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Citigroup handed lifeline by Abu Dhabi

URL: <http://www.breakingnewsenglish.com/0711/071129-citigroup.html>

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THE ARTICLE

An Abu Dhabi investment company has given a \$7.5bn cash lifeline to the world's biggest banking and finance company Citigroup. The monetary injection gave the government of Abu Dhabi a 4.9 percent stake in the ailing banking giant. The investment was vital for Citigroup, which has suffered huge losses recently due to the credit crisis in the USA and multi-billion-dollar losses in the US housing market. Citigroup said it needed the money to pay dividends to its shareholders. Shares in the company have lost 40 percent of their value in four months. To make matters worse, CEO Chuck Prince resigned earlier this month after four years at the helm. A successor has yet to be named. The Abu Dhabi deal immediately sparked a rally on Wall Street as traders took confidence in Citigroup's boosted balance sheet.

Some analysts have cast doubt on the wisdom of Citigroup's move. The Abu Dhabi government will receive a huge, guaranteed 11 percent interest per year for the next three years for its investment. This rate of interest is higher than you would get even on the riskiest of junk bonds, which perhaps shows how desperate Citigroup was. The Abu Dhabi group's managing director, Sheikh Ahmed bin Zayed Al Nahyan, believes Citigroup is in a unique position in the worldwide financial markets. He said: "We see in Citigroup a highly respected company with a premier brand and with tremendous opportunities for growth." He added: "This investment reflects our confidence in Citigroup's potential to build shareholder value." The deal in Citigroup is the latest in a string of high profile investments in global companies by UAE institutions.

WARM-UPS

1. BANKS: Walk around the class and talk to other students about banks. Change partners often. After you finish, sit with your original partner(s) and share what you found out.

2. CHAT: In pairs / groups, decide which of these topics or words from the article are most interesting and which are most boring.

investment companies / injections / huge losses / housing market / shareholders / wisdom / rate of interest / financial markets / growth opportunities / deals

Have a chat about the topics you liked. Change topics and partners frequently.

3. TWO-MINUTE MONEY DEBATES: Have the following fun 2-minute debates. Students A strongly believe in the first argument, students B the second. Change pairs often.

- a. America is losing its economic power. Vs. America will be #1 again soon.
- b. Oil-rich Gulf states will buy the world. Vs. Impossible.
- c. Money makes the world go round. Vs. Most people in this world are POOR.
- d. Citigroup has lost its good reputation. Vs. Citigroup will always be valuable.
- e. The world economy is in a recession. Vs. Not with China & India so strong.
- f. Buying shares is too risky nowadays. Vs. It's the quickest way to get rich.

4. INVESTMENTS: With your partner(s), talk about which of these would be good investments if you had a few hundred million dollars to invest. Rate them from 10 (= excellent chance of good return on investment) to 1 (= very risky).

- ___ a major bank in India
- ___ a Chinese toy manufacturer
- ___ a Russian gas company
- ___ a US bank
- ___ an English football club
- ___ a Brazilian coffee grower
- ___ a Japanese camera maker
- ___ an international English school chain

5. CASH: Spend one minute writing down all of the different words you associate with the word 'cash'. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- | | |
|---|-------|
| a. An Abu Dhabi company rescued Citigroup from financial collapse. | T / F |
| b. Citigroup has recently suffered multi-billion dollar losses. | T / F |
| c. Citigroup has no money to pay shareholders until 2008-09. | T / F |
| d. The Abu Dhabi deal led to a downturn in confidence on Wall Street. | T / F |
| e. Abu Dhabi will receive a guaranteed 11% interest rate for 3 years. | T / F |
| f. This rate of interest is higher even than risky junk bonds. | T / F |
| g. An Abu Dhabi spokesperson said he saw little room for growth. | T / F |
| h. This is the UAE's first venture into the global investment market. | T / F |

