

DOCUMENT SUMMARY

To: Leon D. Black
From: Ada Clapp
Date: April 12, 2013
cc: Eileen Alexanderson, Jeffrey Epstein
Re: Your Will and the Leon D. Black 1997 Revocable Trust

Following is a summary of your Last Will and Testament (your “Will”) and the agreement (the “Trust Agreement”) creating The Leon D. Black 1997 Revocable Trust (your “Revocable Trust”) both dated September 30, 1997. Carlyn McCaffrey and Elyse Kirschner of McDermott Will & Emery LLP prepared these documents for you.

Your estate plan uses a combination Will/Revocable Trust structure to take advantage of the greater administrative flexibility afforded trusts created under lifetime instruments. For example, trusts created under lifetime instruments are generally not subject to the court supervision required for many actions involving trusts created under a Will, such as the appointment, removal and resignation of trustees, and changing the situs of a trust should that become advisable (for example, to reduce State income taxes).

Funding the Revocable Trust with a portion of your assets (such as art or interests in Black Family Partners) during your lifetime should not result in any tax consequences or significant administrative burdens, with the result that: (i) at your death, the Trustees would be free to continue to manage and invest the trust assets without the delay of probate, and (ii) during your lifetime, if you were to become incapacitated, the Trustees could continue to manage and invest the trust assets and make distributions to Debra and your descendants.

Your Will

- Article I. Family. You recite that you are married to Debra and that you have four children, Benjamin, Joshua, Alexander and Victoria.
- Article III. Debts and Expenses. You direct your Executors to pay your debts and all funeral and administration expenses.
- Article IV. Residuary Estate. The balance of your estate (your “residuary estate”) held in your name at your death (*i.e.*, those assets you did not transfer to your Revocable Trust during your lifetime) will be distributed to the Trustees of your Revocable Trust to be administered as part of the principal of that trust, as described below.
- Article V. Death Taxes. All estate taxes due with respect to property you own at your death, whether passing under your Will, your Revocable Trust or otherwise (“Death Taxes”) will be paid from your Revocable Trust.

Articles
VI-VII.

Executors.

- A. You appoint Debra, Barry J. Cohen, John J. Hannan and Richard Ressler as co-Executors. If any two of them are not acting, Anthony Ressler will become a co-Executor.
- B. Debra is not entitled to compensation. Other Executors are entitled to receive the lesser of \$250,000 (CPI adjusted) or the commissions he or she would receive under New York law (excluding paying out commissions).¹

Article IX. Guardians. If Debra predeceases you, you appoint Richard Ressler as guardian of your minor children. Anthony Ressler is successor guardian to Richard and Bruce Ressler is successor guardian to Anthony.

Your Revocable Trust

I. Provisions During your Lifetime.

- A. During your lifetime, you are the sole Trustee and the Trust Agreement is fully revocable and amendable by you at any time.
- B. Should you fund your Revocable Trust during your lifetime, the Trustees are authorized to distribute income and principal to you or for your benefit for any purpose and must pay you any sums you request.

II. Provisions After your death. Upon your death, the Trustees will collect the property passing to your Revocable Trust pursuant to your Will (as described above), add this to the trust principal (such property collectively the "Trust Fund") and make the following dispositions:

¹ Unless your Will directs otherwise, New York law entitles an individual Executor to commissions of \$34,000 on the first \$1 million, an additional \$100,000 on the next \$4 million and then 2% on all amounts in excess of \$5 million (e.g., an individual Executor of a \$4 billion estate would be entitled to a full commission of roughly \$80 million; more than two executors would split two full commissions between them).

- A. Debts, Expenses and Death Taxes. After your death, the Trustees will pay your debts, administration expenses and Death Taxes from the Trust Fund.
- B. Tangible Personal Property.
1. Certain Works of Art/Collections. Your works of art owned in your individual name (rather than through Narrows Holdings) your collection of first edition books and your collection of canes will be held in a Marital Trust for Debra (described below), or if she predecease you, will be divided equally among your children, with each child's share subject to a Beneficiary's Trust, as described below.
 2. Balance of Your Tangibles. The balance of your tangible personal property (*e.g.*, jewelry, cars, boats, *etc.*) will be distributed to Debra. If Debra predeceases you, the balance of your tangible personal property will be distributed equally among your children as they agree, or if they are able to agree, as your Trustees determine. Any items not selected by your children may be sold and the proceeds added to the Trust Fund.
- C. Residences. If Debra survives you, your residences will be distributed to Debra. If Debra predeceases you, your Trustees are authorized to (i) sell any residence and dispose of the proceeds as part of the Residuary Trust Fund or (ii) distribute any residence as part of the Residuary Trust Fund, as described below.
- D. Cash Dispositions.
1. If Debra survives you, she will receive a sum equal to the difference between \$25 million and any proceeds of life insurance she receives at your death.
 2. If your sister, Judy, survives you, \$5 million will be held in a trust for her benefit, described below.
 3. If Debra predeceases you, an amount equal to your unused generation-skipping transfer tax exemption will be divided into shares *per stirpes* for your descendants (that is, in equal shares for your children with the share for any predeceased child being further subdivided for such child's descendants) and each share will be held in a Beneficiary's Trust.

