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Sent:	Wednesday, August 23, 2006 6:51 PM (GMT)
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Subject:	RE Risk Appetite - New Limits?

To follow up on the previous email on Gelband pursing a doubling of the RE risk, there was a meeting this week with Goldfarb/O'Meara/Reilly where they are looking for ideas on how to accommodate the potential increase in RA that will result from the expanded activity. They might be thinking that this involves giving Walsh higher limits or some sort of authority to exceed his current limits on a regular basis or even for us to look at ways to calculate the risk on Bridge Equity in a different manner, but that is not really clear.

My view is that if the firm wants to increase our risk in that area, then we need to increase the limit accordingly and then we have some tough choices to either reduce other FID areas, increase FID overall RA (and reduce elsewhere in the firm) or potentially revisit the Firm RA limit. By the end of this week, RE is going to basically at their current limit and FID is likely to be somewhere around 90% and Firm at 85% of RA limit.

I assume no decisions are going to be made until you are back and have the appropriate discussion on this topic but there is a queue of new deals already building up this week so I want to make sure you were fully in the loop

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