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|------------------|------------------|
| 1. lifeline | a. weak |
| 2. injection | b. organizations |
| 3. ailing | c. boost |
| 4. at the helm | d. despairing |
| 5. rally | e. series |
| 6. doubt | f. in charge |
| 7. desperate | g. recovery |
| 8. tremendous | h. helping hand |
| 9. string | i. huge |
| 10. institutions | j. disbelief |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|---|-----------------------------|
| 1. a \$7.5bn | a. riskiest of junk bonds |
| 2. To make | b. high profile investments |
| 3. resigned earlier this month after four years | c. a rally on Wall Street |
| 4. The Abu Dhabi deal immediately sparked | d. boosted balance sheet |
| 5. traders took confidence in Citigroup's | e. opportunities for growth |
| 6. analysts have cast doubt on the wisdom | f. cash lifeline |
| 7. higher than you would get even on the | g. of Citigroup's move |
| 8. Citigroup is in | h. at the helm |
| 9. a premier brand and with tremendous | i. a unique position |
| 10. the latest in a string of | j. matters worse |

WHILE READING / LISTENING

GAP FILL: Put the words into the gaps in the text.

An Abu Dhabi investment company has given a \$7.5bn cash lifeline to the world's biggest banking and finance company Citigroup. The _____ injection gave the government of Abu Dhabi a 4.9 percent stake in the _____ banking giant. The investment was vital for Citigroup, which has _____ huge losses recently due to the credit _____ in the USA and multi-billion-dollar losses in the US housing market. Citigroup said it needed the money to pay _____ to its shareholders. Shares in the company have lost 40 percent of their value in four months. To make matters worse, CEO Chuck Prince resigned earlier this month after four years at the _____. A successor has yet to be named. The Abu Dhabi deal immediately _____ a rally on Wall Street as traders took confidence in Citigroup's _____ balance sheet.

suffered

boosted

helm

monetary

crisis

sparked

ailing

dividends

Some analysts have _____ doubt on the wisdom of Citigroup's move. The Abu Dhabi government will receive a _____, guaranteed 11 percent interest per year for the next three years for its investment. This rate of interest is higher than you would get _____ on the riskiest of junk bonds, which perhaps shows how _____ Citigroup was. The Abu Dhabi group's managing director, Sheikh Ahmed bin Zayed Al Nahyan, believes Citigroup is in a unique position in the worldwide financial markets. He said: "We see in Citigroup a _____ respected company with a premier brand and with tremendous opportunities for _____." He added: "This investment _____ our confidence in Citigroup's potential to build shareholder value." The deal in Citigroup is the latest in a _____ of high profile investments in global companies by UAE institutions.

even

cast

growth

highly

string

huge

desperate

reflects

LISTENING: Listen and fill in the spaces.

An Abu Dhabi investment company has given _____ to the world's biggest banking and finance company Citigroup. The monetary injection gave the government of Abu Dhabi a 4.9 percent _____ banking giant. The investment was vital for Citigroup, which has _____ due to the credit crisis in the USA and multi-billion-dollar losses in the US housing market. Citigroup said it needed the money _____ shareholders. Shares in the company have lost 40 percent of their value in four months. To make matters worse, CEO Chuck Prince resigned earlier this _____. A successor has yet to be named. The Abu Dhabi deal immediately _____ Wall Street as traders took confidence in Citigroup's boosted balance sheet.

Some analysts have _____ of Citigroup's move. The Abu Dhabi government will receive a huge, guaranteed 11 percent interest per _____ for its investment. This rate of interest is higher than you would get even _____, which perhaps shows how desperate Citigroup was. The Abu Dhabi group's managing director, Sheikh Ahmed bin Zayed Al Nahyan, believes Citigroup is in a _____ worldwide financial markets. He said: "We see in Citigroup a highly respected company with a premier brand and with tremendous _____." He added: "This investment reflects our confidence in Citigroup's potential to build shareholder value." The deal in Citigroup is the _____ high profile investments in global companies by UAE institutions.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words 'life' and 'line'.

life	line
-------------	-------------

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. GAP FILL: In pairs / groups, compare your answers to this exercise. Check your answers. Talk about the words from the activity. Were they new, interesting, worth learning...?

