

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Melanie Spinella <[REDACTED]>
Subject: Fwd: FW: APO - Exchange Agreement
Date: Thu, 06 Mar 2014 16:59:01 +0000
Attachments: APO_-_ (execution_version) [REDACTED]....doc;
Change-Pro_Redline.pdf; Change-Pro_Redline_-_AR_Exchange_Agreement-
[REDACTED]-v23.pdf

----- Forwarded message -----

From: Richard Joslin <[REDACTED]>
Date: Thu, Mar 6, 2014 at 11:56 AM
Subject: FW: APO - Exchange Agreement
To: Jeffrey Epstein <jeevacation@gmail.com>
Cc: Eileen Alexanderson <[REDACTED]>

Marc is selling a portion and donating a portion to charity of his AGM interest (BRH) at the current quarterly opening date.

The initial exchange agreement did not look at the potential for a concurrent sale and donation. Tax issue is as follow: BRH distributes lower tier entities to Founder and Founder transfers to APO entity (if sale – to APO Corp so that APO Corp can purchase to get step up; if donation – to AMH – the publicly traded partnership). If sale/donation take place simultaneously, the gain on sale is added to tax basis of entire partnership interest (there is unified tax basis in partnership interest), a portion of the gain on sale would need to be allocated to the basis of the partnership interest transferred to charity. To avoid this gain contaminating the basis of property donated, the revised agreement puts an 11 business day separation from sale and charity. Sale first, then charity.

Any IRS challenge i.e. step transaction , would be to the Founder not Apollo. Also should have no impact on TRA given how it is structured – APO buys only managemtn companies. I need to follow up on mechanics as KG indicated they have made a change in that APO Corp buys all vs two entities (carry partnership by credit/ PE funds and APO Corp buys AMH/management company entities).

I don't see a issue (to LDB) and I let Katie Gregory know

Changes initiated by PF who is counsel for MR and agreement changes by PW.

From: Katie Gregory Newman [mailto: [REDACTED]]
Sent: Wednesday, March 05, 2014 5:10 PM
To: Richard Joslin; Eileen Alexanderson
Subject: FW: APO - Exchange Agreement

Richard and Eileen,

Following our conversation today, please see below and attached. Happy to get on the phone again and discuss at your convenience (or else arrange for a discussion with others if that is of interest). We hope to give the green light to folks tomorrow.

Appreciate your help on this!

Katie

From: Grieve, Brian S [mailto: [REDACTED]]
Sent: Wednesday, March 05, 2014 4:59 PM
To: Katie Gregory Newman
Cc: Okun, Brad R
Subject: FW: APO - Exchange Agreement

Katie,

The attached should be the final form of the Second A&R Exchange Agreement (along with a redline against the First A&R Exchange Agreement from May 2013). Also attached is a redline of the First A&R Exchange Agreement against the original Exchange Agreement.

Let me know if you need anything else.

Thanks

Brian

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