

JEFFREY E. EPSTEIN
6100 Red Hook Quarter, B3
St. Thomas, USVI 00802

November ____, 2018

Bradley J. Edwards
[Home Address]

Dear Brad:

This is to confirm that on _____, I wire transferred you the sum of \$5,000,000 as a gift (the "Gift"). I understand that this is a large sum of money and wish for you to accept it freely and without concern about any unintended financial consequences to you. I confirm that I received no goods, services, benefits or anything else of value from you or anyone else in exchange for the Gift, and that the Gift is not intended as and is not compensation or remuneration to you.

Inasmuch as the Gift is intended as and is a gift, there should be no federal, state or local income tax consequences of my making the Gift to you. In the unlikely event however, that any federal, state or local income tax liability is asserted and imposed against you as a direct consequence of the Gift, I agree that I will pay all such federal, state and/or local income tax liability that its validly asserted and imposed against you directly for the Gift. Furthermore, I agree that I will indemnify you, defend you and hold you harmless from and against any costs, fees and expenses (including reasonable attorney's fees and disbursements) incurred directly as a result of having to respond to and defend against any assertion and imposition by any federal, state or local taxing authorities of income tax liability directly for the Gift. In order to properly defend you against the assertion and attempted imposition of any federal, state or local income tax liability as a consequence of the Gift, prompt notice of any inquiries, notices, advice, assessments or other communications with federal, state or local taxing authorities with respect to the Gift would be required. Consequently, my obligation to pay any such federal, state or local income tax liability and to indemnify you for any such costs, fees and expenses is conditioned on the requirement that you promptly advise me of and forward copies to me of any and all inquiries, notices, advice, assessments and other communications with federal, state or local taxing authorities with respect to the Gift, and reasonably cooperate with any efforts that may reasonably be undertaken by any representatives I may engage on your behalf to properly challenge the validity of any attempts to impose income tax liability on you as a consequence of the Gift. Your reasonable cooperation shall not be deemed to require you to incur any monetary cost in connection with any such efforts so undertaken.

The indemnity provided in this letter is intended to indemnify you fully in the unlikely event that any federal, state and/or local taxes that are validly assessed against you as a consequence of the Gift. Consequently, in the unlikely event that federal, state and/or local income tax is validly imposed on you as a direct consequence of the Gift (the "Tax Consequence"),

the amount that I will be required to pay you (the "Tax Indemnity Payment") shall be appropriately adjusted so that the amount of such Tax Indemnity Payment, reduced by the amount of federal, state and/or local income taxes validly payable with respect to your receipt of the Tax Indemnity Payment, shall equal the Tax Consequence.

[Jeffrey – as a belt and suspenders measure to guard against unintended grossing up I also drafted the monetary cap language below. Alan reviewed and said he thought the language in the paragraph above is probably enough, but I figured you might want to review this as well and decide whether or not to add it. The additional monetary cap language would be the following proviso at the end of the paragraph above:

“; provided, however, that in no event shall the maximum Tax Indemnity Payment hereunder exceed the difference of (1) an amount equal to the product of (a) the Gift, multiplied by (b) the quotient of (i) one divided by (ii) one minus the marginal income tax rate applicable to the Tax Consequence; minus (2)the Gift”]

Sincerely

Jeffrey E. Epstein