

Estate Planning Overview

Presented to:

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

June 29, 2012

Ada Clapp
Managing Director
Wealth Strategies Advisor

[REDACTED]
[REDACTED]

Aaron Shamshoian
Vice President
Associate Wealth Strategies Advisor

[REDACTED]
[REDACTED]

U.S. Trust, Bank of America Private Wealth Management
114 West 47th Street
New York, New York 10036

Leon D. and Debra R. Black
Overview of Proposed Estate Plan
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All tax calculations herein are merely estimates and should not be relied upon for detailed tax planning purposes. All income taxes are based on flat tax rates and do not take all the details of a state's income tax laws into account.

This analysis is based on the calendar year. All assets and liabilities are valued at the end of each year. Deaths are also assumed to occur at the end of each year. For the first year of the analysis only, annual returns are prorated on a daily basis.

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Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Inventory of Family Assets as of December 31, 2011

	Leon	Debra
Personal Assets		
Taxable Assets - Investment Accounts		
U.S. Trust Cash Account	\$ 10,000,000	
JPM Cash/Marketable Securities	12,000,000	
AP Alternative Assets	8,100,000	
AP Investment Europe	700,000	
Illiquid Assets		
Black Family Partners (7.1%)	100,600,000	
Investment Partnerships	10,000,000	
Note due from 1997 Trust	23,000,000	
2009 GRAT Annuity Receivable	18,400,000	
Real Estate - Personal		
Real Estate	105,000,000	
Miscellaneous		
Narrows Holdings, LLC	1,500,000,000	
Starfire	25,000,000	
Other Tangible Personal Property (assumed)	200,000	-
Total Personal Assets	\$ 1,813,000,000	\$ -
Personal Liabilities		
Art Loans	(260,000,000)	
Note Payable to BFP	(42,000,000)	
Total Personal Liabilities	\$ (302,000,000)	\$ -
Total Estate Assets	\$ 1,511,000,000	
Non-Includible Trust Assets		
1992 Life Insurance Trust (death benefit)	13,000,000	
Black Family 1997 Trust	286,375,000	
1999 Life Insurance Trusts (death benefit)	150,000,000	
Black 2006 Family Trust	1,289,200,000	
Black 2011 Family Trusts (LDB 2011 LLC)	181,500,000	
2009 GRAT (less annuity amounts payable)	94,000,000	
Total Trust Assets	\$ 2,014,075,000	
Total Family Assets	\$ 3,525,075,000	

Leon D. and Debra R. Black
 Overview of Proposed Estate Plan
 Assumptions

Exemption Amounts:	Leon	Debra
Prior Taxable Gifts	\$ 1,000,000	\$ 1,000,000
Available Unified Credit Amount	\$ 4,120,000	\$ 4,120,000
Prior GST Exemption Allocation	\$ 3,500,000	\$ -
Available GST Exemption Amount	\$ 1,620,000	\$ 5,120,000

Year	Federal Estate Tax Exclusion & GST Exemption Amounts	Federal Estate Tax Credit	Highest Federal Estate Tax Rate	Highest New York Estate Tax Rate
2012	\$ 5,120,000	\$ 1,772,800	35%	16%

Notes and Assumptions:

- Leon and Debra are presumed to die in 2012, with Leon immediately predeceasing Debra.
- The Overview illustrates proposed revisions to Leon's Will and Revocable Trust and to the Black Family 1997 Trust and the Black 2006 Family Trust.
- Debra's personal assets are not reflected in the Overview and her Will and Revocable Trust provisions are assumed to mirror those in Leon's proposed documents.
- The Overview does not reflect the proposed art partnership, 2012 gifts or split-dollar transaction.
- Administration expenses are presumed to be 2% of the gross estate.
- Estate taxes are paid from assets passing to descendants (to preserve the charitable deduction).
- It is assumed that art will be sold to family trusts (i) on Leon's death to repay art loans and (ii) on Debra's death to pay estate taxes.
- The 2009 GRAT is illustrated as if Leon survived the trust term.
- The provisions of the Leon D. Black Insurance Trust #2 are assumed to be identical to the Leon D. Black Insurance Trust #1 dated September 13, 1999.

