

Message

**From:** Casriel, Lyle [REDACTED]  
**Sent:** 7/10/2014 9:08:41 PM  
**To:** G Maxwell [REDACTED]  
**CC:** Garcia, Camille [REDACTED]; Klein, Matthew [REDACTED]; Ramdeen, Vijai [REDACTED]; Shkreli, Juliana [REDACTED]; Stackman, Scott [REDACTED]; Waldron, Chelsey Devon [REDACTED]  
**Subject:** MAXWELL: Revised Proposal

Ghislaine,

Based on our discussion and your need to raise some cash these are the names we would recommend selling, as well as our rationale.

1. Conocophillips: Did well in a strong oil price environment but only growing at 3-4% per year vs. peers in the [REDACTED] space growing at 8%. They have a FCF deficit so if we get a pull back on oil they will have issues and thus pull back on capex spending because they are so focused on dividend as large shareholder base depends on it. Take profits now, high conviction sell.
2. Verizon – Has done relatively well recently on a total return basis (YTD), but there is a secular shift in the wireless business and margins are coming down and the stock isn't that cheap. Take profits, high conviction sell.
3. Illinois Tool Works – Relatively expensive and while it's been a great growth story we think the growth story will be decelerating from here and the stock trades at a 3x higher multiple than usual. Less high conviction, but still a sell here.

In order to not have any tax impact we would need to sell the majority of your positions that currently have a loss. They are below. Note BHP, Apache and Lukoil are the only names below that UBS still rates as a Buy/Overweight. That said, if oil prices are toppish here then both Apache and Lukoil (despite the Russian discount) may be challenged moving forward. Given the unrealized losses in them, it's driving our decision to help you raise as much cash as possible without significant tax consequence.

1. Twitter
2. Staples
3. Target
4. Geron
5. Apache
6. BNP
7. Kirin
8. HSBC
9. BOC HK
10. Tesco
11. BHP
12. Lukoil
13. Alstom

Total Proceeds Raised from sales (approx.): \$821K  
Total Gains from sales (approx.): \$70K  
Total Losses from sales (approx.): \$71K

Net loss: \$1K (All of the above pricing subject to market variability)

Thanks,

Lyle & Scott

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