From: Gonzalez, Mynor <mynor.gonzalez@lehman.com>
Sent: Wednesday, September 12, 2007 7:43 PM (GMT)
To: Weber, Mark <mark.weber@lehman.com>
Subject: Daily Risk Appetite and VaR Report - 9/11/07
Attach: RiskAppetite_20070911.xls;DailyMarketReport 09122007.DOC

Attachment:
1. Risk Appetite / VaR summary reports
 <<RiskAppetite_20070911.xls>>
2. Detailed daily market risk summary
 <<DailyMarketReport 09122007.DOC>>

The overall Risk Appetite usage as of 9/11/07 was $3597mm (up $19mm) vs. $3500mm limit:

* Fixed Income - RA $2550mm (down $87mm) vs. $2500mm limit

* High Grade Total- RA $369mm (down $33mm) vs. $675mm limit

Var decreased 1.3mm driven by increased net short exposure by -$0.4mm/bp to -$2.3mm/bp for Flow Trading US and increased net short exposure further by -$57k to -$148k/bp for Yankees desk. In VoD0: reduced GMAC by $80mm, ResCap by $50mm, GM by $20mm and reduced FMCC by $40mm, Ford Co $10mm.

* Interest Rates Products- RA $435mm (down $84mm) vs. $600mm limit

VaR decreased 5.4mm mainly driven by Europe. VaR in Europe is $12.2mm (down $3.7mm), outright EUR delta short $0.8mm/bp (up $0.2mm/bp). EUR swap spread trade, long govt bonds vs. paying fixed on swaps $2.6mm/bp per side. EUR steepener position long 5y $3.0mm/bp vs. short 10y $3.5mm/bp. EUR vega long $0.5mm

* Equity - RA $449mm (up $52mm) vs. $800mm limit

* Volatility Flow- RA $147mm (up $42mm) vs. $675mm limit

Var increased 3.6mm driven by: 3M-equivalent volatility exposure reduction of $1.4mm (to +$2.2mm from +$3.5mm) in WoW book. As this long vega exposure mitigates other short vega and short delta exposures across Volatility Flow, a reduction in this long position increased the VaR. Short delta across Volatility Flow has been paired down by $180mm, mostly from NASDAQ and S&P500 in Index Trading. Long gamma position has been reduced by $117mm, mostly in S&P 500 from Index Trading.

The overall VaR as of 9/11/07 was $107.5mm (down $1.0mm), 60-day Moving Average was $91.5mm, and unweighted VaR was $85.4mm (down$1.4mm).

COB_DATE	BUSINESS_NAME	SIGNOFF_TIME
09/11/2007	Commodities Trading	1:37:27 PM
09/11/2007	Global Principal Strategies	1:07:07 PM
09/11/2007	IR Products	12:50:00 PM
09/11/2007	Equities	12:34:33 PM
09/11/2007	High Yield	12:34:10 PM
09/11/2007	CDO	12:34:07 PM
09/11/2007	High Grade	12:33:48 PM
09/11/2007	Municipals	12:13:41 PM
09/11/2007	Securitized Products	11:44:41 AM
09/11/2007	Real Estate	11:44:24 AM
09/11/2007	Foreign Exchange	11:21:21 AM
09/11/2007	Liquid Market Prop	10:06:18 AM
09/11/2007	FID Corp	9:04:50 AM
09/11/2007	Firm Financing	8:55:06 AM

Regards,
Mynor