

MORTIMER B. ZUCKERMAN
ESTATE AND TAX PLANNING TASK LIST

Tasks Accomplished at 7/10/14 Meeting:

- **Executed Will:**
 - Executors' compensation reduced to a total fee for administering Mort's estate of \$250,000 per executor, or \$200,000 per executor if the Daily News, US News & World Report, or any successor or affiliate thereof is not part of Mort's estate.
- **Executed Management Trust:**
 - Trustees' compensation reduced to a fee of \$250,000 per year per Trustee, or \$200,000 per year per Trustee if Mort's estate does not include the Daily News, US News & World Report, or any successor or affiliate thereof (reduced by any compensation such individual receives for also serving as executor).
 - Capped at \$1,250,000 or \$1,000,000, as the case may be.
 - This does not govern compensation of the sub-trusts under the Management Trust.
 - Gift to Clare increased to \$600,000.
 - Gift to Yesdy is now \$100,000 upon Mort's death, \$50,000 each year thereafter up to 5 years after Mort's death, and \$100,000 upon the fifth anniversary of Mort's death, provided that Yesdy is still employed by the executors or trustees as a childcare provider to any of Mort's children at the time of such payments.
 - Gifts to Eric and Jamie increased to \$20,000,000 each.
 - Article X revised to allow the Trustees to choose a charitable organization other than the Foundation to receive the trust residuary only if the Foundation, or its successor, does not then exist or is not then a charitable organization.
- **Executed Assignment of Art to Management Trust.**
- **Executed Amendment to the Foundation:**
 - Allows Abigail and Renee to serve as additional Trustees of the Foundation at age 18 (rather than 21).
 - After Mort's death, a majority of the Trustees may agree in writing to remove a trustee or to appoint additional or successor trustees; provided that Eric, Jamie, Andrea, and Jonathan may never be removed, and no more than 5 Trustees may serve at the same time.
 - If fewer than 5 Trustees are serving and there is an issue the Trustees cannot agree upon, Jonathan is appointed as an additional Trustee, or if not Jonathan, then Andrea.
- **Executed Appointment of Ellen as Additional Trustee of the 1996 Trusts.**

Tasks Outstanding:

- **Fund Management Trust:**
 - Transfer Drew Lane property to Management Trust. I am working with Stephanie Ray on this.
- **Irrevocable Trusts:**

- **1996 GST Exempt and 1996 GST Nonexempt Trusts:**
 - Amend. Draft complete. We are checking whether separate shares can be created under Article IV rather than separate trusts.
 - Ellen has been appointed as an additional Trustee who has discretion to invade principal for the funding of the separate shares/trusts.
 - After Amendment is signed, we will work with Kris on funding the Article IV trusts (if necessary).
- **Severed Trust:**
 - Decant/Amend to create DE directed trustee role and change governing law. We must decide whether to decant or amend and then send a final draft to US Trust for their approval.
 - Ellen has been appointed as an additional Trustee who has discretion for the decanting(s). Mort must also appoint US Trust once the directed trustee role is created.
 - Decant the Severed Trust to the DE Dynasty Trust (January, 2015).
 - Todd sent us his opinion letter this week. Review and discuss any necessary revisions.
 - File gift tax return on April 15, 2015 allocating Mort's GST tax exemption to the DE Dynasty Trust.
- **1983 Trust:**
 - Reform to eliminate Mort's power to appoint himself as a Trustee. Mary Schmidt will speak with her contact at the MA Probate Court on or shortly after July 14. We will have a conference call with Bud, George, and Mary after that to decide how to proceed.
 - Decant to amend other provisions. Draft complete. Decide whether to revise the draft to refer to the reformation.
- **Accountings for Trusts:**
 - Gap between 1983 and 1999. Follow up with Kris about this.
- **Foundation:**
 - Decide whether to reincorporate in DE. Mort sounds on board with this.
 - Update the beneficiary designations of the CRUTs if we do this.
 - Verify that Foundation Agreement (or new governing instrument) is broad enough to allow direct conduct of charitable activities, such as scholarship program or archaeological dig, and to permit gifts to foreign charities.
 - Not necessary to apply for approval of the scholarship program at this time since the Foundation is not significantly funded at this time.
- **Business Interests:**
 - Buy-out of USN LPs is in progress:
 - Z News GP – Complete
 - Magazine Associates – Letters have been drafted
 - Sisters and Estate of Ed Linde – Letters have been drafted and
 - Fred Drasner (0.1% interest – forced buy-out not possible due to side agreement/significant negative basis).
 - **Buy outs will be deferred until the PFA proceeding is completed.**
 - Resolve COD issue:

- IRS has accepted our case. Draft of PFA submittal has been discussed and is still being revised.
- Once COD issue is resolved, consider reorganization of US News R&R.
- **Other Issues:**
 - Establish family office and/or employee retention plan.
 - Settle obligations under the Separation Agreement with Marla.
 - Consider charitable beneficiary designation for CRUTs (especially MBZ CRUT) and precatory guidance letter for the Foundation.
 - Consider strategy to fund remaining pledge to Columbia after laddered CRUTs terminate.
 - Fund a DAF with \$5,000,000 of OPUs.