

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2005

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-15286

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

**New York
(State or other jurisdiction of
incorporation or organization)**

**11-2418067
(I.R.S. Employer
Identification No.)**

**388 Greenwich Street
New York, New York
(Address of principal
executive offices)**

**10013
(Zip Code)**

Registrant's telephone number, including area code: (212) 816-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes _____ No X

The registrant is a wholly owned subsidiary of Citigroup Inc. As of the date hereof, 1,000 shares of the registrant's Common Stock, par value \$.01 per share, were issued and outstanding.

REDUCED DISCLOSURE FORMAT

The registrant meets the conditions set forth in General Instruction H (1) (a) and (b) of Form 10-Q and therefore is filing this form with the reduced disclosure format contemplated thereby.

Available on the Web @ www.citigroup.com.

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For the Quarter Ended March 31, 2005

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CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

Dollars in millions		
Three Months Ended March 31,	2005	2004
Revenues:		
Commissions	\$ 1,138	\$ 1,197
Asset management and administration fees	1,053	1,005
Investment banking	874	882
Principal transactions	854	310
Other	96	44
Total non-interest revenues	4,015	3,438
Interest and dividends	3,473	2,194
Interest expense	2,551	1,230
Net interest and dividends	922	964
Revenues, net of interest expense	4,937	4,402
Non-interest expenses:		
Compensation and benefits	2,547	2,355
Communications	266	141
Floor brokerage and other production	240	191
Professional services	174	128
Occupancy and equipment	144	137
Advertising and market development	87	76
Other operating and administrative expenses	147	81
Total non-interest expenses	3,605	3,109
Income before income taxes	1,332	1,293
Provision for income taxes	444	472
Net income	\$ 888	\$ 821

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Dollars in millions	March 31, 2005 (Unaudited)	December 31, 2004
Assets:		
Cash and cash equivalents	\$ 5,120	\$ 6,113
Cash segregated and on deposit for Federal and other regulations or deposited with clearing organizations	4,109	4,129
Collateralized short-term financing agreements:		
Securities purchased under agreements to resell	\$122,752	\$120,667
Deposits paid for securities borrowed	71,404	71,292
	194,156	191,959
Financial instruments owned and contractual commitments:		
(Approximately \$89 billion and \$100 billion were pledged to various parties at March 31, 2005 and December 31, 2004, respectively)		
Corporate debt securities	47,202	42,910
Equity securities	43,673	42,888
U.S. government and government agency securities	34,171	35,894
Contractual commitments	15,717	16,128
Mortgage loans and collateralized mortgage obligations	15,394	13,900
Non-U.S. government and government agency securities	13,416	13,675
Municipal securities	12,498	12,389
Money market instruments	3,092	3,671
Other financial instruments	542	616
	185,705	182,071
Receivables:		
Customers	27,219	24,493
Brokers, dealers and clearing organizations	13,627	14,529
Other	5,779	3,763
	46,625	42,785
Property, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$1,221 and \$1,210, respectively	1,744	1,523
Goodwill	1,911	1,922
Intangibles	853	854
Other assets	11,343	9,246
Total assets	\$451,566	\$440,602

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Dollars in millions, except share data	March 31, 2005	December 31, 2004
	(Unaudited)	
Liabilities and Stockholder's Equity:		
Commercial paper and other short-term borrowings	\$ 30,605	\$ 25,970
Collateralized short-term financing agreements:		
Securities sold under agreements to repurchase	\$ 156,998	\$151,434
Deposits received for securities loaned	<u>30,367</u>	<u>25,632</u>
	187,365	177,066
Financial instruments sold, not yet purchased, and contractual commitments:		
Contractual commitments	22,337	24,358
Non-U.S. government and government agency securities	20,267	17,926
U.S. government and government agency securities	15,793	19,830
Corporate debt securities and other	12,330	13,358
Equity securities	<u>10,452</u>	<u>9,225</u>
	81,179	84,697
Payables and accrued liabilities:		
Customers	35,576	37,040
Brokers, dealers and clearing organizations	8,742	8,971
Other	<u>30,092</u>	<u>30,394</u>
	74,410	76,405
Term debt	60,477	59,307
Stockholder's equity:		
Common stock (par value \$.01 per share 1,000 shares authorized; 1,000 shares issued and outstanding)	-	-
Additional paid-in capital	8,460	8,443
Retained earnings	9,018	8,642
Accumulated changes in equity from nonowner sources	<u>52</u>	<u>72</u>
Total stockholder's equity	17,530	17,157
Total liabilities and stockholder's equity	<u>\$451,566</u>	<u>\$440,602</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Dollars in millions		
Three Months Ended March 31,	2005	2004
Cash flows from operating activities:		
Net income	\$ 888	\$ 821
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	74	84
Net change in:		
Cash segregated and on deposit for Federal and other regulations or deposited with clearing organizations	20	(1,024)
Securities borrowed or purchased under agreements to resell	(2,197)	(9,101)
Financial instruments owned and contractual commitments	(3,634)	2,429
Receivables	(3,840)	(9,067)
Goodwill, intangibles and other assets, net	(3,013)	(998)
Securities loaned or sold under agreements to repurchase	10,299	(1,815)
Financial instruments sold, not yet purchased, and contractual commitments	(3,518)	7,162
Payables and accrued liabilities	(1,995)	1,954
Net cash used in operating activities	(6,916)	(9,555)
Cash flows from financing activities:		
Net increase in commercial paper and other short-term borrowings	4,635	4,732
Proceeds from issuance of term debt	6,552	8,494
Term debt maturities and repurchases	(4,459)	(4,245)
Dividends paid	(512)	(426)
Net cash provided by financing activities	6,216	8,555
Cash flows from investing activities:		
Property, equipment and leasehold improvements, net	(293)	(33)
Net cash used in investing activities	(293)	(33)
Net decrease in cash and cash equivalents	(993)	(1,033)
Cash and cash equivalents at January 1,	6,113	6,312
Cash and cash equivalents at March 31,	\$5,120	\$5,279

