

From: Tonucci, Paolo [paolo.tonucci@lehman.com].

Sent: 7/14/2008 6:40 AM.

To: Cornejo, Emil [emil.cornejo@lehman.com]; Boyle, Julie [julie.boyle@lehman.com].

Cc: von Ruffer, Karen [karen.vonruffer@lehman.com]; Carollo, Maria [maria.carollo@lehman.com].

Bcc: .

Subject: Re: Citigroup.

Let's discuss.

Want Ian to be involved. Anything like this will probably lead to a drastic reduction in business from us.

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

From: Cornejo, Emil

To: Tonucci, Paolo; Boyle, Julie

Cc: von Ruffer, Karen; Carollo, Maria

Sent: Sun Jul 13 23:05:18 2008

Subject: Citigroup

Spoke to Michael tonight (he is on vacation). He would like to arrange a call with him and Tom Fontana at 10:30 on Monday. Chris Foskett also spoke to Ian this weekend.

Citi has had several internal calls this weekend to review broker dealer exposures and concerns if the market continues to deteriorate. Lehman sent a strong positive message on Friday when we did not use our intraday lines (which they would like us to continue) plus the additional 1B dlrs deposit. Citi wants to continue to support Lehman's operating needs but wants to have docs in place to pledge the 2B deposit if conditions deteriorate. Citi is not requesting that the doc be executed. In addition, Citi is working on docs which would advise counterparties that they will advise Lehman or other broker dealers in writing that trades are being novated. Citi wants to be supportive and not send out signals but I know they are nervous. I told Michael that any pledge would not be acceptable to Lehman and he opined that a pledge of this size would probably be a reportable event. Pls let me know if this time works.