

From: Prince, Charles O [princec@citigroup.com]  
Sent: Friday, August 03, 2007 9:37 PM  
To: Druskin, Robert [CCC]  
Subject: Re: Citi Markets and Banking Revenue Highlights for Aug 2nd, 2007 and July Update

Worse.

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Sent from my BlackBerry Wireless Handheld

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

From: Druskin, Robert [CCC] <druskinr@citigroup.com>  
To: Prince, Charles O [CCC] <princec@citigroup.com>  
Sent: Fri Aug 03 21:09:40 2007  
Subject: Fw: Citi Markets and Banking Revenue Highlights for Aug 2nd, 2007 and July Update

This is like water torture-just awful.

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

From: Kister, William H [CMB-FIN]  
To: \*FIN Race Daily Highlights; \*FD RACE PL Icon group; \*FIN DNRS  
Sent: Fri Aug 03 20:54:13 2007  
Subject: Citi Markets and Banking Revenue Highlights for Aug 2nd, 2007 and July Update

<<dailysbnew1\_chart2\_80207.xls>> <<dailysbnew1\_chart2\_80207.xls>>

Citi Markets and Banking revenue for Aug 2nd, 2007 (day 2 of 23) was a loss of \$48.9mm, \$162.2mm below Forecast. Month to date revenue was a loss of \$25.0mm, \$251.6mm below Forecast.

#### Daily Commentary

Fixed Income Markets lost \$66.6mm, \$100.5mm below Forecast

\* US Rates lost \$5.5mm, \$6.6mm below Forecast, as US Volatility lost \$6.3mm.

\* European Rates gained \$5.9mm, \$4.2mm above Forecast, from \$3.3mm in market moves and \$2.9mm in gains from inceptions and unwinds.

\* Global Foreign Exchange gained \$6.6mm, \$4.3mm above Forecast, primarily due to the Management desk's \$8.3mm gain on a USD/SEK position.

\* Commodity Derivatives lost \$1.9mm, \$3.0mm below Forecast.

\* US Credit Trading was \$13.4mm below Forecast, as the High Yield Desk lost \$9.8mm due to continued volatility in the markets and a widening of the CDX NA HY 8 index beyond the 500 bp level.

\* Structured Credit Products, \$2.8mm below Forecast, was flat across all regions.

\* GSSG lost \$18.8mm, \$22.1mm below Forecast, as North America reported \$7.9mm in mark-to-market losses in Loan CDX and credit default swap positions. Asia Pacific lost \$4.6mm on losses on the China Molybdenum, Hyundai Mipo Dockyard, LG Card and SK Incheon Oil positions. Europe lost \$2.4mm on various European and US equity positions. Risk Treasury was \$4.9mm above Forecast, as NY Risk Treasury reported \$7.6mm in MTM trading gains. Europe lost \$2.1mm on poor trading results in USD and EUR swaps.

\* Relative Value/Macro Trading was \$51.4mm below Forecast on a \$55.0mm loss from the remarking of mortgage positions backed by residential loans and consumer ABS.

Fixed Income Underwriting gained \$2.1mm, \$6.8mm below Forecast with minor revenues reported across all businesses and regions.

Equity Markets gained \$5.7mm, \$9.4mm below Forecast as Asia Pacific derivatives reported a loss of \$4.6mm, \$5.7mm below Forecast. US Derivatives was flat, \$2.0mm below Forecast.

Equity Underwriting lost \$0.4mm, \$4.4mm below Forecast

\* US ECM was \$3.3mm below Forecast on \$4.1mm of mark-to-market losses on Smart Balance and Kinder Morgan Management.

Municipals lost \$9.2mm, \$13.7mm below Forecast, mostly from Municipals underperforming taxables within the Municipal Proprietary trading book and rate-lock and BMA yield curve note losses within the Structured Products book.

Capital Markets Admin gained \$10.5mm, \$9.2mm above Forecast

\* Phibro gained \$6.9mm, \$6.0mm above Forecast, due to higher oil prices.

