CITIGROUP Call Report

	Date	Time	Venue
Meeting	June 17, 2008	4:00 -5:00pm	745 Boardroom , 31st Floor
Bank Participants	Brian Leach, Chief Risk Officer (See bio) Pat Ryan, MD, Head of Credit for Institutional Banking Tom Fontana, MD, Senior Credit Officer for Broker Dealers Chris Foskett, MD, Global Head, Financial Institutions Group Michael Mauerstein, MD, Global RM		
Lehman Participants	Ian Lowitt, CFO Paolo Tonucci, Global Treasurer Julie Boyle, SVP, Global Head of Creditor Relations Emil Cornejo, SVP Dan Fleming, SVP		
Results	• **<u>Paolo started out by pointing out his disappointment with Citi suddenly requesting collateral of $3 to $5 B on June 12 to support intraday liquidity requirements.</u> He questioned the actual size of the intraday, particularly for CLS, since Lehman usually ends its position flat for the day. Citi confirmed that this is the case, but that routinely our intraday is $2.5 to $4 B in CLS and for the US accounts. The CLS intraday is due to timing differences between settling with CLS Bank and receipt of funds from Lehman.** • **Paolo and Ian questioned Citi's decision to provide this product pointing out that Citi obviously cannot support the liquidity and real time reporting requirements. Foskett disagreed and confirmed Citi's commitment to the business. Ian also pointed out his disappointed in Citi's collateral request since it was Citi who asked for the business.** • **<u>Citi pointed out that intraday limits in Asia are $1.2 B, $3 B for CLS</u> (total gross limits in Europe is $12 B which includes securities settlement limits which are not considered in net intraday since Citi is able to see which securities are settling), and $ 4B in the US (now reduced to $3 B until market disruption eases). Citi also pointed out there is less transparency in Europe and Asia, so it is sometimes difficult to see where cover is coming from. Lehman offered to provide more information on our payment flows internationally.** • **<u>Lehman and Citi agreed to take a collaborative effort to improve transparency .</u> Ian questioned whether Lehman should become a third party member instead of a user member? Citi explained that our user status is better since Citi is able to net payments reducing the intraday requirements.** • **<u>Brian addressed the issue of the deposit. He pointed out that on June 12, Citi began receiving three times the number of novation requests (on average 6) starting in Asia</u>. The markets were reacting to our pre-announcement and the rapidly falling stock price. On the morning of June 12, we also announced the surprise demotion of our CFO and Joe Gregory stepping down. Citi did not want to create any systematic risk by not releasing payments, but Brian felt $4 B in intraday exposure was too much for Citi to absorb should there be a negative market reaction against Lehman. Our response of a $2 B term deposit, callable at our request (although not pledged or encumbered), made Brian comfortable with the net amount of $2B. Citi has been reviewing its intraday exposures for all operating products since the collapse of Bear Stearns.** • **<u>Brian was asked whether he had any questions on our 2nd quarter results and he said no.</u> He said the presentation Chris and Paolo had made on June 5 was detailed and well received at Citi. Ian also addressed a question on overnight CP issuance. He mentioned although a negative carry, we issue overnight CP with our intention to work with investors to gradually extend their investment parameters. Ian also pointed out that our secured financing has not been impacted, although some pricing and terms have been renegotiated. He also addressed overfunding.** • **Citi inquired whether there is any other collateral, such as Treasuries, which could be held at Citi. Similar to the deposit, Citi does not want collateral pledged, but would view the collateral as Lehman liquidity. Paolo was not positive on this request.**		
Follow Up	• **Citi to work with Lehman on mapping out daily cash flows and improve transparency of payments/exposures/receipts in the US, Europe and Asia. Dan Fleming will be point person at Lehman.** • **Citi promised to give a heads up to Ian/Paolo should they see a pick up in novations.** • **Lehman to maintain $2B callable deposit.**		

