

**From:** Ballentine, James <james.ballentine@lehman.com>  
**Sent:** Monday, September 10, 2007 5:41 PM (GMT)  
**To:** Umezaki, Kentaro <kumezaki@lehman.com>  
**Subject:** RE: Daily Risk Appetite and VaR Report - 9/6/07

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Will do

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

From: Umezaki, Kentaro  
Sent: Monday, September 10, 2007 12:59 PM  
To: Li, Joe; Ballentine, James  
Cc: Shotton, Paul  
Subject: RE: Daily Risk Appetite and VaR Report - 9/6/07

Jim: Please work with Joe re. allocation. We also need to allocate to real estate.

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

From: Li, Joe  
Sent: Monday, September 10, 2007 10:47 AM  
To: Umezaki, Kentaro; Ballentine, James  
Cc: Shotton, Paul  
Subject: FW: Daily Risk Appetite and VaR Report - 9/6/07

Ken, Jim,

See new approved fid RA limit. The limit is raised from 2.2Bn to 2.5Bn. Looks like we will allocate them to HG/HY loan and commitment book most and some in securitized product. Will send out a proposal. Note we will still have the fid overage as fid is using 2.6Bn right now. This increase could be potentially enough for now to cover limit breach situation in HY and GCP due to Home Depot Supply in the origination book, but when other transactions e.g first data, TXU hit our book, I would expect we would have limit overage again unless we see more stabilization and liquidity in the market. thanks Joe

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

From: Leng, Manhua  
Sent: Monday, September 10, 2007 8:26 AM  
To: Gonzalez, Mynor; Shotton, Paul; Goodman, Jeffrey; Li, Joe  
Cc: Weber, Mark; Li, Rui  
Subject: RE: Daily Risk Appetite and VaR Report - 9/6/07

Paul,

Dave, Chris and Madelyn had decided to revise the firm's RA limit to \$3.5bn and Fixed Income limit to \$2.5bn.

I suggest the effective date as Sep 1 (3) in the system.

If you have no issue, Mynor should reflect the change in the system and daily email.

Jeff, Joe,

You want to recommend any FID line item changes?

Thanks

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

From: Antoncic, Madelyn  
Sent: Friday, September 07, 2007 9:22 PM  
To: Leng, Manhua  
Subject: Fw: Daily Risk Appetite and VaR Report - 9/6/07

Pls fix  
Thnx

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

From: Goldfarb, David  
To: Antoncic, Madelyn; O'Meara, Chris M (NY)  
Sent: Fri Sep 07 20:39:40 2007  
Subject: Fw: Daily Risk Appetite and VaR Report - 9/6/07

Let's fix vs new targets

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

From: O'Meara, Chris M (NY)  
To: Goldfarb, David  
Sent: Fri Sep 07 19:34:44 2007  
Subject: FW: Daily Risk Appetite and VaR Report - 9/6/07

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From: Gonzalez, Mynor  
Sent: Friday, September 07, 2007 6:53 PM  
To: Goldfarb, David; McDade, Bart; O'Meara, Chris M (NY); Grieb, Edward; Antoncic, Madelyn; Nagioff, Roger; Pearn, Francis J  
Cc: Hawkins, Thomas; Oramas-Scala, Lesley; Neave, Jon; Azerad, Robert; Jacob, Rolly; Jacob, Anu; Pulido, Albert; Sayani, Faizal  
Subject: Daily Risk Appetite and VaR Report - 9/6  
<<RiskAppetite\_20070906.xls>> /07

<<RiskAppetite\_20070906.xls>>

The overall Risk Appetite usage as of 9/6/07 was \$3622mm (up \$70mm) vs. \$3300mm limit:

\* Fixed Income - RA \$2611mm (up \$99mm) vs. \$2200mm limit

No major changes.

\* Equity - RA \$443mm ( \$down 13mm) vs. \$800mm limit

No major changes.

The overall VaR as of 9/06/07 was \$106.7mm (up \$3.1mm), 60-day Moving Average was \$91.0mm, and unweighted VaR was \$83.6mm (up \$1.2mm).

Reagards,  
Mynor