

**DAILY RISK APPETITE REPORT**

**95% Annual Risk (\$Millions)**

	Usage												Limit
	9/6/2007				Dly Chng				YE 2006	2007			
	Americas	Europe	Asia	Global	Americas	Europe	Asia	Global	Global	High	Low	Avg	
<b>FIXED INCOME</b>													
IR Products	201	247	87	414	(8)	47	8	30	369	420	239	303	600
Liquid Market Prop	148	59	22	155	7	8	(0)	2	101	249	86	133	275
Foreign Exchange	62	84	50	172	(5)	(5)	(7)	(5)	122	258	121	181	280
Commodities Trading	146	61	16	171	7	(5)	(9)	(2)	104	233	74	148	270
Liquid Markets Total	347	298	121	637	10	38	5	55	479	637	349	458	940
High Grade Including Pipeline	347	152	51	431	(14)	(3)	1		459	641	305	451	675
-- High Grade (EM)	122			124	7			6		204	49	94	110
-- High Grade Trading	197	124	51	204	20	(1)	1	7	426	607	181	340	480
-- High Grade Loans, Pipeline & Commitments <sup>[1]</sup>	219	78		250	(1)	0		(1)	52	432	51	172	200
High Yield Including Pipeline & Commitments	1,204	292	109	1,417	(4)	(7)	0	(21)	545	1,661	518	745	850
-- High Yield (EM)	13	33		38	(1)	(0)		(2)		88	38	59	220
-- High Yield Trading	132	113	91	252	(21)	3	0	(16)	404	1,114	243	411	495
-- High Yield Loans, Pipeline & Commitments <sup>[1]</sup>	1,225	183	27	1,319	4	(4)	0	3	317	1,502	242	425	420
CDO	131	131	3	182	2	(0)	0	3	117	364	138	217	295
Credit Markets Total	1,256	458	138	1,555	(14)	11	0	8	775	1,875	812	1,099	1,265
Securitized Products	492	75	15	506	(7)	0	0	(10)	271	645	234	390	465
Real Estate	1,019	408	176	1,255	(0)	(0)	0	0	614	1,255	469	651	720
Municipals	147			147	(1)			(1)	141	163	102	126	200
Fixed Income Corporate <sup>[2]</sup>	21	0		21	(0)			(0)	51	51	1	19	90
Alternative Portfolio Solutions		173		173		24		24	156	173	77	113	200
Fixed Income Strategic Investments	2			2				15	15	2		8	
<b>TOTAL FIXED INCOME</b>	<b>1,778</b>	<b>1,015</b>	<b>316</b>	<b>2,611</b>	<b>(18)</b>	<b>37</b>	<b>10</b>	<b>99</b>	<b>1,611</b>	<b>2,639</b>	<b>1,393</b>	<b>1,770</b>	<b>2,200</b>
<b>EQUITIES</b>													
Cash	45	33	50	69	0	(5)	8	(4)	98	181	67	122	
Portfolio	2	58	31	79	0	(0)	1	3	26	129	34	72	
Event Driven	35	20		46	7	2		9	52	88	37	63	
Volatility Flow	148			148	(13)			(13)	57	290	58	134	
Systematic Trading	27			27	(0)			(0)	22	28	9	18	
LM/Execution Services	188	111	80	262	(4)	(3)	10	(26)	138	486	158	286	
Convertibles	117	14	49	134	1	(1)	2	0	26	386	89	133	
Volatility	65	215	121	273	(0)	4	2	4	190	337	186	245	
Equity Strategy	98	47	31	126	1	4	(1)	2	149	359	107	205	
Corporate	12			12	(0)			(0)		23		14	
Syndicate	17	15	11	26	(1)	0	(0)	(1)	32	284	18	78	
Equities Strategic Investments	17			17				7	17	7	7	9	
Equities Emerging Markets		7		7		(1)		(1)					
<b>TOTAL EQUITIES</b>	<b>298</b>	<b>232</b>	<b>218</b>	<b>443</b>	<b>10</b>	<b>10</b>	<b>40</b>	<b>(13)</b>	<b>382</b>	<b>932</b>	<b>425</b>	<b>639</b>	<b>800</b>
<b>CAPITAL MARKETS PRIME SERVICES</b>													
Firm Financing	57	29	17	66	(5)	(0)		(3)	57	110	46	76	100
Futures										0		0	
Equity Financing	14	8	2	25						32	18	24	
Equity Synthetics	20	6	3	22						25	8	18	
Clearing and Execution	3			3						44	3	26	
Structured Transaction	0	0		0									
<b>TOTAL PRIME SERVICES</b>	<b>78</b>	<b>41</b>	<b>20</b>	<b>92</b>	<b>(5)</b>	<b>(0)</b>		<b>(3)</b>	<b>71</b>	<b>140</b>	<b>65</b>	<b>103</b>	<b>150</b>
<b>GLOBAL PRINCIPAL STRATEGIES</b>	<b>328</b>	<b>122</b>	<b>66</b>	<b>369</b>	<b>(11)</b>	<b>6</b>	<b>(1)</b>	<b>(4)</b>	<b>392</b>	<b>406</b>	<b>200</b>	<b>285</b>	<b>500</b>
INVESTMENT MANAGEMENT	859	217		1,029	54	27		79	451	1,029	451	641	800
GLOBAL TRADING STRATEGIES	688	54	172	674	60	(1)	13	30	392	718	312	471	700
INVESTMENT BANKING	52			85	(0)			(0)	87	95	60	78	100
NON-CORE	125	0		126				7	126	7		61	
<b>TOTAL FIRM</b>	<b>2,692</b>	<b>1,097</b>	<b>537</b>	<b>3,622</b>	<b>48</b>	<b>40</b>	<b>31</b>	<b>70</b>	<b>2,277</b>	<b>3,720</b>	<b>2,142</b>	<b>2,742</b>	<b>3,300</b>

