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Sent: Friday, October 12, 2007 12:16 AM (GMT)
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Subject: Daily Risk Appetite and VaR Report -10/10/07
Attach: RiskAppetite_20071010.xls

> <<RiskAppetite_20071010.xls>>
>
> The overall Risk Appetite usage as of 10/10/07 was \$4049mm (down
> \$11mm) vs. \$3500mm limit:
>
> * Fixed Income - RA \$2611mm (up \$80mm) vs. \$2500mm limit
>
>
> * High Grade Total- RA \$436mm (up \$68mm) vs. \$675mm limit
>
> VaR increased \$3.9mm mainly driven by a \$256mm
> increase in SPX futures longs in US flow desk and decreased
> diversification between regions from 42% to 28%.
>
> * High Yield Trading- RA \$251mm (up \$47mm) vs. \$495mm limit
>
> VaR increased \$2.1mm mainly driven by a \$500mm reduction
> of B-rated CDS and a \$50mm reduction of Caa-rated CDS.
>
> * Equity - RA \$902mm (down \$36mm) vs. \$800mm limit
>
> * Cash- RA \$113mm (down \$30mm)
>
> VaR decreased \$1.7mm driven by a \$222mm
> reduction in net long delta and a \$73mm reduction in vega.
>
> * Volatility Flow- RA \$440mm (up \$110mm)
>

- > VaR increased \$7.6mm mostly driven by a \$123mm
- > increase in net long delta and a \$72mm reduction of long gamma in index
- > trading.
- >
- >
- > The overall VaR as of 10/10/07 was \$141.3mm (up \$1.2mm), 60-day Moving
- > Average was \$102.1mm, and unweighted VaR was \$116.9mm (up \$9.2mm).
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- >
- > Regards,
- > Jenny