

From: Moran, Kyle A [CMB-GCO] [km05310@imcnam.ssmb.com]
Sent: Wednesday, September 10, 2008 10:15 AM
To: Dorans, John [CMB-RISK]; Frenzel, Gregory [CMB-RISK]; Flood, Scott L [CMB-GCO]; Meshel, Adam [CMB-GCO]
Cc: Brad S Karp; Alan Kornberg; Stephen Shimshak; Douglas Davis
Subject: Lehman Update - \$500mm excess approval re CLS

fyi.

-----Original Message-----

From: Fontana, Thomas [CMB-RISK]
Sent: Wednesday, September 10, 2008 7:18 AM
To: Fontana, Thomas [CMB-RISK]; Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]; Evans, Richard CS [CMB-RISK]; Schwartz, Thomas [GWM-RISK]
Subject: RE: Lehman Update

Tom O and I just approved a \$500MM excess over our aggregate deposit held for a CLS payment. The CLS system was essentially locked as there were many payments backed up waiting for our payment on Lehman's behalf. The thought here is that by putting this payment into CLS we will free up other payments and funds will return shortly. We are now at capacity across all of our clearing lines and no further payments are going our of Citi on behalf of Lehman. The client has been advised they need to get more money in to their accounts.

Best regards,

Tom

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Risk Management

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-----Original Message-----

From: Fontana, Thomas [CMB-RISK]
Sent: Wednesday, September 10, 2008 6:21 AM
To: Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]; Evans, Richard CS [CMB-RISK]; Schwartz, Thomas [GWM-RISK]
Subject: Lehman Update

Asia closed flat to positive. We have shifted capacity to Europe. Payments have been slowed as expected, but Lehman has been trying to run long balances in the major countries. I can't say that we have not had a bump or two along the way, but transactions are settling.

We are still trading essentially BAU.

Consensus based on Bloomberg this AM is for a \$2.8 loss per share. Client had advised us of closer to \$6 on Monday. Could prove to be another tough day.

Best regards,

Tom

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