[1] "Commitments" refers to mandated commitment letter and contingent. "Pipeline" refers to conditional and potential.  
 [2] It includes Insurance Product, HY FID Corporate, FID management positions (if any) and legacy positions (if any).

95% Annual Risk Appetite Usage in \$Millions

	09/06/07				
	Global				
	CounterParty Credit Risk				Total Risk
	Market	Event	EMG/Hedge	All	Total Risk
	Risk	Risk	Funds	Other	Appetite Usage
<b>FIXED INCOME</b>					
IR Products	337		35	77	414
Liquid Market Prop	154		0	0	155
Foreign Exchange	131		28	23	172
Commodities Trading	130	15	1	54	171
<b>Liquid Markets Total</b>	<b>536</b>	<b>15</b>	<b>47</b>	<b>88</b>	<b>637</b>
High Grade Including Pipeline & Commitments	296	174	25	2	431
-- High Grade (EM)	71	59	14	1	124
-- High Grade Trading	158	54	15	2	204
-- High Grade Loans, Pipeline & Commitments	204	78			250
High Yield Including Pipeline & Commitments	628	996	22	1	1,417
-- High Yield (EM)	16	26	1	0	38
-- High Yield Trading	165	102	22	1	252
-- High Yield Loans, Pipeline & Commitments	480	1,027			1,319
CDO	108	66	31	6	182
<b>Credit Markets Total</b>	<b>835</b>	<b>932</b>	<b>45</b>	<b>10</b>	<b>1,555</b>
Securitized Products	436	90	19	2	506
Real Estate	129	1,187	0	0	1,255
Municipals	123	19	3	21	147
Fixed Income Corporate	21		0	0	21
Alternative Portfolio Solutions		173			173
Fixed Income Strategic Investments	2				2
<b>TOTAL FIXED INCOME</b>	<b>1,216</b>	<b>1,649</b>	<b>101</b>	<b>100</b>	<b>2,611</b>
<b>EQUITIES</b>					
Cash	68	2	0	0	69
Portfolio	79	0			79
Event Driven	40	12		0	46
Volatility Flow	148			0	148
Systematic Trading	27	0			27
<b>LM/Execution Services</b>	<b>221</b>	<b>11</b>	<b>24</b>	<b>22</b>	<b>262</b>
Convertibles	107	45	0	0	134
Volatility	195	32	40	38	273
Equity Strategy	112	25	0	0	126
Corporate	12				12
Syndicate	26				26
Equities Strategic Investments	17				17
Equities Emerging Markets	7				7
<b>TOTAL EQUITIES</b>	<b>355</b>	<b>58</b>	<b>33</b>	<b>43</b>	<b>443</b>
<b>CAPITAL MARKETS PRIME SERVICES</b>					
Firm Financing	33		29	7	66
Futures					
Equity Financing			11	18	25
Equity Synthetics			17	8	22
Clearing and Execution			3	0	3
Structured Transaction				0	0
<b>TOTAL PRIME SERVICES</b>	<b>33</b>		<b>40</b>	<b>31</b>	<b>92</b>
<b>GLOBAL PRINCIPAL STRATEGIES</b>	<b>204</b>	<b>227</b>			<b>369</b>
<b>INVESTMENT MANAGEMENT</b>	<b>234</b>	<b>896</b>	<b>0</b>	<b>0</b>	<b>1,029</b>
<b>GLOBAL TRADING STRATEGIES</b>	<b>537</b>	<b>229</b>		<b>0</b>	<b>674</b>
<b>INVESTMENT BANKING</b>	<b>85</b>				<b>85</b>
<b>NON-CORE</b>	<b>117</b>		<b>8</b>	<b>1</b>	<b>126</b>
<b>TOTAL FIRM</b>	<b>1,970</b>	<b>1,994</b>	<b>145</b>	<b>165</b>	<b>3,622</b>

