

**From:** "Fenn, Patrick" <[REDACTED]>  
**To:** "jeevacation@gmail.com" <jeevacation@gmail.com>  
**Subject:** TRA  
**Date:** Fri, 17 May 2013 22:56:04 +0000

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I just got off with EY. Turns out the cap gain/ordinary income split in the model was only a placeholder and not based on any specific valuation of AMH's ordinary assets afterall. That valuation is still in process.

More generally, I'm not sure the capital gain/ordinary split matters as it relates to an Early Termination Payment on Leon's unexchanged units. That payment could fall into section 1234A of the Code, which provides that a payment to terminate a right or obligation with respect to property that would be a capital asset in the hands of the taxpayer will be treated as gain or loss from the sale of a capital asset. That would result in all the gain to Leon being capital gain (and a capital loss to APO Corp). Have to look more closely at this issue of whether the right relates to ordinary assets to the extent of the ordinary assets of AMH, but on the surface that argument seems weak. A capital loss for APO Corp is not a good outcome unless there is a way to exploit that. Will consider further. The cap gain/ordinary income split is still relevant for Termination Payments made with respect to existing TRA payments.

The PV number I gave you earlier (741m) is accurate. EY indicated that the value of AMH used in these calcs will likely change (upward) and thus the TRA payments will be larger.

One of the other possible results of the Termination Payment is the elimination of the imputed interest component to Leon (other than the Termination Payments that relate to existing TRA payments).

EY are reformatting the spreadsheet to exclude information unrelated to Leon. I'll forward when it arrives.

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**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]  
**Sent:** Friday, May 17, 2013 05:00 PM  
**To:** Fenn, Patrick  
**Subject:** Re:

could you send me the spreadsheet, the split has been 1/3 ord 2/3 capital, , not sure how it changes so much

On Fri, May 17, 2013 at 3:09 PM, Fenn, Patrick <[REDACTED]> wrote:

I haven't spent much time with the calcs but looks like approx 740m PV (873m nominal). Not sure how much of that is imputed interest. Ordinary/capital gain split is approx 75/25 based on latest DP valuation. I can confirm later this evening.

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**From:** Jeffrey Epstein [mailto:jeevacation@gmail.com]  
**Sent:** Friday, May 17, 2013 02:07 PM  
**To:** Fenn, Patrick  
**Subject:** Re:

rough number ? total, ? even ballpark, it will be I assume 1/3 ord 2/3 ltcg. but irrelevant for the moment,

On Fri, May 17, 2013 at 2:02 PM, Fenn, Patrick <[REDACTED]> wrote:

I received a draft excel this afternoon from EY. Plan to review with them later this afternoon.

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**From:** Jeffrey Epstein [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]  
**Sent:** Friday, May 17, 2013 1:56 PM  
**To:** Fenn, Patrick  
**Subject:**

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