

From: Loewe, Karen [kl04925@NY.citigroup.com]  
Sent: Wednesday, September 26, 2007 3:29 PM  
To: Prince, Charles 0  
Subject: RE: Question

Will do.

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

From: Prince, Charles 0  
Sent: Wednesday, September 26, 2007 3:28 PM  
To: Loewe, Karen  
Subject: Re: Question

Please tell him to join the 4:30 mtg and be prepared to respond. Thanks.

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Sent from my BlackBerry Wireless Handheld

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

From: Loewe, Karen  
To: Prince, Charles 0  
Sent: Wed Sep 26 15:22:16 2007  
Subject: FW: Question

I gave this to GC who said it was a DB issue. Dave called to say he is available to fill you in on this once you return.

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From: CEO's Office CORP [mailto:OFFICEO@CORPHQ.UTC.COM]  
Sent: Wednesday, September 26, 2007 2:12 PM  
To: crittendeng@citi.com  
Cc: princec@citi.com  
Subject: Question

You no doubt have other priorities today but I thought I'd jump ahead on a question I'm likely to ask at this afternoon's meeting. Recognizing I'm way short on my banking knowledge, the problems in the quarter seem to me "at 100,000 feet" to be too large a warehouse and getting caught with a three or four sigma event affecting these. Warehouse could also be broadly defined to include sub-prime held directly, sub-prime held indirectly (as in CDOs), sub-prime held pending CDO placements to others, leveraged lending commitments (the 70 billion we have been talking about), and presumably some trading inventories of fixed income securities. The rate spikes of the last 3-4 months (and associated illiquidity) were the three or four six sigma event. So the question is whether/how our models missed this.

Alternatively, are our models too specific to individual businesses and/or exposures such that they don't encompass the big/rare event affecting the big/combined warehouse as outlined here. Fortuitously I'll be in New York later today and able to attend the meeting in person. See you then. George