	DAILY VAR												UNWEIGHTED DAILY VAR[6]											
	Usage				Usage				Usage				Limit				Usage				Usage			
	9/6/2007				Dly Chng				60 Day Avg								9/6/2007				Dly Chng			
	Americas	Europe	Asia	Global	Americas	Europe	Asia	Global	Americas	Europe	Asia	Global	Americas	Europe	Asia	Global	Americas	Europe	Asia	Global				
FIXED INCOME																								
IR Products	10.5	13.7	5.0	22.7	(0.4)	3.0	0.6	2.0	9.1	9.7	4.0	16.2	27.0	14.2	14.9	5.7	26.4	(0.3)	2.6	0.6	1.7			
Liquid Market Prop	9.3	3.4	1.4	9.5	0.5	0.5	(0.0)	0.2	9.6	2.9	2.4	10.3	16.0	9.3	4.7	1.7	10.3	0.5	0.4	0.0	0.0			
Foreign Exchange	3.0	4.2	2.3	8.0	(0.2)	(0.1)	(0.4)	0.0	2.4	6.4	1.8	8.6	12.0	3.3	4.7	2.6	8.3	(0.3)	(0.3)	(0.3)	(0.5)			
Commodities Trading	7.4	2.9	0.9	7.8	0.4	(0.3)	(0.6)	(0.3)	7.2	2.0	1.5	7.6	13.0	7.4	2.9	0.9	7.8	0.4	(0.3)	(0.6)	(0.3)			
Liquid Markets Total	18.9	15.8	6.5	34.7	0.9	2.6	0.4	3.9	16.1	12.5	5.6	23.6	49.0	22.1	16.0	7.1	38.0	1.2	2.1	0.4	2.7			
High Grade Total <sup>[1]</sup>	14.9	6.9	2.7	19.6	(0.9)	(0.2)	0.1	(0.6)	18.5	6.0	2.6	21.7	22.0	14.0	5.9	2.4	14.7	(0.2)	0.2	(0.1)	0.1			
-- High Grade (EM)	4.6			4.6	(0.1)			(0.1)					6.0	4.6		4.6	(0.2)			(0.2)				
-- High Grade Trading	10.0	6.0	2.7	9.5	1.3	(0.1)	0.1	0.6					13.0	10.1	5.0	2.4	9.2	0.4	0.2	(0.1)	0.6			
-- High Grade Loans, Pipeline & Commitments <sup>[2]</sup>	12.2	2.5		13.1	(0.1)	0.0		(0.1)					10.0	7.4	2.7		8.7	(0.0)	0.0		(0.0)			
High Yield Total <sup>[3]</sup>	28.2	13.0	4.5	41.4	1.5	(0.3)	0.0	(0.4)	13.6	13.8	3.9	28.7	27.0	23.4	9.8	3.6	32.7	0.3	(0.1)	0.0	(0.3)			
-- High Yield (EM)	0.6	0.8		1.0	(0.0)	(0.0)		(0.1)					7.0	0.5	1.0		1.1	(0.0)	0.0		(0.0)			
-- High Yield Trading	5.7	3.6	3.8	10.6	(0.4)	0.1	0.0	0.1					20.0	5.4	3.0	2.9	8.5	(0.5)	0.1	0.0	0.1			
