From: Marc Rowan <[redacted]>
Sent: Thursday, March 3, 2016 10:26 PM
To: Jeffrey Epstein
Subject: Fwd: TRA Valuation Process

Fyi

Sent from my iPhone

Begin forwarded message:

From: Chris Weidler <[redacted]>>
Date: March 4, 2016 at 12:19:12 AM GMT+2
To: Marc Rowan <[redacted]>>
Subject: RE: TRA Valuation Process

Marc

For purposes of establishing the balance sheet asset the DTA/TRA are undisc=unted.

Each period we re-assess our ability to realize the asset over the allotted=time frame. If we have any concerns we would then establish a valuation =llowance

We also review the tax rate each period and if that changes for any reason =new York state rate change, etc) we apply that change and adjust the DTA/T=A. This we have done in 13 and 14 as there were rate changes.

chris

From: Marc Rowan
Sent: Thursday, March 03, 2016 5:05 PM
To: Chris Weidler
Subject: Re: TRA Valuation Process

This tells me what I already know. What rate do we discount future cash flo=s/TRA pmts at for purposes of establishing the balance sheet asset?

Sent from my iPad

On Mar 4, 2016, at 12:02 AM, Chris Weidler <[redacted]>> wrote:

Marc,

Please see below for how the deferred tax asset ('DTA') and tax receiva=le agreement ('TRA') is calculated as well as the key inputs into the =omputation. I tried to simplify as much as possible but obviously a compl=x calculation. Please let me know if this is sufficient or if you need mo=e. We have example detailed calculations if you would find that useful.

Each exchange related to the TRA is valued using a multi -step process desc=ibed below

The TRA is valued as 85% of DTA that is created as a result of an AOG excha=ge. The DTA is calculated as:

<image002.png>

The tax rate is the combined federal and state rates. Currently 38.83% for=AGM

The DTA is then amortized over 15 years. 85% of the tax benefit derived fr=m the amortization for any given year is paid out to the individuals that =xchanged.

Each actual TRA payment then creates additional DTA/TRA calculated as

- TRA payment X the current tax rate

Notes:
*The % of the business allocated to taxable entities is calculated as

the present value of the future cash flows attributable to taxable entities=as a % of the present value of the total cash flows of the business. This=% is ~75% as of 12/31/2015.

The key inputs used to determine the present value of the cash flows attrib=table to AMH and the total business are

o Management Fees and Carried Interest cash flows sourced from the most r=cently approved 5-year Budget Plan

o Management Fee Cash Flows are discounted by ~8-14% and Carried Interest=Cash Flows are discounted by 20%

o For perpetual funds and unidentified future funds a Long-Term Growth ra=e of 3% is applied with a discount rate of 10-20% to determine the Termina= Value of these entities.

The results of the fair values of the Management Fees and Carried Interest =ash flows are mapped to the appropriate parts of the business to determine=the final allocation of value that is attributable to taxable entities.

Regards
Chris

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