Michael S. Helfer
General Counsel &
Corporate Secretary

Citigroup Inc.
399 Park Avenue
3rd Floor
New York, NY 10022

T 212 559 5152
F 212 793 5300
helferm@citi.com

October 5, 2007

VIA E-MAIL AND OVERNIGHT MAIL

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549-1090

Subject: *Shareholder Proposals Relating to the Election of Directors – File Number S7-17-07*

Dear Ms. Morris:

Citigroup Inc. ("Citi"), a Delaware corporation with over 5 billion shares of common stock outstanding and over 2 million stockholders, is pleased to have the opportunity to submit these comments in response to Release No. 34-56161, IC-27914, entitled "Shareholder Proposals Relating to the Election of Directors" (the "Confirmation Proposal") and Release No. 34-56160, IC-27913, entitled "Shareholder Proposals" (the "Access Bylaw Proposal"), each dated July 27, 2007. In short, Citi supports the Confirmation Proposal, which would codify the Commission's long-standing approach to shareholder access proposals. On the other hand, we believe that the Access Bylaw Proposal is not necessary and that the risks and costs of that Proposal outweigh any benefits that would be obtained by its adoption.

The Confirmation Proposal

The Confirmation Proposal "confirm[s] the Commission's position that shareholder proposals that could result in an election contest may be excluded under Rule 14a-8(i)(8)." This is precisely the position that the staff (the "Staff") of the Commission has correctly and consistently taken in no-action letters for almost two decades with respect to the application of Rule 14a-8(i)(8) (the "Rule") to shareholder proposals seeking access to company proxy statements for the purpose of including additional director nominees.

We do not believe that the Confirmation Proposal is in any way inconsistent with the Second Circuit's decision in *American Federation of State, County & Municipal Employees v. American International Group*. The Second Circuit did not invalidate the Commission's position on proxy access proposals but rather required the Commission to state its positions and the reasons for it in a formal way. That is exactly what the Commission has now done in the Confirmation Proposal.

Accordingly, it was entirely appropriate for the Commission to make clear in the Release that the interpretation contained in the Confirmation Proposal is effective immediately. We suggest that, in order to remove any further uncertainty in this area, the Commission consider formally adopting this position as an amendment to Rule 14a-8 using the wording contained in the

Confirmation Release. In any event, we urge the Commission to direct the Staff to continue its practice of granting no action relief on proxy access proposals based on the re-affirmation of the Commission's position in the Confirmation Proposal.

The Access Bylaw Proposal

We do not believe that the proponents of the Access Bylaw Proposal have shown that it is necessary or that the benefits of adopting the proposal outweigh the costs and risks of doing so. The adoption by many publicly-held companies, including Citi, of majority voting for directors obviates the need, in our view, for the Access Bylaw Proposal.

The argument for the Access Bylaw Proposal is typically stated as being that it would make boards more responsive to shareholders, more thoughtful about whom they nominate to serve as directors, and more vigilant in their oversight functions. Those are important goals, of course, but they are precisely the goals that are achieved when shareholders have the right to elect directors by majority vote. Ed Durkin, Director of Corporate Affairs at the United Brotherhood of Carpenters & Joiners of America, which has led the effort to encourage the adoption of a majority vote standard, explained "We thought it made sense for enhancing accountability, yet not making the elections disruptive events. It's designed to make every director and every board better by establishing a meaningful threshold for election."[1]

At companies with a majority vote standard for the election of directors, if shareholders believe that the board is not sufficiently responsive to their concerns, or not sufficiently thoughtful about nominees, or not sufficiently diligent in oversight, then they simply vote "no" for some or all directors. If a majority of the shares are voted "no" the director will not be elected or have to tender his resignation. This result, or the threat of this result, makes boards more responsive to shareholders, more thoughtful about whom they nominate to serve as directors and more vigilant in their oversight functions. The Access Bylaw Proposal is not needed to accomplish these goals.

In addition, stockholders already have the ability to nominate candidates for directors. They may, at no expense, submit nominees to a company's nominating committee for consideration. Those who wish to solicit proxies for a competing slate already have the ability to do so under current rules. While some say that this alternative is not meaningful because of the expense of printing and mailing proxy materials, this issue has been addressed by the recent adoption by the Commission of the "electronic proxy" rules, which permit companies and others, including stockholders who wish to solicit proxies for the election of non-management director candidates, to deliver proxy materials to stockholders electronically.

In addition to lacking a clear imperative, the Access Bylaw Proposal has the potential to cause harm. For a wide variety of reasons with which the Commission is familiar, it is increasingly difficult for some companies to find and retain qualified board members. If the Access Bylaw

---

[1] Will Majority Rule Prevail in Electing Corporate Boards? *Corporate Counsel,* July 21, 2006.

Proposal results in the adoption of bylaw amendments permitting the inclusion of shareholder nominees in company proxy statements and the subsequent election of the candidates, this problem is likely to be exacerbated, as many potential directors will be reluctant to engage in contested, highly political election campaigns.

We also believe, with all respect, that the Access Bylaw Proposal lacks sufficient protections for the very shareholders it is designed to protect. The qualifications and background of a nominee placed on the ballot by a stockholder will not have been subject to review by the independent directors on the company's nominating committee. That process helps protect against the election of candidates with narrow or special interest agendas, or constituencies to which they are obligated, and helps assure that nominees meet the company's stated qualifications and will consider the interests of the stockholders as a whole when serving as directors.

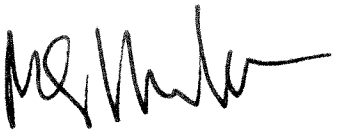
The Access Bylaw Proposal presents other opportunities for mischief. For example, there are no restrictions on how many candidates can be nominated under the access bylaw, no restrictions as to how many years in a row a stockholder can nominate a candidate, no requirements as to the qualifications of the candidates nominated and no method for determining which stockholders will be entitled to nominate candidates. Shareholders at smaller companies could find themselves held hostage by a stockholder that submits a candidate or multiple candidates year after year even if the candidate is not elected. Stockholders will have to absorb the costs of inclusion of this candidate or candidates in the company's proxy materials and the costs the company incurs to defend board-nominated candidates in a contested election.

Conclusion

For these reasons we support the adoption of the Confirmation Proposal and oppose adoption of the Access Bylaw Proposal.

We appreciate the opportunity to comment on the Confirmation Proposal and the Access Bylaw Proposal. If you have questions about the matters discussed in this letter, please do not hesitate to contact me at 212 559 5152.

Respectfully submitted,



cc: Hon. Christopher Cox, Chairman
Hon. Paul S. Atkins, Commissioner
Hon. Annette L. Nazareth, Commissioner
Hon. Kathleen Casey, Commissioner
Mr. John W. White, Director, Division of Corporation Finance
Mr. Brian G. Cartwright, General Counsel