

Daniel

From: Daniel Sabba
Sent: Monday, April 13, 2015 2:41 PM
To: 'jeffrey E.'
Cc: Vahe Stepanian; Ariane Dwyer; Paul Morris; Richard Kahn
Subject: Levered plays on BASF, Allianz and Volkswagen [C]

Classification: **Confidential**

Jeffrey,

This is a first cut of what we are looking at for you. We are pricing these alternatives tomorrow when European markets reopen. Will also connect with European colleagues to explore other opportunities, including credit.

- A. Quanto call options (denominated in USD).
- The idea is to benefit on the performance in local currency in USD, without the need to hedge for EUR FX.
- B. In-the-money vanilla call-options (denominated in EUR).
- The goal is to purchase options whose premium is mostly composed by intrinsic value to obtaining large embedded option leverage.

Vol references (from Bloomberg):

3m BASF (VAS GR) 100% implied vol: 22.15%
3m Allianz (ALV GR) 100% implied vol: 15.35%
3m Volkswagen (VOW GR) 100% implied vol: 25.08%

We will revert tomorrow. Please let us know if anything else comes to mind.

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