



Convertible Securities in Today's Market

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Agenda

- Convertible Issuance
 - Why companies issue converts?
- Convertible Strategies
 - Where do convertibles fit in the asset allocation?
- Convertible Arb
 - What is the fate of convertible arb?

Panelists

Moderator:

John P. Calamos Sr., Chairman, CEO and Chief Investment Officer, Calamos Asset Management

Panelists:

Jason Lee, Managing Director, Goldman, Sachs & Co.

Michael O'Grady, Managing Director of Investment Banking, Bank of America Merrill Lynch

Michael Rosen, Principal and Chief Investment Officer, Angeles Investment Advisors LLC

Christopher Zafiriou, CFA, Senior Investment Analyst, Investments of The Pew Charitable Trusts

Convertible issuers: quality co.'s & respected brands

Technology



Health care



Energy



Consumer Discretionary



Materials



Telecom



Consumer Staples





Convertible Issuance

- Why companies issue convertibles
 - Cost
 - Lowers the cost of Debt
 - Lowers the cost of equity
 - Capital Structure Considerations
 - Less restrictive covenants
 - Ability to refinance when debt spreads are high
 - Serial offerings allow growth while controlling debt/equity ratio



Companies that issued convertibles in 2009

Year-to-date 2009 New Convertible Issuance Statistics: as of 4/14/09

<u>Issue Date</u>	<u>Company Name</u>	<u>Coupon %</u>	<u>Conversion Premium %</u>	<u>Issue Size (\$mm)</u>	<u>Sector</u>	<u>Industry</u>
1/15/2009	SANDRIDGE ENERGY INC	8.50	25	265.0	Energy	Oil & Gas Exploration & Production
1/28/2009	NEWMONT MINING CORP	3.00	25	517.5	Materials	Gold
2/16/2009	OLAM INTL LTD	1.28	20	122.6	Consumer Staples	Food Distributors
3/10/2009	JOHNSON CONTROLS INC	6.50	25	402.5	Consumer Discretionary	Auto Parts & Equipment
3/11/2009	COMMSCOPE INC	3.50	10	100.0	Information Technology	Communications Equipment
3/18/2009	ALCOA INC	5.25	23	575.0	Materials	Aluminum
3/19/2009	SK TELECOM CO LTD	1.75	23	332.5	Telecom Services	Wireless Telecommunication Services
3/24/2009	NEWELL RUBBERMAID INC	5.50	30	345.0	Consumer Discretionary	Housewares & Specialties
3/24/2009	ARCELORMITTAL	7.25	32	1250.0 *	Materials	Steel
3/27/2009	AMKOR TECH INC	6.00	15	250.0	Information Technology	Semiconductor Equipment
3/31/2009	INGERSOLL RAND CO LTD	4.50	30	300.0	Industrials	Industrial Machinery
3/31/2009	TERADYNE INC	4.50	25	190.0	Information Technology	Semiconductor Equipment
4/6/2009	BORGWARNER INC	3.50	28	373.8	Consumer Discretionary	Auto Parts & Equipment
4/8/2009	MICRON TECHNOLOGY INC	4.25	23	230.0	Information Technology	Semiconductors
4/8/2009	CAP GEMINI SA	3.50	35	575.0 *	Information Technology	IT Consulting & Other Services
4/8/2009	HYUNDAI HEAVY INDS CO LTD	3.50	22	200.0	Industrials	Construction & Farm Machinery & Heavy Trucks
4/13/2009	DIGITAL REALTY TRUST INC	5.50	20	200.0	Financials	Office REITs
		4.58	24.1	6,229		
		Avg	Avg	Total		

*Euro denom

Why companies issue convertibles?



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Discussion

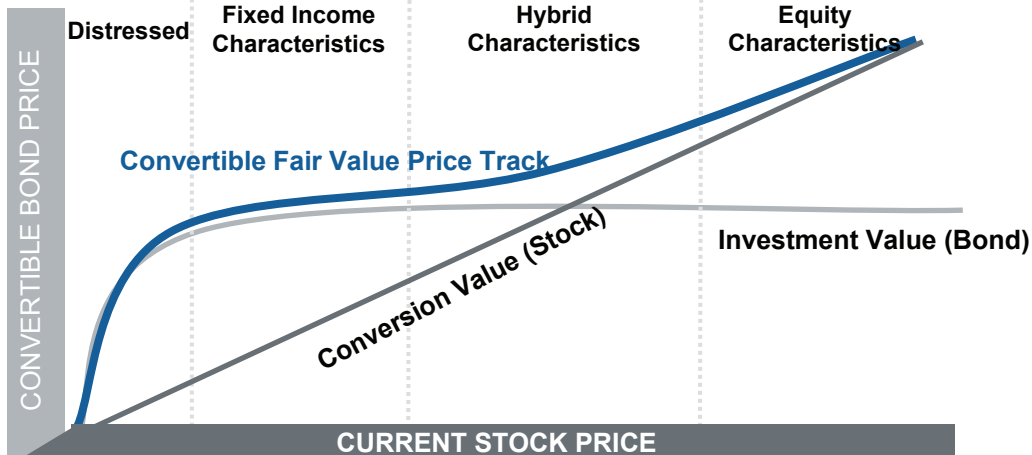


Convertible strategies

- Separate asset class
- Alternative equity
 - Defensive equity
- Alternative fixed income
 - Enhanced fixed income
- Relative value
 - Convertible arbitrage

Convertibles and asset allocation as of 3/31/09

	YIELD ALTERNATIVES	TOTAL RETURN ALTERNATIVES	EQUITY ALTERNATIVES
3/1/2000	18.9%	27.8%	53.3%
12/31/2002	68.5%	27.6%	3.9%
3/31/2009	61.5%	23.3%	15.2%



*Source: Merrill Lynch, All U.S. Convertibles Index (VXA0)

Convertible strategies and asset allocation



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Discussion



Convertible hedging

- Convertible ARB
 - 2008
- Leveraged or unleveraged?
- Valuation of Convertible
 - Fair Value
 - Delta neutral hedging

What is the fate of convertible arb?



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Bewildered
hedge fund
managers



Where's the driver?
Levered or Rookie
Convert Arb Managers



Convertible prices
and convert arb

Convertible hedging



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Discussion

Thank you



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