

From: Ada Clapp <[REDACTED]>

To: jeffrey E. <jeevacation@gmail.com>

CC: "Lawrence Delson ([REDACTED])" <[REDACTED]>, Eileen Alexanderson <[REDACTED]>

Subject: RE: Assistance to Trustees

Date: Mon, 10 Nov 2014 20:24:37 +0000

Hi Jeffrey,

Please see my questions in below email. I have a lot of information/documentation on the life insurance policies to forward to the Trustees. Unless you object, when I send it to them, I will ask them if they would like the insurance broker to run new policy illustrations for them and then forward the illustrations to the Trustees when they arrive. Please let me know.

Thanks.

From: Ada Clapp

Sent: Tuesday, October 28, 2014 10:51 AM

To: jeffrey E.

Cc: Lawrence Delson ([REDACTED]); Eileen Alexanderson

Subject: Assistance to Trustees

Good morning Jeffrey,

At our meeting on the 15th we briefly discussed my role in providing information and assistance from time to time to the Trustees of Leon's family trusts. As we discussed, my instructions have been to be helpful and responsive to requests from the Trustees and when appropriate, remind them that I cannot give them legal advice as I am not their attorney. At our meeting, you began to discuss Leon's view of my role vis-à-vis the Trustees but, as you recall, our conversation shifted to other topics and we did not return to this subject. The impression I was left with is that I should be *less* responsive to the Trustees. If this is the case, I would be grateful for some clarity in this regard. ***How does Leon generally wish me to respond when the Trustees call and ask me questions or request documentations or ask for the use of my time?***

In particular, there are two outstanding Trustee matters and I would appreciate guidance as to how Leon wishes me to address these matters:

1. Some time ago, Barry asked me to help the Trustees find an insurance broker who can obtain Trustee liability insurance and to help him price such insurance. ***Shall I tell Barry that I am not able to help with this?***
2. As you know we assisted the Trustees with the termination of the split-dollar arrangement entered into by the Leon D. Black 1999 Insurance Trust #2. The Trust now holds 5 second-to-die insurance policies on Leon and Debra's lives, with a combined death benefit of roughly \$100 million and a net cash surrender value of about \$19 million. At the time we presented the termination proposal to the Trustees, we informed them that after the termination, they would want to conduct a review of the policies to determine whether they are an investment worth retaining. If they retain the policies, they will need to decide whether to (i) use cash surrender value to pay the annual premiums (about \$973,000/year) –which, at a 4% return, would cause the policies to lapse before Debra attains age 88, (ii) make additional premium payments starting in 2014 of about \$1.2 million per year (again assuming a 4% return) to keep the policies in effect until Debra obtains age 96, (a plan would have to be devised

to get Trust #2 funds to pay these amounts) or (iii) exchange the policies for a new policy with a smaller death benefit that the net cash surrender value could support until Debra's mid-nineties.

Shall I ask the Insurance broker to run new illustrations for choices 2(i) and (ii), send them to the Trustees along with the names of other insurance brokers they can contact to discuss item (iii). They will undoubtedly ask for additional assistance with this. Does Leon wish me to provide it?

I appreciate your guidance.

Best regards,

Ada Clapp

Chief Legal Officer

Elysium Management LLC

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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