-- High Yield Loans, Pipeline & Commitments <sup>[4]</sup>	23.8	9.6	1.2	31.8	0.0	(0.3)	(0.0)	(0.1)					10.0	20.7	7.3	1.0	26.1	0.0	(0.2)	(0.0)	(0.1)			
CDO	2.8	5.5	0.1	5.6	(0.1)	(0.1)	0.0	(0.2)	2.6	5.3	0.2	5.4	11.0	3.1	4.9	0.1	5.0	(0.2)	(0.0)	0.0	0.1			
Credit Markets Total	31.5	22.6	6.2	51.5	1.5	0.7	0.0	0.5	25.2	20.5	6.0	45.5	42.0	25.6	16.7	5.5	41.9	0.1	(0.2)	(0.0)	0.8			
Securitized Products	27.1	4.8	0.3	28.1	(3.7)	0.0	(0.0)	(3.6)	24.7	2.9	0.3	25.0	22.0	17.2	4.7	0.2	17.9	(0.9)	0.0		(0.9)			
Real Estate	6.7	1.0	0.5	7.1	(0.1)	(0.0)	(0.0)	(0.0)	5.1	0.9	0.5	5.3	7.0	4.0	3.9	0.3	6.5	(0.1)			(0.0)			
Municipals	7.3			7.3	(0.1)			(0.1)	7.3			7.3	10.0	8.7			8.7				(0.2)			
Fixed Income Corporate <sup>[5]</sup>	0.1			0.1	(0.0)			(0.0)	0.0			0.0	3.0	0.1			0.1							
Fixed Income Strategic Investments	0.2			0.2					0.2			0.2		0.2			0.2							
TOTAL FIXED INCOME	45.8	30.2	10.7	75.7	(1.3)	1.1	0.8	5.3	40.7	24.1	8.6	61.7	75.0	39.0	27.9	9.7	66.6	(0.7)	2.3	0.1	(0.6)			
EQUITIES																								
Cash	2.7	1.9	2.8	3.7	(0.0)	(0.2)	0.4	(0.3)	4.1	3.5	3.5	6.5		2.8	2.1	2.6	4.1	(0.1)	0.0	0.1	(0.0)			
Portfolio	0.1	3.3	1.6	4.3	(0.0)	(0.0)	(0.0)	0.1	1.2	3.9	2.5	4.9		0.1	2.8	1.5	3.2	(0.0)	0.0	0.0	0.1			
Event Driven	1.9	1.1		2.6	0.4	0.1		0.5	1.7	1.8		2.8		1.7	0.9		1.9	0.1	0.0		0.0			
Volatility Flow	8.1			8.1	(1.1)			(1.1)	6.1			6.1		5.5			5.5	(1.3)			(1.3)			
Systematic Trading	1.6			1.6	(0.0)			(0.0)	1.0			1.0		1.4			1.4	(0.0)			(0.0)			
LM/Execution Services	10.2	4.2	3.7	11.4	(0.6)	(0.0)	0.4	(2.1)	7.9	5.9	4.7	11.2		6.8	3.6	3.3	8.0	(0.7)	0.0	0.5	(1.1)			
Convertibles	6.2	0.5	1.5	6.2	0.1	(0.0)	0.2	0.1	6.8	1.2	1.9	7.5		6.5	0.6	1.5	6.8	0.1	(0.1)	0.0	0.2			
Volatility	2.1	7.6	5.1	8.1	0.2	(0.1)	0.3	0.3	2.3	8.0	5.4	8.8		2.3	8.5	5.5	9.6	0.2	(0.1)	0.4	0.1			