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

<ul style="list-style-type: none"> • cash • injection • vital • due to • matters • rally 	<ul style="list-style-type: none"> • cast • huge • desperate • premier • potential • string
--	---

STUDENT INVESTMENT SURVEY

Write five GOOD questions about investments in the table. Do this in pairs. Each student must write the questions on his / her own paper.

When you have finished, interview other students. Write down their answers.

	STUDENT 1 _____	STUDENT 2 _____	STUDENT 3 _____
Q.1.			
Q.2.			
Q.3.			
Q.4.			
Q.5.			

- Now return to your original partner and share and talk about what you found out. Change partners often.
- Make mini-presentations to other groups on your findings.

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a) What did you think when you read the headline?
 - b) Are you surprised Citigroup needed the cash?
 - c) What do you know about Citigroup?
 - d) How do you think a company that pays its executives millions of dollars a year can make such huge losses?
 - e) Do you think Citigroup's shareholders are worried about their investment and dividends?
 - f) Citigroup's former CEO Chuck Prince got a multi-million-dollar payout after he resigned. Did he deserve this after doing such a bad job?
 - g) Would you like a monetary injection?
 - h) Have you ever suffered from a credit or cash flow crisis?
 - i) Do you think the Abu Dhabi bailout is embarrassing for Citigroup?
-

STUDENT B's QUESTIONS (Do not show these to student A)

- a) Did you like reading this article?
- b) Do you think the 11 percent rate of interest is too high?
- c) Do you think the Abu Dhabi investors are laughing all the way to the bank?
- d) Do you think Citigroup was really desperate for the cash?
- e) Why do you think the Abu Dhabi Sheikh can see "tremendous opportunities for growth" when the CEO couldn't?
- f) What do you know about other investments UAE institutions have made in global companies?
- g) Do you think Citigroup will be OK now?
- h) What questions would you like to ask the former CEO?
- i) Did you like this discussion?

LANGUAGE

CORRECT WORD: Put the correct words from a–d below in the article.

An Abu Dhabi investment company has given a \$7.5bn (1) _____ lifeline to the world's biggest banking and finance company Citigroup. The (2) _____ injection gave the government of Abu Dhabi a 4.9 percent (3) _____ in the ailing banking giant. The investment was vital for Citigroup, which has suffered huge losses recently (4) _____ to the credit crisis in the USA and multi-billion-dollar losses in the US housing market. Citigroup said it needed the money to pay dividends to its shareholders. Shares in the company have lost 40 percent of their value in four months. To make (5) _____ worse, CEO Chuck Prince resigned earlier this month after four years at the helm. A successor has yet to be named. The Abu Dhabi deal immediately sparked a (6) _____ on Wall Street as traders took confidence in Citigroup's boosted balance sheet.

Some analysts have (7) _____ doubt on the wisdom of Citigroup's move. The Abu Dhabi government will receive a huge, guaranteed 11 percent interest per year for the next three years for its investment. This rate of interest is higher than you would get even on the riskiest (8) _____ junk bonds, which perhaps shows how desperate Citigroup was. The Abu Dhabi group's managing director, Sheikh Ahmed bin Zayed Al Nahyan, believes Citigroup is (9) _____ a unique position in the worldwide financial markets. He said: "We see (10) _____ Citigroup a highly respected company with a premier brand and with tremendous opportunities for growth." He added: "This investment reflects our confidence (11) _____ Citigroup's potential to build shareholder value." The deal in Citigroup is the latest in a (12) _____ of high profile investments in global companies by UAE institutions.

- | | | | | |
|-----|-----------------|---------------|--------------------|--------------|
| 1. | (a) cash | (b) cashed | (c) cashing | (d) cashier |
| 2. | (a) moneymaking | (b) moneybags | (c) monetize | (d) monetary |
| 3. | (a) steak | (b) stack | (c) stake | (d) stakeout |
| 4. | (a) overdue | (b) due | (c) subdue | (d) dew |
| 5. | (a) matter | (b) matters | (c) matter of fact | (d) mattered |
| 6. | (a) really | (b) relay | (c) rally | (d) rely |
| 7. | (a) cast | (b) cost | (c) caster | (d) costed |
| 8. | (a) with | (b) for | (c) by | (d) of |
| 9. | (a) on | (b) in | (c) next to | (d) soon |
| 10. | (a) an | (b) on | (c) in | (d) of |
| 11. | (a) in | (b) into | (c) on | (d) onto |
| 12. | (a) strand | (b) thread | (c) rope | (d) string |

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find more information about UAE investments in global companies. Talk about what you discover with your partner(s) in the next lesson.

