

From: Tazia Smith [REDACTED]
Sent: 11/5/2013 1:52:50 PM
To: jeevacation@gmail.com
CC: [REDACTED]; Paul Morris [REDACTED]; Caroline Kitidis [REDACTED]; Vahe Stepanian [REDACTED]
Subject: Brent Solutions [C]
Attachments: pic19678.gif; pic00922.gif; pic26227.gif; pic04017.gif

Classification: Confidential

Jeffrey -

Below please find solutions that can be combined to reflect your view that transport/supply constraints will cause Brent to spike within the next 5-6months for a brief (~2 week) period; your objective is to monetize both the potential upside spike and downward reversion.

We know you've traded risk-reversals and knock-in options in the past. The knock-in puts are compelling to reflect your reversion view. Examples below include three iterations of 6mo knock-in puts on the June 2014 contract (currently trades ~1.9% below spot). Implied vol is near 10yr lows.

Consider a risk reversal combined with a KI put. Consider overlaying these on an absolute return note given attractive curve and vol entry point.

Please find indicative levels below. Will call you to discuss further.

Best Regards,
Tazia

Knock-In Put Iterations:

Indicative levels only, subject to market movement. Source: DB Commodities Structuring, as of 11/4/13.

Brent Jun14 reference: \$104.2
Brent spot: \$106.5

(1) 6mo KI Put

Put on Jun14 Brent, strike 115. Option knocks in only if Brent Jun14 closes above 115 on any day.

Indicative Offer: ~\$1.96/bbl (~1.9%)
Indicative cost on \$5mm notional: \$95,000
Max Loss: Premium Paid

(2) 6mo KI Digital Put

Digital Put on Jun14 Brent, strike 115. Option knocks in only if Brent Jun14 closes above 120 on any day.

Indicative Offer: 11.9%
Digital Payout: 100%
Indicative cost on \$1mm notional: \$119,000
Max Payout on \$1mm notional: \$1,000,000 (~8.4x premium paid)
Max Loss: Premium Paid

(3) 6mo Max Strike Put

If Brent Jun14 fixes above \$115/bbl on any day during trade, then: max [0, Maximum Brent Jun14 fix during trade - Brent Jun14 at expiry - \$10/bbl]

Indicative Offer: ~\$1.51/bbl (~1.5%)
Indicative cost on \$5mm notional: \$75,000
Max Payout: Max Brent Jun14 fix during trade - Brent Jun14 at expiry - \$10/bbl
Max Loss: Premium Paid

Upside Exposure Solutions:

Indicative levels only, subject to market movement. Source: DB Commodities Structuring, and DB AWM Structured Solutions, as of 11/4/13.