Cash payments for interest were \$2.7 billion and \$929 million for the three months ended March 31, 2005 and 2004, respectively.

The Company paid cash for income taxes, net of refunds, of \$110 million and \$400 million during the three months ended March 31, 2005 and 2004, respectively.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements reflect the accounts of Citigroup Global Markets Holdings Inc. (“CGMHI”), a New York corporation, and its subsidiaries (collectively, the “Company”). The Company is a wholly owned subsidiary of Citigroup Inc. (“Citigroup”). Material intercompany transactions have been eliminated.

The unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of management’s best judgment and estimates. Estimates, including the fair value of financial instruments and contractual commitments, the outcome of litigation, realization of deferred tax assets and other matters that affect the reported amounts and disclosures of contingencies in the unaudited condensed consolidated financial statements, may vary from actual results. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in CGMHI’s Annual Report on Form 10-K for the year ended December 31, 2004.

Certain financial information that is normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, but that is not required for interim reporting purposes, has been condensed or omitted.

Future Application of Accounting Standards

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 123 (Revised 2004), “*Share-Based Payment*” (“SFAS 123-R”), which replaces the existing SFAS No. 123, “*Accounting for Stock-based Compensation*” and supersedes Accounting Principles Board Opinion No. 25, “*Accounting for Stock Issued to Employees,*” (“APB 25”). SFAS 123-R requires companies to measure and record compensation expense for stock options and other share-based payment based on the instruments’ fair value. SFAS 123-R as issued is effective for interim and annual reporting periods beginning after June 15, 2005. However, on April 14, 2005, the Securities and Exchange Commission (“SEC”) announced the adoption of a new rule that amends the compliance date for SFAS 123-R. The SEC’s new rule allows companies to implement SFAS 123-R at the start of their fiscal year beginning after June 15, 2005. Thus, the Company will adopt SFAS 123-R on January 1, 2006 by using the modified prospective approach, which requires recognizing expense for options granted prior to the adoption date equal to the fair value of the unvested amounts over their remaining vesting period. The portion of these options’ fair value attributable to vested awards prior to the adoption of SFAS 123-R is never recognized. For unvested stock-based awards granted before January 1, 2003 (“APB 25 awards”), the Company will expense the fair value of the awards as at the grant date over the remaining vesting period. The impact of recognizing compensation expense for the unvested APB 25 awards will be immaterial to the Company’s 2006 consolidated results. The Company continues to evaluate other aspects of adopting SFAS 123-R.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 2. Comprehensive Income

Comprehensive income represents the sum of net income and other changes in stockholder's equity from nonowner sources, which, for the Company, are comprised of cumulative translation adjustments and unrealized gains and losses on certain investments held by equity method investees, net of tax:

Dollars in millions		
Three months ended March 31,	2005	2004
Net income	\$888	\$821
Other changes in equity from nonowner sources	(20)	(1)
Total comprehensive income	\$868	\$820

Note 3. Capital Requirements

Certain U.S. and non-U.S. subsidiaries are subject to securities and commodities regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. Capital requirements related to CGMHI's principal regulated subsidiaries at March 31, 2005, are as follows:

(Dollars in millions) Subsidiary	Jurisdiction	Net Capital (U.S.) or Financial Resources (U.K.)	Excess over Minimum Requirements
Citigroup Global Markets Inc.	U.S. Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1)	\$3,473	\$2,896
Citigroup Global Markets Limited	United Kingdom's Financial Services Authority	\$8,196	\$2,931

In addition, in order to maintain its triple-A rating, Salomon Swapco Inc. ("Swapco"), an indirect wholly owned subsidiary of CGMHI, must maintain minimum levels of capital in accordance with agreements with its rating agencies. At March 31, 2005, Swapco was in compliance with all such agreements. Swapco's capital requirements are dynamic, varying with the size and concentration of its counterparty receivables.

Note 4. Contractual Commitments

Contractual commitments used for trading purposes include derivative instruments such as interest rate, equity, currency and commodity swap agreements, swap options, caps and floors, options, warrants and financial commodity futures and forward contracts. The fair values (unrealized gains and losses) associated with contractual commitments are reported net by counterparty, in accordance with FASB Interpretation No. 39, "Offsetting of Amounts Relating to Certain Contracts," provided a legally enforceable master netting agreement exists, and are netted across products and against cash collateral when such provisions are stated in the master

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netting agreement. Contractual commitments in a net receivable position, as well as options owned and warrants held, are reported as assets in “Contractual commitments.” Similarly, contractual commitments in a net payable position, as well as options written and warrants issued are reported as liabilities in “Contractual commitments.” Revenues generated from these contractual commitments are reported primarily as “Principal transactions” and include realized gains and losses as well as unrealized gains and losses resulting from changes in the market or fair value of such instruments.

