

VIA EMAIL

November 11, 2015

TO: Jeffrey Epstein – jeevacation@gmail.com

CC: Leon Black – [REDACTED]

Brad Wechsler – [REDACTED]

Jeffrey,

Here is the VERY PRELIMINARY 2016 cash flow you requested. Even though it's very preliminary Brad asked that I copy Leon since revenue numbers are markedly different than prior years.

Please note:

1. The cash flow is presented in 3 parts: (a) page one - annual projected summary for 2016 (b) page 2 month by month summary and (c) page 3 footnotes that tie back to page 2.
2. Most numbers are "estimated" to the nearest ten thousand dollars.
3. Third party-input was used where available (e.g., Chris Pollack on the 70th Street expenditures, most recent Apollo projections, etc.)
4. Where relevant, last year's number were used as a starting point (e.g., plane and boat expense).
5. Only identified art purchases are incorporated.

Let's discuss next steps at your earliest convenience.

BLACK FAMILY PRELIMINARY COMPOSITE CASH FLOW SUMMARY PROJECTED 2016

SOURCES:	PROJECTED
CASH INFLOWS FROM INVESTMENTS	2016 *
APOLLO DISTRIBUTIONS AND TRA	133,630
INVESTMENTS	50,400
PUBLISHING INFLOWS	2,200
ART SALES	
BOAT/PLANE CHARTER INCOME AND MISC	3,460
	<u>189,690</u>
CASH INFLOWS FROM FINANCING ACTIVITIES	
ART LOAN PROCEEDS	
TOTAL SOURCES	<u><u>189,690</u></u>

USES:	
CASH OUTFLOWS FROM PERSONAL AND INVESTMENT ACTIVITIES	
ART, JEWELRY AND COLLECTIBLES	28,750
INTEREST EXPENSE - ART LOAN	8,000
ART ADVISORY & INSURANCE	2,760
REAL ESTATE	12,120
INVESTMENTS: NON- PUBLISHING	39,960
INVESTMENTS: PUBLISHING	11,000
PLANE OPERATING EXPENSES	4,200
PLANE LOAN P&I	1,890
BOAT OPERATING EXPENSES	4,200
BOAT LOAN P&I	1,200
ADVISORY	
TAXES - INCOME, GIFT, USE	46,640
CHARITY	34,120
FAMILY OFFICE	6,600
PROFESSIONAL FEES	1,560
RESIDENTIAL NON LABOR	5,280
INSURANCE FOR REAL ESTATE AND AUTOS	840
RESIDENTIAL LABOR	1,800
PERSONAL - LEISURE TRAVEL ET AL	6,000
MISC. DESIGNATED DISBURSEMENTS	4,800
DISTRIBUTIONS TO CHILDREN	3,840
TOTAL USES	<u><u>225,560</u></u>
NET INCREASE (DECREASE) IN CASH	(35,870)
 PROJECTED CASH AT 1/1/16	 94,150
 PROJECTED CASH AT 12/31/16	 <u><u>58,280</u></u>

*NUMBERS ARE ROUNDED TO TENS OF THOUSANDS

Black Family Preliminary Composite Cash Flow Projection For 2016 (Numbers Rounded to Tens Of Thousands)														Notes
Amounts in (000s)	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Total	
APO distributions		33,380			33,380			33,380			33,380		133,520	1
TRA Projections				110									110	2
Investment Inflows - non publishing	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400	3
Publishing inflows	400	1,800											2,200	4
Art Sales														5
Boat charter income					500	500	500	500	500				2,500	6
Plane charter Income	80	80	80	80	80	80	80	80	80	80	80	80	960	7
Art Loan														8
Total Sources	4,680	39,460	4,280	4,390	38,160	4,780	4,780	38,160	4,780	4,280	37,660	4,280	189,690	
Uses														
Art & collectibles				(28,750)									(28,750)	9
Interest Bofa - Art Loan			(2,000)			(2,000)			(2,000)			(2,000)	(8,000)	10
Art advisory and insurance	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(2,760)	11
Real Estate														
Miami Property - Construction	(210)	(210)	(210)	(210)	(210)	(210)	(210)	(210)	(210)	(210)	(210)	(210)	(2,520)	12
Townhouse - Construction	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(9,600)	13
SH Meadow - Construction														14
Total Real Estate	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(1,010)	(12,120)	
Investments														
Investments non-publishing	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(3,330)	(39,960)	15
Investments publishing			(1,500)	(900)	(1,000)	(700)	(1,300)	(1,100)	(1,000)	(1,400)	(1,400)	(700)	(11,000)	16
Total Investments	(3,330)	(3,330)	(4,830)	(4,230)	(4,330)	(4,030)	(4,630)	(4,430)	(4,330)	(4,730)	(4,730)	(4,030)	(50,960)	
Plane operating expenses	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(4,200)	17
Plane principal and interest	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(150)	(150)	(150)	(1,890)	18
Boat operating expenses	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(4,200)	19
Boat principal and interest	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,200)	20
Advisory														21
Taxes														
Federal 2016				(6,000)		(6,000)			(6,000)				(18,000)	22
State 2016				(3,000)		(3,750)			(3,750)				(10,500)	23
State 2015	(1,500)			(2,100)									(3,600)	24
Use tax 2015		(10,200)		(4,340)									(14,540)	25
Total Taxes	(1,500)			(15,440)		(9,750)			(9,750)				(46,640)	
Charity	(20)	(40)	(500)	(480)	(2,510)	(340)	(750)	(130)	(170)	(11,600)	(9,010)	(8,570)	(34,120)	26
Family Office	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(550)	(6,600)	27
Professional Fees	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(130)	(1,560)	28
Residential non-labor Including insurance	(440)	(440)	(440)	(440)	(440)	(440)	(440)	(440)	(440)	(440)	(440)	(440)	(5,280)	29
Insurance for Real Estate and Autos	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(840)	30
Residential Labor	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(1,800)	31
Personal - Leisure Et Al	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(6,000)	32
MS Miscellaneous Disbursements	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(4,800)	33
Total uses	(9,290)	(18,010)	(11,770)	(53,340)	(11,280)	(20,560)	(9,820)	(9,000)	(20,690)	(20,760)	(18,170)	(19,030)	(221,720)	
Net In (Outflow) before Intra-Family	(4,610)	21,450	(7,490)	(48,950)	26,880	(15,780)	(5,040)	29,160	(15,910)	(16,480)	19,490	(14,750)	(32,030)	
IntraFamily														
Trust Distributions - Ben Donalbane	(900)			(900)			(900)			(900)			(3,600)	34
Trust Distributions - Alex and Victoria	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(240)	35
Total Intra-Family	(920)	(20)	(20)	(920)	(20)	(20)	(920)	(20)	(20)	(20)	(20)	(20)	(3,840)	
Net cash provided (used)	(5,530)	21,430	(7,510)	(49,870)	26,860	(15,800)	(5,960)	29,140	(15,930)	(17,400)	19,470	(14,770)	(35,870)	
Beginning of month cash balance	94,150	88,620	110,050	102,540	52,670	79,530	63,730	57,770	86,910	70,980	53,580	73,050	94,150	
End of month cash balance	88,620	110,050	102,540	52,670	79,530	63,730	57,770	86,910	70,980	53,580	73,050	58,280	58,280	

