From: Steven Sinofsky [redacted]
Sent: Friday, September 12, 2014 9:35 PM
To: jeffrey E.
Subject: Re: MSFT risk reduction

ok thanks. i'm east saturday then west sunday after 3p=.

On Fri, S=p 12, 2014 at 2:33 PM, jeffrey E. <jeevacation@gmail.com <mailto:=eevacation@gmail.com> > wrote:

dumb, �=A0 lets talk over the weekend

On Fri, Sep 12, 2014 at 4:23 PM, Steven Sinofsky < <mailto:[redacted] > wrote:

What do you think of this approach? 547,515 shares with a cos= basis of about 27.50 averaged

---------- Forwarded message ----------
Fro=: Goodspeed, Matthew X [redacted]
<mailto:[redacted]
Date: Fri, Sep 12, 2014 =t 12:12 PM
Subject: MSFT risk reduction
To: Steven Sinofsky <[redacted]
Cc: "Irwin, Don X" <[redacted] <mailto:[redacted] >, "Dunn, Ashl=y P"
<[redacted]<mailto:a[redacted]>

We investigated quite a few strategies for h=dging your MSFT position given your input/preferences. These strateg=es included (but were not limited to) the following:

Long Put

A 1 year put option (90% of spot price) cost=about 5.8% out of pocket and a 1 year option 80% of spot still required ar=und 3.15%. This seemed expensive to us so we looked for ways to cheapen the cost.

Put Spread Collar

Selling a 110% call option to help finance a=90% put option results in a more amenable 2.45% out of pocket cost. =f you were to sell a put to help fully offset the cost of purchasing the 90% put, =he put strike would have to be set at 83%. That limits the total dow=side protection to only 7% while fully capping upside after 110%. Ag=in, this tradeoff seemed less than amenable.

Laddered Strategy

After pricing other "options�=9D, we developed the following strategy that we recommend you consider. An=illustration of this recommendation has been attached above:

* Collar 25% of the MSFT position for 1 y=ar by selling a 105% call to finance a 90% put – cost is approxima=ely 1.3% of notional (or $79,598)

* Collar 25% of the MSFT position for 1 y=ar by selling a 110% call to finance a 90% put – cost is approxima=ely 2.45% of notional (or $150,012)

* Collar 25% of the MSFT position for 1 y=ar by selling a 115% call to finance an 85% put – cost is approxim=tely 2.25% of notional (or 137,767)

* Write actively-managed covered calls on=25% of the position leaving upside (and downside) uncapped (and unhedged) =E2�� anticipated net premiums assuming no change in stock price of 1.94% or $118,302.=Please see the second attachment for details.

Using the above laddered strategy as our rec=mmended baseline approach, we would welcome any thoughts/feedback. W= can then incorporate this feedback to further refine our strategy and recommendations. As always, don't he=itate to call/e-mail with any questions!

Best,

--goodspeed

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=C2� please note

The information co=tained in this communication is

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