A summary of the Company’s contractual commitments as of March 31, 2005 and December 31, 2004 are as follows:

<i>Dollars in billions</i>	<u>March 31, 2005</u>		<u>December 31, 2004</u>	
	Current Market or		Current Market or	
	Fair Value		Fair Value	
	Assets	Liabilities	Assets	Liabilities
Exchange-traded products:				
Equity, fixed-income, foreign exchange and commodity options	\$ 2.5	\$ 2.6	\$ 2.4	\$ 2.9
OTC contractual commitments:				
Swaps, swap options, caps, floors and forward rate agreements	8.4	11.6	9.0	11.5
Options and warrants on equities and equity indices	1.5	5.4	2.0	7.9
Options and forward contracts on fixed income securities	2.6	1.8	1.5	.9
Foreign exchange contracts and options	.4	.6	1.0	1.0
Commodity contracts	.3	.3	.2	.2
Total contractual commitments	\$ 15.7	\$ 22.3	\$ 16.1	\$ 24.4

Note 5. Segment Information

The following table summarizes the results of operations for the Company’s three operating segments, Investment Services, Private Client Services and Asset Management.

<i>Dollars in millions</i>		
Three months ended March 31,	2005	2004
Revenues, net of interest expense:		
Investment Services	\$ 2,994	\$ 2,417
Private Client Services	1,639	1,687
Asset Management	304	298
Total	\$ 4,937	\$ 4,402
Total non-interest expenses:		
Investment Services	\$ 2,063	\$ 1,607
Private Client Services	1,344	1,312
Asset Management	198	190
Total	\$ 3,605	\$ 3,109
Net Income:		
Investment Services	\$ 640	\$ 526
Private Client Services	182	229
Asset Management	66	66
Total	\$ 888	\$ 821

Total assets of the Investment Services, Private Client Services and Asset Management segments were \$432.9 billion, \$16.9 billion and \$1.8 billion, respectively, at March 31, 2005 and \$422.7 billion, \$16.0 billion and \$1.9

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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billion, respectively, at December 31, 2004. For further discussion of the Company's operating segments, please refer to the Results of Operations section of Management's Discussion and Analysis.

Note 6. Legal Proceedings

As described in the "Legal Proceedings" discussion on page 18, the Company is a defendant in numerous lawsuits and other legal proceedings arising out of alleged misconduct in connection with:

- (i) underwritings for, and research coverage of, WorldCom;
- (ii) underwritings for Enron and other transactions and activities related to Enron and Dynegy;
- (iii) transactions and activities related to research coverage of companies other than WorldCom; and
- (iv) transactions and activities related to securities sold in initial public offerings.

During the 2004 second quarter, in connection with the settlement of the WorldCom class action, the Company reevaluated and increased its reserves for these matters. The Company recorded a charge of \$6.5 billion (\$4.1 billion after-tax) relating to (i) the settlement of class action litigation brought on behalf of purchasers of WorldCom securities, and (ii) an increase in litigation reserves for the other matters described above. Subject to the terms of the WorldCom class action settlement, and its eventual approval by the courts, the Company will make a payment of \$2.575 billion, or \$1.59 billion after-tax, to the WorldCom settlement class. As of March 31, 2005, the Company's litigation reserve for these matters, net of the amount to be paid upon final approval of the WorldCom class action settlement, was \$4.7 billion on a pretax basis.

The Company believes that this reserve is adequate to meet all of its remaining exposure for these matters. However, in view of the large number of these matters, the uncertainties of the timing and outcome of this type of litigation, the novel issues presented, and the significant amounts involved, it is possible that the ultimate costs of these matters may exceed or be below the reserve. The Company will continue to defend itself vigorously in these cases, and seek to resolve them in the manner management believes is in the best interests of the Company.

In addition, in the ordinary course of business, Citigroup and its subsidiaries are defendants or co-defendants or parties in various litigation and regulatory matters incidental to and typical of the businesses in which they are engaged. In the opinion of the Company's management, the ultimate resolution of these legal and regulatory proceedings would not be likely to have a material adverse effect on the consolidated financial condition of the Company but, if involving monetary liability, may be material to the Company's operating results for any particular period.

Note 7. Obligations Under Guarantees

The Company provides a variety of guarantees and indemnifications to customers to enhance their credit standing and enable them to complete a wide variety of business transactions. The Company believes the guarantees which are provided relate to an asset, liability, or equity security of the guaranteed parties. In the normal course of business, the Company provides standard representations and warranties to counterparties in contracts in connection with numerous transactions and also provides indemnifications that protect the counterparties to contracts in the event that additional taxes are owed due either to a change in the

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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tax law or an adverse interpretation of the tax law. Counterparties to these transactions provide the Company with comparable indemnifications. While such representations, warranties and tax indemnifications are essential components of many contractual relationships, they do not represent the underlying business purpose for the transactions. The indemnification clauses are often standard contractual terms related to the Company's own performance under the terms of a contract and are entered into in the normal course of business based on an assessment that the risk of loss is remote. Often these clauses are intended to ensure that terms of a contract are met at inception. No compensation is received for these standard representations and warranties and it is not possible to determine their fair value because they rarely, if ever, result in payment. In many cases, there are no stated or notional amounts included in the indemnification clauses and the contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. There are no amounts reflected on the accompanying unaudited condensed consolidated statement of financial condition as of March 31, 2005 and December 31, 2004 related to these indemnifications.