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Brian R. Leach
Chief Risk Officer
Citi

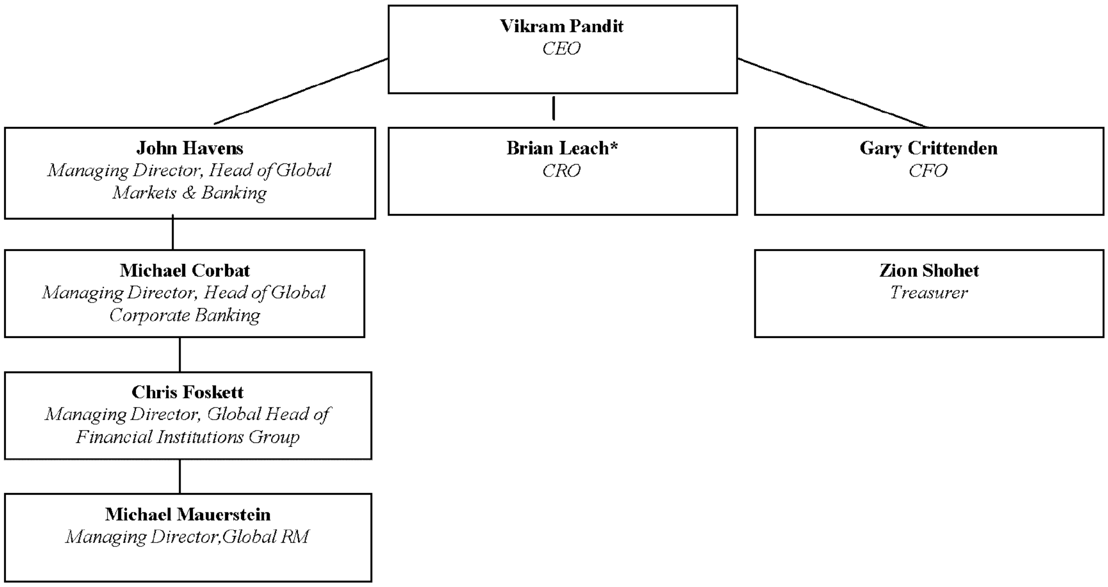
Brian Leach assumed the role of Chief Risk Officer in March 2008, reporting to Citi's Chief Executive Officer, Vikram Pandit. Brian is also the acting Chief Risk Officer for the Institutional Clients Group.

Citi is a leading global financial services company and has a presence in more than 100 countries, representing 90% of the world's GDP. The Citi brand is the most recognized in the financial services industry. Citi is known around the world for market leadership, global product excellence, outstanding talent, strong regional and product franchises, and commitment to providing the highest-quality service to its clients.

Prior to becoming Citi's Chief Risk Officer, Brian was the co-COO of Old Lane. Brian, along with several former colleagues from Morgan Stanley, founded Old Lane LP in 2005. Earlier, he had worked for his entire financial career at Morgan Stanley, finishing as Risk Manager of the Institutional Securities Business, where he reported directly to its President. As Risk Manager, he oversaw capital allocation, strategic revenue enhancement opportunities, and all aspects of credit, market, and operational risk management. He was a member of Morgan Stanley's Institutional Securities Division Management Group, Co-Chairman of the Capital Commitment Committee, and Chairman of the Board of Trustees of the Morgan Stanley Foundation.

From October 1998 to December 1999, Brian was seconded to Long-Term Capital Management, the Greenwich, Connecticut-based hedge fund. He was one of 6 managers selected from a consortium of 14 global financial institutions to manage the liquidation of LTCM and was one of only two present for the duration. Upon his return, he was given the responsibility as the Chief Operating Officer for the Fixed Income Division, where he had broad oversight responsibilities for the division's risk, technology, operations, and legal issues.

Brian has a BA in economics from Brown University and an MBA from Harvard Business School.



* Pat Ryan reports indirectly to Brian Leach.