the King of Egypt (that is, Saladin) ordered the camp to be moved without any tumult or commotion. He ordered the tents to be pitched in the Vale of Jehosephat, on the Mount of Olives, and on Mount joy, and throughout the hills in that region. When morning had come the men of Jerusalem lifted up their eyes and, when the darkness of the clouds had gone, they saw that the Saracens were pulling up their tents as if they were going to leave. The inhabitants of Jerusalem rejoiced greatly and said: "The King of Syria has fled, because he could not destroy the city as be had planned." When the turn of the matter was known, however, this rejoicing was quickly turned into grief and lamentation.

The tyrant[Saladin] at once ordered the engines to be constructed and balistas to be put up. He likewise ordered olive branches and branches of other trees to be collected and piled between the city and the engines. That evening he ordered the army to take up arms and the engineers to proceed with their iron tools, so that before the Christians could do anything about it, they would all be prepared at the foot of the walls. The cruelest of tyrants also arrayed up to ten thousand armed knights with bows and lances on horseback, so that if the men of the city attempted a foray they would be blocked. He stationed another ten thousand or more men armed to the teeth with bows for shooting arrows, under cover of shields and targets. He kept the rest with himself and his lieutenants around the engines.

When everything was arranged in this fashion, at daybreak they began to break down the corner of the tower and to attack all around the walls. The archers began shooting arrows and those who were at the engines began to fire rocks in earnest.

The men of the city expected nothing of the sort and left the city walls without guard. Tired and worn out, they slept until morning, for unless the Lord watch the city, he labors in vain who guards it. When the sun had risen, those who were sleeping in the towers were startled by the noise of the barbarians. When they saw these things they were terrified and overcome with fear. Like madmen they yelled out through the city: "Hurry, men of Jerusalem! Hasten! Help! The walls have already been breached! The foreigners are entering!"

From: The Internet Medieval Sourcebook - http://www.fordham.edu/halsall/source/1187saladin.asp