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Estate Flow Chart Upon Leon's Death

Executors: Debra, Barry Cohen, John Hannan and Richard Ressler

Leon Black Gross Estate	
Probate Property	1,794,600,000
GRAT Receivable	18,400,000
Gross Estate	\$ 1,813,000,000

Last Will and Testament Proposed 2012	
Gross Estate	\$ 1,813,000,000
Administration Expenses (2%)	(36,260,000)
Art Loans	(260,000,000)
Residuary Estate	\$ 1,516,740,000
Passes to Revocable Trust	

Trustees: Debra, Barry Cohen, John Hannan and Richard Ressler.

Revocable Trust Agreement Proposed 2012	
Residuary Estate:	1,516,740,000
Narrows LLC to Marital Trust	(1,240,000,000)
Bequests to Debra	(155,200,000)
Bequest to Judy	(5,000,000)
NY Estate Tax	(508,706)
Federal Estate Tax	\$ (473,846)
Revocable Trust Residue	115,557,448
Passes to Marital Trust	

Marital Trusts	
GST Exempt Marital Trust	1,620,000
Non-Exempt Marital Trust:	
Narrows LLC (Art)	1,240,000,000
Revocable Trust Residue	113,937,448
Total Marital Trusts	\$ 1,355,557,448

Yacht and Tangibles Outright Bequest to Debra	
Yacht	\$ 25,000,000
Tangible Property	\$ 200,000

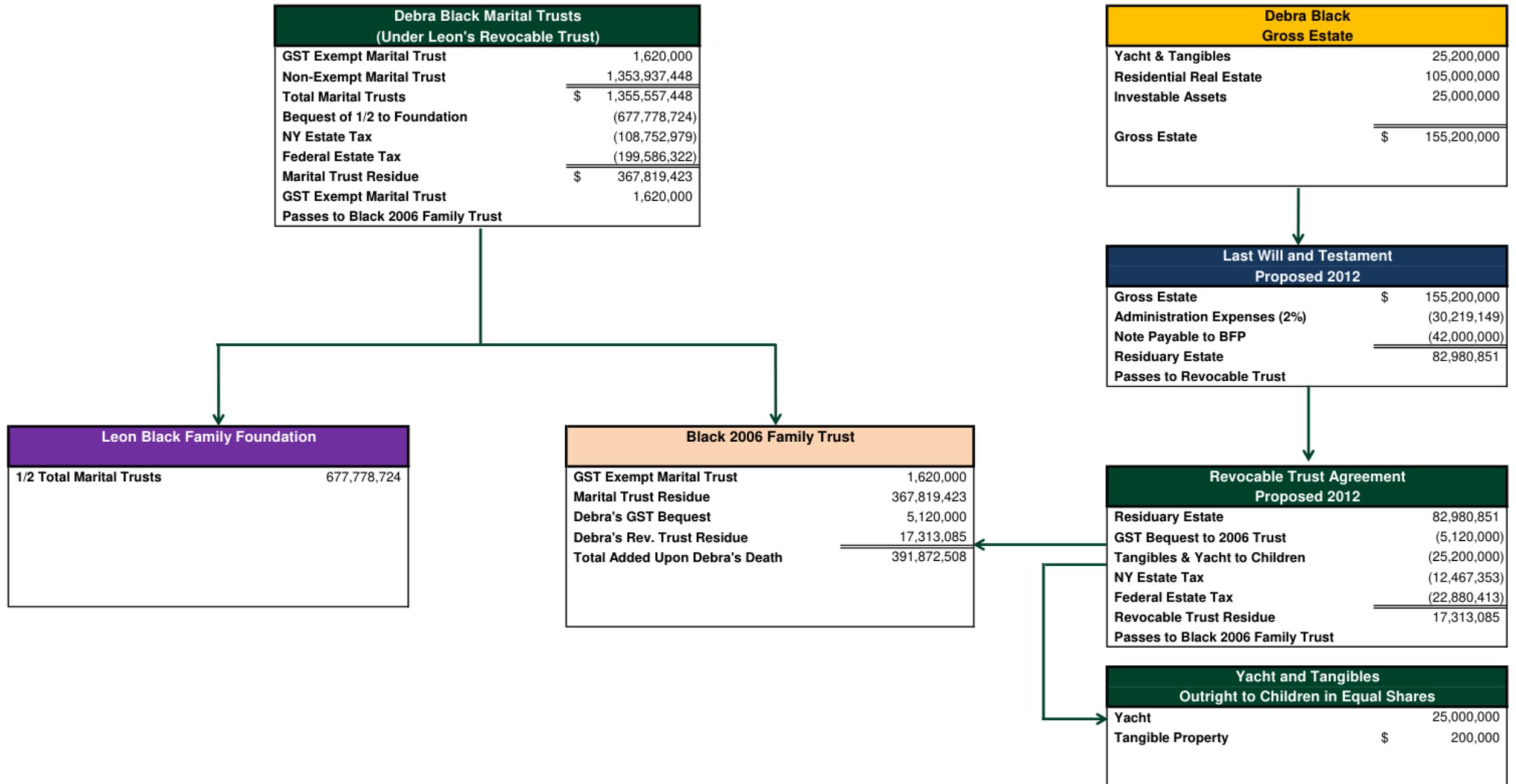
Residential Real Estate Outright Bequest to Debra	
Real Estate	\$ 105,000,000

