UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 7, 2018

Shelley J. Dropkin
Citigroup Inc.
dropkins@citi.com

Re: Citigroup Inc.
Incoming letter dated December 19, 2017

Dear Ms. Dropkin:

This letter is in response to your correspondence dated December 19, 2017 and January 26, 2018 concerning the shareholder proposal (the "Proposal") submitted to Citigroup Inc. (the "Company") by the AFL-CIO Reserve Fund (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated January 16, 2018 and February 20, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Brandon J. Rees
American Federation of Labor and Congress of Industrial Organizations
brees@aflcio.org

March 7, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Citigroup Inc.
Incoming letter dated December 19, 2017

The Proposal requests that the board adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service.

We are unable to conclude that the Company has met its burden of establishing that it may exclude the Proposal under rule 14a-8(i)(5). Although your discussion of the board's analysis sets forth a number of factors supporting exclusion, the Proponent accurately notes that the Company's shareholders voted on a similar proposal in 2017 and that the proposal received more than 35% of the vote. Because your discussion of the board's analysis does not adequately address these voting results, we are unable to conclude that the Company has met its burden of establishing that it may exclude the Proposal under rule 14a-8(i)(5). Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(5).

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(7). We note that the Proposal focuses on senior executive compensation. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Evan S. Jacobson
Special Counsel

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

American Federation of Labor and Congress of Industrial Organizations
815 16th St., NW
Washington, DC 20006
202-637-5000
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AFL-CIO
AMERICA'S UNIONS

February 20, 2018

Via electronic mail: ***shareholderproposals@sec.gov***

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Citigroup Inc.'s Request to Exclude a Shareholder Proposal Submitted by the AFL-CIO Reserve Fund

Dear Sir or Madam:

I am writing in response to a letter dated January 26, 2018 from Citigroup Inc. (the "Company"), that supplements the Company's letter dated December 19, 2017 that asks the staff of the Division of Corporation Finance to confirm that it will not recommend enforcement action if the Company excludes an AFL-CIO Reserve Fund submitted shareholder proposal (the "Proposal") from the Company's proxy materials for its 2018 annual meeting of stockholders. The Proposal requests that the Company's Board of Directors adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service (a "Government Service Golden Parachute"). For the reasons in our January 16, 2018 letter and below, we respectfully urge a rejection of the Company's no action request.

The Company's January 26, 2018 letter asserts that the Proposal is no longer relevant to the Company's operations because the Company's CEO of Global Consumer Banking, Stephen Bird, turned 50 years old in 2017. As a result, Mr. Bird is eligible for continued vesting of this equity awards under the Company's Rule of 60 policy rather than as a Government Service Golden Parachute. However, the policy requested by the Proposal is not limited to the Company's named executive officers such as Mr. Bird, but rather seeks to apply to all of the Company's senior executives. Although Staff Legal Bulletin 14A (July 12, 2002) does not define the term "senior executives" for the purpose of Rule 14a-8 shareholder resolutions, the term "senior executives" has been interpreted to include SEC Rule 3b-7 executive officers (see *Lazard, Ltd*., January 20, 2016).

It appears that the Company has other executive officers who are currently eligible to receive a Government Service Golden Parachute. The Company stated in its January 26, 2018 letter that "if any current executive officer were to retire,

he or she would continue to vest in their equity awards due to the Rule of 60." However, in the Company's opposition statement to the Proposal that was provided by letter dated February 12, 2018 (see attached), management states "The Provision is not relevant to **most** of Citi's current Executive Officers (including the five Executive Officers who were named executive officers in Citi's 2018 proxy statement)" (emphasis added). In other words, certain unidentified executive officers of the Company are presently entitled to receive a Government Service Golden Parachute. Accordingly, the Proposal's requested ban on Government Service Golden Parachutes is relevant for these unidentified executive officers, and therefore is relevant to the Company.

Moreover, the relevance of the Proposal to the Company cannot be narrowly measured by whether the Company's current senior executives are entitled to receive a Government Service Golden Parachute. Future senior executives may be hired or promoted by the Company who do not meet the Rule of 60 eligibility requirements for continued vesting of their equity awards. The Proposal cites Mr. Bird's previous eligibility to receive a Government Service Golden Parachute as an example of such an arrangement. The fact that a senior executive has not received a Government Service Golden Parachute over the past 10 years does not mean that a senior executive might not receive one in the future. For this reason, the Proposal is relevant to the Company because future senior executives who do not meet the Rule of 60 eligibility requirements may receive a Government Service Golden Parachute depending on their age.

For these reasons, the Company-provided Board analysis of the Proposal is not well-informed or well-reasoned as called for by Staff Legal Bulletin 14I. The Board's analysis of the Proposal's economic relevance and its significant nexus to the Company's business focused on whether any senior executives had ever received a Government Service Golden Parachute over the past 10 years. This analysis does not address the question of whether any of the Company's current senior executives are eligible to receive a Government Service Golden Parachute. It also ignores the possibility that future senior executives may be incentivized to resign from the Company to enter into government service before they reach the Rule of 60 eligibility. Accordingly, the Company's Board analysis should be disregarded by the Division of Corporation Finance staff.

In conclusion, the Company has failed to meet its burden of demonstrating that it is entitled to exclude the Proposal from its proxy materials under Rule 14a-8(i)(5) or Rule 14a-8(i)(7). If you need additional information, please contact me at (202) 637-5152 or brees@aflcio.org.

Sincerely,

Brandon J. Rees
Deputy Director, Corporations and Capital Markets

cc: Shelley J. Dropkin, Deputy Corporate Secretary and
General Counsel, Corporate Governance, Citigroup Inc.

Enclosure

Shelley J. Dropkin
Deputy Corporate Secretary
& General Counsel,
Corporate Governance

Citigroup Inc.
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T 212 793 7396
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VIA EMAIL AND UPS

February 12, 2018

American Federation of Labor and Congress of Industrial Organizations
815 16th Street, NW
Washington, DC 20006
Attention Heather Slavkin Corzo, Director

Dear Ms. Slavkin Corzo:

In accordance with SEC Rule 14a-8(m)(3)(ii), enclosed is Citigroup's management response to the proposal you submitted, which will be included in Citigroup's 2018 Proxy Statement if the proposal is included in the Company's proxy materials.

Sincerely,

Shelley J. Dropkin
Deputy Corporate Secretary and
General Counsel, Corporate Governance

Enclosure

MANAGEMENT COMMENT

Summary

Citi's deferred compensation programs, like those of many other companies, include provisions that alter an award's regular forfeiture conditions and provide for vesting in a range of circumstances (e.g., termination of employment on account of death, disability, involuntary termination not for cause, and upon meeting certain retirement-type age and service provisions.) The alternative career provision, which is available to all employees who are eligible for deferred compensation awards (not just senior executives), is one of these exceptions. Under the alternative career provision, an employee who is not eligible for retirement may resign to work full-time in a paid career in government service, for a charitable institution, or as a teacher at an educational institution, and have his/her awards continue to vest on schedule. (A retirement-eligible employee may work for such employers and continue to vest regardless of the alternative career provision.) We believe that the alternative career provision, like other exceptions to the vesting conditions of our programs, help us attract talented employees, which is a goal that furthers both our long-term business objectives and benefits stockholders at minimal cost.

