

To: Jeffrey Epstein[jeevacation@gmail.com]
From: Jeffrey M Matusow
Sent: Fri 5/28/2010 4:08:56 PM
Subject: RE: Dividend hedge

The iTraxx is meltdown insurance - for a 100% hedge you'd have to do multiples of the notional - probably 4-5x. But if you do that you risk giving up all the eventual profit on the trade - I'd rather just close the dividend position.

I think weaker Euro helps the dividend position, so you could make money on both trades.

Jeffrey M. Matusow

JPMorgan Private Bank | 40 West 57th Street, 33rd Floor, New York, NY 10019

Work: [REDACTED] Fax: 212.310.0108 | Email: [REDACTED]

IRS Circular 230 Disclosure:

JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, May 28, 2010 11:37 AM
To: Jeffrey M Matusow
Subject: Re: Dividend hedge

but how does that relate to the large swing /losses we have seen so far?

On Fri, May 28, 2010 at 11:26 AM, Jeffrey M Matusow [REDACTED] >
wrote:

Your open dividend positions are:

EUR 10MM 2011

EUR 15MM 2012

I would put on hedges as follows:

1. Buy another 10MM Euro puts (you are already long 10MM)
2. Buy 20MM 5yr protection on the iTraxx Europe index (125 large Eur. companies)
 - currently trading at 120bps; hit a high of 216bps in Dec-08; low since 1/1/08 was 50bps
 - if it goes back to 50bps, you lose 630k
 - if it goes back to 216bps, you make 860k

Jeffrey M. Matusow

JPMorgan Private Bank | 40 West 57th Street, 33rd Floor, New York, NY 10019

Work: [REDACTED] | Fax: 212.310.0108 | Email: [REDACTED]

IRS Circular 230 Disclosure:

JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

This email is confidential and subject to important disclaimers and conditions including on offers for the purchase or sale of securities, accuracy and completeness of information, viruses, confidentiality, legal privilege, and legal entity disclaimers, available at <http://www.jpmorgan.com/pages/disclosures/email>.

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this

communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments.