

From: Mauerstein, Michael [CMB-GBKG] [0000109211@citigroup.com]  
Sent: Tuesday, July 15, 2008 12:22 PM  
To: Lukas, Katherine [CMB-GBKG]  
Subject: Fw: Leh

Michael Mauerstein  
Managing Director  
Financial Institutions - Broker Dealers  
388 Greenwich - 24 Floor  
212 816-3431

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

From: Mauerstein, Michael [CMB-GBKG]  
To: Foskett, Christopher M [CMB-GBKG]  
Sent: Mon Jul 14 19:27:45 2008  
Subject: Re: Leh

Good morning. We reached no agreement, other than to keep up the dialogue.

Paolo compared the daylight risk we take to Lehman (DOL) with the overnight risk that Lehman takes to Citi (their deposit). He said that his risk managers think this is unbalanced and excessive exposure for them, and he suggested that we leave Govies in an account somewhere (no pledge agreement at this time) to give them comfort. Tit for tat. Alternatively, he suggested that Lehman gives us a deposit each morning in anticipation of clearing, and we return the deposit at the end of each day when they close flat (no OD).

Had a long discussion with Emil, contemplating that they leave no deposit with us, we reduce the DOL to zero, and they use their cash as working capital during the day in lieu of DOL. We pointed out that they showed Friday and today that they can clear Cash pmts in the US and UK with minimal DOL.

Note: Lehman sold us an additional \$1.25B tonight.

Paolo asked that we send them the pledge agreement to review.

Michael Mauerstein  
Managing Director  
Financial Institutions - Broker Dealers  
388 Greenwich - 24 Floor  
212 816-3431

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

From: Foskett, Christopher M [CMB-GBKG]  
To: Mauerstein, Michael [CMB-GBKG]  
Sent: Mon Jul 14 19:15:07 2008  
Subject: Leh

How'd ur discussion go ?

-----  
Sent from my BlackBerry Wireless Handheld