

To: Jeffrey Epstein[jeevacation@gmail.com]
From: Dr. Henry Jarecki
Sent: Fri 7/16/2010 4:27:48 PM
Subject: FW: Annualization Charts

From: Douglas Hepworth
Sent: Friday, July 16, 2010 11:15 AM
To: Dr. Henry Jarecki
Subject: RE: Annualization Charts

The customary assumption is that securities returns are normally distributed and that prices are lognormally distributed. That assumption deals with this issue. A \$1 move when a security is \$50 is a very different thing than the same move when the security is \$2. I have not seen a reasonable justification for a belief that a fixed dollar move would retain a consistent probability regardless of the price of the underlying.

From: Dr. Henry Jarecki
Sent: Tuesday, July 13, 2010 10:54 PM
To: Douglas Hepworth
Subject: FW: Annualization Charts

View?

From: Alessandro Motto
Sent: Tuesday, July 13, 10 17:02
To: Dr. Henry Jarecki
Subject: Annualization Charts

Dr. Jarecki,

I hope the attached sheds some light on the issue.

Regards,

Alessandro