

**From:** Jeffrey Epstein <jeevacation@gmail.com>

**To:** "Barrett, Paul S" <[REDACTED]>

**Subject:** Re: Update

**Date:** Mon, 03 Oct 2011 13:54:35 +0000

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ok

On Mon, Oct 3, 2011 at 3:53 PM, Barrett, Paul S <[REDACTED]> wrote:

Jeffrey

We are now up \$1.1MM for the year and down \$5.8MM since inception.

We are still seeing more funding stress in European banks. We own 2.5MM face of the ING Pfd's which I think we should sell. The company tried to call these at par earlier in the year but the Dutch govt rejected this request and the long spread duration embedded here makes us think we should cut. We paid 97 for them. Would work 72 to sell.

In the US we should sell the 2MM of our Wachovia Pfd's we own. Same story – just looking to reduce financial pfd exposure. Paid 93.50. Would work 83.00 to sell.

We have protection on half our MS and Telefonica positions.

Corn was down 5% on Friday's inventory report. We are still up \$1.5MM on this position. I think we spend some of these profits on a 1 month put. If China fears accelerate there could be significant downside from here and would like to protect these gains.

Let me know

Paul

Paul Barrett, CFA

Managing Director

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**From:** jeffrey epstein [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]

**Sent:** Tuesday, September 27, 2011 2:26 PM

**To:** Barrett, Paul S

**Subject:** Re: Update

Ok

Sorry for all the typos .Sent from my iPhone

On Sep 27, 2011, at 8:23 PM, "Barrett, Paul S" <[\[REDACTED\]](mailto:)> wrote:

Jeffrey

I think we should take advantage of the recent rally to trim some positions that either have limited upside (like our Barclays Pfds and Citi Pfds) or are at risk for further downside if Europe does not ratify the expanded EFSF.

Recommendation:

- trim our CIT from 10MM to 5MM. Would sell \$2.5MM of both the 2016 and the 2017 maturity. We are up on both positions

- collar ½ our MS exposure for 1 month. This would entail buying a 14 put and selling a 17 call. Cost around 10c/share

- collar ½ out Telefonica position for 1 month. 13.50/15 collar. Cashless.

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I will call you to discuss.

Paul

Paul Barrett, CFA

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**From:** Barrett, Paul S

**Sent:** Wednesday, September 21, 2011 3:52 PM

**To:** 'Jeffrey Epstein'

**Subject:** Update

Hi Jeffrey

We are still doing some more credit work before we close the \$5MM Harrah's note.

Since the end of August the account is down around \$2.7MM (was flat at the end of Aug). This translates into -\$6.98MM for 2010 and +\$4.25MM YTD for 2011.

This has been due to (changes since End of August):

SGD down 5% (\$500K)

INR down 5% (\$500K)

- We switched both of these forwards into options so we have limited downside from here on out



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