

From: O'Meara, Chris M (NY) <comeara@lehman.com>
Sent: Thursday, November 2, 2006 11:40 AM (GMT)
To: Antoncic, Madelyn <mantonci@lehman.com>
Subject: Re: Daily Risk Appetite and VaR Report - 10/31/06

They came back with 3.8, and said let's use 3.3. I said can't be over 3.0. We can make it whatever is most sensible. Talk today. C

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Antoncic, Madelyn
To: O'Meara, Chris M (NY)
Sent: Thu Nov 02 05:50:43 2006
Subject: Re: Daily Risk Appetite and VaR Report - 10/31/06

3??
We said 2.6 - 2.7.

----- Original Message -----
From: O'Meara, Chris M (NY)
To: Goldfarb, David; Antoncic, Madelyn
Sent: Wed Nov 01 22:10:17 2006
Subject: Re: Daily Risk Appetite and VaR Report - 10/31/06

Yep. We're thinking that the aggregate goes from 2.3B to 3.0B at this point. Let's discuss tomorrow. C

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Goldfarb, David
To: Antoncic, Madelyn; O'Meara, Chris M (NY)
Sent: Wed Nov 01 19:25:58 2006
Subject: Fw: Daily Risk Appetite and VaR Report - 10/31/06

Let's discuss new limits for 07 ASAP and then let's have process with Mike and Bart and you guys to discuss and officially change to 07 higher levels.

T,
Dave

Sent from my Comstar Wireless Handheld (www.comstarinteractive.com)

----- Original Message -----

From: Li, Rui

To: Goldfarb, David; McDade, Bart; O'Meara, Chris M (NY); Grieb, Edward; Antoncic, Madelyn; Gelband, Michael; Gentile, Joseph

Cc: Hawkins, Thomas; Oramas-Scala, Lesley; Neave, Jon; Azerad, Robert

Sent: Wed Nov 01 15:15:36 2006

Subject: Daily Risk Appetite and VaR Report - 10/31/06

<<RiskAppetite_20061031.xls>> <<RiskAppetite_20061031.xls>>

The overall Risk Appetite usage as of 10/31/06 was \$2180mm (up \$72mm):

- * Fixed Income - RA \$1549mm (up \$67mm) vs. \$1625mm limit (95% utilization)
- * IR Products - RA \$390mm (up \$83mm) vs. \$500mm limit

Europe outright EUR interest rate exposure increased from short \$845k/bp to short \$1.6mm/bp.

- * Equity - RA \$406mm (down \$1mm) vs. \$550mm limit

No major changes.

The overall VaR as of 10/31/06 was \$54mm (up \$6.3mm), 60-day Moving Average was \$46.5mm, and unweighted VaR was \$54.4mm (up \$6.2mm).

Regards,

Rui Li
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