

From: Foskett, Christopher M [CMB-GBKG] [0000109147@citigroup.com]
Sent: Thursday, July 10, 2008 1:00 PM
To: Mauerstein, Michael [CMB-GBKG]
Subject: Re: Lehman Brothers

We should figure out a win-win structure. Can't be screwing them.

Sent from my BlackBerry Wireless Handheld

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

From: Mauerstein, Michael [CMB-GBKG]
To: Foskett, Christopher M [CMB-GBKG]
Sent: Thu Jul 10 12:36:24 2008
Subject: RE: Lehman Brothers

fed funds -1/8

we can offer 30+ bps if they book 30-day CDs with GTS (Citibank N.A.) but they want to keep it overnight to have maximum liquidity.

if they are taking a cash capital charge, why not book time deposits?

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

From: Foskett, Christopher M [CMB-GBKG]
Sent: Thursday, July 10, 2008 12:34 PM
To: Mauerstein, Michael [CMB-GBKG]; Obermaier, Thomas [CMB-GTS]
Cc: Fontana, Thomas [CMB-RISK]; Faber, Reto [CMB-GBKG]; Isaac, Tom [CMB-GBKG]
Subject: Re: Lehman Brothers

Ouch. What kind of return are we giving them on the cash ?

Sent from my BlackBerry Wireless Handheld

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

From: Mauerstein, Michael [CMB-GBKG]
To: Foskett, Christopher M [CMB-GBKG]; Obermaier, Thomas [CMB-GTS]
Cc: Fontana, Thomas [CMB-RISK]; Faber, Reto [CMB-GBKG]; Isaac, Tom [CMB-GBKG]
Sent: Thu Jul 10 11:54:54 2008
Subject: Lehman Brothers

Recall that at recent meeting with Lehman CFO Ian Lowitt and Treasurer Paolo Tonucci we talked about the large exposures we take in the normal course of business. Lehman said that they did not see us taking such large exposures. We agreed to collect a week's data on daylight overdrafts hourly across the clearing centers, and share the data with them.

This morning, we shared the data, explained the methodology, and talked about flows that give rise to the exposures and what might be done to mitigate (lower) the numbers. Lehman said that they are ready to implement new software that will enable them to generate similar numbers from their systems. Once they do, they would like us both to generate exposure numbers during the same period of time, and compare their numbers with ours. We can concurrently look for ways that they can work differently that can reduce DOL.

Lehman advised that their Treasury Group takes a cash capital charge of 300-bps against the \$2 billion cash deposit they keep with us, which they characterize as "collateral," for an internal allocated cost of \$60 million p.a..