Important Points to Consider

- Adopting a policy that erodes the features of an incentive program intended to attract and retain talented employees would be detrimental to Citi's long-term business objectives. The alternative career provision is necessary to remain competitive for talent in the financial services industry, as it is an element of our peers' programs. It is not an executive perk; it is a component of our broader-based incentive programs covering about 8,300 employees globally.

- The alternative career provision operates at minimal cost to Citi and its stockholders, despite broad eligibility. As of December 5, 2017, only eight participants globally, none of which were Executive Officers, were vesting on schedule by reason of the provision, and only one of those individuals was vesting on schedule by reason of the government service component of the provision.

- The proponent asserts in the supporting statement of its proposal that "Our Company provides its senior executives with vesting of equity-based awards after their voluntary resignation of employment from the Company to pursue a career in government service." The Provision is not relevant to most of Citi's current Executive Officers (including the five Executive Officers who were named executive officers in Citi's 2018 Proxy Statement). Due to their service to Citi, these executive officers will continue to vest on schedule after resignation as long as they do not work for a "significant competitor." Consequently, even if these Executive Officers were to leave Citi for government service, the provision would not apply to them. Moreover, no Executive Officer has resigned and continued to vest in his or her awards by reason of the provision in the last 10 years.

- The provision does not result in a "windfall" to employees as they have earned the awards for services already performed. Furthermore, Citi's deferred incentive awards are subject to business-based performance conditions during the vesting period and to meaningful clawback provisions in the event of misconduct or other specified negative circumstances. Accordingly, awards that vest on schedule by reason of alternative career or other reasons are still subject to important conditions for receipt. These clawback provisions and business-based performance vesting conditions provide for alignment of stockholder and employee interests after termination of employment during the vesting period.

- The proponent alludes to the proposition that the goal of alternative career provision is to enable Citi to influence government policymakers. The purpose of the government service component of the provision is not to allow Citi executives to influence government - it is to encourage public service at all employment levels at Citi.

- The alternative career provision helps maintain strong employee relations by facilitating some degree of parity between private and public sector employment following Citi service. Employees who are not eligible to retire and who leave to work in the private sector often do not face an economic penalty as a consequence of their decision to leave Citi as their unvested awards are typically replaced with new awards by a new private sector employer. Conversely, employees who are not eligible to retire are unlikely to have their unvested awards replaced by a new public, educational or non-profit sector employer and therefore would typically lose deferred awards if they entered those sectors. In contrast, employees who are eligible to retire under our incentive programs may leave to work in public, educational or non-profit service and continue to vest. The alternative career provision therefore promotes equitable treatment of employees seeking employment in public, educational and non-profit sectors by allowing employees who are not eligible to retire to continue to vest in their equity awards while employed in such sectors.

The alternative career provision advances stockholder interests by enabling Citi to attract and retain talented employees; adopting this proposal would put Citi at a competitive disadvantage and could harm the Company and its employees; therefore the Board recommends a vote *against* this Proposal __.

Shelley J. Dropkin
Managing Director
Deputy Corporate Secretary
and General Counsel,
Corporate Governance

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January 26, 2018

BY E-MAIL [shareholderproposals@sec.gov]

U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, D.C. 20549

Re: Stockholder Proposal to Citigroup Inc. from the AFL-CIO Reserve Fund

Dear Sir or Madam:

We are writing to supplement our letter, dated December 19, 2017 (the "Original Request"), seeking confirmation from the staff of the Division of Corporation Finance (the "Staff") that it will not recommend enforcement action to the Securities and Exchange Commission (the "Commission") if Citigroup, Inc. (the "Company") excludes a proposal (the "Proposal") submitted by the AFL-CIO Reserve Fund (the "Proponent") from the proxy statement and form of proxy (together, the "2018 Proxy Materials") to be furnished to stockholders in connection with the Company's 2018 annual meeting of stockholders. This letter is intended to respond to a letter dated January 16, 2018, from the Proponent that raises objections to the Original Request (the "Proponent Letter"). We also renew our request for confirmation that the Staff will not recommend enforcement action to the Commission if the Company omits the Proposal from the 2018 Proxy Materials in reliance on Rules 14a-8(i)(5) and 14a-8(i)(7). We have concurrently sent copies of this correspondence to the Proponent.

I. THE PROPOSAL RELATES TO OPERATIONS WHICH ACCOUNT FOR LESS THAN 5 PERCENT OF THE COMPANY'S TOTAL ASSETS, NET EARNINGS AND GROSS SALES AND IS NOT OTHERWISE SIGNIFICANTLY RELATED TO THE COMPANY'S BUSINESS

For the reasons set forth in the Original Request, the Company continues to be of the view that it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(5) on the basis that it is not economically relevant to the Company's operations and is not otherwise significantly related to the Company's business. In the Proponent Letter, the Proponent attempts to argue that senior executive compensation is economically significant to a

company because it incentivizes executive decision-making. While the Proponent's arguments related to the significance of senior executive compensation may hold merit with respect to certain aspects of senior executive compensation at companies in general, this argument is simply not applicable to the government service component of the alternate career provision (the "Provision") referred to in the Proposal.

As provided in the Original Request, the government service component of the Provision relates to operations that account for less than 5 percent of the Company's total assets, net earnings and gross sales for its most recent fiscal year. The Company had total assets of approximately $1.7 trillion as of December 31, 2016. For the year ended December 31, 2016, the Company had net revenues of approximately $69.9 billion and net income of $14.9 billion. Additionally, as further discussed in the Original Request, the Company has not made any payments to executive officers pursuant to the government service component of the Provision in the last ten years. Further, no executive officer has resigned and continued to vest in his or her awards by reason of the government service component of the Provision in the last ten years. In addition, if any current executive officer were to retire, he or she would continue to vest in their equity awards due to the Rule of 60, which the Company described in the Original Request. As a result, the subject matter of the Proposal relates to operations that account for 0% of the Company's current total assets, net income and net revenues. These facts undercut the Proponent's general assertion that the government service component of the Provision is significant to the Company's business operations or impacts the decisions of its executive officers or its Board. In contrast, these facts support the conclusion that the subject matter of the Proposal relates to a topic that is not relevant to the Company's operations.

Further, as provided in the Original Request, the subject matter of the Proposal relates to a topic that is not otherwise significantly related to the Company's business. While the Proponent Letter provides what the Proponent believes to be a key example of how the government service component of the Provision is economically significant to the Company's operations, this example and the underlying argument are without merit. The Proponent Letter reiterates an argument initially made in the Supporting Statement of the Proposal that the Company's CEO of Global Consumer Banking, Stephen Bird, is eligible to receive a Government Service Golden Parachute. This argument is patently untrue as he meets the Rule of 60, and therefore, is not eligible for continued vesting under the Provision if he resigns his employment with Company. (The Rule of 60 is a Company policy under which employees over the age of 50 (Mr. Bird turned 50 in 2017) whose combination of age and years of service at the Company equal or exceed 60 are entitled to continue vesting in their equity awards upon termination of employment. Employees who satisfy the Rule of 60 are not eligible for continued vesting under the Provision.)