In addition, the Company is a member of or shareholder in numerous value transfer networks ("VTNs") (payment, clearing and settlement systems as well as securities exchanges) around the world. As a condition of membership, many of these VTNs require that members stand ready to backstop the net effect on the VTNs of a member's default on its obligations. The Company's potential obligation as a shareholder or member of VTN associations are excluded from the scope of FASB Interpretation No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*," since the shareholders and members represent subordinated classes of investors in the VTNs. Accordingly, there are no amounts reflected on the accompanying unaudited condensed consolidated statement of financial condition as of March 31, 2005 and December 31, 2004 for potential obligations that could arise from the Company's involvement with VTN associations.

Derivative instruments which include guarantees are credit default swaps, total return swaps, written foreign exchange options, written put options, written equity warrants, and written caps and floors. At March 31, 2005, and December 31, 2004, the carrying amount of the liabilities related to these derivatives was \$2.6 billion and \$2.2 billion, respectively.

The maximum potential loss represents the amounts that could be lost under the guarantees if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from collateral held or pledged. Such amounts bear no relationship to the anticipated losses on these guarantees and greatly exceed anticipated losses. At March 31, 2005, the maximum potential loss at notional value related to credit default swaps and total rate of return swaps amounted to \$218.5 billion, of which \$21.1 billion expires within one year and \$197.4 billion expires after one year. At December 31, 2004, the maximum potential loss at notional value related to credit default swaps and total rate of return swaps amounted to \$193.8 billion. At March 31, 2005 and December 31, 2004, the maximum potential loss at fair value related to derivative guarantees other than credit default swaps and total rate of return swaps amounted to \$1.5 billion and \$1.8 billion, respectively.

Guarantees to joint ventures and other third parties primarily include guarantees of their debt obligations. At March 31, 2005, the carrying amount and the maximum potential loss related to these joint ventures and other third-party guarantees were \$196 million, of which \$4 million expires within one year and \$192 million expires after one year. At December 31, 2004, the carrying amount and the maximum potential loss related to these joint venture and other third-party guarantees were \$177 million. Securities and other marketable assets held as

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

collateral to reimburse losses under other third-party guarantees amounted to \$72 million and \$73 million at March 31, 2005 and December 31, 2004, respectively.

Guarantees of collection of contractual cash flows protect investors in securitization trusts from loss of principal and interest relating to insufficient collections on the underlying receivables in the trust. At March 31, 2005 and December 31, 2004, the carrying amount and the maximum potential loss related to guarantees of collection of contractual cash flows were \$24 million.

Note 8. Variable Interest Entities

The following table represents the carrying amounts and classification of consolidated assets that are collateral for VIE obligations, including VIEs that were consolidated prior to the implementation of FIN 46 under existing guidance and VIEs that the Company became involved with after July 1, 2003:

<i>In millions of dollars</i>	March 31, 2005	December 31, 2004
Cash	\$ 52	\$ 20
Financial Instruments Owned & Contractual		
Commitments	4,657	3,632
Receivables – Other	433	407
Other Assets	1,331	1,437
Total Assets of Consolidated VIEs	<u>\$6,473</u>	<u>\$5,496</u>

The consolidated VIEs included in the table above represent hundreds of separate entities with which the Company is involved and includes approximately \$510 million related to VIEs newly consolidated as a result of adopting FIN 46-R. As of March 31, 2005 and December 31, 2004, approximately \$2.3 billion and \$1.8 billion, respectively, of the total assets of consolidated VIEs represent structured transactions where the Company packages and securitizes assets purchased in the financial markets or from clients in order to create new security offerings and financing opportunities for its clients. As of March 31, 2005 and December 31, 2004, approximately \$4.2 billion and \$3.7 billion, respectively, of the total assets of consolidated VIEs represents investment vehicles that were established to provide a return to the investors in the vehicles.

The Company may provide liquidity facilities to the VIEs, may be a party to derivative contracts with VIEs, may provide loss enhancement in the form of guarantees to the VIEs, and may also have an ownership interest or other investment in certain VIEs. In general, the investors in the obligations of consolidated VIEs have recourse only to the assets of those VIEs and do not have recourse to the Company, except where the Company has provided a liquidity facility to the VIE, a guarantee to the investors, or is the counterparty to a derivative transaction involving the VIE.

In addition to the VIEs that are consolidated in accordance with FIN 46-R, the Company has significant variable interests in certain other VIEs that are not consolidated because the Company is not the primary beneficiary. These include collateralized debt obligations (“CDOs”), structured finance transactions, and various investment funds and are explained in the paragraphs which follow.

