

Citigroup Shareholder Proposal 8

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- 1) If the company enters into an employment agreement (the “Agreement”) with a NEO, the Agreement must have a specified termination date, not to exceed three years, and should not contain an “evergreen” clause which provides for automatic renewal without shareholder approval.
- 2) The Company should not permit the accelerated vesting of stock options, restricted stock, and other equity-based awards.
- 3) The Company should not provide for excise tax gross-ups or any other kind of similar make-whole arrangements. These principles should be implemented so as not to violate any current contractual obligations.

For purposes of this resolution, “employment agreement” shall be defined as any agreements or arrangements that provide for payments or awards in connection with a NEO’s employment with or departure from the Company. “Excise tax gross-up” is defined as any payment to or on behalf of a NEO whose amount is calculated by reference to an actual or estimated tax liability of the executive resulting from employment.

Supporting Statement We believe the adoption of this resolution will ensure that when the Company employs a NEO, whether by entering into an employment contract, or in absence of one, the terms of employment will contain provisions that protect the interests of long-term investors. Employment contracts set the terms of an executive’s salary, bonus, benefits, and stock awards, and define payouts. We believe executive contracts and other agreements frequently favor the executive and run counter to the interests of shareholders. As a result, many corporate governance experts now increasingly question the efficacy of employment agreements for executive officers. The Council of Institutional Investors (CII) has recommended that employment contracts should have a specified termination date and should not “roll” on an open-ended basis. CII also recommends companies should not compensate executives for any taxes payable upon receipt of severance, change-in-control or similar payments. Institutional Shareholder Services (ISS) recommends that employment contracts by companies expire after a short period of time. In addition to employment contracts, poorly designed equity plans may provide extraordinary payments to departing executive officers. All too often, executive-friendly employment contracts and poorly designed and administered equity plans provide excessive payouts even when an executive fails and are almost always the primary culprits of massive “golden-goodbyes” or “pay-for-failures”. We feel the adoption of this resolution will ensure that the company’s employment agreements and equity plans are designed so as to avoid rewarding poorly performing departing executives with generous compensation packages. Finally, we believe the adoption of this set of responsible employment principles will focus the Board’s attention on the importance of succession planning and limit the need for the Company to conduct outside searches to fill future senior executive positions at the company.

MANAGEMENT COMMENT Executive compensation at Citi is overseen by the board through the personnel and compensation committee. The personnel and compensation committee consists exclusively of independent directors who make decisions they believe are in the best long-term interests of Citi and our shareholders. The board believes that the personnel and compensation committee should retain the flexibility to make compensation decisions based on a review of all relevant information in order to be in the best position to attract, motivate and retain talented executives in the highly competitive market in which we compete for talent. The proposal requests that the board adopt three compensation principles relating to Citi’s named executive officers regarding (i) employment agreements; (ii) accelerated vesting of equity awards and (iii) tax gross-ups or make-whole provisions. In October 2006, Citi’s board approved the Senior Executive Compensation Guidelines providing more detailed information about the factors considered when determining executive compensation. The guidelines are posted on Citi’s website at www.citigroup.com/citigroup/corporategovernance/index.htm. As stated in the guidelines, generally Citi does not enter into employment agreements with our executive officers and key employees. If an employment agreement is entered into with an executive officer, the guidelines require that the agreement have the shortest term possible. Citi believes that our guidelines address any concerns raised by the proponent’s first principle relating to employment agreements. The proposal’s second principle requests that Citi prohibit accelerated vesting of stock options, restricted stock and other equity-based awards of Citi’s named executive officers. As described in the compensation Discussion and Analysis section of this proxy statement, Citi’s broad based equity program provides for accelerated vesting of all or a portion of a participant’s award upon certain types of termination of employment, including death, disability, or involuntary termination, other than for gross misconduct, for participants who do not meet certain age and service rules. If a participant resigns or is involuntarily terminated, other than for gross misconduct, and meets certain age and years of service rules, all or a portion of the participant’s CAP awards will continue to vest on schedule. The terms and conditions of CAP awards, including the vesting periods and provisions regarding termination of employment, are the same for senior executives as for other eligible employees. The proponent also requests that the Company adopt a

principle that prohibits "tax gross-ups or other make-whole arrangements" to Citi's named executive officers. As indicated in the chart relating to personal benefits of named executive officers on page 50 of this proxy statement, Citi did not provide tax gross-up payments to any named executive officers in 2007 or 2006. Citi believes that the concerns raised by this proposal have been addressed by our Senior Executive Compensation Guidelines and our current practices. The board believes that it is to the benefit of Citi to retain flexibility with respect to executive compensation rather than to commit in advance to arbitrary principles that could place the Citi at a competitive disadvantage in recruiting and retaining top talent. Citi's Senior Executive Compensation Guidelines and our current practices effectively address the primary concerns of the proposal and the board recommends that you vote against this proposal 8.