Cash Bequest Outright to Debra	
Cash Bequest	\$ 25,000,000

Cash Bequest In Trust for Judy	
Cash Bequest	\$ 5,000,000

Leon D. and Debra R. Black
 Overview of Proposed Estate Plan
 Estate Flow Chart Upon Debra's Death

Executors & Trustees:
 Barry Cohen, John Hannan and
 Richard Ressler



Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Black 2006 Family Trust (Proposed 2012) Flow Chart - Following Debra's Death

Trustees: John Hannan
and Richard Ressler

Black 2006 Family Trust	
Trust Assets (Net of Liabilities)	1,289,200,000
Added Upon Debra's Death:	
GST Exempt Marital Trust	1,620,000
Marital Trust Residue	367,819,423
Debra's GST Bequest	5,120,000
Debra's Rev. Trust Residue	17,313,085
Total	\$ 1,681,072,508

Upon the death of the survivor of Debra and Leon:

- > Trust Principal is divided into separate shares for Debra and Leon's children.
- > 75% of each child's share is held in a separate trust (a "Child's Trust") under Article III.
- > 25% of each child's share is held in a separate trust (a "Child's Trust") under Article IV.

- 1 Trustees have discretion to pay the child income and principal from the Child's Trusts for
 - health, education, maintenance and support.
- 2 Independent Trustee has discretion to pay the child income and principal for any purpose.
- 3 At age 35, child can remove and replace Trustees and become a co-Trustee.
- 4 The Child's Trusts terminate upon the death of the child:
 - The child has a testamentary power to appoint the principal as noted below.
 - Assets not appointed will pass to the child's issue, subject to lifetime trusts.

Article III Trust	Article IV Trust
There must always be a corporate Trustee with - distribution and investment discretion. Child may appoint trust property to Leon's issue. Funded with: - Debra's GST Bequest; - The GST Exempt Marital Trust; - 75% of Current Trust Assets; and - 75% of Debra's Rev. Trust Residue.	No corporate Trustee is required. Child may appoint trust property to a spouse or Leon's issue. Child may withdraw \$5 million (inflation adjusted) per year. Funded with: - Art (100% of Marital Trusts Residue); - 25% of Current Trust Assets; and - 25% of Debra's Rev. Trust Residue.

Child's Trusts f/b/o Benjamin Eli Black		
Article III Trust	\$	245,376,203
Article IV Trust	\$	173,611,924

Child's Trusts f/b/o Joshua Max Black		
Article III Trust		245,376,203
Article IV Trust	\$	173,611,924

Child's Trusts f/b/o Alexander S. Black		
Article III Trust		245,376,203
Article IV Trust	\$	173,611,924

Child's Trusts f/b/o Victoria R. Black		
Article III Trust		245,376,203
Article IV Trust	\$	173,611,924

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Black Family 1997 Trust (Proposed 2012) Flow Chart - Following Debra's Death

Trustees: Barry Cohen,
John Hannan and Richard Ressler

Black Family 1997 Trust	
Current Trust Assets:	286,375,000
2009 GRAT Remainder:	94,000,000
Total	\$ 380,375,000

Upon the death of the survivor of Debra and Leon:

- > Trust Principal is divided into separate shares for Debra and Leon's children.
- > 75% of each child's share is held in a separate trust (a "Child's Trust") under Article III.
- > 25% of each child's share is held in as separate trust (a "Child's Trust") under Article IV.

- 1 Trustees have discretion to pay the child income and principal from the Child's Trusts for - health, education, maintenance and support.
- 2 Independent Trustee has discretion to pay the child income and principal for any purpose.
- 3 At age 35, child can remove and replace Trustees and become a co-Trustee.
- 4 The Child's Trusts terminate upon the death of the child:
 - The child has a testamentary power to appoint the principal as noted below.
 - Assets not appointed will pass to the child's issue, subject to lifetime trusts.