The Company packages and securitizes assets purchased in the financial markets in order to create new security offerings, including arbitrage CDOs and synthetic CDOs for institutional clients and retail customers, that match the clients’ investment needs and preferences. Typically these instruments diversify investors’ risk to a pool of assets as compared with investments in an individual asset. The VIEs, which are issuers of CDO securities, are

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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generally organized as limited liability corporations. The Company typically receives fees for structuring and/or distributing the securities sold to investors. In some cases, the Company may repackage the investment with higher-rated debt CDO securities or U. S. Treasury securities to provide a greater or a very high degree of certainty, respectively, of the return of invested principal. A third-party manager is typically retained by the VIE to select collateral for inclusion in the pool and then actively manage it, or, in other cases, only to manage work-out credits. At March 31, 2005 and December 31, 2004, such transactions involved VIEs with approximately \$19.7 billion and \$17.1 billion in assets, respectively.

The Company packages and securitizes assets purchased in the financial markets or from clients in order to create new security offerings and financing opportunities for institutional and private bank clients as well as retail customers, including hedge funds, mutual funds, unit investment trusts, and other investment funds that match the clients' investment needs and preferences. These transactions include trust preferred entities, investment vehicles and other structured transactions. At March 31, 2005 and December 31, 2004, such transactions involved VIEs with approximately \$85.1 billion and \$76.7 billion in assets, respectively.

As previously mentioned, the Company may provide liquidity facilities to the VIEs, may be a party to derivative contracts with VIEs, may provide loss enhancement in the form of guarantees to the VIEs and may also have an ownership interest in certain VIEs. Although actual losses are not expected to be material, the Company's maximum exposure to loss as a result of its involvement with VIEs that are not consolidated was \$37.5 billion and \$26.8 billion at March 31, 2005 and December 31, 2004, respectively. For this purpose, maximum exposure is considered to be the notional amounts of guarantees and liquidity facilities, the notional amounts of credit default swaps and certain total return swaps, and the amount invested where the Company has an ownership interest in the VIEs.

Note 9. Related Party Balances

The Company has related party balances with Citigroup and certain of its subsidiaries and affiliates including cash accounts, collateralized financing transactions, margin accounts, short-term borrowings, receivables and payables from securities and underwriting transactions, derivative trading and charges for operational support. The Company also has long-term borrowings from Citigroup of \$14.1 billion at March 31, 2005 of which \$3 billion are subordinated borrowings. Related party transactions are generally conducted at prices equivalent to prices for transactions conducted at arm's length with unrelated third parties. Amounts charged for operational support represent an allocation of costs.

**CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

Item 2.

RECENT EVENTS

Repositioning Charges

The Company recorded \$157 million (\$97 million after-tax) in charges during the three months ended March 31, 2005 (the "2005 Quarter") for repositioning costs. The repositioning costs were predominately severance-related costs recorded in the Investment Services (\$80 million after-tax) and Private Client (\$17 million after-tax) segments. These repositioning actions are consistent with the Company's objectives of controlling expenses while continuing to invest in growth opportunities.

RESULTS OF OPERATIONS

For the 2005 Quarter, the Company recorded net income of \$888 million compared to net income of \$821 million for the three months ended March 31, 2004 (the "2004 Quarter"). Revenues, net of interest expense, were \$4,937 million in the 2005 Quarter, up from \$4,402 million in the 2004 Quarter. Commission revenues decreased slightly in the 2005 Quarter to \$1,138 million as a result of decreases in listed and OTC commissions. Asset management and administration fees increased to \$1,053 million in the 2005 Quarter, primarily as a result of positive market action and cumulative net flows, and higher asset-based revenue, reflecting increased client asset levels, partially offset by lower transaction volume and a decrease in U.S. retail money market funds. Investment banking revenues of \$874 million in the 2005 Quarter were essentially unchanged compared to the 2004 Quarter. Principal transactions revenues increased to \$854 million in the 2005 Quarter primarily as the result of an increase in fixed income and commodity trading, offset partially by a decline in global equity trading. Net interest and dividend income decreased to \$922 million in the 2005 Quarter, primarily due to increases in the cost of funding from 2004 to 2005 as a result of interest rate increases by the Federal Reserve Bank. Total non-interest expenses increased to \$3,605 million in the 2005 Quarter (which includes \$157 million of repositioning costs) primarily as a result of increased compensation and benefits expense. Also contributing to the increase were higher communication and floor brokerage expenses.

Following is a discussion of the results of operations of the Company's three operating segments, Investment Services, Private Client Services and Asset Management.

Investment Services

Dollars in millions		
Three Months Ended March 31,	2005	2004
Revenues, net of interest expense	\$2,994	\$2,417
Total non-interest expense	2,063	1,607
Income before income taxes	931	810
Provision for income taxes	291	284
Net income	\$ 640	\$ 526

The Company's Investment Services segment recorded net income of \$640 million in the 2005 Quarter compared to net income of \$526 million in the 2004 Quarter. Revenues, net of interest expense, increased 24% to \$2.994 billion in the 2005 Quarter. Principal transactions revenues increased in the 2005 Quarter as a result

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of higher commodity and municipal trading. Investment banking revenues increased slightly as a result of improved results in merger and acquisition fees, offset partially by a decrease in equity and high-grade debt underwriting. Commission revenue was essentially unchanged in the 2005 Quarter. Net interest and dividend income decreased in the 2005 Quarter, primarily due to increases in the cost of funding from 2004 to 2005 as a result of interest rate increases by the Federal Reserve Bank.

