

DNI to Taxable Income Bridge



		2015			
		FY Projection Q2	Difference	FY Projection Q3	
	DNI (Cash Earnings) Pre-Tax	(1) \$1.64	(\$0.15)	\$1.49	CASH EARNINGS
	Harvest	(2) (0.03)	(\$0.01)	(0.04)	
A	Net DNI (Cash Earnings)	1.61	(0.16)	\$1.45	
	Taxable Income with no Cash				
	Nondeductible Expenses	0.01	0.00	0.01	
	Fund VI & AAA VI	(3) 0.29	0.04	0.33	
B	Total-Ex Balance Sheet	0.31	0.04	0.35	
	Fund VII- GP Co-Invest	(4) 0.05	(0.01)	0.05	
	EPF I GP Co-Invest	(4) 0.02	(0.02)	0.00	
	Other Balance Sheet	(4) 0.03	(0.02)	0.01	
C	Total Balance Sheet Gain	0.10	(0.04)	0.06	
	Taxable Income Deduction				
	Stock Compensation	(5) (0.86)	(0.02)	(0.88)	STOCK COMPENSATION 0.88/ SH
	Special Fee Offset Deduction	(0.07)	(0.00)	(0.07)	
	Other	(6) (0.11)	0.07	(0.04)	
D	Total Deduction	(1.04)	0.05	(0.99)	
E=Σ(A:D)	Taxable Earnings	\$ 0.97	\$ (0.11)	\$ 0.86	
F=(A-E)	DNI vs Tax	0.64	(\$0.05)	\$0.59	TAXABLE INCOME

- (1) Primarily driven by postponement of projected Q4 Hostess sale. (See Appendix)
- (2) Driven by sale of Dish which is a harvested investment
- (3) Primarily driven by updated estimates of NCL and Sprouts realizations. Due to waterfall allocations following Q1 write down of Caesars, all cash except tax distribution is allocated to LPs. Above adjustment from DNI to TI represents the difference between cash (tax distribution) and TI.
- (4) Updated estimates of taxable income of balance sheet investments with no Cash.
- (5) Updated Share Price creates additional taxable income deductions.
- (6) Reclassification of certain incentive fees reducing taxable income deductions.

STOCK COMPENSATION REDUCES TAXABLE INCOME. STOCK COMPENSATION IS NOT PAID IN CASH. CASH EARNINGS AVAILABLE FOR DISTRIBUTION IS NOT REDUCED BY STOCK COMPENSATION. AS SUCH, LDB WILL RECEIVE CASH DISTRIBUTION IN EXCESS OF TAXABLE INCOME. THIS WILL REDUCE TAX BASIS IN HIS PARTNERSHIP INTEREST. THIS IS A PERMANENT BOOK/ TAX DIFFERENCE.