- E. Residuary Trust Fund. The balance of the Trust Fund (generally, all of your financial assets and your works of art held in Narrows Holdings), after payment of all legacies, bequests, your debts, the expenses of administering your estate and Death Taxes (your “Residuary Trust Fund”), will be distributed as follows:
1. If Debra survives you, the Residuary Trust Fund will be held in the Marital Trust.
 2. If Debra renounces any portion of the Residuary Trust Fund, the renounced property will not pass to the Marital Trust but will instead pass to the “Family Trust” described below.
 3. If Debra predeceases you, the Residuary Trust Fund will be divided into shares for your descendants *by representation*² and each share will be subject to a Beneficiary’s Trust.

² Property passing by representation does not get divided by family lines starting with your children as is the case with a *per stirpal* distribution. Distribution by representation works as follows:

Assume the Residuary Trust Fund is \$2 billion. Assume also that Ben predeceased you leaving two children and Josh predeceased you leaving one child. The Residuary Trust Fund would be carved into four shares: one for Victoria, one for Alex, one for Ben and one for Josh. Victoria and Alex would each receive their 1/4th share (so each gets \$500 million). The two shares for Ben and Josh would be combined and divided equally among their children (so each grandchild with a predeceased parent gets 1/6th of the Residuary Trust Fund or about \$334 million). Under a *per stirpal* distribution, Victoria and Alex would each get their 1/4th share (\$500 million); Ben’s two children would split his 1/4th share (so each would receive \$250 million) and Josh’s child would receive Josh’s 1/4th share (\$500 million).

- F. Judy's Trust. Judy will receive all trust income during her lifetime. The Trustees must distribute trust principal for her health, education, support and maintenance and the Independent Trustees may distribute principal to Judy for any purpose. Upon Judy's death, the remaining principal will be distributed to her descendants, or if none, equally to Debra's brothers, Richard, Bruce, John and Anthony (or to the descendants of a deceased brother).
- G. Marital Trust. Debra will receive all trust income during her lifetime. The Independent Trustees may distribute principal to Debra for any purpose, provided that such distributions, in the aggregate, do not exceed 20% of the initial principal value of the Marital Trust. Upon Debra's death, the Marital Trust will terminate and be divided into shares for your then living descendants *by representation* with each share subject to a Beneficiary's Trust.
- H. Family Trust. Any property Debra renounces will be held in a "Family Trust." The Independent Trustees have broad discretion to distribute income and principal of the Family Trust to Debra and your descendants for any purpose. Upon Debra's death, the Family Trust will terminate and be divided into shares for your then living descendants *by representation* with each share subject to a Beneficiary's Trust.
- I. Beneficiary's Trust. Any property to be distributed to a descendant of yours (the "Beneficiary") subject to a Beneficiary's Trust will be disposed of as follows:
1. The Independent Trustees have broad discretion to distribute income and principal of the Beneficiary's Trust to the Beneficiary for any purpose.
 2. You express your desire (but do not direct) that the Trustees distribute 10% of the principal of the Beneficiary's Trust to the Beneficiary at age 35.
 3. After age 25, the Beneficiary (i) is authorized to withdraw 3% of the principal of the Beneficiary's Trust each year, and (ii) has a testamentary power to appoint the Beneficiary's Trust to any of your descendants (other than the Beneficiary, his or her estate, or the creditors of either).
 4. The Beneficiary's Trust will terminate upon the Beneficiary's death and the remaining principal will be distributed as the Beneficiary appoints. Any unappointed property will be distributed to the Beneficiary's descendants, or if none, to the descendants of the Beneficiary's parent who was descended from you, or if none, to your descendants, subject in each case to a Beneficiary's Trust.

- J. Remote Takers. Any property not disposed of at your death or at the termination of any trust under your Revocable Trust will be distributed as follows:
1. \$50 million to your sister Judy if she is then living.
 2. \$20 million to John Ressler if he is then living.
 3. \$20 million equally to Ira and Dorothy Ressler, or all to the survivor if only one is then living.
 4. \$10 million to each of (i) Samantha, (ii) Jillian, (iii) Andrew, (iv) Rebecca, (v) Matthew, (vi) Michael, (vii) Oliver, and (viii) Nickolas Ressler, who is then living.
 5. \$10 million to Jonathan Levine if he is then living.
 6. \$5 million to Marilyn Stewart if she is then living.
 7. The balance of the undisposed of property will be distributed to the Leon Black Family Foundation. You express your desire that the funds be used 25% each for promoting: (i) medical research, (ii) Judaica, (iii) art and culture, and (iv) education.

III. Definitions.

- A. Family. You recite that you are married to Debra and that you have four children, Benjamin, Joshua, Alexander and Victoria.
- B. Spouse. Your "spouse" was defined in the Trust Agreement as the individual to whom you are married and with whom you are living at the time of the determination. The Trust Agreement also originally provided that if Debra ceased to be your spouse, she would be deemed to have predeceased you for purposes of the Trust Agreement and would no longer be a Trustee. The Instrument of Amendment you executed on December 6, 1997 removed these provisions.

IV Trustees.

- A. If you cease to act as Trustee, Debra, Barry Cohen, John Hannan and Richard Ressler will become co-Trustees.
- B. After age 30, a child may become co-Trustee of his or her Beneficiary's Trust.

- C. Debra is not entitled to compensation. Other Trustees are entitled to receive the lesser of \$250,000 (CPI adjusted) or the commissions he or she would receive under New York law (excluding paying out commissions).³
- V. Governing Law. New York law governs the trusts under the Trust Agreement.

IRS Circular 230 Disclosure: Pursuant to IRS Regulations, I 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. I advise you to consult with an independent tax advisor on your particular tax circumstances.

³ 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), plus 1% of any principal distributions made that year.