



Citigroup Inc.
153 East 53rd Street
New York, NY 10043

April 13, 2004

Letter of Comment No: 14
File Reference: 1200-200
Date Received: 4/13/04

Ms. Suzanne Bielstein
Director –Major Projects and Technical Activities
Financial Accounting Standards Board
P.O. Box 5116
Norwalk, Connecticut 06856-5116

**Re: Proposed Statement of Financial Accounting Standards, *Earnings per Share* –
an amendment of FASB Statement No. 128 (Exposure Draft)
File Reference 1200-200**

Dear Ms. Bielstein:

Citigroup appreciates the opportunity to provide comments on the Board's Exposure Draft *Earnings per Share – an amendment of FASB Statement No. 128*. In general, Citigroup supports the Board's goal of promoting the convergence of US and international accounting standards concurrent with improving the quality of financial reporting. Accordingly, Citigroup supports the issuance of this Exposure Draft.

However, we believe that further clarification of the Board's proposed amendment to paragraph 10 is necessary. In the United States (unlike outside the United States) the phrase "mandatorily convertible" generally means a convertible security for which a variable number of shares will be issued in settlement. While the minimum and maximum number of shares can be determined in advance, the actual number of shares cannot be determined. When the minimum number of shares is relevant, the "if-converted" measurement will always be anti-dilutive. We presume no shares would be included in Basic EPS in that case, consistent with the requirements of paragraph 61 of Statement 128. However, in all other situations, the contracts perform much like "normal" convertible debt. Is it the Board's intent for these contracts to receive different accounting treatment than "straight" convertible debt? If so, how many shares (the minimum, the maximum, or some other number) should be included?

We would be happy to discuss this issue further with the Board at its convenience.

Please do not hesitate to contact me at (212) 559-7721.

Sincerely,

Robert Traficanti
Deputy Controller and Head of Accounting Policy
Citigroup