Article III Trust	Article IV Trust
There must always be a corporate Trustee with -distribution and investment discretion. The child may appoint trust property to Leon's issue.	No corporate Trustee is required. The child may appoint trust property to a spouse or to Leon's Child may withdraw \$5 million (inflation adjusted) per year.
Funded with 75% of principal	Funded with 25% of principal

Black Family 1997 Trust f/b/o Benjamin Eli Black		
Article III Trust	\$	71,320,313
Article IV Trust	\$	23,773,438

Black Family 1997 Trust f/b/o Joshua Max Black		
Article III Trust		71,320,313
Article IV Trust	\$	23,773,438

Black Family 1997 Trust f/b/o Alexander S. Black		
Article III Trust		71,320,313
Article IV Trust	\$	23,773,438

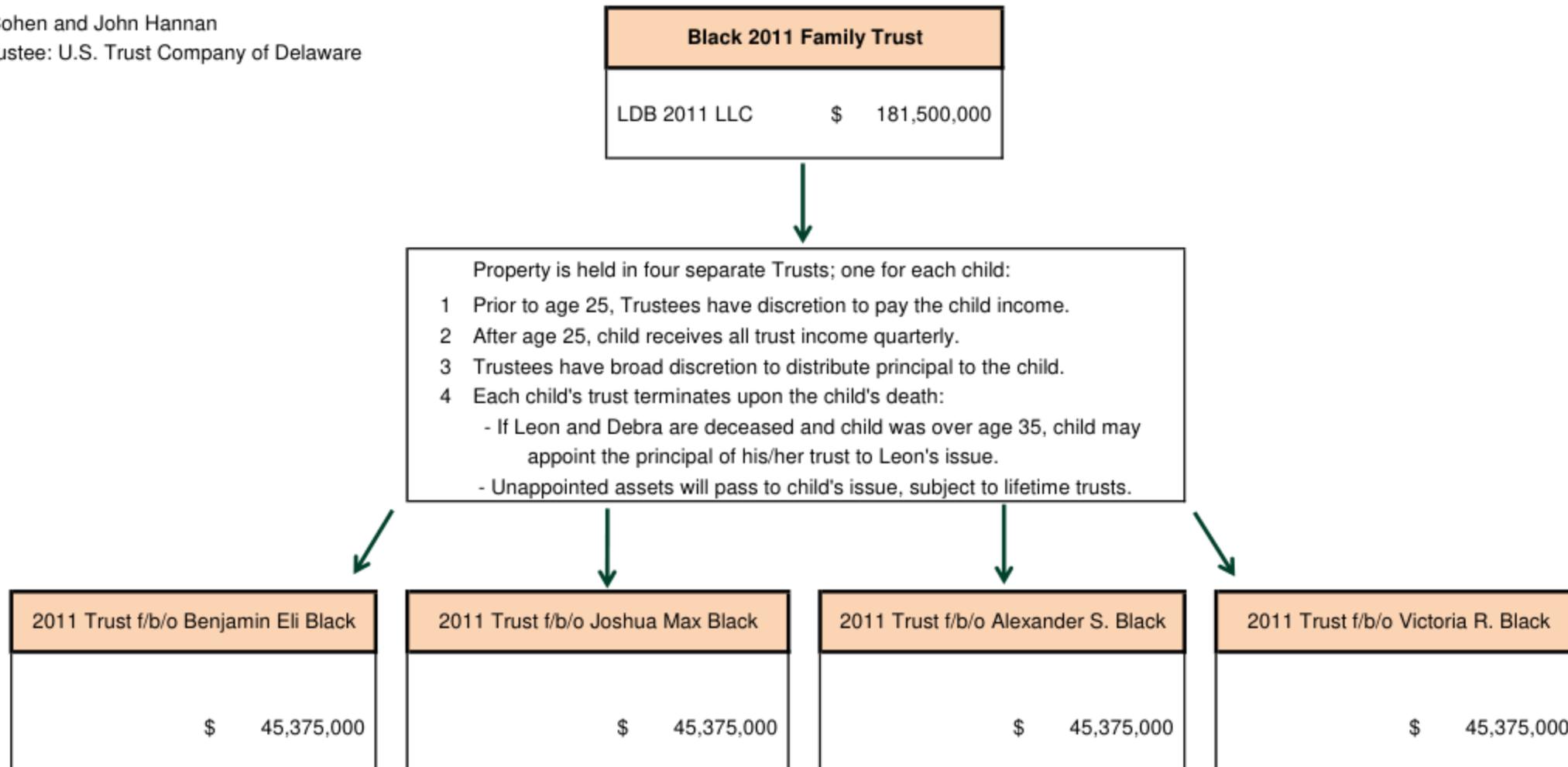
Black Family 1997 Trust f/b/o Victoria R. Black		
Article III Trust		71,320,313
Article IV Trust	\$	23,773,438

