

To: jeffrey E.[jeevacation@gmail.com]
From: Richard Joslin
Sent: Thur 7/10/2014 3:35:06 PM
Subject: Re: exchange

I think the rub is that the whole slice may need to be sold (LDB not retain any part of slice). AH is reviewing

On Jul 10, 2014, at 10:52 AM, "jeffrey E." <jeevacation@gmail.com> wrote:

I could understand the vertical slice in the context of a partnership but why grantor trust, if so. couldn't we distribute the full slice and then sell the shares only

On Thu, Jul 10, 2014 at 9:35 AM, Richard Joslin <[REDACTED]> wrote:

Also note that the mechanics of the exchange is that the underlying management company and carry GP entity vehicle interests are distributed up through AP Professionals to BRH Holdings to the member of BRH Holdings who then transfers these partnership interests to APO/AMH in exchange for PTP units. The exchange of property for PTP interest is taxable as a sale/exchange. The subsequent sale of PTP units gives rise to cash flow but not the large tax bite. So going into a 10b5-1 plan to sell has modest tax effect and does not serve to delay gain recognition. The APO Trading blackout recommences on Dec 5 2014 but there is not blackout for 10b5-1 plan

From: Richard Joslin
Sent: Thursday, July 10, 2014 9:20 AM
To: 'jeffrey E.'
Subject: exchange

RJ, LD, EA, AC, RD met with PW exchange attorneys and AH yesterday. We discussed the various options. Given that there may be more than one founder exchanging and given that each founder can choose different options to sell PTP interest, eg underwritten offering, secondary market, private sale and each founder can opt out at different times if price moves lower greater than 10% from Sept 4 closing price, there may be decisions one founder makes that has a effect on another founder. If there is an underwriting, and the underwriter prices with a significant discount, one founder can opt out (assume > 10% price decline) and wait for better price. Alternatively, the underwriter may decide to offer fewer shares in

the offering and the scale back would be pro rata. However, if a founder opts out of underwriting then the other founder might not be scaled back despite the underwriter scale back. The underwritten offer has the greatest discount and Josh opted to sell on open market. There are a raft of questions the PW attorneys will be looking into relating to the interaction of founders under the exchange agreement and the principals agreement. If we detect that the exchange agreement does not cover a particular wrinkle or needs to clarify interplay of multiple founders exchanging concurrently, the agreement should be amended by Sept 4. Aug 29 is latest date to notify other founders of intention to exchange. Note that exchange agreement has been amended twice previously and that founders had noodled (disclosed) with other founders far in advance of the deadline for notice.

With regard to pre-exchange transfers to LDB or a new grantor trust, AH (PW) has a vertical slice concern and will review. There are anti-churning issues that need to be reviewed but likely the principal's agreement has been written to cover this sufficiently that there may be little if any flexibility. PW will review and revert

Richard Joslin

CFO

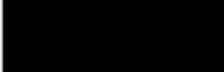
Elysium Management LLC

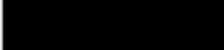
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