3. INVESTMENTS: Make a poster about the different things international investors can invest in. Show your poster to your classmates in the next lesson. Did you all include similar things?

4. MAGAZINE ARTICLE: Write a magazine article about the (imaginary) collapse of America's financial markets and the effect it would have on the world. Include an imaginary interview with a homeless American ex-billionaire.

Read what you wrote to your classmates in the next lesson. Write down new words and expressions.

5. LETTER: Write a letter to the next boss of Citigroup. Give him/her three suggestions on how to make banks better. Give three reasons why you could work for Citigroup as an executive. Read your letter to your partner(s) in your next lesson. Your partner(s) will answer your questions.

ANSWERS

TRUE / FALSE:

a. F b. T c. F d. F e. T f. T g. F h. F

SYNONYM MATCH:

- | | |
|------------------|------------------|
| 1. lifeline | a. helping hand |
| 2. injection | b. boost |
| 3. ailing | c. weak |
| 4. at the helm | d. in charge |
| 5. rally | e. recovery |
| 6. doubt | f. disbelief |
| 7. desperate | g. despairing |
| 8. tremendous | h. huge |
| 9. string | i. series |
| 10. institutions | j. organizations |

PHRASE MATCH:

- | | |
|---|-----------------------------|
| 1. a \$7.5bn | a. cash lifeline |
| 2. To make | b. matters worse |
| 3. resigned earlier this month after four years | c. at the helm |
| 4. The Abu Dhabi deal immediately sparked | d. a rally on Wall Street |
| 5. traders took confidence in Citigroup's | e. boosted balance sheet |
| 6. analysts have cast doubt on the wisdom | f. of Citigroup's move |
| 7. higher than you would get even on the | g. riskiest of junk bonds |
| 8. Citigroup is in | h. a unique position |
| 9. a premier brand and with tremendous | i. opportunities for growth |
| 10. the latest in a string of | j. high profile investments |

GAP FILL:

Citigroup handed lifeline by Abu Dhabi

An Abu Dhabi investment company has given a \$7.5bn cash lifeline to the world's biggest banking and finance company Citigroup. The **monetary** injection gave the government of Abu Dhabi a 4.9 percent stake in the **ailing** banking giant. The investment was vital for Citigroup, which has **suffered** huge losses recently due to the credit **crisis** in the USA and multi-billion-dollar losses in the US housing market. Citigroup said it needed the money to pay **dividends** to its shareholders. Shares in the company have lost 40 percent of their value in four months. To make matters worse, CEO Chuck Prince resigned earlier this month after four years at the **helm**. A successor has yet to be named. The Abu Dhabi deal immediately **sparked** a rally on Wall Street as traders took confidence in Citigroup's **boosted** balance sheet.

Some analysts have **cast** doubt on the wisdom of Citigroup's move. The Abu Dhabi government will receive a **huge**, guaranteed 11 percent interest per year for the next three years for its investment. This rate of interest is higher than you would get **even** on the riskiest of junk bonds, which perhaps shows how **desperate** Citigroup was. The Abu Dhabi group's managing director, Sheikh Ahmed bin Zayed Al Nahyan, believes Citigroup is in a unique position in the worldwide financial markets. He said: "We see in Citigroup a **highly** respected company with a premier brand and with tremendous opportunities for **growth**." He added: "This investment **reflects** our confidence in Citigroup's potential to build shareholder value." The deal in Citigroup is the latest in a **string** of high profile investments in global companies by UAE institutions.

LANGUAGE WORK

1 - a 2 - d 3 - c 4 - b 5 - b 6 - c 7 - a 8 - d 9 - b 10 - c 11 - a 12 - d