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Black 2011 Family Trust Flow Chart - Following Debra's Death

Trustees: Barry Cohen and John Hannan
Administrative Trustee: U.S. Trust Company of Delaware

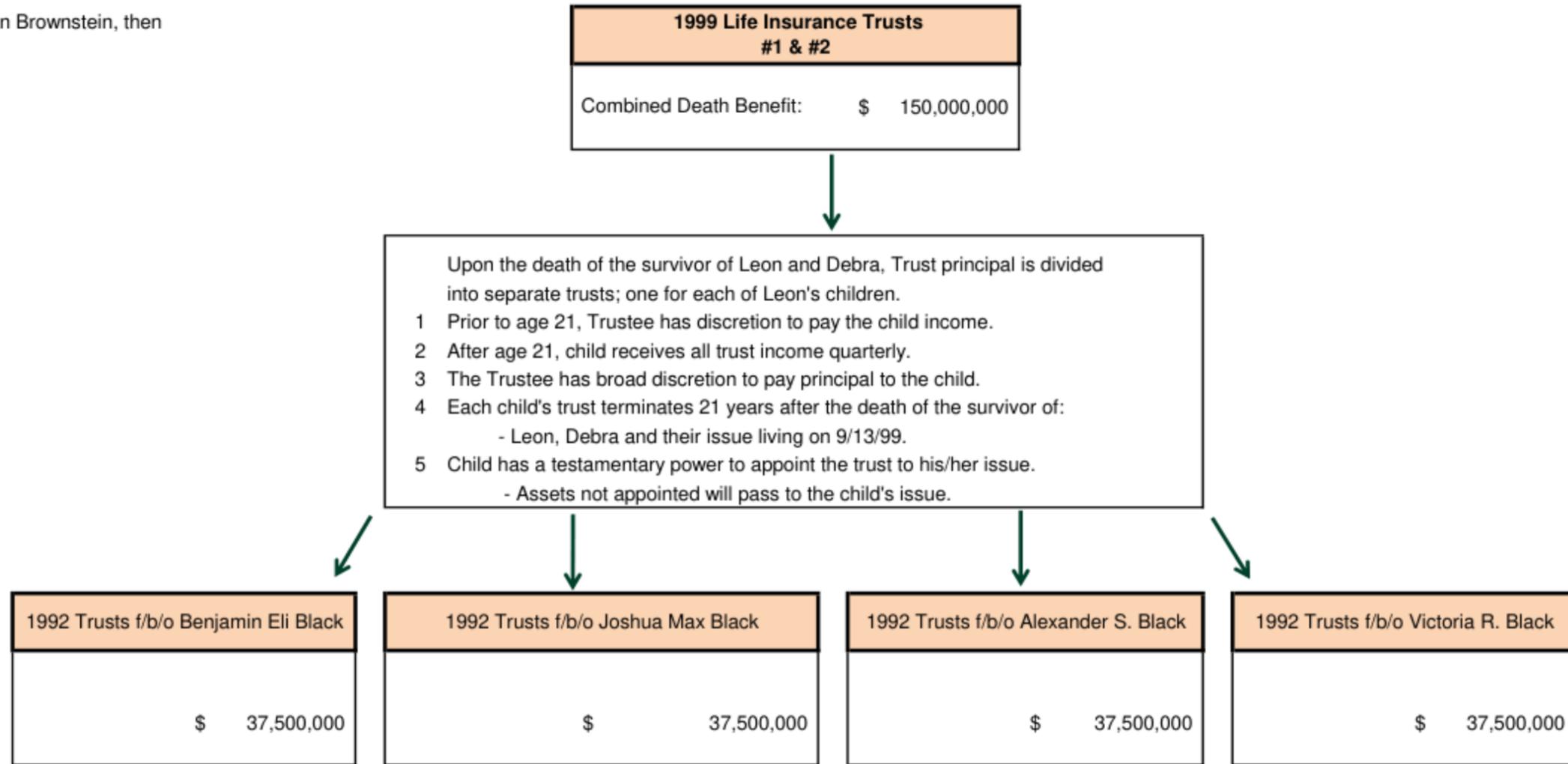


Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Leon D. Black Insurance Trusts #1 & #2 Flow Chart - Following Debra's Death