The Proponent further asserts that the Board's analysis provided in the Original Request does not meet the standards called for by Staff Legal Bulletin No. 14I (November 1, 2017) ("SLB 14I") to determine relevance under Rule 14a-8(i)(5). Specifically, the Proponent states that the Board's analysis is not well-informed because it does not consider whether Mr. Bird's Government Service Golden Parachute arrangements are significant to the Company. As noted above, given Mr. Bird is eligible to rely on the Rule of 60 to continue vesting in his equity awards, the Provision would not be applicable to Mr. Bird if he resigned to enter into

government service. The Company's Board is obviously aware of Mr. Bird's age and years of service with the Company and is further aware that the government service component of the Provision is a feature of the Company's deferred compensation plans that is simply not regularly relied upon and is otherwise not significant to the Company. Thus, in our view the analysis conducted by the Board was well-informed as the Board understood that even if Mr. Bird, and certain other executive officers left the Company to pursue government service, the Provision would not benefit them due to their already meeting the requirements of the Rule of 60.

In SLB 14I, the Staff provided that "where a proposal's significance to a company's business is not apparent on its face, a proposal may be excludable unless the proponent demonstrates that it is "otherwise significantly related to the company's business." In other words, the burden is on the Proponent to demonstrate that a proposal is significantly related to the Company's business if the significance is not apparent from the proposal itself. As noted in the Original Request and further reiterated above, the Proponent has failed in this regard.

Further, SLB 14I states that "a board acting with the knowledge of the company's business and the implications for a particular proposal on that company's business is better situated than the staff to determine whether a particular proposal is "otherwise significantly related to the company's business." In the Original Request, the Company provided numerous reasons why the Board determined that the Proposal is not otherwise significantly related to the Company's Business. This includes, *inter alia*, that the Provision is not an executive perk and has not been used by any executive officer in the past ten years, the Provision is not among the most significant features of the Company's deferred compensation plans and the goal of the Provision is to encourage public service, not to influence government.

Based on the foregoing, in accordance with the framework set forth in SLB 14I, we believe the Proposal's significance to the Company's business is not apparent on its face and the Proponent has not otherwise demonstrated the Proposal's significance to the Company's business. The Proponent alludes to general policy issues but does not tie these to any significant effect on the Company's business. In fact, the one specific policy issue the Proponent raised, *i.e.*, Mr. Bird's supposed Government Service Golden Parachute arrangement, is neither applicable nor relevant. Accordingly, for the reasons set forth above and in the Original Request, the Company believes the Proposal is excludable under Rule 14a-8(i)(5) for lack of economic relevance to the Company's operations and is otherwise not significantly related to the Company's business.

II. THE PROPOSAL RELATES TO THE COMPANY'S ORDINARY BUSINESS.

The Staff has historically taken the position that a shareholder proposal that raises significant social policy issues may not be excluded under Rule 14a-8(i)(7) if the policy issue has a significant nexus to the company's business.[1] As demonstrated by the historical distinction the Staff has drawn between retailer and manufacturers of products that raise significant policy issues, a social policy issue that is significant to one company's business, may not have a

[1] *See* Staff Legal Bulletin No. 14E (Oct. 27, 2009).

sufficient nexus to another company's business for purposes of Rule 14a-8(i)(7).[2] The Proponent fails to recognize this important nexus issue in the arguments provided in the Proponent Letter.

The Staff noted in SLB 14I that the applicability of the significant policy exception to Rule 14a-8(i)(7) "depends, in part, on the connection between the significant policy issue and the company's business operations." The Staff noted further that whether a policy issue is of sufficient significance to a particular company to warrant exclusion of a proposal that touches upon that issue may involve a "difficult judgment call" which the company's board of directors "is generally in a better position to determine," at least in the first instance. A well-informed board, the Staff said, exercising its fiduciary duty to oversee management and the strategic direction of the company, "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote." Accordingly, the analysis of a company's board of directors will be used to help the Staff decide whether a significant social policy issue has a sufficient "nexus" to the company's business.

As provided in the Original Request, the Company's Board has analyzed the Proposal and determined that the government service component of the Provision has not had a significant financial impact on the Company, nor, to the Company and the Board's understanding, has the government service component of the Provision been a significant factor in the decision of any Company employee in deciding whether to accept an offer of employment from the Company or to stay at the Company. Further, as was also noted in the original request, no executive officers have received a payment as a result of the Provision for at least 10 years.

Based on the foregoing, in accordance with the framework set forth in SLB 14I, we do not believe that the policy issues that the Proposal raises have a sufficient nexus to the Company's business to prevent exclusion of the Proposal under Rule 14a-8(i)(7) as a matter relating to the Company's ordinary business operations.

CONCLUSION

As such, the Company continues to believe that the Proposal may be excluded from the 2018 Proxy Materials pursuant to Rule 14a-8(i)(5) and Rule 14a-8(i)(7) and respectfully renews its request that the Staff concur in this view.

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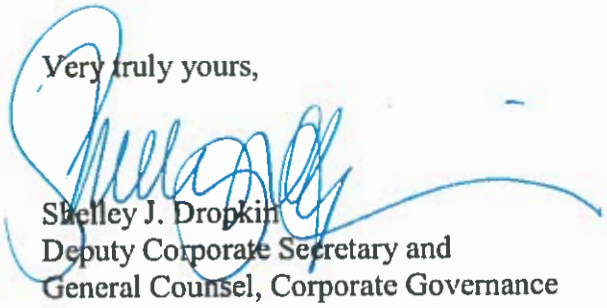
[2] *See e.g.*, *Kimberly-Clark Corp.*, (Feb. 22, 1990) ("In the Division's view, the proposal, which would call on the Board to take actions leading to the eventual cessation of the manufacture of tobacco products, goes beyond the realm of the Company's ordinary business"); *compare, Wal-Mart Stores, Inc.*, (Mar. 12, 1996) (granting relief under Rule 14a-8(c)(7) with respect to a proposal that the company refrain from selling tobacco products).

If you have any comments or questions concerning this matter, please contact me at (212) 793-7396. Thank you again for your time and attention to this matter.

Very truly yours,



Shelley J. Dropkin
Deputy Corporate Secretary and
General Counsel, Corporate Governance

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January 16, 2018

Via electronic mail: ***shareholderproposals@sec.gov***

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Citigroup Inc.'s Request to Exclude a Shareholder Proposal Submitted by the AFL-CIO Reserve Fund

Dear Sir/Madam:

I am writing in response to a letter dated December 19, 2017 from Citigroup Inc. (the "Company"), that asks the staff of the Division of Corporate Finance to confirm that it will not recommend enforcement action if the Company excludes an AFL-CIO Reserve Fund submitted shareholder proposal (the "Proposal") from the Company's proxy materials for its 2018 annual meeting of stockholders. The Proposal requests that the Company's Board of Directors adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service (a "Government Service Golden Parachute"). We respectfully urge the Division of Corporate Finance to reject the Company's no action request for the reasons set forth below.

The Proposal Is Significantly Related to the Company's Business

The Company contends that it may exclude the Proposal from its 2018 proxy materials on the basis that it is not economically relevant to the Company's operations in reliance on Rule 14a-8(i)(5). In advancing this claim, the Company asserts that the subject matter of the Proposal relates to operations that account for less than five percent of the Company's total assets, net earnings, and gross sales because the Company has not paid out a Government Service Golden Parachute to its senior executives in the past 10 years. As explained below, the application of the Rule 14a-8(i)(5) economic relevance thresholds should not exclude shareholder proposals on senior executive compensation because senior executive compensation is significantly related to the Company's business.