Total non-interest expenses increased to \$2.063 billion in the 2005 Quarter (which includes \$129 million of repositioning costs on a pre-tax basis) as a result of increased employee compensation and benefits, floor brokerage and other production-related expenses, and communication expense.

Private Client Services

Dollars in millions		
Three Months Ended March 31,	2005	2004
Revenues, net of interest expense	\$1,639	\$1,687
Total non-interest expense	1,344	1,312
Income before income taxes	295	375
Provision for income taxes	113	146
Net income	\$ 182	\$ 229

Private Client Services net income of \$182 million in the 2005 Quarter decreased \$47 million or 21% from the 2004 Quarter, primarily due to higher legal expense, repositioning costs and lower transactional revenue, which were partially offset by higher asset-based fee revenue.

Revenues, net of interest expense, of \$1.639 billion in the 2005 Quarter decreased \$48 million or 3% from the prior-year period, primarily due to decreases in transactional revenue reflecting lower customer trading volumes, partially offset by increases in asset-based fee revenue reflecting higher assets under fee-based management.

Total assets under fee-based management were \$239.4 billion as of March 31, 2005, up \$19.5 billion or 9% from the prior-year period. Total client assets, including assets under fee-based management, of \$969 billion in the 2005 Quarter increased \$44 billion or 5% compared to the 2004 Quarter, principally due to market appreciation and positive net inflows. Net inflows were \$13 billion in the 2005 Quarter compared to \$6 billion in the 2004 Quarter.

Operating expenses of \$1.344 billion in the 2005 Quarter, increased \$32 million or 2% from the 2004 Quarter. The increases were mainly due to higher legal costs and repositioning costs of \$28 million on a pre-tax basis.

Assets under fee-based management were as follows:

Dollars in billions		
At March 31,	2005	2004
Financial Consultant managed accounts	\$ 84.5	\$ 75.9
Consulting Group and internally managed assets	154.9	144.0
Total assets under fee-based management (1)	\$239.4	\$219.9

(1) Includes certain assets managed jointly with Citigroup Asset Management.

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Asset Management

Dollars in millions		
Three Months Ended March 31,	2005	2004
Revenues, net of interest expense	\$304	\$298
Total non-interest expense	198	190
Income before income taxes	106	108
Provision for income taxes	40	42
Net income	\$ 66	\$ 66

The Company's Asset Management segment revenues, net of interest expense, increased to \$304 million or 2% in the 2005 Quarter compared to \$298 million in the 2004 Quarter. The primary revenue for the Asset Management segment is asset management and administration fees, which increased to \$299 million in the 2005 Quarter compared to \$292 million in the 2004 Quarter. The increase in revenues in the 2005 Quarter is primarily due to higher equity markets and cumulative net flows and is partially offset by the impact of a decrease in U.S. retail money market funds.

Assets under management for the segment increased to \$322.8 billion at March 31, 2005, compared to \$309.0 billion at March 31, 2004. The increase is primarily due to positive market action and the impact of positive net flows. (See the table below for detail of assets under fee-based management).

Total non-interest expenses were \$198 million in the 2005 Quarter compared to \$190 million the 2004 Quarter. The increase in the 2005 Quarter is due to higher compensation expense, partially offset by lower legal costs.

Assets under fee-based management were as follows:

Dollars in billions		
At March 31,	2005	2004
Money market funds	\$ 100.6	\$ 94.6
Mutual funds	90.6	91.8
Managed accounts	126.6	117.1
Unit investment trusts held in client accounts	5.0	5.5
Total	\$ 322.8	\$309.0

LIQUIDITY AND CAPITAL RESOURCES

The Company's total assets were \$452 billion at March 31, 2005, an increase from \$441 billion at year-end 2004. Due to the nature of the Company's trading activities, it is not uncommon for the Company's asset levels to fluctuate from period to period.

The Company's condensed consolidated statement of financial condition is highly liquid, with the vast majority of its assets consisting of marketable securities and collateralized short-term financing agreements arising from

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securities transactions. The highly liquid nature of these assets provides the Company with flexibility in financing and managing its business. The Company monitors and evaluates the adequacy of its capital and borrowing base on a daily basis in order to allow for flexibility in its funding, to maintain liquidity, and to ensure that its capital base supports the regulatory capital requirements of its subsidiaries.

The Company funds its operations through the use of collateralized and uncollateralized short-term borrowings, long-term borrowings, and its equity. Collateralized short-term financing, including repurchase agreements, and secured loans are the Company's principal funding source. Such borrowings are reported net by counterparty, when applicable, pursuant to the provisions of FASB Interpretation No. 41, "*Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*" ("FIN 41"). Excluding the impact of FIN 41, short-term collateralized borrowings totaled \$273.6 billion at March 31, 2005. Uncollateralized short-term borrowings provide the Company with a source of short-term liquidity and are also utilized as an alternative to secured financing when they represent a less expensive funding source. Sources of short-term uncollateralized borrowings include commercial paper, unsecured bank borrowings, promissory notes and corporate loans. Short-term uncollateralized borrowings totaled \$29.9 billion at March 31, 2005.

The Company has 364-day committed uncollateralized revolving line of credit facilities with unaffiliated banks totaling \$3.08 billion. These facilities have a two-year term-out provision with any borrowings maturing on various dates through 2007. The Company also has three-year facilities totaling \$1.54 billion with unaffiliated banks with any borrowings maturing on various dates in 2007 and 2008. The Company may borrow under these revolving credit facilities at various interest rate options (LIBOR, Fed Funds or base rate) and compensates the banks for these facilities through facility fees. At March 31, 2005, there were no outstanding borrowings under these facilities. The Company also has committed long-term financing facilities with unaffiliated banks. At March 31, 2005, the Company had drawn down the full \$1.65 billion then available under these facilities. A bank can terminate these facilities by giving the Company prior notice (generally one year). The Company compensates the banks for these facilities through facility fees. Under all of these facilities, the Company is required to maintain a certain level of consolidated adjusted net worth (as defined in the agreements). At March 31, 2005, this requirement was exceeded by approximately \$7.2 billion. The Company also has substantial borrowing arrangements consisting of facilities that the Company has been advised are available, but where no contractual lending obligation exists. These arrangements are reviewed on an ongoing basis to ensure flexibility in meeting the Company's short-term requirements.

The Company's borrowing relationships are with a broad range of banks, financial institutions and other firms, including affiliates, from which it draws funds. The volume of the Company's borrowings generally fluctuates in response to changes in the level of the Company's financial instruments, commodities and contractual commitments, customer balances, the amount of securities purchased under agreements to resell and securities borrowed transactions. As the Company's activities increase, borrowings generally increase to fund the additional activities. Availability of financing to the Company can vary depending upon market conditions, credit ratings and the overall availability of credit to the securities industry. The Company seeks to expand and diversify its funding mix as well as its creditor sources. Concentration levels for these sources, particularly for short-term lenders, are closely monitored both in terms of single investor limits and daily maturities.

The Company monitors liquidity by tracking asset levels, collateral and funding availability to maintain flexibility to meet its financial commitments. As a policy, the Company attempts to maintain sufficient capital and funding sources in order to have the capacity to finance itself on a fully collateralized basis in the event that the Company's access to uncollateralized financing is temporarily impaired. The Company's liquidity management process includes a contingency funding plan designed to ensure adequate liquidity even if access to

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unsecured funding sources is severely restricted or unavailable. This plan is reviewed periodically to keep the funding options current and in line with market conditions. The management of this plan includes an analysis used to determine the Company's ability to withstand varying levels of stress, including ratings downgrades, which could impact its liquidation horizons and required margins. The Company maintains a loan value of unencumbered securities in excess of its outstanding short-term unsecured liabilities. The Company monitors its leverage and capital ratios on a daily basis.

On February 11, 2005, in addition to announcing its plans to merge two intermediate bank holding companies, Citigroup Holdings Company and Citicorp, into Citigroup Inc., Citigroup also announced that it would consolidate its capital markets funding activities in two legal entities: i) Citigroup Inc., which will continue to issue long-term debt, trust preferred securities, preferred and common stock, and ii) Citigroup Funding Inc., a newly formed, fully guaranteed, first-tier subsidiary of Citigroup, which will issue commercial paper and medium-term notes. It is anticipated that this funding consolidation will commence during the 2005 second quarter.

As part of the funding consolidation, it is expected that Citigroup will unconditionally guarantee the Company's outstanding public indebtedness. Upon issuance of the guarantee, the Company will no longer file periodic reports with the Securities and Exchange Commission and will continue to be rated on the basis of a guarantee of its financial obligations from Citigroup.

RISK MANAGEMENT

Market Risk

Measuring market risk using statistical risk management models has recently become the main focus of risk management efforts by many companies whose earnings are exposed to changes in the fair value of financial instruments. Management believes that statistical models alone do not provide a reliable method of monitoring and controlling risk. While Value at Risk ("VAR") models are relatively sophisticated, they are of limited use for internal risk management because they do not give any indication of the direction or magnitude of individual risk exposures or which market scenarios represent the largest risk exposures. These models are used by the Company only as a supplement to other risk management tools.

The following table summarizes the Company's VAR at the 99% confidence level, which includes substantially all of the Company's financial assets and liabilities which are marked-to-market, as of March 31, 2005 and December 31, 2004, along with the 2005 daily average, high and low (based on daily VARs). The VAR relating to accrual portfolios has been excluded from this analysis.

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Risk Exposures (in millions)	March 31, 2005	2005 Average	2005 High	2005 Low	December 31, 2004
Interest rate	\$69	\$72	\$100	\$61	\$73
Equity	29	32	39	26	21
Commodity	22	20	23	16	7
Foreign exchange	13	15	19	11	9
Covariance adjustment	(54)	(56)	N/A	N/A	(34)
Total - All market risk factors, including general and specific risk	\$79	\$83	\$111	\$72	\$76
Specific risk component	9	9	N/A	N/A	10
Total - General market factors only	\$70	\$74	N/A	N/A	\$66

The specific risk component represents the level of issuer-specific risk embedded in the VAR, arising from both debt and equity securities. The Company's specific risk model conforms with the 4x multiplier treatment approved by the Federal Reserve and is subject to extensive hypothetical back testing (performed on an annual basis), including many portfolios with position concentrations.