BLACK FAMILY
PRELIMINARY COMPOSITE CASH FLOW SUMMARY -2016 PROJECTION FOOTNOTES AND ASSUMPTIONS

	Cash Flow Category	Notes/Assumptions
#	Inflows	
1	APO Distributions	As of 10/28 Apollo distributions for 2016 are expected to be \$1.44 per share. Calculated based upon 92.7MM shares, LDB and the Trusts can expect to receive \$133.5MM. It is assumed that the distributions will be spread evenly across the year.
2	TRA Projections	Apollo projects that the TRA distribution will be nominal at around \$100K
3	Investment Inflows - Non-Publishing	Based on 2015 projected numbers and the assumption that the same approximate decline in investment inflows that took place between 2014 and 2015 happens in 2015-6
4	Publishing Inflows	These projected repayments were provided by John Murphy, CFO of the publishing entities
5	Art Sales	There are no known projected art sales
6	Boat Charter Income	This projection is based upon an average of the last 2 years of boat charter income
7	Plane Charter Income	Revenue is based upon total usage of 200 hours and 30% of those hours being reimbursed by Apollo. This is similar to the full year 2014. Revenue per hour used is 92.5% of the current reimbursement rate of \$17,765 to account for FET
8	Art Loan	The art loan has been fully drawn down. Unless its size is increased there are no projected inflows.
	Outflows	
9	Art & Collectibles	Arts and collectibles only includes the final payment for the Picasso "Buste".
10	Interest Bofa - Art Loan	P&I payments calculated assuming the loan will be outstanding throughout the year and that the rate will be 1.44% (current one month libor plus 1.25%). Maturity is 5/31/17 and full principal outstanding (\$565MM) is due as a balloon payment
11	Art Expense - Advisory/Insurance	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
12	Miami Property Construction	Based upon the average of the project estimate range provided by Lorraine who is working on the project with Debra
13	NY Townhouse - Construction	Based upon monthly estimates provided by Chris Pollack, building advisor
14	SH Meadow - Construction	There are no known projects projected for 2016 according to Ben Krupinski's office. (They are the builders who worked on SH Meadow Lane.)
15	Investments Non-Publishing	Based on 2015 projected numbers and the assumption that the same approximate decline in investment outflows that took place between 2014 and 2015 happens in 2015-6.
16	Investments Publishing	These projected needs were provided by John Murphy, CFO of the publishing entities
17	Plane Operating Expenses	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
18	Plane Principal and Interest	P&I based upon the amortizing loan balance and current rate 1.91% (1 mo libor plus 1.72%) and assumed the plane loan would remain outstanding on the same terms rather than be repaid as a balloon payment of \$18.7MM on maturity date of 9/5/16
19	Boat Operating Expenses	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
20	Boat Principal and Interest	Projected principal plus interest based upon the amortizing loan balance and current interest rate of 1.98% (daily libor plus 1.85%). Maturity of loan is 12/1/18 with a balloon payment of \$13.6MM
21	Advisory	Unknown
22	Federal Taxes 2016	Based upon estimates provided by Richard Joslin
23	State Taxes 2016	Based upon estimates provided by Richard Joslin
24	State Taxes 2015	Based upon estimates provided by Richard Joslin
25	Use Taxes 2015	Based upon estimates provided by Richard Joslin. Added to this estimate was the tax due in February for the Picasso purchase. This is payable to Gagosian.
26	Charity	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
27	Family Office	The family office grew in 2015, therefore this estimate was based upon the most recent three months ending September 2015
28	Professional Fees	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015, this was reduced by \$1MM relating to settlement in 2015 of prior year legal expenses
29	Residential Non Labor Excluding Insurance	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015.\$400K was added to that for Miami taxes, fees and utility expenses
30	Insurance For Real Estate and Autos	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
31	Residential Labor	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
32	Personal & Leisure	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
33	Miscellaneous Disbursements	Used 2015 full year projections which include actuals through Sept 2015 and estimates for Oct-Dec 2015
34	Trust Distribution - Ben Donalbane	This is based upon the current projected budget for Donalbane for 2016 spread out evenly over 4 quarters
35	Trust Distribution - Josh and Victoria	Based upon projected living needs for Alex and Victoria