Subject: RE: Hedged MRK [C]
From: Stewart Oldfield <[redacted]>
Date: Thu, 03 Sep 2015 13:27:53 -0400
To: Daniel Sabba <[redacted]>

Classification: Confidential

Is it more efficient to just buy calls?

From: Daniel Sabba
Sent: Thursday, September 03, 2015 12:50 PM
To: 'jeffrey E.'
Cc: Paul Morris; Todd Stevens; Stewart Oldfield; Vahe Stepanian; Ariane Dwyer; 'Richard Kahn'
Subject: Hedged MRK [C]

Classification: Confidential

Jeffrey- please see below as a follow up to yesterday's chat on MRK.

Note that MRK reached its 52wk low of $51.17/sh. last Tuesday (8/25), and its currently not too far off of the lows @ $53.44/share.

Please let us know the number of shares you wish to purchase outright, as well as the tenor and strikes of the puts.

Below, we've included levels for ~10% OTM listed puts, both 3m and 6m tenors.

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MRK Puts

MRK Ref = $53.44

Expiry: November 2015

Strike

Bid

Ask

47.50

0.83

0.85

50.00

1.31

1.37

Expiry: April 2016

Strike

Bid

Ask

47.50

2.06

2.18

50.00

2.85

2.96

MRK Nov 47.50 put: implied volatility v. price (per contract)

{cid:image007.jpg@01D0E63E.6FD27A10}

MRK Nov 50 put: implied volatility v. price (per contract)

{cid:image009.jpg@01D0E63E.6FD27A10}

MRK Apr16 47.50 put: implied volatility v. price (per contract)

{cid:image011.jpg@01D0E63E.6FD27A10}

MRK Apr16 50 put: implied volatility v. price (per contract)

{cid:image016.jpg@01D0E63E.6FD27A10}

MRK Stock Price

(September 2014-September 2015)

{cid:image002.jpg@01D0E63E.6FD27A10}

Source: Bloomberg Finance L.P.

Daniel Sabba

Key Client Partners

Deutsche Bank Securities Inc.

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