The economic significance of shareholder proposals on senior executive compensation cannot be simply measured by the dollar amounts of compensation in question. At the vast majority of companies, the total dollar amounts of senior executive compensation fall below the Rule 14a-8(i)(5) thresholds. Rather, senior executive compensation is economically significant to company operations because it incentivizes executive decision-making. The appropriate Rule 14a-8(i)(5) test is not whether the dollar amounts of senior executive compensation exceed five percent of the Company's total assets, net earnings, and gross sales, but whether the business decisions that are guided by these compensation incentives are economically significant to the Company.

In this case, the Proposal is economically significant to the Company's operations because it pertains to the Company's ability to retain the CEO of a business unit that exceeds the Rule 14a-8(i)(5) thresholds. As stated in the Proposal's supporting statement, the Company's CEO of Global Consumer Banking, Stephen Bird, is eligible to receive a Government Service Golden Parachute. If Mr. Bird resigned from the Company to enter into government service, he would be entitled to an additional $12 million in unvested equity awards that would otherwise be subject to forfeiture. In 2016, the Company's Global Consumer Banking business segment was responsible for 23 percent of the Company's assets, 34 percent of income from continuing operations, and 45 percent of net revenue according to the Company's most recent Form 10-K.

The Company provided analysis by its Board of Directors does not meet the standards called for by Staff Legal Bulletin No. 14I to determine relevance under Rule 14a-8(i)(5). Specifically, the Company's Board analysis is not well-informed because it does not consider whether Mr. Bird's Government Service Golden Parachute arrangements are significant to the Company. Instead, the Board asserts its belief that the "Underlying Goal of the Proposal" seeks to address the compensation of its employees more generally. This conclusion that the Proposal is really about employee compensation ignores the plain language of the Proposal's resolved clause, which asks for "a policy prohibiting the vesting of equity-based awards ***for senior executives*** due to a voluntary resignation to enter government service" (emphasis added). The Proposal's supporting statement also refers to "senior executives" or "executives" eight separate times.

Furthermore, the Board's analysis of the significance of the Proposal to the Company's business is not well-reasoned. It attempts to minimize the significance of the Proposal by arguing that the payment of Government Service Golden Parachutes does not apply to "Most of the Company's Current Executive Officers," that "Very Few Employees Have Utilized the Provision," and that the "Provision is Not Among the Most Significant Features" of its compensation plans. However, the fact that the Company's payment of Government Service Golden Parachutes has been rare in the past does not mean that this provision is not significant to the Company on a forward-looking basis. Providing financial incentives for even one of the Company's senior executives (such as the CEO of the Company's Global Consumer Banking division) to enter into government service is significant to the Company, a fact the Board's analysis fails to consider.

To the extent that the Proposal touches on the issue of government influence as a social or ethical issue, the Proposal also addresses a significant issue that is relevant to the Company's business. The Company itself claims that "The Goal of the Provision is to Encourage Public Service; Not to Influence Government – ***Which Would be Relevant to the Company's Business*** (emphasis added)." While the Company may dispute its purpose for paying Government Service Golden Parachutes, by its own admission influencing government is significant to the Company's business. This is exactly the issue the Proposal seeks to address -- whether the payment of Government Service Golden Parachutes to senior executives is a wise policy to influence government. The Proposal's supporting statement concludes by asking, "[s]urely our Company does not expect to receive favorable treatment from its former executives?"

Finally, the Company's assertion that investors have not expressed an interest in the topic of Government Service Golden Parachutes is both inaccurate and irrelevant to the question of whether the Proposal is a proper subject under Rule 14a-8(i)(5). More than 35 percent of the Company's shareholders voted in favor of the Proposal at the Company's 2017 annual meeting. (Company Form 8-K filed April 28, 2017) Not only is the Proposal eligible for resubmission under the Rule 14a-8(i)(12) vote requirements, but the fact that more than 35 percent of the Company's shareholders voted in favor of the Proposal at last year's annual stockholders' meeting suggests that shareholders recognize its significance to the Company's business.

The Proposal Does Not Relate to the Company's Ordinary Business

The Company also contends that it may exclude the Proposal from its 2018 proxy materials in reliance on Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations. In advancing this argument, the Company conflates its own subjective reading of the Proposal (that it relates to general employee compensation) with the plain language of the Proposal (that expressly addresses only senior executive compensation). The Company's argument that the Proposal may be excluded runs contrary to more than 25 years of no action letter responses by the Division of Corporate Finance that shareholder proposals on senior executive compensation are not excludable under Rule 14a-8(i)(7).

In Staff Legal Bulletin No. 14A (July 12, 2002), the Division of Corporate Finance stated that

> *Since 1992, we have applied a bright-line analysis to proposals concerning equity or cash compensation:*
>
> - *We agree with the view of companies that they may exclude proposals that relate to general employee compensation matters in reliance on rule 14a-8(i)(7);and*
>
> - *We do not agree with the view of companies that they may exclude proposals that concern only senior executive and director compensation in reliance on rule 14a-8(i)(7).*

As previously explained, the plain language of the Proposal deals exclusively with senior executive compensation, not general employee compensation. The Division of Corporate Finance has rejected a previous attempt to omit an identical proposal on these grounds. In *Lazard Ltd*. (January 20, 2016), the company argued that an proposal to limit Government Service Golden Parachutes addressed employee compensation and could be omitted under rule 14a-8(i)(7). The Division did not concur, explaining, "we note that the proposal focuses on the significant policy issue of senior executive compensation and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate."

The Company's Board analysis of why it believes the Proposal should be excluded pursuant to Rule 14a-8(i)(7) is identical to its previously discussed analysis of Rule 14a-8(i)(5). In addition to the reasons provided above for why the Board's analysis of the Proposal should be rejected, such analysis should not be given weight to overturn long-settled significant policy issues. Proposals on senior executive compensation are not a new or emerging social policy issue. As the Division of Corporate Finance explained in 1992, "In view of the widespread public debate concerning executive and director compensation policies and practices, and the increasing recognition that these issues raise significant policy issues, it is the Division's view that proposals relating to senior executive compensation no longer can be considered matters relating to a registrant's ordinary business." *Battle Mountain Gold* (February 13, 1992).

Conclusion

For the forgoing reasons, the Company has failed to meet its burden of demonstrating that it is entitled to exclude the Proposal from its proxy materials under Rule 14a-8(i)(5) or Rule 14a-8(i)(7). Consequently, since the Company has failed to meet its burden of demonstrating that it is entitled to exclude the Proposal, the Proposal should come before the Company's shareholders at the 2018 Annual Meeting. If you have any questions or need additional information, please contact me at (202) 637-5152 or brees@aflcio.org.

Sincerely,

Brandon J. Rees
Deputy Director, Corporations and Capital Markets

cc: Shelley J. Dropkin, Deputy Corporate Secretary and
General Counsel, Corporate Governance, Citigroup Inc.

