

## **LEON D. BLACK: TERM SHEET FOR TESTAMENTARY DOCUMENTS**

### Will

1. Satisfaction of Pledges: The Executors will pay any outstanding charitable pledges made during Leon's lifetime.
2. Residuary Estate: All of Leon's property will be added to the Revocable Trust.
3. Executors
  - a. Debra, Barry Cohen and Richard Ressler will be co-Executors.
  - b. Successors
    - i. John Hannan will be designated as successor Executor to Barry.
    - ii. Allison Ressler will be designated as successor Executor to Richard.
  - c. Compensation
    - i. Debra will not be entitled to compensation.
    - ii. Other individual Executors may receive \$250,000 per year (CPI adjusted) limited to 5 years.

### Revocable Trust

1. Purpose
  - a. Will substitute.
  - b. Maintain confidentiality.
  - c. Facilitate succession of Trustees without court involvement.
2. During Leon's Life
  - a. Leon will be the sole Trustee and may revoke or amend the Trust Agreement at any time.
  - b. Leon may withdraw, and the Trustees may pay him, income and principal at any time and for any purpose.
  - c. Should Leon become incapacitated, the Trustees may make gifts to Debra, descendants, Judy Black, Shirley Black, and charitable organizations.
3. Upon Leon's Death
  - a. Tangible personal property. Leon is to identify specific works of art as a child's art collection, which is to be "reserved" for such child as of Leon's death.

- i. Identified works of art already outside Leon's estate (i.e., works held in the Heritage Trust after the pour-over of the 1997 and 2006 Trusts) will be distributed to each child's Legacy Trust; identified works of art held in LDB 2011 LLC will be held in such child's separate trust under the 2011 Trust Agreement.
- ii. Tangible personal property included in Leon's estate will be set aside for Debra. Artwork and the book and cane collections will be held in trust. If Debra directs property is to be sold to generate income, each child (or his or her Legacy Trust) is to have a right of first refusal with respect to any item that is reserved for such child's collection.
- iii. Debra will receive the balance of the tangible personal property, such as antiques, furniture, furnishings and cars, outright and free of trust.
- iv. If Debra predeceases:
  1. Identified collections of artwork, books, and canes will be set aside in the children's Legacy Trusts. The balance of the artwork will be distributed to the Foundation.
  2. If Leon's mother survives him, any personal property held in the residence that she occupies will pass to her.
  3. The balance of the personal property will be distributed equally to Leon's children.

b. Residences

- i. Debra will receive outright the Manhattan apartments; the remaining residences will be held in her marital trust. If Debra directs property to be sold, the Heritage Trust, followed by the children (or their Legacy Trusts) will have a right of first refusal.
- ii. If Debra predeceases, the Manhattan apartments will be sold and the proceeds added to the general trust fund. The remaining residences will pass to the Heritage Trust.

c. Cash Legacies

- i. At Leon's death, Melanie Spinella will receive \$3 million.
- ii. If Debra predeceases:
  1. The Trustees are directed to purchase an annuity that will provide Judy Black \$500,000 per year. If such purchase is impractical, the Trustees are authorized to provide comparably for Judy by making payments from Leon's estate or creating a trust for her lifetime.

2. The Trustees are directed to purchase an annuity that will provide John Ressler \$500,000 per year. If such purchase is impractical, the Trustees are authorized to provide comparably for John by making payments from Leon's estate or creating a trust for his lifetime.
- d. Bequest of Estate Tax Exemption Amount (likely a de minimus amount)
    - i. The amount that may pass free of Federal estate tax will pass to the Heritage Trust.
    - ii. To the extent there is unused GST tax exemption at Leon's death, it will be allocated to this disposition and held in the 1997 GST Exempt Trust.
  - e. Bequest of remaining GST Exempt Amount (likely a de minimus amount)
    - i. If Debra survives:
      1. The GST Amount will be held in a separate, GST exempt Marital Trust for Debra.
      2. Upon Debra's death, the remaining property will be added to the 1997 GST Exempt Trust.
    - ii. If Debra predeceases, the GST Amount will be added to the 1997 GST Exempt Trust.
  - f. Residuary Trust:
    - i. If Debra survives, the balance of the Trust property will be held in a Marital Trust for Debra.
      1. Debra will receive all income.
      2. The Trustees will be authorized to pay up to 15% of the trust principal (taking into account any prior transfer of principal).
      3. At Debra's death:
        - a. Identified collections of artwork, books, and canes will be set aside in the children's Legacy Trusts. The balance of the artwork will be distributed to the Foundation.
        - b. The bequests for Judy and John (described in Section (c)) will take effect.
        - c. An amount equal to Debra's remaining GST exemption will pass to the 1997 GST Exempt Trust.
        - d. The balance of the trust property will be paid to the Leon D. Black Family Foundation.

- ii. If Debra predeceases, the balance of the trust property will pass to the Leon Black Family Foundation.

g. Trustees

- i. Upon Leon ceasing to act as Trustee, Debra, Barry Cohen, and Richard Ressler will become co-Trustees during Leon's life and the administration of his estate.

