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Washington, D.C. 20549

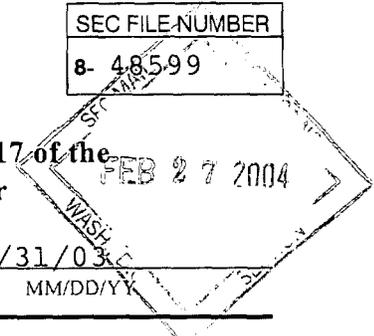
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 48599

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder



REPORT FOR THE PERIOD BEGINNING 1/1/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Salomon Reinvestment Company Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

388 Greenwich Street

(No. and Street)

New York

NY

10013

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Charles Milone

212-816-0033

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

(Name - if individual, state last, first, middle name)

757 Third Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 29 2004

FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

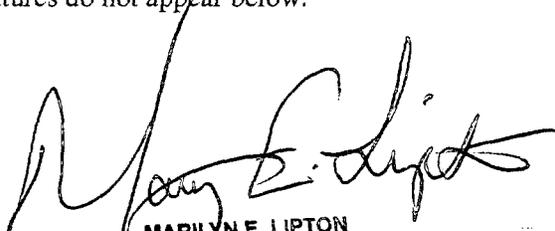
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

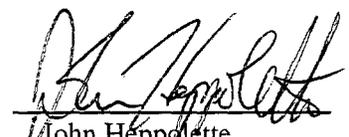
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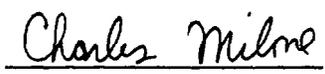
February 27, 2004

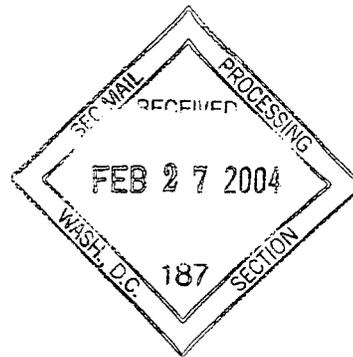
State of New York)
) SS:
County of New York)

We do hereby affirm that to the best of our knowledge and belief, the attached financial statements as of December 31, 2003 and supplementary schedules are true and correct, and that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer. We do hereby certify that the attached financial statements as of December 31, 2003 and supplementary schedules will promptly be made available to Salomon Reinvestment Company, Inc., members and allied members whose signatures do not appear below.


MARILYN E. LIPTON
Notary Public, State of New York
No. 31-4961582
Qualified in New York County
Commission Expires Feb. 5, 2006


John Heppollette
President


Charles Milone
Chief Financial Officer



SALOMON REINVESTMENT COMPANY INC

(A Wholly-Owned Subsidiary of Citigroup Financial Products Inc)

Statement of Financial Condition

As of December 31, 2003

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Directors and Stockholder of
Salomon Reinvestment Company Inc:

We have audited the accompanying statement of financial condition of Salomon Reinvestment Company Inc (a wholly-owned subsidiary of Citigroup Financial Products Inc) as of December 31, 2003, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Salomon Reinvestment Company Inc at December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

February 20, 2004



SALOMON REINVESTMENT COMPANY INC
(A Wholly-Owned Subsidiary of Citigroup Financial Products Inc)

Statement of Financial Condition

December 31, 2003

Assets

Cash	\$	183,000
Cash segregated under Federal and other regulations		5,000,000
Securities purchased under agreements to resell		630,598,219
Receivable from affiliates		1,362,197
Prepaid expenses		<u>300,151</u>
Total assets	\$	<u><u>637,443,567</u></u>

Liabilities and Stockholder's Equity

Liabilities:		
Securities sold under agreements to repurchase	\$	572,666,018
Accrued expenses and other liabilities		<u>89,800</u>
		<u>572,755,818</u>
Subordinated indebtedness:		
Conforming for net capital		25,000,000
Non-conforming for net capital		<u>32,549,629</u>
		<u>57,549,629</u>
Stockholder's equity:		
Common stock (\$.01 par value, 100 shares authorized, issued and outstanding)		1
Additional paid-in capital		105,000,000
Accumulated deficit		<u>(97,861,881)</u>
		<u>7,138,120</u>
Total liabilities and stockholder's equity	\$	<u><u>637,443,567</u></u>

See accompanying notes to the statement of financial condition.