BJR/sdw
opeiu#2,afl-cio

Shelley J. Dropkin
Deputy Corporate Secretary
and General Counsel
Corporate Governance

Corporation
[illegible] Avenue
[illegible] Floor
[illegible] NY [illegible]

[illegible]
[illegible]
[illegible]

December 19, 2017

BY E-MAIL [shareholderproposals@sec.gov]

U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, D.C. 20549

Re: Stockholder Proposal to Citigroup Inc. from the AFL-CIO Reserve Fund

Dear Sir or Madam:

Pursuant to Rule 14a-8(j) of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), attached hereto for filing is a copy of the stockholder proposal and supporting statement (together, the "Proposal") submitted by the AFL-CIO Reserve Fund (the "Proponent") for inclusion in the proxy statement and form of proxy (together, the "2018 Proxy Materials") to be furnished to stockholders by Citigroup Inc. (the "Company") in connection with its 2018 annual meeting of stockholders. The Proponent's mailing address and telephone, as stated in the correspondence of the Proponent, is listed below.

Also attached for filing is a copy of a statement of explanation outlining the reasons the Company believes that it may exclude the Proposal from its 2018 Proxy Materials pursuant to Rule 14a-8(i)(5) and Rule 14a-8(i)(7).

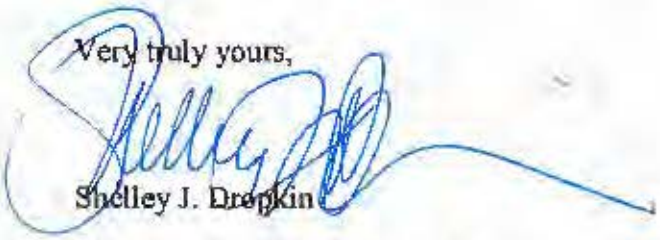
By copy of this letter and the attached material, the Company is notifying the Proponent of its intention to exclude the Proposal from its 2018 Proxy Materials.

The Company is filing this letter with the U.S. Securities and Exchange Commission (the "Commission") not less than 80 calendar days before it intends to file its 2018 Proxy Materials. The Company intends to commence printing its Notice and Access materials on March 8, 2018 and file its 2018 Proxy Materials on or about March 15, 2018.

The Company respectfully requests that the Staff of the Division of Corporation Finance (the "Staff") of the Commission confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2018 Proxy Materials.

If you have any comments or questions concerning this matter, please contact me at (212) 793-7396.

Very truly yours,



Shelley J. Dropkin

Deputy Corporate Secretary and
General Counsel, Corporate Governance

cc: Brandon Rees
American Federation of Labor and Congress of Industrial Organizations
815 16th St., NW
Washington, DC 20006

ENCLOSURE A

THE PROPOSAL AND RELATED CORRESPONDENCE (IF ANY)

AFL-CIO

AMERICA'S UNIONS

American Federation of Labor and Congress of Industrial Organizations

815 16th St., NW
Washington, DC 20006

202-637-5000

www.aflcio.org

November 8, 2017

Mr. Rohan Weerasinghe, General Counsel
and Corporate Secretary
Citigroup Inc.
388 Greenwich Street
New York, New York 10013

Dear Mr. Weerasinghe:

On behalf of the AFL-CIO Reserve Fund (the "Fund"), I write to give notice that pursuant to the 2017 proxy statement of Citigroup Inc. (the "Company"), the Fund intends to present the attached proposal (the "Proposal") at the 2018 annual meeting of shareholders (the "Annual Meeting"). The Fund requests that the Company include the Proposal in the Company's proxy statement for the Annual Meeting.

The Fund is the beneficial owner of 1640 shares of voting common stock (the "Shares") of the Company. The Fund has held at least $2,000 in market value of the Shares for over one year, and the Fund intends to hold at least $2,000 in market value of the Shares through the date of the Annual Meeting. A letter from the Fund's custodian bank documenting the Fund's ownership of the Shares is enclosed.

The Proposal is attached. I represent that the Fund or its agent intends to appear in person or by proxy at the Annual Meeting to present the Proposal. I declare that the Fund has no "material interest" other than that believed to be shared by stockholders of the Company generally. Please direct all questions or correspondence regarding the Proposal to Brandon Rees at 202-637-5152 or brees@aflcio.org.

Sincerely,

Heather Slavkin Corzo, Director
Office of Investment

HSC/sdw
opeiu #2, afl-cio

30 N. LaSalle Street
Chicago, IL 60602
Phone: 312-822-3220
Fax: 312-267-8775

312/822-3220

Lawrence M. Kaplan
Vice President
lkaplan@aboc.com

AMALGAMATED
Bank of Chicago

November 8, 2017

Mr. Rohan Weerasinghe, General Counsel
and Corporate Secretary
Citigroup Inc.
388 Greenwich Street
New York, New York 10013

Dear Mr. Weerasinghe:

AmalgaTrust, a division of Amalgamated Bank of Chicago, is the record holder of 1640 shares of common stock (the "Shares") of Citigroup Inc. beneficially owned by the AFL-CIO Reserve Fund as of November 8, 2017. The AFL-CIO Reserve Fund has continuously held at least $2,000 in market value of the Shares for over one year as of November 8, 2017. The Shares are held by AmalgaTrust at the Depository Trust Company in our participant account No. [redacted].

If you have any questions concerning this matter, please do not hesitate to contact me at (312) 822-3220.

Sincerely,

Lawrence M. Kaplan

Lawrence M. Kaplan
Vice President

cc: Heather Slavkin Corzo
Director, AFL-CIO Office of Investment

RESOLVED: Shareholders of Citigroup Inc. (the "Company") request that the Board of Directors adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service (a "Government Service Golden Parachute").

For purposes of this resolution, "equity-based awards" include stock options, restricted stock and other stock awards granted under an equity incentive plan. "Government service" includes employment with any U.S. federal, state or local government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any electoral campaign for public office.

This policy shall be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in existence or approved by shareholders on the date this proposal is adopted, and it shall apply only to equity plans or plan amendments that shareholders approve after the date of the 2018 annual meeting.

Supporting Statement:

Our Company provides its senior executives with vesting of equity-based awards after their voluntary resignation of employment from the Company to pursue a career in government service. In other words, our Company gives a "golden parachute" for entering government service. For example, Stephen Bird, CEO of Global Consumer Banking, was entitled to $12 million in unvested equity awards if he entered government service on December 31, 2016.

At most companies, equity-based awards vest over a period of time to compensate executives for their labor during the commensurate period. If an executive voluntarily resigns before the vesting criteria are satisfied, unvested awards are usually forfeited. While government service is commendable, we question the practice of our Company providing continued vesting of equity-based awards to executives who voluntarily resign to enter government service.

The vesting of equity-based awards over a period of time is a powerful tool for companies to attract and retain talented employees. But contrary to this goal, our Company's award agreements contain a "Voluntary Resignation to Pursue Alternative Career" clause that provides for the continued vesting of restricted stock of executives who voluntarily resign to pursue a government service career.

In last year's proxy statement, the Company responded to this proposal by stating its desire to facilitate "some degree of parity between private and public sector employment" because "unvested awards are typically 'bought out' by a new private sector employer." In our view, it is simply not appropriate for our Company's employees who choose to enter government service to be "bought out."

We believe that compensation plans should align the interests of senior executives with the long-term interests of the Company. We oppose compensation plans that provide windfalls to executives that are unrelated to their performance. For these reasons, we question how our Company benefits from providing Government Service Golden Parachutes. Surely our Company does not expect to receive favorable treatment from its former executives?

Paula F. Jones
Assistant Secretary
Associate General Counsel
Corporate Governance

VIA UPS and Email

November 10, 2017

American Federation of Labor and Congress of Industrial Organizations
815 16th Street, NW
Washington, DC 20006
Attention: Heather Slavkin Corzo, Director

Dear Ms. Slavkin Corzo:

Citigroup Inc. acknowledges receipt of your stockholder proposal for submission to Citigroup stockholders at the Annual Meeting in April 2018.

Very truly yours,

Paula F. Jones
Assistant Secretary and
Associate General Counsel, Corporate Governance

ENCLOSURE B

STATEMENT OF INTENT TO EXCLUDE STOCKHOLDER PROPOSAL

The Proposal provides as follows:

RESOLVED: Shareholders of Citigroup Inc. (the "Company") request that the Board of Directors adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter government service (a "Government Service Golden Parachute").

For purposes of this resolution, "equity-based awards" include stock options, restricted stock and other stock awards granted under an equity incentive plan. "Government service" includes employment with any U.S. federal, state or local government, any supranational or international organization, any self-regulatory organization, or any agency or instrumentality of any such government or organization, or any electoral campaign for public office.

This policy shall be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in existence or approved by shareholders on the date this proposal is adopted, and it shall apply only to equity plans or plan amendments that shareholders approve after the date of the 2018 annual meeting.

THE PROPOSAL RELATES TO OPERATIONS WHICH ACCOUNT FOR LESS THAN 5 PERCENT OF THE COMPANY'S TOTAL ASSETS, NET EARNINGS AND GROSS SALES AND IS NOT OTHERWISE SIGNIFICANTLY RELATED TO THE COMPANY'S BUSINESS

The Company may exclude the Proposal from the 2018 Proxy Materials in reliance on Rule 14a-8(i)(5) on the basis that it is not economically relevant to the Company's operations and is not otherwise significantly related to the Company's business. Rule 14a-8(i)(5) allows a company to exclude a proposal from its proxy materials if the proposal "relates to operations that account for less than 5 percent of the company's total assets, net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business."

Prior to Staff Legal Bulletin No. 14I (November 1, 2017) ("SLB 14I"), where a shareholder proposal addressed an issue of broad social or ethical significance, the Staff generally denied no-action relief pursuant to Rule 14a-8(i)(5) even where a shareholder proposal was arguably not significantly related to a company's business. In SLB 14I, the Staff stated that its "application of Rule 14a-8(i)(5) has unduly limited the exclusion's availability because it has not fully considered the second prong of the rule as amended in 1982 – the question of whether the proposal 'deals with a matter that is not significantly related to the issuer's business' and is therefore excludable." The Staff further stated that going forward its "analysis will focus, as the rule directs, on a proposal's significance to the company's business when it otherwise relates to operations that account for less than 5% of total assets, net earnings and gross sales."

The Proposal Relates To Operations That Account For Less Than 5 Percent Of The Company's Total Assets, Net Earnings And Gross Sales

To exclude a shareholder proposal pursuant to Rule 14a-8(i)(5), a company must first demonstrate that the proposal relates to operations that account for less than 5 percent of the company's total assets, net earnings and gross sales for its most recent fiscal year. The Company had total assets of approximately $1.7 trillion as of December 31, 2016. For the year ended December 31, 2016, the Company had net revenues of approximately $69.9 billion and net income of $14.9 billion. As further discussed below, the Company has not made any payments to executive officers pursuant to the government service component of the alternate career provision (the "Provision") referred to in the Proposal in the last ten years. Additionally, no executive officer has resigned and continued to vest in his or her awards by reason of the government service component of the Provision in the last ten years. As a result, the subject matter of the Proposal relates to operations that account for 0% of the Company's current total assets, net income and net revenues.

The Proposal Is Not Otherwise Significantly Related To The Company's Business

In SLB 14I, the Staff stated that "proposals that raise issues of social or ethical significance may be included or excluded, notwithstanding their importance in the abstract, based on the application and analysis of each of the factors of Rule 14a-8(i)(5) in determining the proposal's relevance to the company's business." The Staff further noted that "where a proposal's significance to a company's business is not apparent on its face, a proposal may be excludable unless the proponent demonstrates that it is 'otherwise significantly related to the company's business', and that a proponent could continue to raise social or ethical issues in its arguments, but it would need to tie those to a significant effect on the company's business."

Board Process

In contemplation of this no-action request, management of the Company, the Nomination and Governance Committee of the Board of Directors (the "Board"), and the Board itself evaluated whether the Proposal was significantly related to the Company's business as contemplated by Rule 14a-8(i)(5). To facilitate this evaluation, management of the Company solicited detailed information from various functions at the Company, including its human resources department and its legal department regarding the historical application of the government service component of the Provision and the financial impact such Provision has had on the Company's operations. After gathering this information, management of the Company prepared a presentation for consideration by the Nomination, Governance and Public Affairs Committee. After hearing the presentation and considering the information presented, the Nomination, Governance and Public Affairs Committee concluded that neither the Proposal nor the public policy considerations raised by the Proposal are significantly related to the Company's business and recommended that the Board reach a similar conclusion. On December 13, 2017, following its consideration of the information included in the same presentation that had been considered by the Nomination, Governance and Public Affairs Committee, the Board reached the same conclusion.

Board Analysis

As noted above, both the Nomination, Governance and Public Affairs Committee and the Board concluded that neither the Proposal nor the public policy considerations raised by the Proposal was significantly related to the Company's business. In reaching this conclusion, the Board, in addition to drawing on its own experience and expertise and knowledge of the Company and its business, consulted with senior management and outside legal counsel. The following discussion includes the material reasons and factors considered by the Board in making its recommendation.

- **Stated Purpose of the Proposal**. The Proposal requests that the Board adopt a policy prohibiting the vesting of equity-based awards for senior executives due to a voluntary resignation to enter into government service.
- **Underlying Goal of the Proposal.** The Proposal seeks changes to the Provision, by eliminating the applicability of the government service component of the Provision to the Company's executive officers. The Supporting Statement to the Proposal suggests that the government service component of the Provision is a "windfall for executives" and questions the application of the policy to executive officers of the Company. However, the government service component of the Provision is not limited to the Company's executive officers; rather, it is available to all employees of the Company who are eligible for deferred compensation awards. Further, no executive officer of the Company has resigned and continued to vest in his or her awards by reason of the Provision in the last ten years.
- As a result, we believe that the primary focus of the Proposal is related to addressing the design of the Company's deferred compensation plans and compensation of the Company's executive officers and its employees more generally. Further, the Proposal seems to question whether the Provision represents a good use of the Company's assets. Finally, we believe the Proposal also implies that the goal of the government service component of the Provision is to enable the Company to influence government policymakers. This is supported by the following statements in the Supporting Statement of the Proposal:
    - "While government service is commendable, we question the practice of our Company providing continued vesting of equity-based awards to executives who voluntarily resign to enter government service."
    - "The vesting of equity-based awards over a period of time is a powerful tool for companies to attract and retain talented employees. But contrary to this goal, our Company's award agreements contain a "Voluntary Resignation to Pursue Alternative Career" clause that provides for the continued vesting of restricted stock of executives who voluntarily resign to pursue a government service career."
    - "In our view, it is simply not appropriate for our Company's employees who choose to enter government service to be "bought out."