- ii. Debra, Barry and Richard will be co-Trustees of the Marital Trust.

iii. Successors

1. John Hannan will be designated as successor Trustee to Barry.
2. Allison Ressler will be designated as successor Trustee to Richard.

iv. Compensation

1. Debra will not be entitled to compensation.
2. Other individual Trustees may receive the lesser of (i) \$250,000 per year (CPI adjusted) or (ii) New York statutory commissions (taking into account compensation received as Trustee of the Heritage/Legacy Trusts).

Heritage Trust/Legacy Trust

1. Timing

- a. A single Heritage Trust will be created for Debra and Leon's descendants contemporaneously with the signing of the Will and Revocable Trust.
- b. The Heritage Trust would act as a receptacle for the non-GST Exempt 1997 Trust, the 2006 Trust, and, following the death of Debra and Leon, for the residences other than the Manhattan Apartments under the terms of the Revocable Trust.
- c. Upon Leon's death, the Legacy Trusts would act as receptacles for the artwork, books, and canes set aside for each child. If Debra survives Leon, any such items included in Leon's estate would not be distributed to the Legacy Trusts until Debra's later death.

2. Terms of Heritage Trust

- a. The Trustees may distribute income and principal to Leon's descendants subject to distribution guidelines (i.e., the Trustees are to consider (i) the descendant's financial acumen, (ii) whether a descendant is experiencing marital discord; (iii) the existence of creditor claims or pending litigation with respect to a descendant, and (iv) any evidence of substance abuse, addiction or poor mental condition).
- b. Distributions to each child's Legacy Trust after Leon's death:

- i. Works of art, books, and canes identified by Leon as such child's art collection (provided, however, that if Debra survives, any items identified as part of a child's art collection and held in Debra's marital trust will pass to such child's Legacy Trust at Debra's subsequent death). If a child predeceases Leon leaving descendants, his or her designated art collection will be divided and held in separate Legacy Trusts for such descendants.
- ii. \$10 million when the child attains age 30 (with the request that it be used to purchase a principal residence).
- iii. \$50 million when the child attains age 35.
- iv. \$100 million when the child attains age 40.
- v. If a child dies under age 40, the above amounts will be divided into for the child's descendants and each share will be held in a separate Legacy Trust for each such descendant.

c. Family Ventures

- i. The Trustees may invest in entrepreneurial ventures proposed by any descendant, so long as it is a minimum 3-year career commitment by such descendant.
- ii. Any profits therefrom will be divided as follows:
  1. Profits first will be used to return the Heritage Trust's investment and to repay any amounts loaned to or by the Heritage Trust.
  2. The balance will be paid 51% to the entrepreneurial descendant's Legacy Trust and 49% will be divided among the other Legacy Trusts in a manner that treats each of the children's family lines equally.
- iii. The Trustees may extend up to 10% of the Heritage Trust toward any venture for a child, and up to 5% of the Heritage Trust toward any venture for a grandchild.

3. Terms of Legacy Trusts

a. During the beneficiary's life:

- i. The Trustees may pay income and principal to the beneficiary for whom the trust was created subject to distribution guidelines (i.e., the Trustees are to consider (i) the descendant's financial acumen, (ii) whether a descendant is experiencing marital discord; (iii) the existence creditor claims or pending litigation with respect to a descendant, and (iv) any evidence of substance abuse, addiction or mental condition).

- ii. Trustees are authorized to invest in a business venture proposed by the beneficiary, so long as it is a career commitment.

b. At the beneficiary's death:

- i. A child who is a beneficiary, by Will, may appoint the remaining trust property among Leon's descendants and up to \$10 million in favor of a spouse.
- ii. Any property not appointed will be divided in equal shares for the beneficiary's children, or if none, Leon's other descendants, and held in separate Legacy Trusts.

4. Trustees

a. Heritage Trust

- i. Barry Cohen, Richard Ressler and John Hannan will be the initial Trustees.
- ii. After Leon's death, Leon's children will become additional co-Trustees of the Heritage Trust.
- iii. Allison Ressler will be designated as successor to Richard.
- iv. Decisions concerning distributions and whether to invest in a family entrepreneurial venture are to be made by those Trustees who are not the children, acting by majority. All other investment decisions are to be made by a majority of Trustees, including the children; provided, however, that the children, collectively, are to have two votes.

b. Legacy Trusts

- i. Barry Cohen, Richard Ressler, and John Hannan will be the initial Trustees.
- ii. Successors
  - 1. If Richard ceases to act as Trustee of Alex's Legacy Trust, Anthony Ressler will be his successor.
  - 2. If Richard ceases to act as Trustee of any other Legacy Trust, Allison Ressler will be his successor.
- iii. After Leon's death:
  - 1. Each beneficiary will become a co-Trustee at age 35.
  - 2. If at any time, no independent Trustee is acting, a corporate Trustee to be named by Leon will become a co-Trustee with the child.

3. Each beneficiary may remove and replace a Trustee at age 40, provided that there must always be at least one independent Trustee acting.

c. Compensation

- i. No beneficiary will receive compensation.
- ii. Each other individual Trustee may receive the lesser of (i) \$250,000 per year (CPI adjusted) or (ii) New York statutory commissions (taking into account compensation received as Trustee of the trusts created under the Revocable Trust).