



The Silver Word

What's Right About Citigroup

WHY WE'RE BUYING CITIGROUP

Bob Stansky of the Fidelity Magellan fund is committed to investing in large capitalization stocks with high growth potential and value. When we realized that Citigroup is one of Magellan's top ten holdings, with over 63 million shares (as of September 30, 2003), something must be right about Citigroup. Fidelity is known for its due diligence and ability to pick stocks with huge growth prospects and a high return on equity.

Citigroup is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer, institutional and high net worth clients with some 200 million customer accounts in over 100 countries. Despite the lagging economy, Citigroup's 2003 net income was a record \$17.85 Billion, up 17% from a year ago with earnings of \$3.42 per share, up 16% from 2002 EPS of \$2.94. Fourth quarter net income was a record of \$4.76 billion, representing a dramatic 96% increase over \$2.43 billion in the year-ago quarter. Similarly, earnings rose 94% to \$0.91 per share. Citigroup currently trades at 14.5x 2003 EPS of \$3.42.

Citigroup maintained the number one position in global debt and equity underwriting and established themselves as the leading private label credit card issuer. Customer deposits through their retail bank reached \$241 billion globally and total client assets in the Private Client business passed the \$1 trillion mark in the fourth quarter 2003. Citigroup continues to deliver consistent growth to its shareholders. Citigroup's return on common equity was 19.9% for the fourth quarter and 19.8% for the full year. And in January the company announced a 14% increase in the common dividend to a quarterly rate of \$0.40 per share, representing the 19th consecutive year of common dividend increases.

Overall, revenues and earnings should increase in 2004, as the U.S. economy strengthens and capital market activities accelerate. The company's high growth consumer businesses, combined with a recovering corporate lending and investment banking market, should benefit with higher earnings growth through 2004.

Written: March 4, 2004