

To: Jeevacation[jeevacation@gmail.com]
From: Jeffrey M Matusow
Sent: Fri 5/28/2010 3:26:37 PM
Subject: Dividend hedge

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

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