The quantification of market risk using VAR analysis requires a number of key assumptions. In calculating VAR at March 31, 2005, the Company simulates changes in market factors by using historical volatilities and correlations and assuming lognormal (or sometimes normal) distributions for changes in each market factor. VAR is calculated at the 99% confidence level, assuming a static portfolio subject to a one-day change in market factors. The historical volatilities and correlations used in the simulation are calculated using a look back period of three years. VAR reflects the risk profile of the Company at March 31, 2005 and is not a predictor of future results.

Forward-Looking Statements

Certain of the statements contained herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. The Company's actual results may differ materially from those included in the forward-looking statements. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate," and similar expressions. These forward-looking statements involve risks and uncertainties including, but not limited to, the following: changes in economic conditions, including the performance of global financial markets, and risks associated with fluctuating currency values and interest rates; competitive, regulatory or tax changes that affect the cost of or the demand for the Company's products; the impact of the implementation of new accounting rules; and the resolution of legal proceedings and environmental matters.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

Internal Control Over Financial Reporting. There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The following information supplements and amends our discussion set forth under Part I, Item 3 “Legal Proceedings” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

Enron Corp.

In April 2005, Citigroup, along with other financial institution defendants, reached an agreement-in-principle to settle four state-court actions brought by various investment funds, which were not previously consolidated or coordinated with the NEWBY action. The four cases are OCM OPPORTUNITIES FUND III, L.P., et al. v. CITIGROUP INC., et al.; PACIFIC INVESTMENT MANAGEMENT CO. LLC, et al. v. CITIGROUP INC., et al.; AUSA LIFE INSURANCE v. CITIGROUP INC., et al. and PRINCIPAL GLOBAL INVESTORS v. CITIGROUP INC., et al. The amounts to be paid in settlement of these actions are covered by existing litigation reserves.

Dynegy Inc.

The court had previously denied lead plaintiff’s motion for leave to amend; no appeal was yet timely while the remainder of the case remained pending. On April 15, 2005, as part of a global settlement involving all defendants, Citigroup entered into a memorandum of understanding to settle this case. The amount to be paid in settlement is covered by existing litigation reserves.

WorldCom, Inc.

The District Court approved the settlement of the IN RE TARGETS SECURITIES LITIGATION on April 22, 2005.

Global Crossing

The plaintiffs and the Citigroup Related Defendants have entered into a definitive settlement agreement in the IN RE GLOBAL CROSSING, LTD SECURITIES LITIGATION; the settlement was preliminarily approved by the Court on March 8, 2005. The amount to be paid in settlement is covered by existing litigation reserves.

Research

Two putative class actions against CGMI asserting common law claims on behalf of CGMI customers in connection with published investment research have been dismissed by United States District Courts, the dismissals of which were affirmed by the United States Court of Appeals for the Third and Ninth Circuits, respectively. Plaintiffs in the Ninth Circuit case have sought review by the United States Supreme Court; their petition for a writ of certiorari, which CGMI opposed, is pending before that court.

Mutual Funds

The Company entered into a settlement with the SEC with respect to revenue sharing and sales of classes of funds.

Investigations of Euro Zone Government Bonds Trade

The German prosecutors have declined to take any actions against the employees in connection with this matter.

Item 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.01	Restated Certificate of Incorporation of Citigroup Global Markets Holdings Inc. (the “Company”), effective April 7, 2003, incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K filed on April 7, 2003 (File No. 1-4346).
3.02	By-Laws of the Company, incorporated by reference to Exhibit 4(b) to the Company’s Registration Statement on Form S-3 (No. 333-106272).
12.01†	Computation of ratio of earnings to fixed charges.
31.01†	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02†	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01†	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

† Filed herewith.

The total amount of securities authorized pursuant to any instrument defining rights of holders of long-term debt of the Company does not exceed 10% of the total assets of the Company and its consolidated subsidiaries. The Company will furnish copies of any such instrument to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITIGROUP GLOBAL MARKETS HOLDINGS INC.
(Registrant)

Date: May 12, 2005

By: /s/ Robert Druskin
Robert Druskin
President and Chief Executive Officer

By: /s/ John C. Morris
John C. Morris
Chief Financial Officer

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)

<i>Dollars in millions</i>	Three Months Ended March 31, 2005
Income from operations:	
Income before income taxes	\$ 1,332
Add fixed charges (see below)	<u>2,583</u>
Earnings as defined	<u>\$ 3,915</u>
Fixed charges from operations:	
Interest expense	\$ 2,551
Other adjustments	<u>32</u>
Fixed charges from operations as defined	<u>\$ 2,583</u>
Ratio of earnings to fixed charges	<u>1.52</u>

NOTE:

The ratio of earnings to fixed charges was calculated by dividing the sum of fixed charges into the sum of income before income taxes and fixed charges.

Fixed charges consist of interest expense, including capitalized interest and a portion of rental expense representative of the interest factor.

CERTIFICATION

I, Robert Druskin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Citigroup Global Markets Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2005

By: /s/ Robert Druskin, Chief Executive Officer

CERTIFICATION

I, John C. Morris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Citigroup Global Markets Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2005

By: /s/John C. Morris

, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Citigroup Global Markets Holdings Inc. (the “Company”) for the quarterly period ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Robert Druskin, as Chief Executive Officer of the Company, and John C. Morris, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Druskin
Robert Druskin
Chief Executive Officer
May 12, 2005

/s/ John C. Morris
John C. Morris
Chief Financial Officer
May 12, 2005

This certification accompanies each Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.