Equity Strategies	4.6	2.4	1.4	5.3	0.1	0.2	(0.0)	0.2	4.1	3.8	5.0	7.9		5.0	2.2	1.7	5.9	(0.2)	0.1	(0.0)	0.1			
Corporate	0.8			0.8	(0.0)			(0.0)	4.1	3.8	5.0	7.9		0.6			0.6	(0.0)			(0.0)			
Syndicate	1.0	0.9	0.8	1.7	(0.1)	0.0	(0.0)	(0.0)	3.1	0.5	1.7	3.8		0.9	0.9	0.7	1.5	(0.0)	0.0	(0.0)	(0.0)			
Equities Strategic Investments	1.1			1.1					0.7			0.7												
Equities Emerging Markets		0.4		0.4		(0.0)		(0.0)	0.7			0.7												
TOTAL EQUITIES	13.7	7.5	8.1	13.3	0.5	0.3	2.5	(1.1)	12.9	11.6	11.2	22.2	35.0	12.5	8.3	7.4	14.1	(0.2)	(0.1)	1.2	(1.1)			
CAPITAL MARKETS PRIME SERVICES																								
Firm Financing	2.0	1.6		2.4	(0.3)	(0.0)		(0.2)	2.0	0.2		2.1	5.0	1.9	1.7		1.8	(0.3)	(0.0)		0.0			
	2.0	1.6		2.4	(0.3)	(0.0)		(0.2)	2.0	0.2		2.1	5.0	1.9	1.7		1.8	(0.3)	(0.0)		0.0			
GLOBAL PRINCIPAL STRATEGIES	11.6	6.5	3.9	13.2	(0.9)	0.4	(0.1)	(0.5)	8.0	5.2	1.6	10.3	15.0	11.4	3.3	4.0	11.1	(0.6)	0.1	(0.0)	(0.5)			
INVESTMENT MANAGEMENT	10.4	7.2		15.1	(0.0)	(0.0)		(0.0)	10.1	6.8		14.3	12.0	9.0	6.6		12.3	0.0			0.0			
GLOBAL TRADING STRATEGIES	26.6	1.8	9.6	27.2	0.7	(0.0)	0.8	2.3	21.7	1.4	6.3	21.8	25.0	23.9	1.8	8.7	25.0	0.4	0.0	0.2	0.3			
INVESTMENT BANKING	3.3	2.1		5.4	(0.0)			(0.0)	4.8	0.4		5.2		3.3	2.1		5.3	(0.0)			(0.0)			
NON-CORE	7.4	0.0		7.4					6.0	0.0		6.0	25.0	7.4	0.0		7.4							
TOTAL FIRM	79.5	28.1	19.5	106.7	3.5	0.5	2.0	3.1	60.9	30.4	18.6	91.0	125.0	59.6	27.5	18.9	83.6	(0.1)	0.6	1.8	1.2			

[1] All the HG risk managed by the desk, including HG FRLs.

[2] "Commitments" only. No "Pipeline."

[3] All the HY risk managed by the desk, including all of the Loan Holds and HY FRLs.

[4] "Commitments" only. No "Pipeline."

[5] It does not include HY Loan Holds as that is included in High Yield line above.

[6] Firm's official VaR is the weighted VaR. The unweighted VaR is for information only.