SALOMON REINVESTMENT COMPANY INC
(A Wholly-Owned Subsidiary of Citigroup Financial Products Inc)

Notes to Statement of Financial Condition

December 31, 2003

(1) Organization and Business Description

Salomon Reinvestment Company Inc (the "Company") is a wholly-owned subsidiary of Citigroup Financial Products Inc, (formerly Salomon Brothers Holding Company Inc) (the "Parent" or "CFPI"), which is wholly-owned by Citigroup Global Markets Holdings Inc. ("CGMHI") (formerly Salomon Smith Barney Holdings Inc.). CGMHI is a wholly-owned subsidiary of Citigroup Inc. ("Citigroup").

The Company is a registered broker-dealer with the U.S. Securities and Exchange Commission (the "SEC") and a member of the National Association of Securities Dealers. The Company provides secured investment agreements (i.e. collateralized investment agreements and flex repurchase agreements), unsecured investment agreements (i.e. guaranteed investment contracts), and other investment vehicles to municipal and corporate customers.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The Company's statement of financial condition is 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 may vary from actual results.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Securities purchased under agreements to resell ("resale agreements") and securities sold under agreements to repurchase ("repurchase agreements") are carried at their contractual amounts, including accrued interest. It is the policy of the Company to take possession of the underlying collateral, monitor its market value relative to the amounts due under the agreements, and, when necessary, require prompt transfer of additional collateral or reduction in the loan balance in order to maintain contractual margin protection. In the event of counterparty default, the financing agreements provide the Company with the right to liquidate the collateral held.

(3) Cash Segregated Under Federal and Other Regulations

At December 31, 2003, the Company had cash in the amount of \$5,000,000 segregated in a special reserve bank account for the exclusive benefit of customers pursuant to SEC Rule 15c3-3.

SALOMON REINVESTMENT COMPANY INC
(A Wholly-Owned Subsidiary of Citigroup Financial Products Inc)

Notes to Statement of Financial Condition

December 31, 2003

(4) Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Resale agreements are collateralized by U.S. Government and government agency securities and are short-term in nature, bearing interest at prevailing market rates. At December 31, 2003, the Company has received collateral with a fair value of \$644,204,804, which it is permitted by contract or custom to sell or repledge in the normal course of business. At December 31, 2003, \$592,728,876 of such collateral has been repledged by the Company under repurchase agreements.

(5) Subordinated Indebtedness

Under a subordinated loan agreement (the "Agreement") with its Parent, the Company may borrow up to \$100,000,000, subordinated to the claims of general creditors. The Agreement has a scheduled maturity date of April 30, 2008, and bears interest at prevailing market rates. The Agreement may be repaid without penalty at any time at the option of the Company. At December 31, 2003, outstanding borrowings pursuant to the Agreement were \$32,549,629.

At December 31, 2003, the Company had an additional subordinated loan from its Parent in the amount of \$25,000,000. The subordinated loan has a scheduled maturity date of March 31, 2005, bears interest at prevailing market rates and may not be prepaid prior to maturity date. This loan is subordinated to the claims of general creditors of the Company and has been approved as regulatory capital and, accordingly, is included as capital by the Company in computing net capital, as defined, under the SEC Uniform Net Capital Rule 15c3-1 ("Rule 15c3-1").

(6) Net Capital Requirements

The Company is registered as a broker-dealer with the SEC and is subject to Rule 15c3-1, which requires net capital, as defined, of not less than the greater of \$250,000 or 2% of aggregate debit items. Although net capital and aggregate debit items change from day to day, at December 31, 2003, the Company's net capital was \$29,637,161 which was \$29,387,161 in excess of regulatory requirements.

