HAVELET

ASSIGNMENT COMPANY

FREQUENTLY ASKED QUESTIONS

Attorney Fee Deferral Product

1. What makes the Havelet Plan more attractive than what other providers offer?

Unlike other assignment companies, Havelet is independent and does not require its clients to purchase in-house products like the large life carriers. In addition, Havelet has built, with the help of outside legal counsel, Withers Bergman, an attorney deferral product that addresses all US Tax consequences to the attorney.

The scope of our opinion covers US tax consequences to the attorney, not just the assignment company. Havelet's legal opinion also addresses the taxation of the assignment, growth and investment earnings within the portfolio, exposure to Affordable Care Tax surcharges and advanced estate tax and creditor protection strategies.

Our legal opinion also addresses tax consequences associated with the potential use of a qualified settlement fund.

Havelet's offshore domicile enables our clients to take advantage of US Barbados Tax Treaty Benefits, which include the mitigation of withholding tax within the portfolio and compliance with IRS § 72(u) meaning there are no penalties for distributions made pre-age 59 ½. Havelet has no employees, offices or a place of permanent establishment in the US. This, among other things, maintains our compliance with the US and Barbados tax authorities.

Havelet has the most broadly researched and carefully implemented strategy within the industry. Havelet's clients have no risk of contamination from the business activities of associated Havelet companies because there aren't any. As an example, aggressive lending arrangements offered in conjunction with fee deferrals can dramatically increase the risks associated with the fee deferral itself.

2. Can the terms of the assignment contract, including the distribution schedule, be tailored to suit the attorney's requirements?

Yes, deferral and payment terms can be customized, as can an appropriate investment portfolio. Assignments through Havelet have more flexibility than those offered through domestic assignment companies funded with annuities, which are subject to

IRS§ 72(u). This may be especially helpful for individuals who are trying to defer on taxable damage cases.

Havelet clients can customize deferral and payment terms, can receive lump sum payments and irregular distributions.

3. Does Havelet offer fixed and variable investment opportunities?

Yes, Havelet provides:

- A custom designed fixed investment product offered in conjunction with The Blackstone Investment Group, a NYSE traded firm, ticker symbol BX and rated A+ by S&P and Fitch.

and

- A variety of market based, or variable investment products ranging from conservative to aggressive strategies. The attorney selects their investment objective, which is managed by a licensed professional in compliance with Havelet's Investor Control Policy, written in accordance with The Tax Court's adopted safe harbors as articulated in Rev. Rul. 2003-91, 2003-2 C.B. 237 to protect the attorney against constructive receipt.
    - Changes can be requested by the attorney on the investment objective level but cannot be made on the securities level. Any greater client influence can result in breaching investor control guidelines, which may negatively impact the tax benefits of the deferral.

The fact that the attorney's fee can be invested on a pre-tax basis, whether it be within a fixed or variable investment, means that there is a much larger capital base than if the attorney accepted the fee, paid the appropriate local, state and federal taxes and then invested the remaining cash.

4. Can the attorney invest in a variable portfolio through their existing investment advisor?

Yes, provided certain criteria can be met including the advisor's understanding of Havelet's Investor Control Guidelines.

5. Are the investments guaranteed?

Attorneys interested in receiving a guaranteed rate of return should consider investing through the Havelet Fixed program, where the investment is reinsured and backed by divisions of The Blackstone Group. Here, the money is physically held at Fidelity Investments with Comerica Bank as Trustee.

The investments are not guaranteed in Havelet's variable investment offering. The attorney selects the portfolio based on personal risk parameters and time horizons and these portfolios are subject to market fluctuation, both positive and negative.

Havelet's investment managers are members of SIPC (Securities Investor Protection Corporation), a federally mandated US nonprofit corporation that protects investors from financial loss up to the applicable limits if a member firm becomes insolvent.

Each attorney account is SIPC protected for up to $500,000. Furthermore, at no cost to clients, Havelet's approved investment firms provide private insurance in excess of SIPC coverage to cover shortfalls if basic SIPC coverage is insufficient as a result of breach of securities rules or physical loss or damage to customer assets.

Coverage may vary amongst investment managers and guidelines are made available to their investors.

6. Will the attorney receive information on the variable portfolio?

Yes, the attorney will receive a monthly statement which will include details of the portfolio's composition and performance.

7. Is the Plan limited to personal injury cases?

No, the nature of the case is irrelevant. Havelet can accept assignments of periodic payment liabilities from defendants, insurers and self-insureds in personal injury as well as non-personal injury cases.

8. Does an attorney fee deferral structure require the plaintiff to structure?

No, it is not necessary for the plaintiff to structure.

9. How are the attorney's payments taxed?

Payments from Havelet will be taxed as ordinary income in the tax year in which the payments are received.

10. Is my money secure?

The Havelet program has numerous checks and balances to provide maximum client security. In the fixed portfolios, all monies are held in Trust at Fidelity Investments. This means that no single entity can access these monies without consent of all entities and without final approval from the independent Corporate Trustee, Comerica Bank.

Havelet provides the same checks and balances on variable investments, where the Investment Management Firm (for example Morgan Stanley Wealth Management) physically holds the money in a separate client account. Once again, the money cannot be distributed until all parties sign off; mitigating rogue actions by an individual or firm.

In all cases, client premium is not held on the balance sheet of Havelet nor any of its affiliated business partners; meaning the money cannot be used for any purpose other than what it is intended for.

11. What is the Havelet process?

Havelet's flow of funds procedure is carefully designed to avoid constructive receipt and does not rely on shortcuts such as cash funding mechanisms to be compliant.

Havelet will purchase an annuity contract which enables them to fulfill its obligations to the attorney under the assignment contract. An irrevocable instruction is given to its bank to immediately transfer any money it receives to purchase the annuity, thereby providing the attorney with security that all monies will be applied according to the terms of the assignment contract. The attorney will be named as the annuitant under the annuity contract and Havelet will be the owner of the contract. Once the assignment contract has been completed and the money has been transferred to the annuity provider, the annuity provider will invest the sum in the appropriate investment portfolio.

Payments being made to attorneys under the assignment contract will be made directly by the investment manager via written instruction from Havelet, the annuity provider and Trustee if applicable. Once again, this provides the attorney with security that the funds will be distributed in accordance with the assignment contract.

12. Why is an annuity purchased by Havelet?

The US tax code imposes a tax up to 30% on earnings of dividends and realized capital gains within each attorney's account. Havelet can mitigate these taxes by 'wrapping' each account with a Private Placement Annuity which complies with US Treaty benefits under Article 18(2).

13. What is a private placement annuity contract?

A private placement annuity contract is a customized contract designed specifically, in this case, to accommodate attorney fee deferrals in the most tax efficient way. It provides more flexibility and purpose-designed benefits than traditional retail annuity contracts offered through the life carriers.

14. Can the attorney's Havelet contract be assigned to a grantor trust for asset protection and / or for estate tax planning?

Yes. The attorney can benefit from asset protection and estate tax planning by assigning their contract to a grantor trust and other advanced tax planning strategies performed in conjunction with a Havelet deferral with the assistance of legal and tax counsel.

15. Can the attorney name a beneficiary?

Each attorney can nominate a beneficiary and contingent beneficiary. The attorney can also decide whether the beneficiary should receive a lump sum or the remaining periodic payments in the certain period, as scheduled. There is no death benefit or other insurance component associated with the fixed or variable contracts.

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