Trustees: Norman Brownstein, then
John Hannan

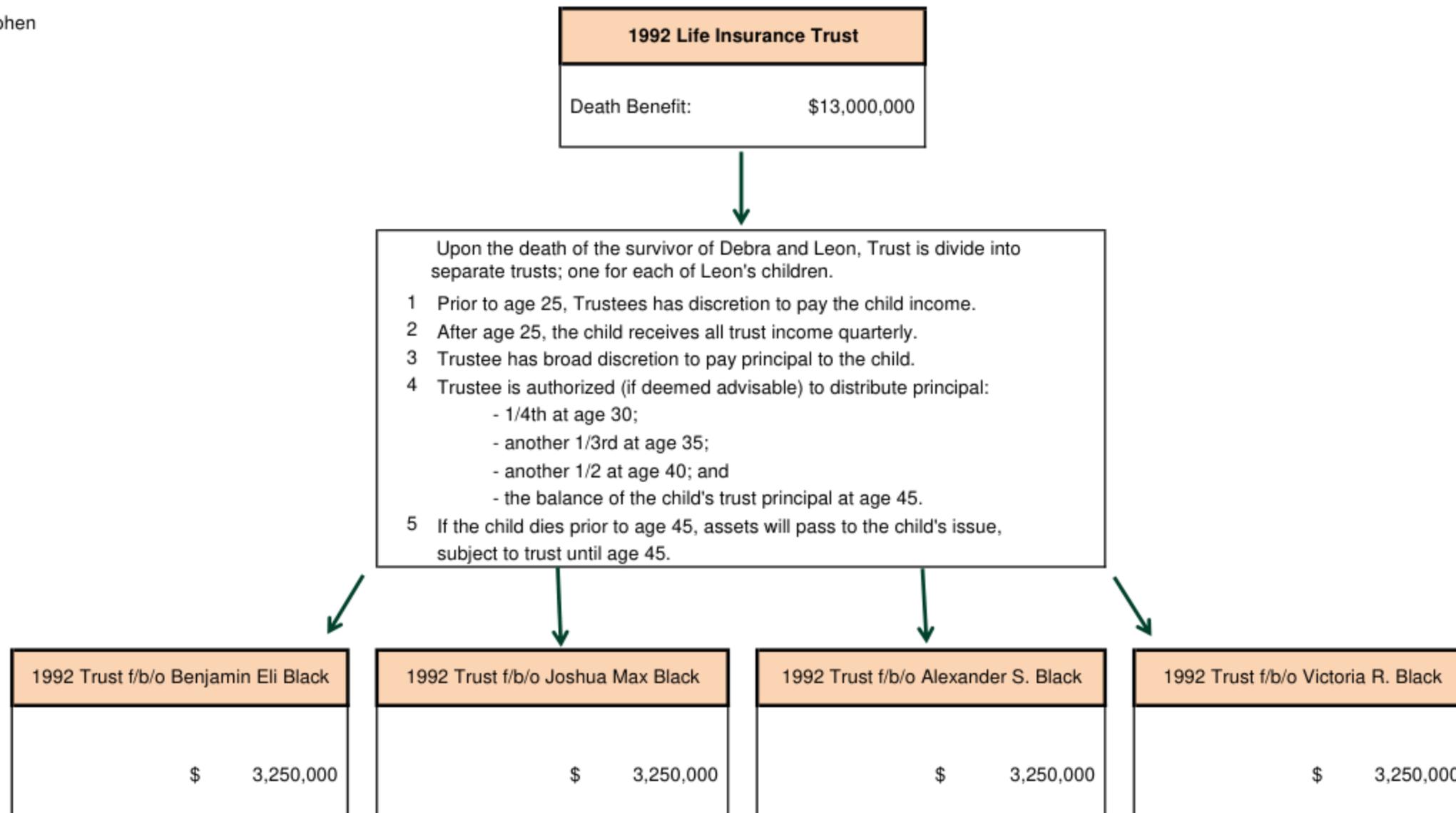


Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Debra and Leon D. Black Life Insurance Trust Flow Chart - Following Debra's Death

