

From: "Barrett, Paul S" <[REDACTED]>
To: jeffrey epstein <[REDACTED]>
CC: "Giuffrida, David J" <[REDACTED]>
Subject: RE: Knock Out and NRG bonds
Date: Tue, 21 Feb 2012 20:20:15 +0000

Our Felcor bonds have done really well with the yield now below 5%. We own \$2.3MM face. I would like to get our Ally position up to \$5MM (we own \$2.9MM face). Therefore I think we should rotate out of the Felcor bonds into the Ally Pfds. We would buy the Ally A Pfds (ytw 9.30%) which are trust preferreds and higher up on the capital structure than our Ally B Pfds. I like have a mix of both.

Let me know

Paul

Paul Barrett, CFA
Managing Director
Global Investment Opportunities Group
JPMorgan Private Bank
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

From: jeffrey epstein [mailto:[REDACTED]]
Sent: Tuesday, February 21, 2012 2:54 PM
To: Barrett, Paul S
Subject: Re: Knock Out and NRG bonds

Yes

Sorry for all the typos .Sent from my iPhone

On Feb 21, 2012, at 8:41 AM, "Barrett, Paul S" <[REDACTED]> wrote:

Jeffrey

We knocked out on our short BRL put option. We took in \$125K 3 weeks ago.

Can I buy 1MM of the NRG bonds?

Thanks

Paul

Paul Barrett, CFA
Managing Director
Global Investment Opportunities Group
JPMorgan Private Bank

From: Barrett, Paul S
Sent: Friday, February 17, 2012 1:53 PM
To: 'jeffrey epstein'
Cc: Giuffrida, David J
Subject: To Do - NRG bonds - reiterate OW

Jeffrey

We should buy \$1mm of this bond. Ytw 7.625%.

Dave Katz reiterates OW in his initiation of a high yield utility monthly.

We reiterate our Overweight on NRG credit and update our NRG financial model in advance of earnings. We estimate that the company generated \$384 million of EBITDA in 4Q11. We expect NRG will address the lower natural gas price environment and how it will impact, if at all, its timeline to refinance the 2017 notes and the company's shareholder friendly actions (i.e., dividends and share repurchases). We model a pick-up in shareholder friendly activities; this assumption may prove conservative if the company does not refinance the 2017 notes and given that NRG may flex the activities down to help guard cash. Despite these assumptions, and using the current natural gas forward price curve (NGA <CMDTY> <GO> CCRV <GO>), we expect gross recourse debt leverage would increase from 4.2x to 5.3x at the end of 2013, before falling to 4.3x at the end of 2014. We believe NRG Energy is set up to survive an extended period of low power prices.

Paul Barrett, CFA
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