NEW YORK POST
ONLINE EDITION

A BULLET FOR STINKING CITI

By BETH PISKORA and ERICA COPULSKY

February 13, 2003 --

Consider it a *mea culpa*.

Citigroup CEO Sandy Weill, one of the best-paid Wall Street executives, is giving up his bonus for 2002 after the company's stock lost almost one-third of its value in a year marked by scandals and disasters.

He will, however, receive his usual $1 million salary, and options to buy 1.5 million shares of Citigroup.

Still, it's a big pay cut for Weill, who got $30.3 million in 2001 and a whopping $127.8 million in 2000 when he was the highest-paid CEO in all of America.

According to Forbes, Weill is the 185th-richest American, with a net worth of about $1.1 billion.

But Citigroup has been plagued with problems in the last year, including a damaging probe into analysts' conflict of interest by New York Attorney General Eliot Spitzer, which will cost Citigroup $400 million in a global settlement with 10 other brokerage firms and as much as $1.5 billion in lawsuits brought by angry investors.

Citigroup has also been tainted by its association with now-bankrupt Enron Corp. and WorldCom Inc.

Weill may be trying to demonstrate solidarity with his troops at Citigroup's Salomon Smith Barney unit, which are bracing for ugly news: Today, employees are expected to be told the size of their bonuses.

Sources familiar with the firm's 2002 bonus pool say bonuses in investment banking and equities will likely be down, on average, 60 percent or more from the previous year.

Other areas, such as fixed income, may feel less pain, with pay down 30 percent to 40 percent.

Some staffers will be told they did not receive a bonus at all.

The painful bonus cuts come as securities firms look to bring their high compensation costs in line with much lower profits.

Just a few years ago, firms, desperate to grab their share of the robust banking business, handed out sky-high bonuses to attract and retain talent.

These days, as firms try to scale back staff, there is less concern over losing talent by not paying top of the range.

A Citigroup spokeswoman declined comment on any bonuses other than Weill's.

Weill himself was touched by the scandal when it emerged in November that he had asked his star telecom analyst Jack Grubman to "take a fresh look" at AT&T. At the time, Weill was on AT&T's board.

Grubman obligingly raised his rating on the stock to "buy," and shortly thereafter, AT&T chose Citigroup to help sell $10.6 billion of stock in its wireless unit, allowing Citi to collect $45 million in fees.

Then it was Grubman's turn to ask Weill for a favor - a letter of recommendation to get his twin daughters into an exclusive nursery school operated by the 92nd Street Y.

The children were admitted around the same time that Citi donated $1 million to the New York City pre-school.

Weill has always insisted that he did nothing wrong.

He is not the subject of any regulatory investigations, though Citigroup and its Salomon Smith Barney unit are. Weill's 2001 pay package included options to buy 619,095 shares, a cash bonus of $17 million, stock grants worth $8 million and a $1 million salary.

Citigroup paid Weill $127.8 million in salary, bonus, stock and stock options for 2000. He also exercised stock options valued at $196.2 million.