From: Barrett, Paul S <[redacted]>
Sent: Wednesday, September 21, 2011 7:52 PM
To: Jeffrey Epstein
Subject: Update

Hi=Jeffrey

<= class=MsoNormal>We are still doing some more credit work before we close the=$5MM Harrah's note.

&nbs=;

Since the end of August the account is d=wn around $2.7MM (was flat at the end of Aug).This translates into -$6=2E98MM for 2010 and +$4.25MM YTD for 2011.

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

&n=sp;

SGD down 5% ($500K)<=p>

INR down 5% ($500K

- &nb=p; We switched both of these forwar=s into options so we have limited downside from here on out

CADJPY down 150K [We are long the 83.25 CAD Call a=d Short the 76.00 Put with a knock in at 71; spot at 76.50; knoc= in 7% away)

Oil call down 140K<=o:p>

Corn down 600K

ING Pfds down 200K

MS =ote knocked in down 140K

Telefonica n=te down 300K [Stock is trading below 2009 lows; only 35% of their revenue =omes from Spain; would HOLD]

&nb=p;

I would like to reduce further downside=2E

I think the cheapest protection out there remains buying CDS on=Asia. For example Indonesia CDS costs 220bps. It got as wide as 1200bp= in 2008. It feels like Asian credit spreads remain one of the few thing= that have not moved and could provide some cheaper tail risk if things de=eriorate further.

Financial Pfds remain our largest notional expo=ure (around $20MM). I think we should reduce some exposure here. Would=involve selling some of JPM, Barclays and Citigroup. BAC and WFC was dow=graded today and would also trim those positions.

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Do you have time=to discuss?

<=p>

Paul

<=:p>

Paul Barrett, CFA

Man=ging Director

Global Investment Oppor=unities Group

JPMorgan Private Bank

[redacted], New York, =Y 10019

[redacted] (W) [redacted] (F)

[redacted]