

PART I (b) (4)

Citigroup Inc.
399 Park Avenue
New York, NY 10022



September 24, 2008

Mitchell Glassman
Director, Division of Resolution
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

CONFIDENTIAL TREATMENT
REQUESTED

RE: Washington Mutual

Dear Mr. Glassman:

We appreciate the time you and your staff have taken to explain to us the terms the FDIC has set for bidding on Washington Mutual. We have spent a significant amount of time and resources evaluating the assets and liabilities of the institution and modeling the impact of a transaction on our institution. We [REDACTED] are prepared to move rapidly if we can find an acceptable framework for a transaction.

We [REDACTED] have a strong interest in the branching network. We [REDACTED] and would be anxious to identify a construct for a transaction that would be acceptable to you and to us.

However, we are writing to inform you that we will not be submitting a conforming bid for Washington Mutual under the structure the FDIC has offered; rather, as more fully described below, we are submitting an indicative bid on an alternative approach for your review and evaluation. [REDACTED] While the indicative bid is not binding, it does represent a basis upon which we would be prepared to proceed. [REDACTED]

REDACTED VERSION

[REDACTED] we are in a position to move rapidly
[REDACTED] and present a binding bid should the FDIC be interested in pursuing
our proposal.

[REDACTED]

[REDACTED]

As noted above, however, we remain strongly interested in the Washington Mutual branch and deposit franchise, and believe that there is a straightforward structure that would enhance the recoveries on the assets, minimize the losses to the FDIC, and create systemic stability at a time of great uncertainty. As a result, we are pleased to be able to submit the attached non-binding indicative bid which proposes a structure that we believe has a greater potential for minimizing losses to the FDIC and protecting the customers and employees of Washington Mutual.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

We would be pleased to share with you on a more granular basis our evaluation of specific asset classes.

[REDACTED]

[REDACTED]

[REDACTED]

We recognize that our approach does not conform to the bidding instructions for Washington Mutual. We believe, however, that our suggested approach will in fact provide greater systemic stability and lower losses than would any conforming bid. While we are obviously willing to negotiate a transaction on these terms with the FDIC, we would expect that, consistent with the FDIC's statutory obligation under the "least cost" test, this construct would be offered to all potential bidders in a new round of bidding. In that same light, if the FDIC were to receive a non-conforming bid that it might otherwise be inclined to accept, we believe that the best and most appropriate option (and the option we believe would be legally required) would be to offer that structure to other bidders, such as us, that have the financial capacity, operational strength and knowledge of the Washington Mutual franchise and allow competing bids on an immediate basis.

[REDACTED]

We are prepared to act quickly, both to discuss our perspective on Washington Mutual, and to act on any transaction that might be offered. We would be delighted to discuss this with you further at your convenience.

Sincerely,



Edward J. Kelly, III
Head of Global Banking

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Indicative Indication of Interest

NYDOCS02/852606.9