

**Financial Profile:**

Please note that DB has not yet received any financial information on Black. The pro-forma financial summary provided below is based on a verbal representation with Jeffrey Epstein and assumes completion of the purchase of Apollo units by Black personally:

**Assets:**

\$2.50BN	Fine Art (FMV, \$2.0BN Cost)
\$2.30BN	AOG units (92.7MM units@\$25/unit)
\$0.40BN	Other Partnerships (Apollo and 3 <sup>rd</sup> Party managed)
<u>\$0.15BN</u>	Cash (Epstein says he maintain usually no less than \$0.1BN at all times in checking at BofA)
<b>\$5.35BN</b>	<b>Total Assets</b> (Note: Epstein advised that there is another \$0.5-\$0.7BN through Tax Receivable Agmt)

**Liabilities:**

\$0.40BN	Existing Loan with BofA
\$1.10BN	New Bank lines (BofA, DB, JPM)
<u>\$1.00BN</u>	New N/P to Family Trust up to \$1BN depending on final bank lines amount and amount of units to be purchased
<b>\$2.50BN</b>	<b>Total Liabilities</b>

**\$2.85BN Net Worth**

- **Cash Flow:** \$200-\$300MM/year derived predominantly from Apollo distributions based on Black’s ownership of 92.7MM units (\$360MM on 2012 1040 as advised by Epstein). Here is a look at historical distributions, along with estimated distributions through 2015 for Black.

Year	Distribution/Share	Distribution to Black
2011	0.83	<b>\$76,963,548</b>
2012	1.35	<b>\$125,181,674</b>
2013 (est)	2.50	<b>\$231,817,915</b>
2014 (est)	2.30	<b>\$213,272,482</b>
2015 (est)	2.00	<b>\$185,454,332</b>

Note:

- 1) Assuming \$2.5BN in Total Liabilities and assuming a 3% all-in interest rate, I/O DS would be \$75MM.
- 2) Distribution Estimates are based on Credit Suisse Research Report with all other research reports in line with those projections.

**Risks/Mitigants:**

**Risks:**

- Black’s ability to “top-up” in the event of margin calls.
- Black’s reliance on the sale of assets to repay the total \$1.5BN in Bank debt.
- Increased Debt level and encumbered assets.

**Mitigants:**

- **Current Liquidity:** Per our conversation with Epstein, Black currently has \$150MM in cash (checking account at US Trust) and typically maintains no less than \$100MM at any point in time. This cash could be used to “top-up” any margin calls. We would covenant to a certain level of unencumbered assets. Such covenants could include an unencumbered liquidity covenant (of \$100MM) and/or an unencumbered asset covenant.
- **Debt Restriction:** We would propose a covenant such that all other debt, including up to \$1.0BN N/P to the Family Trust be subordinated to DB’s debt
- **Strong Cash Flow:** Assuming Black receives \$250MM/yr in distributions, and assuming 50% is for taxes/living expenses, this leaves him \$125MM. With estimated I/O DS of \$75MM, he would have an extra \$50MM/year that could be applied to reduce debt. Quarterly recurring cash flow from his AGO interest is projected to remain strong. There is also the possibility of a large tax receivable payment by APO upon conversion of AGO units.
- **Uncorrelated Collateral:** Black’s two largest assets (Art & Apollo), and hence our collateral pool, is uncorrelated. Additionally, the mix between this collateral pool is governed by covenants that 1) the Art collateral will be limited to no more than 70% of the Borrowing Base, and 2) the Apollo collateral will be limited to no more than 50% of the Borrowing Base.
- The Family Trusts may also be a source of liquidity should he need to borrow from them to repay bank debt.

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