\* FIMA gained \$3.6mm, \$3.2mm above Forecast, as IO's outperformed collateral and interest rates increased 1-2 bps. The portfolio held a net long DV01 risk position.

CLP lost \$17.4mm, \$21.5mm below Forecast, on losses of \$21.8mm in single name credit default swaps, primarily in the auto industry.

Other Securities & Banking lost \$0.4mm, \$9.8mm below Forecast

\* Other Securities & Banking (Non-Treasury): Revenue Task in Plan due to an increase in RAP assets -\$5.6mm and lower EM revenues -\$2.0mm (LATAM Revenue Task -\$0.6mm).

#### Monthly Commentary

Fixed Income Markets lost \$96.7mm, \$164.4mm below Forecast

\* FICC EM gained \$6.9mm, \$11.1mm below Forecast, as Asia was below Forecast by \$13.0mm from Local Markets trading losses.

\* US Credit Trading was \$13.8mm below Forecast, as the High Yield Desk lost \$10.1mm from continued volatility in the markets and a widening of the CDX NA HY 8 index beyond the 500 bp level.

\* GSSG lost \$40.9mm, \$47.6mm below Forecast, as NA reported \$7.9mm in mark-to-market losses in Loan CDX and credit default swap positions. Asia Pacific reported \$21.3mm in losses on the China Molybdenum, Cheuk Nang, Shougang Hyundai Mipo Dockyard, LG Card and SK Incheon Oil positions. Japan and Europe, together, reported \$7.4mm in mark-to-market losses on various equity positions.

\* Relative Value/Macro Trading was \$52.2mm below Forecast on a \$55.0mm loss from the remarking of mortgage positions backed by residential loans and consumer ABS.

\* Loan Trading was \$10.2mm below Forecast, as North America incurred losses of \$10.1mm month to date.

\* Fixed Income Underwriting gained \$5.2mm, \$12.8mm below Forecast with minor revenues reported across all businesses and regions.

\* Equity Markets lost \$9.0mm, \$39.1mm below Forecast as US Derivatives lost \$13.9mm primarily from \$7.5mm in delta and vega losses in SPY, SPX, IMB and a \$3.0mm loss in the WCI position. Global Cash and Convertibles, together, were \$14.9mm below Forecast with various regions below Forecast by less than \$10.0mm.

\* Equity Underwriting gained \$6.8mm, \$1.1mm below Forecast

\* Municipals lost \$20.8mm, \$29.9mm below Forecast, mostly from Municipals underperforming taxables within the Municipal Proprietary trading book and rate-lock and BMA yield curve note losses within the Structured Products book. Other contributors were CitiTob mark-to-market losses and Agencies underperforming LIBOR within the GIC book.

\* Advisory was flat, \$11.0mm below Forecast, due to no new deals invoiced month to date.

\* CLP gained \$29.5mm, \$21.3mm above Forecast, from gains of \$21.2mm on single name credit default swaps (Beazer Homes, Countrywide Homes and Radian Group).

\* Other Securities & Banking lost \$0.7mm, \$19.5mm below Forecast

\* Other Securities & Banking (Non-Treasury): Revenue Task in Plan due to an increase in RAP assets -\$11.2mm, and lower EM revenues -\$4.0mm (LATAM Revenue Task -\$1.2mm).

#### Update of July Results

\* Updated Citi Markets and Banking revenue for July MTD was \$1,412.5mm, \$1,206.9mm below Plan. This is a decrease of \$244.8mm from the previous day. The largest contributors to the change were:

\* Structured Credit Products decreased \$224.7mm on the remarking of

Euro Credit Derivatives Correlation CDO Inventory and CLO warehouses by \$294.8mm, offset by increases to NAM CDO positions by \$60.3mm .

\* CLP decreased \$24.3mm on a \$26.3mm loss provision on underwritten loans and a \$3.1mm LOCOM impairment on one HFS loan (Las Vegas Sands). EM Loans Asia increased \$5.6mm on CDO and EMCD mark-to-market gains and a loan repayment on an NPL.

\* Other Securities & Banking (Non-Treasury) on Higher Credit MVA  
+35.2mm.

\* Other changes were less than \$10.0mm.