

Black Family Partners

Apollo Management
[REDACTED]

Ada Clapp

Phone: [REDACTED]; Fax: [REDACTED]

Email: [REDACTED]

To: Leon D. Black
From: Ada Clapp
Date: October 23, 2013
Re: Summary of the APO2 Agreement

Following is a summary of the APO2 Agreement (the "Agreement") that was prepared for you by Alan Halperin of Paul, Weiss, Rifkind, Wharton & Garrison, LLP. You are the Grantor of the trusts created under the Agreement.

It is intended that this trust will receive the assets of the Non-Exempt Trust under the Black Family 1997 Trust upon a decanting of such trust by its trustees. Once you have settled on the terms of the Heritage Trust, it will be the ultimate recipient of the assets held under this Agreement.

- I. Discretionary Trust. Until such time as the Trustees decide to create Separate Trusts for your descendants (see I B below), all trust property will be held in a single "Discretionary Trust" for the benefit of Debra and your descendants.
 - A. The Trustees have broad discretion to distribute income and principal to Debra and your descendants, but before doing so, you request that they consider the recipient's particular circumstances (*i.e.*, his or her financial acumen and solvency, risk of an impending divorce, or a mental, emotional or medical condition or addiction that would make a distribution ill advised at that time).
 - B. Instead of paying income and principal directly to a descendant of yours, the Trustees may instead fund a "Separate Trust" for such descendant (called the "Beneficiary" thereof), described in II below.
 - C. The Discretionary Trust will terminate on the "perpetuities date" (21 years after the death of the survivor of Debra and your children), or if sooner, upon the death of the survivor of Debra and your descendants. Upon termination, the remaining trust property will be distributed to your descendants, or if none are living, to your estate.
- II. Separate Trust For Descendants. Each Separate Trust for a descendant of yours will be administered and disposed of as follows:
 - A. The Trustees have broad discretion to distribute income and principal to the Beneficiary and his or her descendants, but before doing so, you request that they consider the recipient's particular circumstances.
 - B. Each Separate Trust will terminate upon the Beneficiary's death and the remaining property will be distributed to such of your descendants (other than

the Beneficiary, his or her estate or creditors) as the Beneficiary appoints by Will. Any property not appointed will be divided for the Beneficiary's descendants and held in a Separate Trust for each descendant. If the Beneficiary has no living descendants, the trust property will be divided for the descendants of the Beneficiary's nearest ancestor who was a descendant of yours, or if none, for your then living descendants, and in each case held in a Separate Trust.

III. Trustees.

- A. Discretionary Trust. Barry Cohen, John Hannan and Richard Ressler (and after your death, Debra) are Trustees of the Discretionary Trust.
- B. Separate Trusts. Barry, John and Richard are Trustees of each Separate Trust. After your death, each Beneficiary who attains age 35 becomes a co-Trustee, and upon attaining age 40 can remove a Trustee of his or her separate Trust.
- C. Successor/Additional Trustees. Antony Ressler is successor Trustee to Richard. There is flexibility to appoint your children as co-Trustees of the Discretionary Trust and of his or her Separate Trust at any time.
- D. Compensation.
 - 1. Debra and your descendants are not entitled to compensation.
 - 2. Other individual Trustees are not compensated unless they elect by December 1st to be compensated for the following year. Aggregate compensation for acting as Trustee of all trust created by you is the lesser of (i) \$400,000 per year (CPI adjusted) and (ii) 1/3rd of a New York annual statutory commission.

IV. Grantor Trust. For added flexibility and to ensure grantor trust status, the Agreement grants you power to substitute trust property with other property of equivalent value. "Grantor trust" status means that you will be taxed on all income, including capital gains, generated in the trusts created under the Agreement

V. Governing Law. The Agreement is governed by New York law.

IRS Circular 230 Disclosure: Pursuant to IRS Regulations, we inform you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used by any person or entity for the purpose of (i) avoiding tax related penalties imposed by any governmental tax authority or agency, or (ii) promoting, marketing or recommending to another party any transaction or matter discussed herein. We advise you to consult with an independent tax advisor on your particular tax circumstances.