

DOCUMENT SUMMARY

To: Leon D. Black
From: Ada Clapp
Date: July 8, 2013
cc: Eileen Alexanderson, Jeffrey Epstein
Re: Your Proposed 2013 Will and Revocable Trust

Following is a summary of your proposed Will (your “Will”) and the agreement (the “Trust Agreement”) creating your proposed Revocable Trust (your “Revocable Trust”). Alan S. Halperin of Paul, Weiss, Rifkind, Wharton & Garrison LLP prepared these documents for you.

YOUR WILL

FIRST: Definitions. You recite that:

- A. “Art Entities” include Narrows Holdings LLC, Narrows Holdings II, LLC, Pent Holdings, Inc., Noel Calb LLC and any other entity formed for the primary business purpose of holding works of art.
- B. “Individual Collectibles” refers to your works of art valued at \$10,000 or more (not held in an Art Entity), your first edition books and your cane collection.

SECOND: Art Entities. Art Entities will pass to Debra’s Marital Trust under your Revocable Trust, or if she predeceases you, will be added to your Revocable Trust.

THIRD: Personal Property. Your Individual Collectibles will be added to your Revocable Trust. Debra will receive the balance of your personal property, or if she does not survive you, it will pass equally to your surviving children.

FOURTH: Residences. Debra will receive your residences outright,¹ or if she predeceases you, your residences² will be sold and the sale proceeds added to your Revocable Trust.

¹ Other than two parcels, you and Debra own all your residences jointly. This means that Debra will own them outright at your death and you cannot put your “half” in a Marital Trust. You own [REDACTED] individually and could put it in a Marital Trust however, that seems impractical since Debra will own the other two Meadow Lane parcels outright upon your death.

Do you want [REDACTED] to be held in the Marital Trust? Or, would you like title changed so that ALL residences are held jointly.

² Other than [REDACTED] which Debra owns in her individual name.

- FIFTH: Satisfaction of Pledges. Your Executors will pay any outstanding charitable pledges made during your lifetime.
- SIXTH: Residuary Estate. The balance of your property will be added to your Revocable Trust and disposed of as described below.
- SEVENTH: Death Taxes. All estate taxes due on all your property, whether passing under your Will, your Revocable Trust or otherwise will be paid from your Revocable Trust.
- NINTH: Executors.
- A. Debra, Barry Cohen and Richard Ressler are your co-Executors. You appoint John Hannan as successor Executor to Barry and Allison Ressler as successor Executor to Richard.
 - B. Debra is not entitled to compensation. Other individual Executors may receive the lesser of (i) \$250,000 per year (CPI adjusted) or (ii) New York statutory commissions,³ except that Executors shall not be paid for more than 5 years and if also acting as Trustee of your Revocable Trust, will not receive double compensation.

YOUR REVOCABLE TRUST

- FIRST: Disposition of Initial Trust.
- A. During your lifetime, you are sole Trustee and may revoke or amend the Trust Agreement at any time. You may withdraw, and the Trustees may pay you, income and principal at any time and for any purpose.
 - B. Should you become incapacitated the Trustees may pay income and principal (i) for Debra's maintenance, health and support, and (ii) to make gifts to Debra, your descendants, your sister Judy and charitable organizations, for any purpose they deem advisable.
 - B. Upon your death, the property passing to your Revocable Trust pursuant to your Will shall be added the trust principal (together, the "Trust Fund") and disposed of as outlined below.

³ 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; three or more executors would split two full commissions between them).

SECOND: Personal Property/Art Selection.

- A. If Debra survives you, your Individual Collectibles and Art Entities (as defined in your Will) will pass to her Marital Trust and she will receive your remaining personal property outright.
- B. If Debra predeceases you:
 - 1. Each child can select items, up to a specified dollar limit, from your Individual Collectibles and Art Entities to be held in his or her Legacy Trust, described below. The Trustees will even up with cash any differences in the value of selected items so that each child's Legacy Trusts receives property of equal value. The Trustees are directed to sell the remaining Individual Collectables and art held in Art Entities.
 - 2. The balance of your personal property will be distributed equally to your children.

Please specify a dollar limitation on the value of art and individual collectables that may be selected by a child for his or her Legacy Trust.

THIRD: Residences. Debra will receive your residences outright, or if she predeceases you, your residences will be sold at market value and the sale proceeds added to the Trust Fund.

FOURTH: Cash Legacies/Trust for Judy Black

- A. If Melanie Spinella survives you, she will receive \$3 million.
- B. If Debra predeceases you:
 - 1. John Ressler will receive \$10 million, if he survives you.
 - 2. Judy's Trust. If your sister Judy survives you, \$25 million will be held in trust for her. The Trustees may pay her income and principal for any purpose. Upon her death, her husband will receive \$1 million and the balance will pass to the Heritage Trust, described below.

Please confirm Judy's legal name and her husband's name. Do you wish to leave him \$1 million if Judy predeceases you and Debra?

FIFTH: Estate Tax Exemption. If Debra and a descendant survive you, the amount that may pass free of Federal and New York estate tax will pass to the Black Family 1997 Trust (the "97 Trust"). If you have any unused generation-skipping transfer

(“GST”) tax exemption at your death (the “GST Amount”), it will be allocated to this disposition and held in the separate GST exempt trust (the “97 GST Exempt Trust”) under the same trust agreement as the 97 Trust.

SIXTH. GST Tax Exemption. If a descendant survives you, any portion of your GST Amount not used above will be distributed as follows:

- A. If Debra survives you, the GST Amount will be held in a separate, GST exempt Marital Trust for Debra. She will receive all trust income during her lifetime and the Trustees have discretion to pay her principal. Upon her death, the remaining property will be added to the 97 GST Exempt Trust.
- B. If Debra predeceases you, the GST Amount will be added to the 97 GST Exempt Trust.

