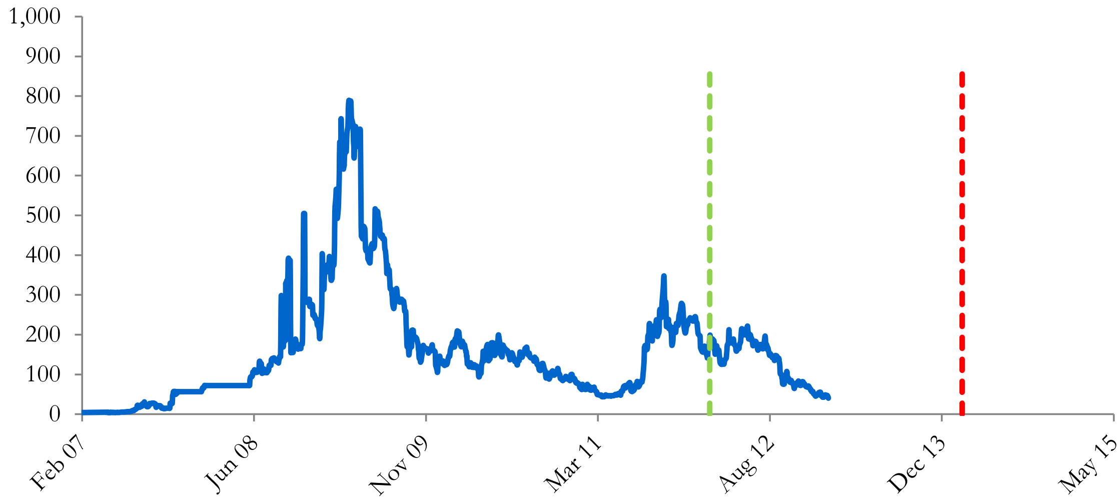
This Buffer Note pays investors the increase in SPDR Gold Trust's stock multiplied by 2.0 capped at 32.00%, but if SPDR Gold Trust's stock declines over the term of the note, investors will suffer losses equal to the percentage decline in SPDR Gold Trust's stock. In addition, investors bear the credit risk of Citigroup. Investors purchasing this Buffer Note effectively sell at-the-money put and out-of-the-money call options to Citigroup, buy at-the-money call options, and a zero-coupon note from Citigroup. This Buffer Note is fairly priced if and only if the market value of the options investors received from Citigroup equals the market value of the options investors gave Citigroup plus the interest investors would have received on Citigroup's straight debt.

Citigroup's Stock Price



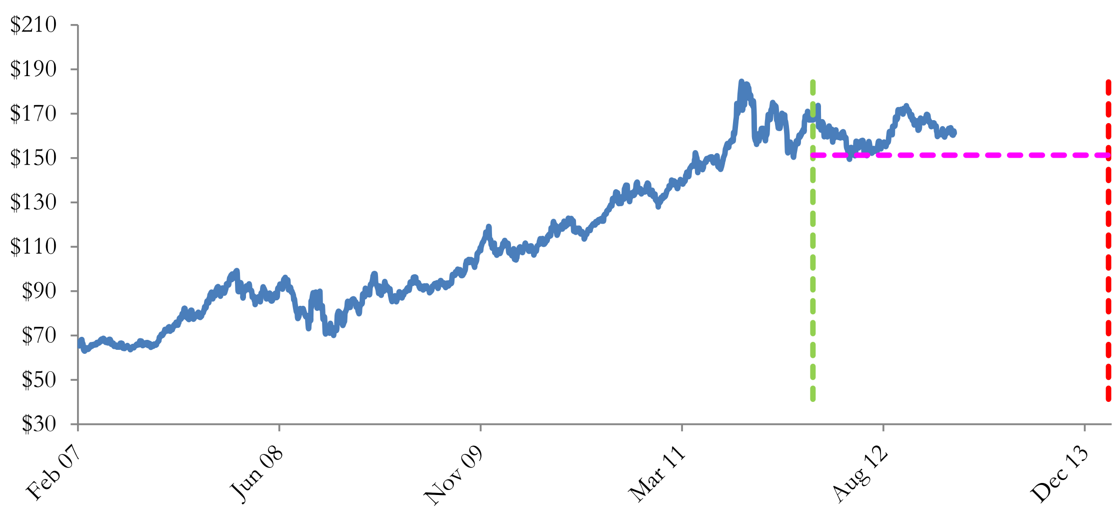
The graph above shows the adjusted closing price of the issuer Citigroup for the past several years. The stock price of the issuer is an indication of the financial strength of Citigroup. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

Citigroup's CDS Rate



Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as Citigroup. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore lower market value of Citigroup's debt, including outstanding Buffer Note. Fluctuations in Citigroup's CDS rate impact the market value of the notes in the secondary market.

