



Citi Self Funding Instalments

Citi Self Funding Instalments (SFIs) are an increasingly popular and flexible investment product for those seeking long-term geared exposure to the performance of shares in Australia's leading companies and indices.

Investing in Citi SFIs is a convenient way of borrowing to invest. The low fuss; low maintenance features of SFIs have made them one of the most popular instalment types within SMSFs.

KEY FEATURES

- Citi SFIs are a listed product traded on ASX similar to how shares are listed;
- First payment ensures the investor is the beneficial owner of the underlying shares and retains all due capital gains;
- Dividends paid are used to reduce the loan amount;
- Franking credits are passed to the holder;
- Yearly interest payments are added to the loan balance;
- Cash-flow neutral investment.

PRODUCT RANGE

- Citi offers a comprehensive range of SFIs over 42 high yielding ASX listed blue chips shares and index trackers with codes SOA and SOB eg ANZSOB;
- Initially geared between 50% - 60%;
- Approx. 5 year maturity.
- For a comprehensive stock list please go to <http://www.citiwarrants.com.au/content/library/content/SFIPriceMatrix.pdf>

ARE CITI SFIs A SUITABLE INVESTMENT FOR ME?

Citi SFIs may suit investors with a positive long-term view on the underlying shares and may be a suitable investment if one or more of the following apply to you:

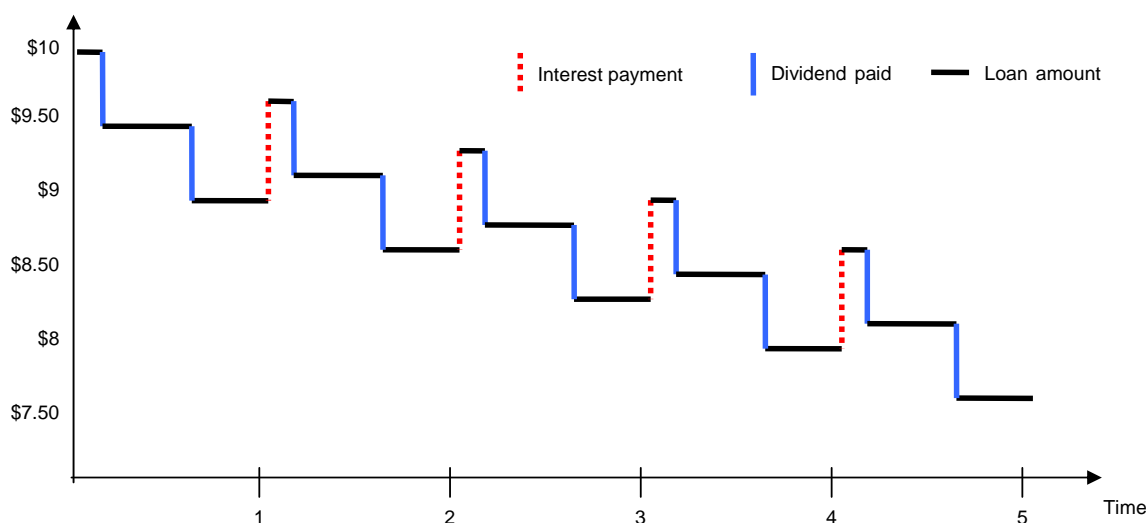
Are You Seeking
Potential accelerated capital growth compared to a direct share investment
Increased exposure to dividend income and franking credits
Long-term self-funding geared investment
Tax effective investment
A leveraged investment with NO margin calls
No on-going interest payments
Self Managed Super Funds (SMSF) seeking geared investments with low cost and low administration

Investors should read the Product Disclosure Statement ("PDS") in its entirety before deciding whether to invest in warrants. The PDS is available by calling 1300 30 70 70. Alternatively, visit www.citiwarrants.com.au and download a copy of the PDS.



ARE CITI SFIs A SUITABLE INVESTMENT FOR ME?