- "We oppose compensation plans that provide windfalls to executives that are unrelated to their performance. For these reasons, we question how our Company benefits from providing Government Service Golden Parachutes."

- **The Provision Does Not Apply to Most of the Company's Current Executive Officers.** The Provision, including the government service component of the Provision, does not apply to most of the Company's current executive officers, including the five named executive officers identified in the Company's proxy statement for its 2017 annual meeting of stockholders. Due to their service to the Company and under the terms of the Company's existing deferred compensation plans, these executive officers will continue to vest on schedule after resignation as long as the executive officers do not work for a "significant competitor." Consequently, even if these executive officers were to leave the Company for government service, the Provision would not apply to them.

- **The Provision is Not an Executive Perk and Very Few Employees Have Utilized the Provision.** The Provision is a feature of the Company's broader-based incentive compensation programs covering approximately 8,300 employees globally as of December 31, 2016. As of December 5, 2017, only eight employees globally, none of which were executive officers, were vesting on schedule by reason of the Provision, and only one of those individuals was vesting on schedule by reason of the government service component of the Provision. The Provision promotes equitable treatment of employees seeking employment in public, charitable, educational and non-profit sectors because employees who join competitors often receive payments to reimburse them for forfeited equity. Further, the Provision operates at minimal cost to the Company and its stockholders, despite its broad eligibility.

- **The Goal of the Provision is to Encourage Public Service; Not to Influence Government - Which Would be Relevant to the Company's Business.** The Provision is just one of many Company policies and practices that encourage public service at all levels of the Company and is not meant to influence government. For example, in the United States, all employees receive a paid day off annually to perform volunteer service. Further, the Company has designated policies and procedures to influence policy-making, including lobbying efforts by the Company's Global Government Affairs function. The Provision is not designed to create an avenue of influence by former Company executive officers that have left their positions with the Company to enter into government service.

- **While the Company's Deferred Compensation Plans Have Features that are Relevant to the Company's Business, the Provision is Not Among the Most Significant Features.** While the Proponent alludes to an alleged significance of the government service component of the Provision with the statement that "[O]ur Company's award agreements contain a "Voluntary Resignation to Pursue Alternative Career" clause that provides for the continued vesting of restricted stock of executives who voluntarily resign to pursue a government service career," the government service component of the Provision is not among the most significant provisions of the Company's deferred compensation plans. The Company's deferred compensation plans

contain several exceptions to the general rule that awards are forfeited upon voluntary resignation and the Provision is just one of these exceptions and is not relied upon as frequently as other exceptions. Other exceptions in the Company's deferred compensation plans that are relied upon far more frequently include attainment of the Rule of 60 (which is a policy allowing employees over the age of 50 whose combination of age and years of service at the Company exceeds 60 to accelerate vesting of restricted stock), termination by reason of death or disability, and involuntary termination of employment not for gross misconduct.

- **The Company's Investors Have Not Expressed Interest in this Topic**. Outside of general discussions related to the Proposal itself, most of the Company's large institutional stockholders, clients and other stakeholders generally have not expressed interest in the government service component of the Provision.

The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive, but includes the material factors considered by the Board. In view of the variety of factors considered in connection with its evaluation of the Proposal, the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Board did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. The Board based its recommendation on the total mix of the information presented.

Based on the foregoing, in accordance with the framework set forth in SLB 14I, we believe that the Proposal's significance to the Company's business is not apparent on its face. The Proponent alludes to general policy issues but does not tie these to any significant effect on the Company's business. Accordingly, for the reasons set forth above, the Company believes the Proposal is excludable under Rule 14a-8(i)(5) for lack of economic relevance to the Company's operations and is otherwise not significantly related to the company's business.

THE PROPOSAL RELATES TO THE COMPANY'S ORDINARY BUSINESS.

The Proposal may be excluded from the 2018 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations. The Staff has explained that the general policy underlying Rule 14a-8(i)(7) is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting."[1] The first central consideration upon which that policy rests is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight."[2] A proposal may be excludable on this basis, unless the proposal raises policy issues that are sufficiently significant to transcend day-to-day business matters. The second central consideration underlying the exclusion for matters related to the Company's ordinary business operations is "the degree to which the

[1] *See* SEC Release No. 34-40018 (May 21, 1998).
[2] Id.

proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."[3]

Here, the Supporting Statement to the Proposal suggests that the government service component of the Provision is a "windfall for executives" and questions the application of the policy to executive officers of the Company. However, the government service component of the Provision is designed to encourage public service and is not limited to the Company's executive officers; rather, it is available to all employees of the Company who are eligible for deferred compensation awards. Further, no executive officer of the Company has resigned and continued to vest in his or her awards by reason of the Provision in the last ten years. As a result, we believe that the real focus of the Proposal is related to addressing the design of the Company's deferred compensation plans and compensation of the Company's executive officers and its employees more generally. Further, the Proposal seems to question whether the Provision represents a good use of the Company's assets. Finally, the Proposal also implies that the goal of the government service component of the Provision is to enable the Company to influence government policymakers.

In Staff Legal Bulletin No. 14A (July 12, 2002) ("SLB 14A"), the Staff reaffirmed its view that certain proposals relating to equity compensation plans may be properly excluded in reliance on Rule 14a-8(i)(7), as such proposals may relate to a company's ordinary business matters. The Staff stated in SLB 14A that "[s]ince 1992, we have applied a bright-line analysis to proposals that relate to general employee compensation matters in reliance on rule 14a-8(i)(7)…" Under this analysis, a company may exclude proposals that relate to general employee compensation matters in reliance on Rule 14a-8(i)(7) but may not exclude proposals that concern only senior executive and director compensation.[4] Applying this approach, the Staff has recognized that proposals concerning a variety of benefit and compensation decisions relate to the ordinary business operations of a corporation.[5] Further, the Staff has recognized that matters relating to the ordinary business operations of a company, like employee benefits, cannot be transformed into significant policy matters merely by tying them to senior executive compensation.[6]

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[3] Id.

[4] *See* SLB 14A.

[5] *See, e.g.*, *International Business Machines Corporation* (Dec. 11, 2009)(proposal to adjust pension plan payments to include cost of living increases excludable as a matter relating to ordinary business operations); *AT&T Inc.* (Nov. 19, 2008) (proposal requesting modifications to pension plan eligibility provisions excludable as a matter relating to ordinary business operations, i.e., employee benefits); *WGL Holdings* (Nov. 17, 2006)(proposal requesting that retired employees be given a moderate raise to their retirement pay excludable as a matter relating to ordinary business operations); and *BellSouth Corporation* (Jan. 3, 2005) (proposal to increase the pension of BellSouth retirees excludable as a matter relating to ordinary business operations).

[6] *See, e.g., Exelon Corp.*, (Mar. 10, 2005) ("There appears to be some basis for your view that Exelon may exclude the proposal under rule 14a-8(i)(7), as relating to Exelon's ordinary business operations (i.e., general employee benefits). In this regard, we note that although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits.").