SPDR Gold Trust's Stock Price

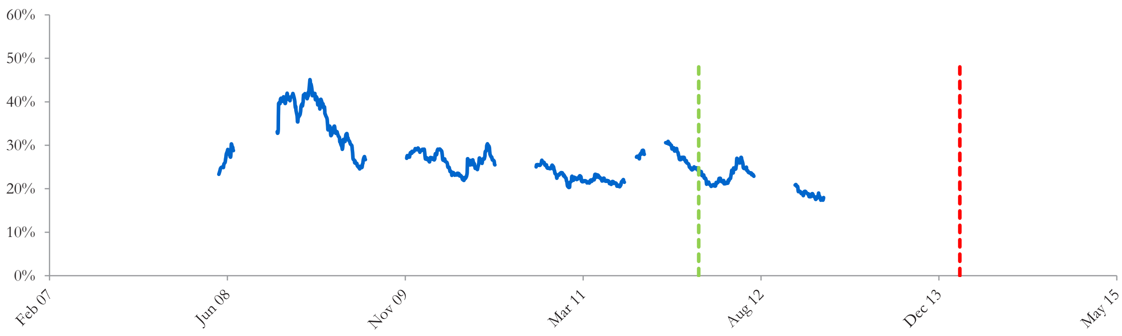


The graph above shows the historical levels of SPDR Gold Trust's stock for the past several years. The final payoff of this note is determined by SPDR Gold Trust's stock price at maturity. Higher fluctuations in SPDR Gold Trust's stock price correspond to a greater uncertainty in the final payout of this Buffer Note.

Realized Payoff

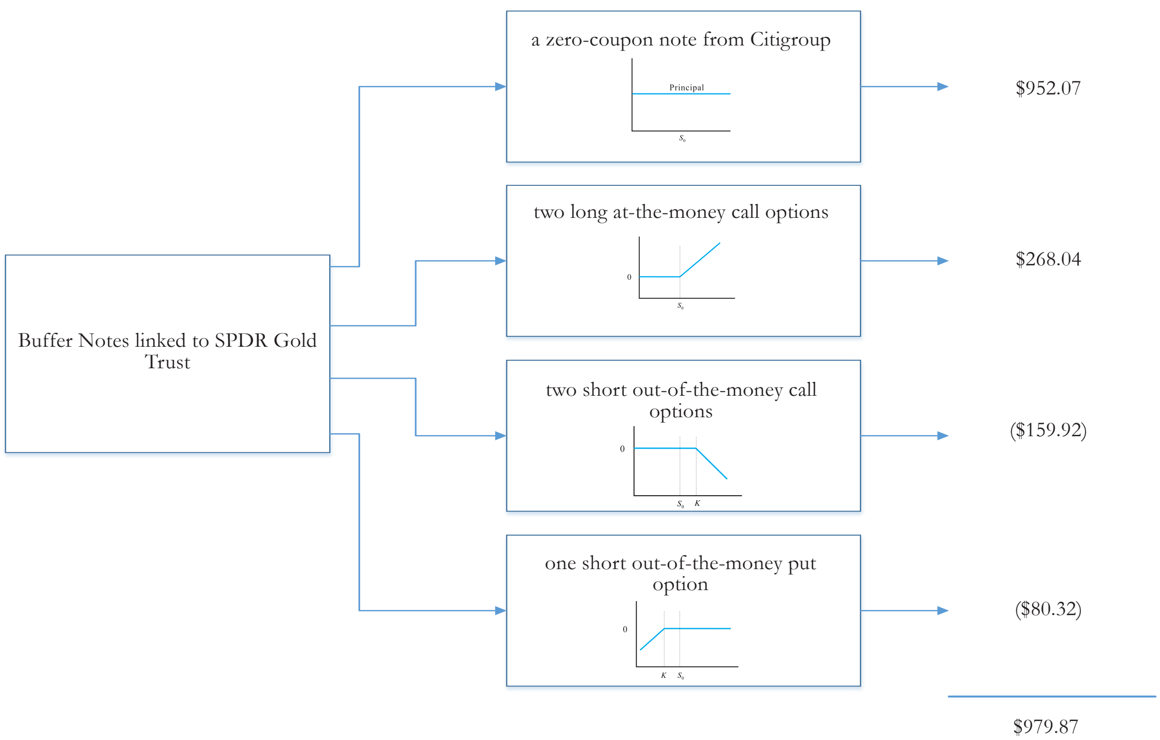
This product will mature on February 21, 2014.

Reference Asset SPDR Gold Trust's Stock's Implied Volatility



The annualized implied volatility of SPDR Gold Trust's stock on February 15, 2012 was 24.39%, meaning that options contracts on SPDR Gold Trust's stock were trading at prices that reflect an expected annual volatility of 24.39%. The higher the implied volatility, the larger the expected fluctuations of SPDR Gold Trust's stock price and of the Note's market value during the life of the Notes.

Decomposition of this Buffer Note



This note can be decomposed into different components, and each component can be valued separately. The chart above shows the value of each component of this Buffer Note.

1. Delta measures the sensitivity of the price of the note to the SPDR Gold Trust's stock price on February 15, 2012.
2. CDS rates can be considered a measure of the probability that an issuer will default over a certain period of time and the likely loss given a default. The lower the CDS rate, the lower the default probability. CDS rate is given in basis points (1 basis point equals 0.01%), and is considered as a market premium, on top of the risk-free rate, that investors require to insure against a potential default.
3. Fair price evaluation is based on the Black-Scholes model of the SPDR Gold Trust's stock on February 15, 2012.
4. Calculated payout at maturity is only an approximation, and may differ from actual payouts at maturity.
5. Our evaluation does not include any transaction fees, broker commissions, or liquidity discounts on the notes.

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