

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FIRST JUDICIAL DISTRICT
PROBATE DIVISION
Case Type: Special Administration

In the Matter of:

Court File No. 10-PR-16-46

Estate of Prince Rogers Nelson,

Decedent,

and

Tyka Nelson,

Petitioner.

**AFFIDAVIT OF LAURA KRISHNAN IN
SUPPORT OF REQUEST FOR
MODIFIED PROTOCOL FOR
CONFIDENTIAL BUSINESS
AGREEMENTS**

I, Laura E. Krishnan, being first duly sworn upon oath, attest as follows:

1. I am over the age of 18 years and competent to testify regarding the facts and matters stated herein, which are based on my personal knowledge.
2. I am an attorney admitted to practice in the State of Minnesota, and I am the lead attorney for Bremer Trust, N.A., Special Administrator for the Estate of Prince Rogers Nelson.
3. I have been practicing as a tax, trusts, and estates attorney for more than seventeen (17) years.
4. I am a partner and Chair of the Tax, Trusts and Estates practice division at Stinson Leonard Street LLP.

5. The Special Administrator is required, pursuant to Minn. Stat. §§ 524.3-617 and 524.3-701, et seq., to preserve the assets of the Estate.

6. The Special Administrator is also required to determine the fair market value of the Estate assets for purposes of filing state and federal estate tax returns and for purposes of paying state and federal estate tax.

7. The Supreme Court in *United States v. Cartwright* determined that fair market value is the standard for determining asset value for estate tax purposes. 411 U. S. 546 (1973) (quoting Treas. Reg. § 20.2031-1(b))

8. “Fair market value” is defined as “the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.” Treas. Reg. § 20.2031-1(b).

9. The Special Administrator is in the process of determining the fair market value of Estate assets in accordance with the Treasury Regulations governing estate tax valuation, including hiring certified appraisers to determine the fair market value of non-publicly traded assets.

10. The Estate’s combined state and federal estate tax liability will equal approximately forty-six percent (46%) to forty-nine percent (49%) of the fair market value of the Estate’s assets as of the date of death or at the alternate valuation date.

11. The Estate needs to generate sufficient liquidity to pay obligations and expenses of the Estate, as well as to meet the state and federal estate tax liability due on January 21, 2017.

12. The Estate’s ability to generate liquidity depends on the Estate's capacity to enter into business agreements with third parties to generate revenue from the Estate's assets.

13. The Special Administrator has employed entertainment industry experts to monetize the Estate assets.

14. Business agreements resulting from the monetization efforts will likely extend beyond November 2, 2016.

15. Potential parties to the business agreements contemplated expect that negotiations and business agreements will be confidential.

16. The disclosure of the details of business agreements could damage the Estate's current ability to enter into favorable business agreements, which impacts the Estate's ability to generate liquidity.

17. In addition, the disclosure of the details of business agreements could hamper the Estate's ability to negotiate future business agreements. This also impacts the Estate's ability to generate liquidity.

18. Time is often of the essence in the negotiation of business agreements in the entertainment industry, with material terms evolving and key concessions not being made until the eleventh hour.

19. It is difficult for the Special Administrator to respond quickly in the course of negotiations of business agreements under the current Protocol for Confidential Business Agreements.

20. The Special Administrator is concerned that the current Protocol for Confidential Business Agreements hinders its ability to negotiate the most favorable business agreements that maximize income streams from Estate assets.

21. The Special Administrator is making business plans with respect to the possibility of selling certain real estate properties owned by the Estate (excluding Paisley Park). Such plans

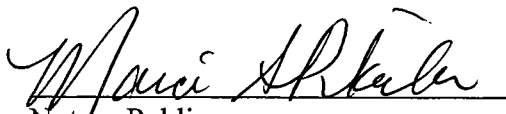
will require business agreements with real estate agents and, eventually, prospective buyers. The anticipated terms of such negotiations and agreements will also need to be kept confidential.

FURTHER AFFIANT SAYETH NOT.

Dated: July 21, 2016


Laura E. Krishnan

Subscribed and sworn to before me
this 21st day of July 2016.


Notary Public

