

To: Paul S Barrett [REDACTED]
From: Jeffrey Epstein
Sent: Wed 10/13/2010 1:41:08 PM
Subject: Re: Update and ideas

ok to both

On Wed, Oct 13, 2010 at 3:38 PM, Paul S Barrett [REDACTED] wrote:

Morning Jeffrey

A few things:

- macro trading environment remains tough with all the central bank intervention and quant easing programs distorting the markets

- I think the opportunities will in specific themes or single name ideas

#1 - Buy AMR Converts 6.25% 2014 (Spot = \$6.42; Conversion Px = \$9.90)

- we should buy 2MM of this

JPM analyst raised Dec-11 price target to \$13.50 from \$12.50 a few weeks ago, implying 115% upside. This compares to average coverage upside of 45% (8 names covered).

Historically, buying airlines in September-October and holding until April or May yielded positive returns 90% of the time.

AMR is highly leveraged yet the analyst believes deleveraging and balance sheet repair will be main industry themes over next year

#2 - buy ARS denominated Argentine GDP Warrants (these are warrants issued by the government with the payout linked to nominal GDP growth)

- Px target ARS22.09 (\$5.59); current ARS12.64 (\$3.20)

- would do \$10MM notional which costs \$320,000

Will call you shortly to discuss

Paul

Paul Barrett, CFA

Managing Director

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