

Elysium Management LLC

445 Park Avenue
Suite 1401
New York, New York 10022

Ada Clapp

Phone: [REDACTED]

Email: [REDACTED]

To: Leon D. Black
From: Ada Clapp
Date: April 7, 2014
Re: Heritage and Legacy Trust Provisions for Consideration

Your Will, Revocable Trust and the Heritage and Legacy Trust (the “Documents”) were discussed at the family meeting held on September 5, 2013. Several issues were raised at that meeting that may cause to you to reconsider some of the provisions of the Heritage and Legacy Trust Agreement (the “Agreement”). These issues are outlined below:

I. Works of Art.

Under the Documents, if Debra survives you, your individually owned art, first edition books and interests in Narrows I and II and Pent Holdings Inc. (collectively, your “Art”), will be held in a Marital Trust for Debra. Upon Debra’s death, your Trustees are authorized to select Art to be owned by a child’s Legacy Trust (under the Agreement) and you ask them to follow your written directions in that regard. Any Art not selected by the Trustees will pass to your Foundation.

A the family meeting, you noted that you are preparing a list specifying which works of Art you want the Trustees to select for each child’s Legacy Trust. Some children expressed a preference that all Art be held in the single “pot” trust (called the “Heritage Trust”), rather than dividing ownership among the four Legacy Trusts. This would allow each child to enjoy any or all works of Art, from time to time, at the Trustee’s discretion, without having to pay rent to sibling’s Legacy Trust. Others preferred for their Legacy Trust to own certain works of Art, so that enjoyment of the work would be exclusive to the child and the child’s family.

You may wish to consider some combination of the two views. For example, a small number of works of Art could be held in each child’s Legacy Trust (for exclusive use) with the bulk of the Art held in the Heritage Trust (for all to share in turns). If you are considering this approach, I will follow up regarding a suggestion made at the family meeting namely, that each child make a list of the top 10 works of Art he or she would want held in his or her Legacy Trust.

II. Entrepreneurial Ventures.

The Agreement authorizes the Trustees to invest in any entrepreneurial venture initiated by a descendant (the “Entrepreneur”) who makes a minimum 3-year commitment to its success (a

“Venture”). The Trustees’ authority is limited by the following caps: not more than 10% of the Heritage Trust Assets can be invested in a child’s Venture (the cap is 5% for any other descendant) and the Trustees cannot invest in more than 3 Ventures per descendant. Ventures proceeds are first used to repay the Heritage Trust its capital investment. Next, profits are paid (i) 50% to the Heritage Trust, (ii) 25.5% to the Legacy Trust of the Entrepreneur and (iii) 24.5% will be divided among the remaining Legacy Trusts.

At the meeting, opinions differed as to whether there should be any caps placed on the Trustees’ discretion to invest in a Venture they believe will be profitable. There was also disagreement on how Ventures profits should be shared. Some felt that sharing profits with non-Entrepreneur descendants will discourage the Entrepreneur from bringing the Ventures to the Trustees and also de-motive the other descendants from initiating their own Ventures (as it is easier to ride on the coattails of the Entrepreneur).

In light of the family discussion, you may wish to reconsider the caps placed on the Trustees as well as the manner in which Venture profits are shared.