

Subject: Twitter follow-up - TRS + short calls [C]

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Date: Fri, 16 Jan 2015 16:47:36 -0500

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Classification: Confidential

Jeffrey,

We could do this for 1mm shares of Twitter, indicatively. Twitter (TWTR) spot ref \$37.31.

Total Return Swap:

Swap Seller: DB

Swap Buyer: Southern Financial LLC

Ticker: TWTR

Size: 1mm shares

Tenor: 1yr / 2yr (same price)

Spread: 1mL+ 75bps (this spread is slightly worse than last time given DB expects to internalize less of the risk, so there would be more balance sheet consumption)

Resets: Monthly

Optional Early Termination: Applicable, 3 days (two-way)

European Call options on TWTR:

Option Seller: Southern Financial LLC

Option Buyer: DB

Notional: 1,000,000 OTC Call

Expiry: 19-Jan-16
Strike: 100% of spot
Bid: 19.35%
Vol: 48.60%
Delta: 60%

Expiry: 17-Jan-17
Strike: 100% of spot
Bid: 25.65%
Vol: 45.36%
Delta: 64%

Credit terms - IA:

· If you did both the TRS + short call as a package, IM would be 30% for either 1y or 2y expiries. Ignoring the difference of settlement dates for IA and premium, the premium received could make up for the IA paid. Settlement of IA is on trade date while settlement of premium is T+3.

· If you did the TRS by itself without selling calls, IA would be 40% for 1y and 50% for 2y.

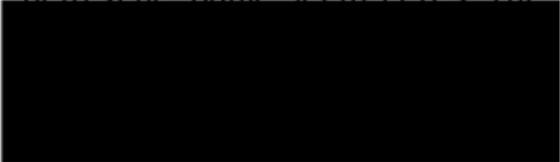
Looking forward to discussing this in further details.

When can we chat? Shabbat is starting here so I will be out of pocket until sunset tomorrow night.

Daniel

Daniel Sabba

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