

Black Family Partners

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

Ada Clapp

Phone: [REDACTED]

Fax: [REDACTED]

Email: [REDACTED]

To: Eileen Alexanderson, Jeffrey Epstein
From: Ada Clapp
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Re: Disposition and Control of AGM Stock at Leon's Death

I. Overview.

Upon Leon's death, his interests in BRH Holdings, L.P. ("**BRH**") (held through Black Family Partners L.P., a Permitted Transferee) will pass to his estate. His executors can cause the exchange of Leon's Group's Apollo Operating Group ("**AOG**") units for Class A shares of Apollo Global Management LLC ("**AGM**"), within the amounts permitted in the Shareholders Agreement.

As to control of AGM, if Leon was a member of the Executive Committee when he died:

- (i) His equity interest in BRH Holdings, GP ("**BRH GP**") will pass to the individual who replaces him on the Executive Committee, and
- (ii) If Leon's Group is the largest beneficial owner of AGM Class A and Class B shares, Leon's executor can nominate the person to fill Leon's vacancy on the Executive Committee from among AGM executive officers and its top 25 income producing investment professionals. Leon's executor must first consult with the remaining committee members and one of them must consent to the nomination (such consent cannot be unreasonably withheld).

Leon's ability to cause or veto an "Extraordinary Transaction" (e.g. a sale of AOG) appears to be personal, as there is no provision for this authority to pass to his executors.

II. Summary of Relevant Provisions.

Two documents currently govern the disposition and control of Leon's AGM interests at his death: the Agreement Among Principals and the Shareholders Agreement (both dated July 13,

2007).¹ Following is a summary of the relevant provisions.

A. Agreement Among Principals.

1. Vesting. Leon became fully vested in his AOG units on January 1, 2013.² See Section 3.2.
2. Exchange. Leon, and on his death or disability, his personal representative, has the right to cause Holdings to effect an Exchange³ at any time, of all or a portion of his Group's⁴ vested AOG units for Class A shares of AGM—as long the Exchange is permitted under Section 2.2 of the Shareholders Agreement (see below).
3. Executive Committee. The three-person Executive Committee (the "**Committee**") governs Holdings, BRH, BRH GP, AGM and its managing member (if any) and AOG.
 - a. Right to be on Committee.
 - i. Leon has the right to be a member of the Committee during his employment by AGM.
 - ii. After his retirement, Leon can stay on the Committee until he dies (or is incompetent) or until he commits an act that would cause him to be terminated for cause if he were still employed.

¹ It appears that the Shareholders Agreement was later amended on August 18, 2009. I do not have a copy of this Amendment.

² The Agreement Among Principal provides that each Principal's Pecuniary Interest in AOG units he holds indirectly through AP Professional Holdings ("**Holdings**") is subject to vesting. "**Pecuniary Interest**" means the number of AOG units that would be distributed to the principal if Holdings was liquidated. Leon's AOG units vested in 72 equal monthly installments starting on January 1, 2007. The Agreement provides that the AOG units are 100% vested upon Leon's death or disability. This Agreement does not apply to Leon's interests in Funds IV and/or V. Those agreements need to be reviewed for those interests.

³ Exchange means the exchange by Holdings of AOG units for Class A shares of AGM followed by the sale of such shares at market price.

⁴ Leon's "**Group**" includes (i) Leon, (ii) his spouse, (iii) lineal descendants of his parents, the spouses of such descendants and the descendants of such spouses, (iv) charitable institutions solely controlled by Leon or members of his Group, (v) trusts all of the beneficiaries (current and remainder) of which are Leon and individuals from his Group, (vi) an entity 100% owned by Leon and members of his Group, (vii) Leon's legal or personal representative if he is deceased or disabled and (viii) a person mandated under a qualified domestic relations order.

- iii. When Leon ceases to be on the Committee (*e.g.*, upon his death), his equity interest in BRH GP will pass to his successor on the Committee.
- b. Vacancies.
 - i. If the vacancy is left by Josh or Marc, the remaining Committee members will select a successor from among the Senior Professional.⁵
 - ii. If the vacancy is left by someone other than Josh or Marc, Leon or his personal representative, after consulting with the Committee, shall nominate a Senior Professional to fill the vacancy. The nomination must be approved by at least one Committee member and the approval cannot be unreasonably withheld.

Leon or his personal representative does not have this right if (i) Leon ceases to be a Committee member prior to his death (or disability); (ii) Leon is retired but commits an act that would have caused him to be terminated for cause if he were still employed; and (iii) Leon's Group is no longer the largest beneficial owner of all outstanding Class A and Class B shares of AGM (including indirect ownership).
- c. Transfer Restrictions-BRH GP. While on the Committee, Leon cannot transfer interests in BRH GP unless the other two Committee members agree. When Leon ceases to be on the Committee (*e.g.*, upon his death), his equity interest in BRH GP will pass to his successor on the Committee.
- 4. Transfer of BRH. Leon can transfer his interests in BRH to a Permitted Transferee.⁶ He cannot transfer his BRH interests to anyone else without the unanimous consent of Josh and Marc.

⁵ A "Senior Professional" is either an AGM executive officer or an investment professional that provides full time services to AGM and is one of the top 25 income producers for the prior year.

⁶ A "Permitted Transferee" for Leon is (i) any member of his Group and (ii) Josh and Marc with respect to Fund IV or Fund V interests and any interest forfeitures.

B. Shareholders Agreement.

1. Exchange. Except to a Permitted Transferee, Leon and his Group may not transfer (and thus cannot Exchange) more than the following percentages of their Pecuniary Interests (see Section 2.2):
 - a. 0% until March 30, 2013 (2nd anniversary of the IPO closing date);
 - b. 7.5% after March 30, 2013 and before March 30, 2014;
 - c. 15% after March 30, 2014 and before March 30, 2015;
 - d. 22.5% after March 30, 2015 and before March 30, 2016;
 - e. 30% after March 30, 2016 and before March 30, 2017; and
 - f. 100% after March 30, 2017.
2. Permitted Transferee. Leon's Permitted Transferees are members of his Group, Josh and Marc. His Group is defined that same as in the Agreement Among Principals.