Trustee: Barry Cohen



Leon D. and Debra R. Black
 2012 Estate Planning Overview
 Distributions Upon Leon's/Debra's Death

Family					
	<i>Dispositive Provisions</i>	<i>Upon Leon's Death</i>	<i>Upon Debra's Death</i>	<i>Lifetime Planning</i>	
Benjamin Eli Black					\$ 607,786,877
1992 Insurance Trust	Trust until age 45	\$ -	\$ -	\$ 3,250,000	
Black Family 1997 Trust	Trust for Life	-	-	95,093,750	
1999 Insurance Trust	Trust for Life	-	-	37,500,000	
Black 2006 Family Trust	Trust for Life	-	97,968,127	322,300,000	
Black 2011 Family Trust	Trust for Life	-	-	45,375,000	
Tangibles Outright from Debra's Estate	Outright	-	6,300,000	-	
Joshua Max Black					\$ 607,786,877
1992 Insurance Trust	Trust until age 45	\$ -	\$ -	\$ 3,250,000	
Black Family 1997 Trust	Trust for Life	-	-	95,093,750	
1999 Insurance Trust	Trust for Life	-	-	37,500,000	
Black 2006 Family Trust	Trust for Life	-	97,968,127	322,300,000	
Black 2011 Family Trust	Trust for Life	-	-	45,375,000	
Tangibles Outright from Debra's Estate	Outright	-	6,300,000	-	
Alexander S. Black					\$ 607,786,877
1992 Insurance Trust	Trust until age 45	\$ -	\$ -	\$ 3,250,000	
Black Family 1997 Trust	Trust for Life	-	-	95,093,750	
1999 Insurance Trust	Trust for Life	-	-	37,500,000	
Black 2006 Family Trust	Trust for Life	-	97,968,127	322,300,000	
Black 2011 Family Trust	Trust for Life	-	-	45,375,000	
Tangibles Outright from Debra's Estate	Outright	-	6,300,000	-	
Victoria R. Black					\$ 607,786,877
1992 Insurance Trust	Trust until age 45	\$ -	\$ -	\$ 3,250,000	
Black Family 1997 Trust	Trust for Life	-	-	95,093,750	
1999 Insurance Trust	Trust for Life	-	-	37,500,000	
Black 2006 Family Trust	Trust for Life	-	97,968,127	322,300,000	
Black 2011 Family Trust	Trust for Life	-	-	45,375,000	
Tangibles Outright from Debra's Estate	Outright	-	6,300,000	-	
Judy Black					\$ 5,000,000
Trust f/b/o Judy Black - Under Leon's Rev Trust	Trust for Life	\$ 5,000,000	\$ -	\$ -	
Leon Black Family Foundation					\$ 677,778,724
Estimated Taxes and Expenses					\$ 713,148,768
Federal Estate Tax		\$ 473,846	\$ 222,466,735		
New York Estate Tax		508,706	121,220,332		
Administration Expenses (1)		36,260,000	30,219,149		
Liabilities		260,000,000	42,000,000		
Total Assets					\$ 3,827,075,000

(1) Based on 2% of the gross estate

Leon D. and Debra R. Black
 Overview of Proposed Estate Plan
 Estimated Estate Tax Calculations

Leon's Gross Estate	\$ 1,813,000,000
Less Deductions:	
Liabilities	(260,000,000)
Administration Expenses	(36,260,000)
Charitable Deduction	
Marital Deduction	(1,510,757,448)
Estimated New York Estate Tax	(508,706)
Plus: Adjusted Taxable Gifts	1,000,000
Taxable Estate	\$ 6,473,846
Tentative Federal Estate Tax	2,246,646
Less Credits/Payments:	
Unified Credit	(1,772,800)
Gift Taxes Paid	-
Estimated Federal Estate Tax	\$ 473,846
Estimated New York Estate Tax	\$ 508,706
Total Estate Tax Due Upon Leon's Death	\$ 982,552

Debra's Gross Estate	\$ 1,510,957,448
Less Deductions:	
Liabilities	(42,000,000)
Administration Expenses	(30,219,149)
Charitable Deduction	(677,778,724)
Marital Deduction	-
Estimated New York Estate Tax	(121,220,332)
Plus: Adjusted Taxable Gifts	1,000,000
Taxable Estate	\$ 640,739,243
Tentative Federal Estate Tax	224,239,535
Less Credits/Payments:	
Unified Credit	(1,772,800)
Gift Taxes Paid	-
Estimated Federal Estate Tax	\$ 222,466,735
Estimated New York Estate Tax	\$ 121,220,332
Total Estate Tax Due Upon Debra's Death	\$ 343,687,067

