

Black Family Partners

Apollo Management
9 West 57th Street
New York, New York 10019

Ada Clapp

Phone: [REDACTED]

Email: [REDACTED]

To: Leon D. Black
From: Ada Clapp
Date: October 23, 2013
Re: Summary of the APO1 GRAT

Following is a summary of the trust agreement (the "Agreement") creating the APO1 GRAT (the "GRAT"), which was prepared for you by Alan Halperin of Paul, Weiss, Rifkind, Wharton & Garrison, LLP. You are the Grantor of the GRAT.

We understand that you intend to fund the GRAT in October with your entire 80% limited partner interest in Black Family Partners, L.P.

- I. Trust Term. The GRAT will terminate on the 2nd anniversary of the date it is funded.
- II. Dispositive Provisions.
 - A. Annuity Payments. Annuity payments will be made to you (or if you die during the Trust Term, to your estate) in quarterly installments during the Trust Term (with the first such installment to be made 3 months after the GRAT is funded).
 1. The annuity payments for the first year will equal 46.72702% ¹ of the initial fair market value of the property contributed to the GRAT (roughly, \$2 billion).
 2. The annuity payments for the second year will equal 120% of the prior year's annuity payments.
 - B. Disposition at End of Trust Term. At the end of the Trust Term, any property remaining in the GRAT after payment of the final annuity payment (the "GRAT remainder") will be distributed as follows:
 1. If you are living, the GRAT remainder will pass to the Discretionary Trust for the benefit of Debra and your descendants under the APO1 Agreement (described in a separate memorandum).

Based on the above percentages, your retained annuity payments will have a value equal to 99.99% of the initial fair market value of the GRAT property.

¹ Based on the October 2013 Section 7520 rate of 2.4%.

2. If you are not living, the GRAT remainder will be distributed as follows:
 - a. Any portion taxable in your estate will pass to a Marital Trust for Debra under the APO1 Agreement, provided that she is your surviving spouse.
 - b. Any portion not taxable in your estate will pass to the Discretionary Trust for the benefit of Debra and your descendants under the APO1 Agreement.

III. Trustees.

- A. Initial Trustee. You are the sole Trustee.
- B. Appointment/Removal. You may appoint additional and successor Trustees and may remove Trustees. If you fail to appoint your successor, Barry J. Cohen, Richard Ressler and John J. Hannan will be your successor co-Trustees.
- C. Compensation. Trustees are not entitled to compensation.

IV. Grantor Trust. For added flexibility and to ensure grantor trust status, the Agreement grants you power to substitute trust property with other property of equivalent value. "Grantor trust" status means that you will be taxed on all income, including capital gains, generated in the GRAT during the Trust Term.

V. Governing Law. The Agreement is governed by New York law.

IRS Circular 230 Disclosure: Pursuant to IRS Regulations, we inform you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used by any person or entity for the purpose of (i) avoiding tax related penalties imposed by any governmental tax authority or agency, or (ii) promoting, marketing or recommending to another party any transaction or matter discussed herein. We advise you to consult with an independent tax advisor on your particular tax circumstances.