

Subject: RE: Hedged MRK [C]  
From: Daniel Sabba <[REDACTED]>  
Date: Thu, 03 Sep 2015 13:37:51 -0400  
To: Stewart Oldfield <[REDACTED]>

Classification: Confidential

You would think. But mentioned he wanted to have the flexibility to trade the long and the hedge independently. This is one of the reason why he didn't want to implement using structured notes...

From: Stewart Oldfield  
Sent: Thursday, September 03, 2015 1:28 PM  
To: Daniel Sabba  
Subject: RE: Hedged MRK [C]

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.

Tel. [REDACTED]

Mobile [REDACTED]

Email [REDACTED]

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