SALOMON REINVESTMENT COMPANY INC
(A Wholly-Owned Subsidiary of Citigroup Financial Products Inc)

Notes to Statement of Financial Condition

December 31, 2003

(7) Rating Agency Capital Requirements

The Company has been rated Aaa by Moody's Investors Service, Inc. ("Moody's") and AAA by Standard and Poor's Ratings Services ("S&P"). Accordingly, the Company is required to maintain minimum levels of Actual Capital, as defined in the Statement of Procedures, as adopted by the Board of Directors of the Company on June 12, 1996, as amended on February 14, 2001. At December 31, 2003, the Company's Actual Capital was \$62,789,280 which exceeded the minimum amount by \$45,607,993 and \$16,741,261 for Moody's and S&P, respectively.

(8) Income Taxes

The Company is included in the consolidated income tax return of Citigroup. Under a tax sharing agreement, the Company settles all of its taxes generated throughout the year with its direct parent, CFPI.

(9) Related Parties

Pursuant to an Inter-company Management Services Agreement, the Company manages a Flex Repo book for Citigroup Global Markets Inc. ("CGMI"), an affiliated Company.

The Company also has an Inter-company Services and Investment Advisory Agreement with CGMI which provides for office space and operational support. In addition, the Company has transactions with CFPI under the tax sharing agreement as well as the Subordinated Loan Agreements. The receivable from affiliates of \$1,362,197 is net of a \$146,714 payable to affiliates.

During 2003, four repurchase agreements in the amount of \$223,131,426 were assigned from the Company to CGMI.

(10) Market and Credit Risk

The Company's customer financing activities may require it to pledge customer securities as collateral for various secured financings such as repurchase agreements. In the event the counterparty is unable to meet its contractual obligations, the Company may be exposed to the off-balance sheet risk of acquiring securities at prevailing market prices. The risk is mitigated by the monitoring of the market value of the securities pledged.

SALOMON REINVESTMENT COMPANY INC
(A Wholly-Owned Subsidiary of Citigroup Financial Products Inc)

Notes to Statement of Financial Condition

December 31, 2003

Market Risk

Market risk is the potential loss the Company may incur as a result of changes in the market value of a particular instrument. All financial instruments are subject to market risk. The Company's exposure to market risk is determined by a number of factors, including the size, duration, composition and diversification of positions held, the absolute and relative levels of interest rates as well as market volatility and liquidity. The Company manages market risk by setting risk limits and monitoring the effectiveness of its strategies.

Credit Risk

Credit risk represents the loss the Company could incur if an issuer or counterparty is unwilling or unable to perform pursuant to the terms of their contractual obligations and the value of collateral held, if any, is not adequate to cover such losses. The Company enters into collateralized financing agreements in which it extends short-term credit, primarily to major financial institutions. The Company controls access to the collateral pledged by the counterparties, which consists of securities issued by the U.S. Government or its agencies.

Concentration of Credit Risk

Concentrations of credit risk from financial instruments exist when groups of issuers or counterparties have similar business characteristics or are engaged in like activities that would cause their ability to meet their contractual commitments to be adversely affected, in a similar manner, by changes in the economy or other market conditions. The Company monitors credit risk on both an individual and group counterparty basis. At December 31, 2003, all resale agreements were with counterparties rated P-1 by Moody's and A1+ or A1 by S&P, which represented the Company's largest concentration of credit risk.

(11) Fair Value Information

The financial instruments of the Company are reported in the statement of financial condition at market or fair values, or at carrying amounts that approximate fair values because of the short term nature or variable interest rates they bear, except for repurchase agreements which generally are longer term in nature and bear fixed rates of interest. The carrying amount and estimated fair value of the Company's repurchase agreements at December 31, 2003 were \$572,666,018 and \$592,728,876, respectively.



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report on Internal Control Structure Required by SEC Rule 17a-5

To the Board of Directors and Stockholder of
Salomon Reinvestment Company Inc:

In planning and performing our audit of the financial statements of Salomon Reinvestment Company Inc (a wholly-owned subsidiary of Citigroup Financial Products Inc) (the "Company"), for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 20, 2004