The Staff has historically taken the position that a shareholder proposal that raises significant social policy issues may not be excluded under Rule 14a-8(i)(7) if the policy issue has a significant nexus to the company's business.[7] As demonstrated by the historical distinction the Staff has drawn between retailer and manufacturers of products that raise significant policy issues, a social policy issue that is significant to one company's business, may not have a sufficient nexus to another company's business for purposes of Rule 14a-8(i)(7).[8]

The Staff noted in SLB 14I that the applicability of the significant policy exception to Rule 14a-8(i)(7) "depends, in part, on the connection between the significant policy issue and the company's business operations." The Staff noted further that whether a policy issue is of sufficient significance to a particular company to warrant exclusion of a proposal that touches upon that issue may involve a "difficult judgment call" which the company's board of directors "is generally in a better position to determine," at least in the first instance. A well-informed board, the Staff said, exercising its fiduciary duty to oversee management and the strategic direction of the company, "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote." Accordingly, the analysis of a company's board of directors will be used to help the Staff decide whether a significant social policy issue has a sufficient "nexus" to the company's business.

Board Process

In contemplation of this no-action request, management of the Company, the Nomination and Governance Committee of the Board of Directors, and the Board of Directors itself evaluated whether the policy issues raised by the proposal have a sufficient nexus to the Company's business for purposes of the Rule 14a-8(i)(7) analysis. To facilitate this evaluation, management of the Company solicited detailed information from various functions at the Company, including its human resources department and its legal department regarding the historical application of the government service component of the Provision. After gathering this information, management prepared a presentation for consideration by the Nomination, Governance and Public Affairs Committee. After hearing the presentation and considering the information presented, the Nomination, Governance and Public Affairs Committee concluded the Proposal does not implicate policy issues that are sufficiently significant to transcend day to day business matters, and that the policy issues that the Proposal does raise do not have a sufficient nexus to the Company's business. The Nomination, Governance and Public Affairs Committee recommended that the Board reach a similar conclusion. On December 13, 2017, following its consideration of the information included in the same presentation that had been considered by the Nomination, Governance and Public Affairs Committee, the Board reached the same conclusion.

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[7] *See* Staff Legal Bulletin No. 14E (Oct. 27, 2009).

[8] *See e.g.*, *Kimberly-Clark Corp.*, (Feb. 22, 1990) ("In the Division's view, the proposal, which would call on the Board to take actions leading to the eventual cessation of the manufacture of tobacco products, goes beyond the realm of the Company's ordinary business"); *compare, Wal-Mart Stores, Inc.,* (Mar. 12, 1996) (granting relief under Rule 14a-8(c)(7) with respect to a proposal that the company refrain from selling tobacco products).

Board Analysis

As noted above, both the Nomination, Governance and Public Affairs Committee and the Board of Directors concluded that the policy issues that the Proposal raises do not have a sufficient nexus to the Company's business. In reaching this conclusion, the Board, in addition to drawing on its own experience and expertise and knowledge of the Company and its business, consulted with senior management and outside legal counsel.

The following discussion includes the material reasons and factors considered by the Board in making its recommendation:

- All of the factors supporting a conclusion that the Proposal is not significantly related to the Company's business for purposes of the economic relevance exclusion in Rule 14a-8(i)(5) also support a conclusion that the policy issues raised by the Proposal have an insufficient nexus to the Company's business for purposes of the ordinary business exclusion in Rule 14a-(8)(i)(7).

- **The Company Has Made No Payments to Executive Officers in the Past Ten Years Pursuant to the Government Service Component of the Provision.** The Company has not made any payments to executive officers pursuant to the government service component of the Provision in the last ten years. Additionally, no executive officer has resigned and continued to vest in his or her awards by reason of the government service component of the Provision in the last ten years.

- **The Provision Does Not Apply to Most of the Company's Current Executive Officers.** Despite the Proposal referencing "senior executives", the Provision, including the government service component of the Provision, does not apply to most of the Company's current executive officers, including the five named executive officers identified in the Company's proxy statement for its 2017 annual meeting of stockholders. Due to their service to the Company and under the terms of the Company's existing deferred compensation plans, these executive officers will continue to vest on schedule after resignation as long as the executive officers do not work for a "significant competitor." Consequently, even if these executive officers were to leave the Company for government service, the Provision would not apply to them. Accordingly, the policy issue raised by the Proposal related to senior executive compensation does not have a sufficient nexus to the Company's business.

- **The Provision is Not an Executive Perk and Very Few Employees Have Utilized the Provision.** The Provision is a feature of the Company's broader-based incentive compensation programs covering approximately 8,300 employees globally as of December 31, 2016. As of December 5, 2017, only eight employees globally, none of which were executive officers, were vesting on schedule by reason of the Provision, and only one of those individuals were vesting on schedule by reason of the government service component of the Provision. The Provision promotes equitable treatment of employees seeking employment in public, charitable, educational and non-profit sectors because employees who join competitors often receive payments to reimburse them for

forfeited equity. Further, the Provision operates at minimal cost to the Company and its stockholders, despite its broad eligibility.

- **The Goal of the Provision is to Encourage Public Service; Not to Influence Government - Which Would Have a Sufficient Nexus to the Company's Business.** The Provision is just one of many Company policies and practices that encourage public service at all levels of the Company and is not meant to influence government. For example, in the United States, all employees receive a paid day off annually to perform volunteer service. Further, the Company has designated policies and procedures to influence policy-making, including lobbying efforts by the Company's Global Government Affairs function. The Provision is not designed to create an avenue of influence by former Company executive officers that have left their positions with the Company to enter into government service. As a result, the Proposal does not implicate a policy issue that is sufficiently significant to transcend day to day business matters

- **While the Company's Deferred Compensation Plans Have Features that are Relevant to the Company's Business, the Provision is Not Among the Most Significant Features.** While the Proponent alludes to an alleged significance of the government service component of the Provision with the statement that "[O]ur Company's award agreements contain a "Voluntary Resignation to Pursue Alternative Career" clause that provides for the continued vesting of restricted stock of executives who voluntarily resign to pursue a government service career," the government service component of the Provision is not among the most significant provisions of the Company's deferred compensation plans. The Company's deferred compensation plans contain several exceptions to the general rule that awards are forfeited upon voluntary resignation and the Provision is just one of these exceptions and is not relied upon as frequently as other exceptions. Other exceptions in the Company's deferred compensation plans that are relied upon far more frequently include attainment of the Rule of 60, which is a policy allowing employees over the age of 50 whose combination of age and years of service at the Company exceeds 60 to accelerate vesting of restricted stock, termination by reason of death or disability, and involuntary termination of employment not for gross misconduct.

- **The Company's Investors Have Not Expressed Interest in this Topic.** Outside of general discussions related to the Proposal itself, most of the Company's large institutional stockholders, clients and other stakeholders generally have not expressed interest in the government service component of the Provision.

The Provision also has not had a significant financial impact on the Company, nor, to the Company's understanding, has the Provision been a significant factor in the decision of any Company employee in deciding whether to accept an offer of employment from the Company or to stay at the Company.

Based on the foregoing, in accordance with the framework set forth in SLB 14I, we do not believe that the policy issues that the Proposal raises have a sufficient nexus to the

Company's business to prevent exclusion of the Proposal under Rule 14a-8(i)(7) as a matter relating to the Company's ordinary business operations.

CONCLUSION

For the foregoing reasons, the Company believes that the Proposal may be excluded from the 2018 Proxy Materials pursuant to Rule 14a-8(i)(5) and Rule 14a-8(i)(7).