

From: Richard Joslin <[REDACTED]>

To: "jeevacation@gmail.com" <jeevacation@gmail.com>, Brad Wechsler <[REDACTED]>

Subject: FW: Questions on BRH

Date: Wed, 04 Nov 2015 13:23:50 +0000

Attachments: Leon_Black_Q3_Estimates_(00000003)_6.pdf;
Leon_Black_Q3_Estimates_(00000003)_extract.pdf

Please see attached. Apollo is paying out AOG units as stock compensation to employees. This gives rise to a tax deduction. Cash earnings are not reduced by stock compensation. Cash earnings/ distributions will be greater than taxable income. The excess of cash distributed over taxable income will reduce tax basis. Note that the transfer of AOG units to employees reduces the number of AOG units that the founders/ AP Professionals own. The September projection estimates stock compensation \$0.88/sh. Suzanne Wong in the tax group sent the message last night regarding stock compensation.

From: Suzanne Wong <[REDACTED]>

Sent: Tuesday, November 3, 2015 7:25 PM

To: Richard Joslin

Subject: RE: Questions on BRH

Rich –

Left you a voicemail also. The following are items that would not reduce cash distributions but are tax deductions:

- 1) Noncash compensation such as the RSU's
- 2) Depreciation and Amortization

As noted on my voicemail, depreciation and amortization are not as impactful as the noncash compensation. Also we are revisiting the historical data in the basis rollforward to confirm amounts.

Best,

Suzanne Wong | Apollo Global Management L.L.C.

730 Fifth Avenue, New York, New York 10019

Office [REDACTED] | [REDACTED]

From: Richard Joslin [mailto:[REDACTED]]

Sent: Monday, November 02, 2015 3:33 PM

To: Suzanne Wong

Subject: FW: Questions on BRH

From: Katie Gregory Newman [mailto:[REDACTED]]

Sent: Friday, October 30, 2015 5:49 PM

To: Richard Joslin <[REDACTED]>

Subject: Questions on BRH

Rich,

Thanks for your email – sorry our schedules didn’t fit today. On Monday I will be in Luxembourg – it might be easiest for us to connect late my time, so do you have any availability in the late afternoon EST?

I understand from a few conversations with John Suydam and others that your and Jeffrey’s focus is on ensuring that Leon’s “negative basis” is limited to his deferred Tufts gain from the 2007 leveraged distribution which is a known amount. Jeffrey indicated that there was some concern that this amount could have increased as a result of cash distributions in excess of tax allocations (accompanied by additional allocations of AMH liabilities). I asked our tax compliance group to compile the cash and tax data over the past 5 years and received the following. You will see that the fact that cash was greater than taxable income in 2013 and 2014 was largely due to the unwinding of the “Harvest” transaction which occurred in 2012.

To the extent that taxable income continues to match cash in the aggregate over the years, I believe we can affirm that Leon’s “negative basis” is limited to his deferred Tufts gain from the 2007 leverage distribution. Does this make sense to you?

Happy to discuss more next week at your convenience.

Katie

From: Justin Teng
Sent: Friday, October 30, 2015 2:29 PM
To: Katie Gregory Newman
Cc: Brian Knudson; Suzanne Wong
Subject: RE: Questions from Leon's Office Directly re: Gain on Exchanges

Please see revised table as well as all supporting K-1’s attached.

Tax Year	Cash Distributions - [D]	PFIC - [A]	CY Increase/Decrease - [B]	Taxable Income - [A] + [B] = [C]	(Excess) / Surplus - [C] + [D]
2010	(19,472,705)	114,552	51,978,591	52,093,143	32,620,438
2011	(88,504,186)	1,138,275	90,576,469	91,714,744	3,210,558
2012	(138,766,429)	9,062,315	304,130,864	313,193,179	174,426,750
2013	(382,641,922)	97,310,143	246,906,456	344,216,599	(38,425,323)
2014	(339,134,923)	43,979,858	260,255,321	304,635,179	(34,499,744)
Total	(968,520,165)	151,605,143	953,847,701	1,105,852,844	137,332,679

Please let me know if you need anything else.

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