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CITI CUTTING 50 TOP-LEVEL INVESTMENT BANKERS

By ERICA COPULSKY

June 4, 2003 -- Citigroup is taking out the ax again, The Post has learned.

In the next few weeks, the nation's biggest financial services company will show at least 50 investment bankers the door - even as the slump on Wall Street is showing signs of a turnaround, people familiar with the matter said.

The cuts will amount to roughly 5 percent of Citigroup's investment banking division. The layoffs are expected to take place globally across various industry and product groups of the roughly 1,100-person banking division and are aimed primarily at high-level executives, such as managing directors and directors.

A Citigroup spokeswoman, who declined to comment on the planned cuts, said only, "We continue a process of targeted reductions that reflect current market realities."

The fresh cuts follow months of quiet pruning by Citigroup across all areas of the investment and corporate bank as the firm seeks to bring expenses in line with lower revenues.

Citi bankers won't be the only ones looking for new jobs. In the next week, Morgan Stanley will begin another big round of layoffs that will put as many as 100 investment bankers out on the pavement.

Unlike other industries with high fixed costs and little wiggle room, Wall Street firms can shrink expenses by trimming staff and bonuses.

Even those employees lucky enough to keep their jobs have not been spared pain. Bonuses for 2002, on average, were 50 percent to 60 percent lower than last year's bonuses, according to Wall Street executives and recruiters. Some are already pegging the average compensation for a managing director as low as $500,000 to $600,000.

Some industry watchers believe the firms' cost-saving measures will end up costing it dearly down the road. Said Rik Kopelan, a recruiter with the Capstone Partnership: "Firms are shrinking themselves to meet current conditions. But in two years, when the business is back in full swing, there's going to be a critical shortage of seasoned bankers to stay on top of clients."

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