

From: Moran, Kyle A [CMB-GCO] [0000105310@citigroup.com]
Sent: Wednesday, September 10, 2008 11:46 PM
To: Fontana, Thomas [CMB-RISK]
Subject: FW: Lehman Update

i found your summary email very helpful.

do you send something similar each day to a second, somewhat less "august" group of seniors? If so, I'd appreciate being added to that second distribution list.

Possible?

Kyle

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

From: Kirchen, Karen [CMB-GCO]
Sent: Wednesday, September 10, 2008 7:02 PM
To: Moran, Kyle A [CMB-GCO]; Meshel, Adam [CMB-GCO]
Subject: Fw: Lehman Update

Fyi kk

Sent from my BlackBerry Wireless Handheld

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

From: Fontana, Thomas [CMB-RISK]
To: Fontana, Thomas [CMB-RISK]; Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]; Evans, Richard CS [CMB-RISK]; Schwartz, Thomas [GWM-RISK]; Kirchen, Karen [CMB-GCO]; Flood, Scott L [CMB-GCO]
Sent: Wed Sep 10 18:00:04 2008
Subject: RE: Lehman Update

The day closed. Lehman sold us \$3.3B. They struggled raising CP, they were able to roll just \$20MM of \$1.1B which came due today. As their Issuing and Paying Agent, we had to pay out on the maturing CP. We required that they pre-funded the amount owed.

Since we are now sitting on an aggregate of \$5.3B and I am not releasing those funds until all of our Asia and European Accounts are flat to positive, tomorrow will be a better day.....at least for our business together.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694

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

From: Fontana, Thomas [CMB-RISK]
Sent: Wednesday, September 10, 2008 12:51 PM
To: Fontana, Thomas [CMB-RISK]; Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]; Evans, Richard CS [CMB-RISK]; Schwartz, Thomas [GWM-RISK]; Kirchen, Karen [CMB-GCO]; Flood, Scott L [CMB-GCO]
Subject: RE: Lehman Update

Not surprisingly, Lehman's CDS spreads have been widening significantly today, now up to 585 to 610.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694

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

From: Fontana, Thomas [CMB-RISK]
Sent: Wednesday, September 10, 2008 12:07 PM
To: Fontana, Thomas [CMB-RISK]; Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]; Evans, Richard CS [CMB-RISK]; Schwartz, Thomas [GWM-RISK]; Kirchen, Karen [CMB-GCO]; Flood, Scott L [CMB-GCO]
Subject: RE: Lehman Update

As Europe closes, we are now essentially flat. We are waiting on a \$100MM payment out of CLS. The \$2B will now shift entirely to support any US clearing needs although the company is still sitting with over \$6B in their NY accounts.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694

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

From: Fontana, Thomas [CMB-RISK]
Sent: Wednesday, September 10, 2008 10:15 AM
To: Fontana, Thomas [CMB-RISK]; Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]; Evans, Richard CS [CMB-RISK]; Schwartz, Thomas [GWM-RISK]; Kirchen, Karen [CMB-GCO]
Subject: Lehman Update

Funds are beginning to flow in Europe. Still short roughly \$2.5B.

In the US we are sitting on \$7B in their NY accounts in addition to their \$2.68B deposits (\$.68B to be returned this AM).

We are trying to get the company to move some of these \$7B+ in balances into our deposit account to create greater global flexibility for them.

They are reluctant to do so as it has a capital charge to them. I can not provide them the same degree of benefit on the \$7B in balances as we do with the \$2B deposit as I can not control the movement of those balances. Hard to imagine they are this concerned about a capital charge when we are trying our best not to disrupt the market for them.

Best regards,

Tom

Global Financial Institutions
Risk Management

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Home: (908) 665-0694

-----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 out of Citi on behalf of Lehman. The client has been advised they need to get more money in to their accounts.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
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Home: (908) 665-0694

-----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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