

Elysium Management LLC

445 Park Avenue
Suite 1401
New York, New York 10022

Heather Gray

Phone: [REDACTED]

Email: [REDACTED]

To: Leon D. Black
From: Heather Gray
Date: April 24, 2015
Re: Pablo Picasso, *Buste de femme (Marie Thérèse)*

This memorandum summarizes the terms of the Agreement of Sale between you and Gagosian Gallery, Inc. for the Picasso, *Buste de femme (Marie Thérèse)* (the “Work”).

I. **Buyer.** You are listed as the buyer of the Work, but you have the right to assign the agreement to Narrows Holdings LLC, Debra or your children, or other entities created by or primarily for the benefit of you, Debra or your children.

II. **Purchase Price.** The purchase price for the Work is \$115,000,000.

III. **Timeline:**

- April 2015: The agreement is signed. Diana Howard examines the Work and prepares a condition report. If the condition is satisfactory to you, you pay Gagosian \$23,000,000 (20% of the purchase price).

The Work is in the possession of the owner. The owner is required to insure the Work for the full purchase price and you are named as a loss payee on the owner’s insurance policy to the extent of your interest in the Work.

- June 30, 2015: You pay Gagosian \$34,500,000 (30% of the purchase price). The Work is still in the possession of the owner and the owner continues to insure it.
- September 2015: The Work is shipped to MoMA for the “Picasso Sculpture” exhibition which is on view from September 14, 2015 – February 7, 2016. MoMA insures the Work for the full amount of the purchase price and you are named as a loss payee on MoMA’s insurance policy to the extent of your interest in the Work.
- October 1, 2015: You pay Gagosian \$28,750,000 (25% of the purchase price). At this point, you will have paid \$86,250,000 of the purchase price, but you will not have possession of the Work.

- February 7, 2016: MoMA exhibition closes. Diana Howard examines the Work at MoMA and prepares another condition report. If the Work is in substantially the same condition as it was in when the first condition report was prepared, you are obligated to complete the purchase of the Work. Title and risk of loss to the Work pass to you at MoMA once Diana confirms the Work's condition. MoMA delivers the Work to 760 Park Avenue. Use tax will be payable on April 15, 2017.

If the Work is *not* in substantially the same condition as it was in when the first condition report was prepared, you can cancel the sale. Gagosian will refund the three installment payments that you have previously made (totaling \$86,250,000) and MoMA will return the Work to the owner or to Gagosian.

- April 15, 2016: You pay Gagosian \$28,750,000 (the final 25% of the purchase price).

III. Damage while Work is in Owner's Possession.

You will have paid \$57,500,000 of the purchase price while the Work is in the owner's possession before it is shipped to MoMA, and another \$28,750,000 while it is at MoMA on exhibition. If the Work is damaged during this time, I do not want you to have to wait until the end of the MoMA exhibition to examine the Work again and to potentially cancel the sale and receive a refund of the amounts paid.

As a result, Gagosian must notify you if the work is damaged at any time before it is in your possession. If the Work is damaged, Diana will examine it again and if it is not in substantially the same condition as it was in at the time of the initial condition report, you can cancel the sale and Gagosian has to refund to you the amount of the purchase price that you have previously paid.

IV. Diana Howard.

Diana Howard is the person who will be examining the work to determine its condition. Gagosian might be uncomfortable with Diana since she is your curator and could be biased in your favor. We can always select an independent conservator to examine the Work, if necessary, but I wanted to start off with Diana as you and I had discussed.