SEVENTH: Residuary Trust. The balance of the Trust Fund, after payment of all bequests, debts, administration expenses and estate taxes (the “Residuary Trust”), will be distributed as follows:

- A. If Debra survives you, the Residuary Trust will pass to her Marital Trust. Any property Debra renounces (to achieve overall tax savings) will instead pass to the 97 Trust.
- B. If Debra predeceases you, the Residuary Trust will pass to the Heritage Trust.

EIGHTH: Marital Trust. Debra will receive all trust income during her lifetime and the Trustees may pay her principal for any purpose. Upon Debra’s death, the Marital Trust principal will be disposed of as follows:

- A. Art Selection. Each child can select items, up to a specified dollar limit, from Individual Collectibles and Art Entities to be held in his or her Legacy Trust. The Trustees will even up with cash any differences in the value of selected items so that each child’s Legacy Trusts receives property of equal value. The Trustees are directed to sell the remaining Individual Collectables and art held in Art Entities.
- B. Cash Legacies.
 - 1. If John Ressler is living, he will receive \$10 million.
 - 2. If Judy is living, \$25 million will be held in trust for her, with the same terms described above. If Judy is not living, her husband will receive \$1 million.

3. An amount equal to Debra's unused GST tax exemption will be distributed to the 97 GST Exempt Trust.

C. The remaining Marital Trust principal will pass to the Heritage Trust.

Do you wish to give Debra power at her death to appoint the remaining Marital Trust property among your descendants before it passes to the Heritage Trust?⁴

NINTH: Heritage Trust. The Heritage Trust will be single trust for the benefit of all your descendants. The Trustees may distribute income and principal to your descendants after considering the distribution guidelines outlined below.

- A. The Trustees will make the following distributions to each child's Legacy Trust:
 1. Ten million dollars when the child attains age 30.
 2. Fifty million dollars when the child attains age 35.
 3. One hundred million dollars when the child attains age 40.
 4. If a child predeceases you and Debra (or dies under age 40), the above amounts will be divided into shares *per stirpes*, for the child's descendants and each share will be held in a separate Legacy Trust for each such descendant.
- C. Family Ventures. The Trustees may invest in entrepreneurial ventures proposed by any descendant, so long as it is a career commitment by such descendant. Any profits therefrom will be paid 51% to such descendant's Legacy Trust and 49% will be divided amount the other Legacy Trusts in a manner that treats each of your children's family lines equally.

Do you wish to limit this provision to ventures initiated only by your children or to put a cap on the amount that Trustees may invest in such ventures?

TENTH: Legacy Trusts. Property set aside for a descendant of yours (the "Beneficiary") will be held in a separate trust (a "Legacy Trust") as follows:

- A. The Trustees may pay income and principal to the Beneficiary after considering the distribution guidelines outlined below.

⁴ This affords flexibility for Debra to direct additional assets to a descendant with greater financial need (*e.g.*, due to illness or mental or physical disability of the descendant or his or her family). Any property Debra fails to appoint would pass to the Heritage Trust.

- B. You request the Trustees of a child's Legacy Trust to give the child \$10 million (received from the Heritage Trust when the child attained age 30) to buy a principal residence,
- C. The Trustees are authorized to invest in a business venture proposed by the Beneficiary, so long as it is a career commitment by the Beneficiary.
- D. Each Legacy Trust will terminate upon the Beneficiary's death and the remaining principal distributed among your descendants as the Beneficiary appoints by Will. Any property not appointed will pass to the Beneficiary's descendants, or if none, to the descendants of the Beneficiary's nearest ancestor who was a descendant of yours, or if none, to your descendants, in each case subject to a Legacy Trust.

ELEVENTH: Contingent Beneficiaries. Any property not disposed of at your death or at the termination of any trust under your Revocable Trust will be distributed to the individuals or charitable organizations you have yet to name.

Please let us know the identity of your contingent beneficiaries.

THIR-TEENTH: Death Taxes. Your debts, administration expenses and estate taxes will be paid from your Revocable Trust. Upon Debra's death, any estate tax attributable to the inclusion of the Marital Trust in her estate will be paid from the Marital Trust.

FOUR-TEENTH: Distribution Guidelines. Before making distributions to your descendants your Trustees must consider, among other factors, (i) the descendant's financial acumen and wealth transfer planning, (ii) any marital discord or pending matrimonial action he or she may be involved in; (iii) creditor claims or pending litigation with respect to the descendant and (iv) any evidence of substance abuse, addiction or mental condition that would make a distribution ill advised.

SIX-TEENTH: Trustees.

- A. If you cease to act as Trustee, Debra, Barry Cohen, and Richard Ressler will become co-Trustees.
- B. Debra, Barry and Richard will be co-Trustees of the Marital Trust and Barry and Richard will be co-Trustees of Judy's Trust, the Heritage Trust and each Legacy Trust.
- C. John Hannan is successor Trustee to Barry. If Richard ceases to act as Trustee of Alex's Legacy Trust, Anthony Ressler is his successor. If

Richard ceases to act as Trustee of any other trust, Allison Ressler is his successor.

- D. Each Beneficiary may become a co-Trustee of his or her Legacy Trust upon attaining a specified age. ***Please let us know at what age.***
- E. Debra is not entitled to compensation. Other individual Trustees may receive the lesser of (i) \$250,000 per year (CPI adjusted) or (ii) New York statutory commissions.⁵

⁵ 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.