

## DOCUMENT SUMMARY

To: Jeffrey E. Epstein and Bradley J. Wechsler  
From: Ada Clapp  
Date: November 13, 2015  
Re: Summary of the APO-01 Declaration

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Following is a summary of the APO-01 Declaration (the "Declaration"). This is the trust to which all trust assets not related to publishing will be decanted from the APO1 Agreement and the APO2 Declaration.

- I. Discretionary Trust. Until such time as the Trustees decide to create Separate Trusts for LDB's descendants (see II below), all trust property will be held in a single "Discretionary Trust" for the benefit of Debra and LDB's descendants.
  - A. The Trustees have absolute discretion to distribute income and principal to Debra and LDB's descendants for any purpose.
  - B. Instead of paying income and principal directly to a descendant of LDB, the Trustees may instead fund a "Separate Trust" for such descendant (called the "Beneficiary" thereof), described in II below.
  - C. The Discretionary Trust will terminate 21 years after the death of the survivor of Debra, Ben, Josh, Alex and Victoria, or if sooner, upon the death of the survivor of Debra and all LDB's descendants. Upon termination, the remaining trust property will be distributed to LDB's descendants, or if none are living, to the ultimate beneficiary described in IV below.
- II. Separate Trusts. Each Separate Trust will be administered as follows:
  - A. The Trustees have discretion to distribute income and principal to the Beneficiary and his or her descendants for any purpose.
  - B. Upon the Beneficiary's death the Beneficiary may appoint the remaining property to LDB's descendants (but not to his/her estate or creditors). Any property not appointed will be divided for the Beneficiary's descendants and held in a Separate Trust for each of them. If the Beneficiary has no descendants, the trust property will be divided for the descendants of the Beneficiary's nearest ancestor (which ancestor is either LDB or a descendant of LDB) or if none, for LDB's then living descendants, and in each case held

in a Separate Trust. If none of LDB's descendants is then living, the remaining property will pass to the ultimate beneficiary described in IV below.

- III. Marital Trust. Any portion of a grantor retained annuity trust taxable in LDB's estate will be held in a Marital Trust for Debra under the Declaration.
- A. Debra will receive all trust income quarterly during her lifetime and the Trustees have discretion to pay principal for her medical needs and emergencies.
- B. The Marital Trust will terminate upon Debra's death and the remaining principal will be added to the Discretionary Trust, described in I above, or if LDB has no then living descendants, to the ultimate beneficiary.
- IV. Ultimate Beneficiary. Any property not effectively disposed of upon the termination of any trust under the Declaration will be distributed to the Leon Black Family Foundation, Inc. (the "Foundation"), or if it is not then a qualified charitable organization, the Trustees will select one or more qualified charities as the recipient(s). If the Foundation receives this distribution, for tax reasons, the assets must be segregated into an account over which LDB has no control.
- V. Trustees.
- A. Discretionary Trust and Separate Trust.
1. Barry J. Cohen and John J. Hannan will serve as Trustees of the Discretionary Trust and each Separate Trust. After LDB's death, Debra will become a co-Trustee of the Discretionary Trust.
2. After LDB's death, each Beneficiary over age 35 will become a co-Trustee of his/her Separate Trust.
- B. Marital Trust. Barry and Debra will serve as Trustees of any Marital Trust. If Barry ceases to serve, John will become Debra's co-Trustee.
- C. Independent Trustees. For tax reasons, there must always be at least one Independent Trustee acting (*i.e.*, a Trustee other than Debra, LDB's descendants, a trust beneficiary or a person with a substantial beneficial interest in the trust).
- D. Removal. LDB may remove Trustees. After LDB's death, each Beneficiary over age 40 may remove Trustees of his/her Separate Trust.

- E. Compensation. Debra and LDB's descendants are not entitled to compensation. Other Trustees are not compensated unless they elect by December 1<sup>st</sup> to be compensated for the following year. Aggregate compensation for acting as a Trustee of all trusts created by LDB is the lesser of (i) \$400,000 per year (CPI adjusted) and (ii) 1/3<sup>rd</sup> of a New York annual statutory commission.<sup>1</sup>
  
- VI. Grantor Trust. For added flexibility and to ensure grantor trust status, the Declaration grants LDB power to substitute trust property with other property of equivalent value. Grantor trust status means that LDB will be taxed on all income, including capital gains, generated in the trusts created under the Declaration
  
- VII. Governing Law. The Declaration is governed by New York law.

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<sup>1</sup> Under current New York law, an individual Trustee is entitled to an annual commission of approximately 30 basis points on the value of the trust principal (roughly \$150,000 for a \$50 million trust).