SFIs are similar to ordinary instalments in structure. The most significant variation is the treatment of dividends. Holders are entitled to dividends (including franking credits) however the cash component of a dividend will be used to reduce the loan amount rather than being paid in cash to the holder. The loan amount for a SFI will generally increase once every 12 months, as funding costs are added to the total loan. Hence, over the life of the SFI, the loan amount will periodically decrease due to the payment of dividends from the underlying instrument, and increase by the amount of funding costs. Ideally the loan amount progressively reduces over the life of the SFI due to regular dividend payments exceeding interest and borrowing charges. It is envisaged that during the life of the SFI the loan amount will decrease where the dividends outstrip the annual interest payments to the loan, representing a positively geared investment.



FREQUENTLY ASKED QUESTIONS

Over which shares can I buy SFIs?

Citi SFIs are issued over a range of underlying securities from the top 50 blue chips, Listed Property Trusts (LPTs), Listed Investment Companies (LICs) and Exchange Traded Funds (ETFs).

What happens if the interest payments exceed the dividends paid?

Nothing. Investors are not required to make ongoing payments if the capitalised interest exceeds dividend payments.

Can I repay the loan amount at any time?

Yes, investors are able to repay the outstanding loan amount at any time prior to expiry of a Citi SFI.

How can I buy and sell Citi SFI's?

Buying - Investors can purchase Citi SFIs directly from CitiWarrants by completing the Cash Application form available in the Product Disclosure Statement (PDS). Alternatively investors can purchase Citi SFIs on the ASX integrated trading system (ITS) via their broker.

Selling - Investors can sell their Citi SFIs on market through their broker on the ASX ITS platform.

Will I get annual statements?

Yearly financial statements detailing income (dividend and franking credits) and interest costs will be sent to Citi SFI investors.

Do I need to make yearly payments?

Aside from the initial payment, at no time will investors be required to make further payments to CitiWarrants. Only investors wishing to exercise their Citi SFIs will be required to make a final payment to receive the underlying security.

How can I get the price of my SFI?

Citi SFIs are listed on ASX. Investors are able to obtain prices anytime during normal ASX market hours.

What happens at expiry of a Citi SFI?

At expiry of a Citi SFI, investors can elect to do one of the following:

1. Roll holding into another Citi SFI and maintain geared exposure;
2. Exercise Citi SFI and receive underlying security;
3. Sell Citi SFI on market; or
4. Do nothing – CitiWarrants will close your position and send you any residual funds.



APPLICATION – MANAGING CONTRIBUTIONS TAX IN A SMSF

David has recently established his personal Self Managed Super Fund (SMSF). He has allocated \$100,000 to invest in direct equities. David's initial investment is going to be \$50,000 into ANZ shares. His objective is to gain long-term geared exposure to bank shares via an approved geared structure to comply with SMSF regulations. David would ideally like this investment to be tax effective and is not reliant on the dividend income stream. He elects to use Citi SFIs as they are an approved geared structure that complies with SMSF requirements.

(The below is general in nature and does not take in to account specific taxation or personal circumstances. Investors should not rely on the below information and should obtain specific advice before investing in this product)

	ANZ	ANZSOB	Description
Investment	\$50,000	\$50,000	
Price	\$18.88	\$11.16	Indicative Price (loan amount \$10.00)
Units Purchased	2,648	4,480	
Dollar Exposure	\$49,994	\$84,852	
Dividend Income	\$3,601	\$6,092	Based on 2008/09 div est (\$1.36)
Franking Credits	\$1,543	\$2,610	100% FF (company rate 30%)
Gross Income	\$5,144	\$8,702	Dividend + Franking credit
Potential Deductions	0	(\$4,725)	RBA deductible rate of 9.45%
Tax Income	\$5,144	\$3,977	Gross Income - Deductions
Tax Payable	\$771.50	\$596	15% applicable to SMSFs
Excess Franking credits	\$771.50	\$2,014	Franking Credits - Tax Payable
Contribution Shelter*	\$5,143	\$13,426	Excess Franking / 15% SMSF tax rate

* SMSFs are able to use the excess franking credits to offset contributions made to the fund.

*Prices as at 02/10/2008.

**Based on Citi Investment Research Forecast - \$1.36

****Assume franking at 100%.

^Excess franking credits divided by 15% SMSF tax rate.

OUTCOME

A \$50,000 investment in ANZ SFIs allows David to gain \$84,582 share exposure. David can therefore leverage his exposure to ANZ and accelerate dividends and franking credits to the fund. The excess franking credits can help to create a tax shelter for the SMSF to the value of \$13,426 whilst the dividends help reduce the loan amount.



RISKS

Potential investors should ensure they read the Product Disclosure Statement and should reach an investment decision only after carefully considering, with their advisers, the suitability of the warrants in light of their particular circumstances, taking into account the risk factors relating to the warrants set out below:

- Leveraged downside exposure and potential for capital loss
- Performance by the Issuer and Guarantor of Obligations
- Possible illiquidity of trading market
- General market risks and Legislative risks
- Exercise of Discretion by the Issuer
- Extraordinary events
- National Guarantee Fund - not a Guarantor in all cases
- Potential Conflicts of Interest
- Suspension of warrant trading

Subscription for or the purchase of warrants is considered by the issuer to be suitable only for investors with experience in, or on the advice of professional advisers with experience in, derivative transactions.

DISCLAIMER

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Warrants can be traded on ASX and investors can obtain a copy of the relevant Product Disclosure Statement by contacting Citigroup. Investors may also apply for Instalment Warrants under the Product Disclosure Statement. This information does not take into account the investment objectives or financial situation of any particular person. Investors should be aware that there are risks of investing and that prices both rise and fall. Investors should seek their own independent financial advice based on their own circumstances before making a decision. Warrants are not bank deposits or obligations of, or guaranteed by, Citibank, N.A., Citibank Pty Limited or any of its affiliates or subsidiaries and are subject to investment risks, including the possible loss of the principal amount invested.

The terms set forth herein are intended for discussion purposes only and subject to the final expression of the terms of a transaction as set forth in a definitive agreement and/or confirmation. Although the information contained herein is based upon generally available information and has been obtained from sources believed to be reliable, we do not guarantee its accuracy, and such information may be incomplete or condensed. Any prices used herein are historic and may not be available when any order is entered. All opinions and estimates included in this document constitute our judgment as of this date and are subject to change without notice.

This material does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Before entering into a derivative transaction, you should ensure that you fully understand the terms of the transaction, relevant risk factors, the nature and extent of your risk of loss and the nature of the contractual relationship into which you are entering. You should also carefully evaluate whether the transaction is appropriate for you in light of your experience, objectives, financial resources, and other relevant circumstances and whether you have the operational resources in place to monitor the associated risks and contractual obligations over the term of the transaction.

The ultimate decision to proceed with any transaction rests solely with you. We are not acting as your advisor or agent. Therefore prior to entering into the proposed transaction you should determine, without reliance upon us or our affiliates, the economic risks and merits, as well as the legal, tax and accounting characterizations and consequences of the transaction, and independently determine that you are able to assume these risks. In this regard, by acceptance of these materials, you acknowledge that you have been advised that (a) we are not in the business of providing legal, tax or accounting advice, (b) you understand that there may be legal, tax or accounting risks associated with the transaction, (c) you should receive legal tax and accounting advice from advisors with appropriate expertise to assess relevant risks, and (d) you should apprise senior management in your organization as to the legal, tax and accounting advice (and, if acceptable, risks) associated with this transaction and our disclaimers as to these matters. If you are acting as a financial adviser or agent, you should evaluate these considerations in light of the circumstances applicable to your principal and the scope of your authority. If you believe you need assistance in evaluating and understanding the terms or risks of a particular derivative transaction, you should consult appropriate advisers before entering into the transaction.

We and/or our affiliates (together, the "Firm") may from time to time take proprietary positions and/or make a market in instruments identical or economically related to derivative transactions entered into with you, or may have an investment banking or other commercial relationship with and access to information from the issuer(s) of financial products underlying derivative transactions entered into with you. We may also undertake proprietary activities, including hedging transactions related to the initiation or termination of a derivative transaction with you, that may adversely affect the market price, rate, index or other market factors(s) underlying a derivative transaction entered into with you and consequently the value of the transaction. This document and its contents are proprietary information and products of our firm and may not be reproduced or otherwise disseminated in whole or in part without our written consent unless required to by judicial or administrative proceeding.

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