Combined Federal Estate	\$ 222,940,581
Combined State Estate Tax	121,729,038
Total Combined Estate Tax	\$ 344,669,619

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Black Family Partners - Financial Inventory Detail

Assets		
Cash		
U.S. Trust Cash Account	\$	13,400,000
Marketable Securities		
Lone Cascade LP		36,800,000
King Street Capital		12,600,000
AINV shs dist fr AIC		3,900,000
Anchorage Capital Partners		12,500,000
Millennium Group		19,600,000
Canyon Value Realization		13,200,000
Illiquid Assets		
Investment Partnerships:		56,800,000
HAO Capital Fund LP	\$	3,000,000
iCrete LLC		1,600,000
Knowledge Universe		32,000,000
Wolfensohn Cap Ptrs		2,000,000
Sustainable Woodlands		18,200,000
44% Interest BRH Hldgs		1,143,000,000
Apollo CoInvest III		4,100,000
Apollo CoInvest IV		1,300,000
Apollo CoInvest V		8,600,000
Apollo CoInvest VI		43,900,000
Apollo Value CoInvest		6,800,000
SOMA CoInvest		1,900,000
Note due from 2006 Trust		27,000,000
Note due from LDB		42,000,000
Total Assets	\$	1,447,400,000

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Black Family 1997 Trust - Financial Inventory Detail

Assets		
Cash		
U.S. Trust	\$	3,400,000
Marketable Securities		
BS/JPM		2,100,000
BlueStar I, LLC		285,000
Buckingham RAF Ptrs		9,700,000
Lion Global Fund		130,000
Neuberger		15,160,000
Illiquid Assets		
Artwork (at cost)		204,000,000
Black Family Partners (4.4% interest)		63,200,000
Investment Partnerships		8,400,000
Apollo Advisors II		
AREIF III CoInvest LLC		
AREIF IV CoInvest LLC		
Apollo RE Advisors IV, LP		
Apollo RE Advisors III, LP		
AP Energy Ptrs LLC		
Dune Real Estate Fund LLC		
Gifthorse Ptrs LLC		
Quadrangle Cap Ptrs II		
Markstone Cap Ptrs		
ProQuest Investments		
Blue Sunshine		
Real Estate		
101 Warren Street Apt \$2.9mil		3,000,000
Total Assets	\$	309,375,000
Liabilities		
Note Payable to LDB		(23,000,000)
Total Liabilities	\$	(23,000,000)
Net Value of Trust	\$	286,375,000

Leon D. and Debra R. Black

Overview of Proposed Estate Plan

Black 2006 Family Trust - Financial Inventory Detail

Assets	
Cash	
U.S. Trust	\$ 16,500,000
Illiquid Assets	
Artwork (at cost)	58,000,000
Black Family Partners (72.6% interest) (1)	1,070,000,000
Note Due from 2009 GRAT	13,000,000
Apollo Credit Opportunity Fund (2)	152,000,000
Apollo Investment Corp	6,700,000
Total	\$ 1,316,200,000
Liabilities	
Note Payable to BFP	(27,000,000)
Total Liabilities	\$ (27,000,000)
Net Value of Trust	\$ 1,289,200,000

(1) 70.8% owned through LBF Holdings, LLC ("LBF").

(2) Owned through LBF.

Leon D. and Debra R. Black
 Overview of Proposed Estate Plan
 LDB 2011 LLC - Financial Inventory Detail

Assets	
Cash	
JPM	\$ 17,200,000
Marketable Securities	
JPM	5,000,000
Illiquid Assets	
Artwork (at cost)	47,000,000
Black Family Partners (6.9% interest)	97,200,000
Investment Partnerships	15,100,000
Ap Technology PartnersLLC	
AP SHL Investors LLC	
Apollo RE Investment Fund	
AREIF III Transfer Members LLC	
BHM Investors	
M-Clift Partners	
Microbes Investors LLC	
Remainderman Investors LLC	
AREIF Colnv IV	
Viroproto Investors LLC	
Apollo FCI Colnv	
Apollo Investment Fd	
Total Assets	\$ 181,500,000