

DOCUMENT SUMMARY

To: Leon D. Black
From: Ada Clapp and Alan Halperin
Date: June 30, 2014
Re: Your 2013 Will and Revocable Trust and the Heritage and Legacy Trust

Following is a summary of your current Will and LB Revocable Trust (your "Revocable Trust") and the LB Heritage and Legacy Trust (the "H&L Trust") dated August 15, 2013. Your Will directs that all your probate property be disposed of under your Revocable Trust.

I. YOUR WILL AND REVOCABLE TRUST

Upon your death:

- A. Satisfaction of Pledges. Any outstanding written charitable pledges made by you during your lifetime and payable at your death will be paid.
- B. Cash Legacies.
 1. Melanie Spinella will receive \$3 million.
 2. Judy Black will receive a \$500,000 per year annuity payment for her lifetime.
 3. If Debra predeceases you, Jon Ressler will receive a \$500,000 per year annuity payment for his lifetime.
- C. Tax Exemption Bequests. If Debra or a descendant survives you, amounts equal to your remaining Federal estate tax exemption (current \$0) and generation-skipping transfer tax exemption (current \$1.8 million) will pass to existing trusts for your descendants.
- D. Tangible Personal Property/Art Disposition.
 1. If Debra survives you, art you own, your first edition books, and Art Entities,¹ will pass to the Marital Trust. Debra will receive your remaining tangible personal property outright.
 2. If Debra predeceases you but a child or children survive you:
 - a. The Trustees may appropriate art owned in your name, your first edition books and art held in an Art Entity ("Works") to be held in a child's Legacy Trust under the H&L Trust. You ask the Trustees to consider any requests you make in the regard in a signed writing.

¹ Art Entities include Narrows Holdings LLC, Narrows Holdings II, LLC, Pent Holdings, Inc., Noel Calb LLC and any other entity formed for purposes of holding artwork.

- b. Works not so appropriated will pass to the Leon Black Family Foundation (the "Foundation").
- c. Your remaining personal property will pass equally to your children.

E. Residences.

- 1. If Debra survives you, she will receive your jointly owned residence outright and 750 Meadow Lane, which you own individually, will pass to the Marital Trust.
- 2. If Debra predeceases you, the Trustees will sell the Manhattan apartments and add the sale proceeds to the Revocable Trust. The remaining residences will be held in the H&L Trust.

F. Residuary Trust. After payment of bequests, debts, expenses and taxes, the remainder of the Revocable Trust will be distributed to the Marital Trust, or if Debra predeceases you, to the Foundation.

G. Marital Trust.

- 1. During her lifetime, Debra will receive all income. The Trustees may pay her up to 15% of the principal for any purpose.
 - a. If Debra requires the Trustees to sell a residences, the Heritage Trust has first option to purchase and your children or their Legacy Trusts have second option to purchase.
 - b. If Debra requires the Trustees to sell any Works, your children or their Legacy Trusts have first option to purchase and the Heritage Trust has second option to purchase.
- 2. Upon Debra's death, the Marital Trust principal will be disposed of as follows:
 - a. The Trustees may appropriate Works to be held in a child's Legacy Trust. You ask them to consider requests you make in the regard in a signed writing.
 - b. Works not so appropriated will pass to the Foundation.
 - c. Residences held in the Marital Trust will pass to the H&L Trust.
 - d. Jon Ressler will receive a \$500,000 per year annuity for his lifetime.
 - e. If a descendant of yours is living, an amount equal to Debra's unused GST exemption will pass to the 97 Exempt Trust.
 - f. Any remaining principal will pass to the Foundation.

H. Fiduciaries.

1. Executors.

- a. Debra, Barry Cohen and Richard Ressler are your co-Executors. John Hannan is successor to Barry and Antony Ressler is successor to Richard.
- b. Barry is the Executor with authority to nominate your successor on the Executive Committee under the Agreement Among Principals. John is successor to Barry.

2. Trustees. Upon your death, Debra, Barry, and Richard will become co-Trustees. John is successor to Barry. Antony is successor to Richard.

3. Compensation. After your death, for acting as Executor under your Will and Trustee under your Revocable Trust, each individual Fiduciary (other than Debra) may receive aggregate compensation of \$500,000 per year (CPI adjusted).

II. LB HERITAGE AND LEGACY TRUST

A. Heritage Trust. The Heritage Trust is a single trust for the benefit of Debra and your descendants created under the H&L Trust.

1. The Trustees may pay income and principal to your descendants (or their Legacy Trusts) and Debra.
2. After your death, the Trustees will distribute to each child's Legacy Trust:
 - a. Ten million dollars when the child attains age 30.
 - b. Fifty million dollars when the child attains age 35.
 - c. One hundred million dollars when the child attains age 40.
 - d. If a child predeceases you (or dies under age 40), the above amounts will be divided among and distributed to Legacy Trusts for the deceased child's descendants.
3. Family Ventures. The Trustees may invest in entrepreneurial ventures of a descendant (an "Entrepreneur") who has made a career commitment to the venture (a "Venture").
 - a. Not more than 10% of principal can be invested in a Venture if the Entrepreneur is a child and not more than 5% if the Entrepreneur is a more remote descendant.
 - b. The Trustees may not invest in more than 3 Ventures per Entrepreneur over the Entrepreneur's lifetime.

- c. Venture profits first repay the Heritage Trust its investment. The balance is paid (i) 50% to the Heritage Trust, (ii) 25.5% to the Entrepreneur's Legacy Trust, and (iii) 24.5%, divided *per stirpes* for Leon's other descendants (other than the Entrepreneur and his or her descendants), to their Legacy Trusts.
- B. Legacy Trusts. Property paid to a "Legacy Trust" for a descendant of yours (the "Beneficiary") will be held in a separate Legacy Trust for the Beneficiary, as follows:
1. The Trustees may pay income and principal to the Beneficiary.
 2. If a child's Legacy Trust received \$10 million from the Heritage Trust when the child attained age 30, you ask the Trustees to give the child the funds to buy a principal residence.
 3. The Legacy Trust terminates upon the Beneficiary's death and is distributed among your descendants (and if the Beneficiary is a child, up to \$10 million to a spouse) as the Beneficiary appoints. 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.
- C. Trustees.
1. During your lifetime, John, Barry, and Richard are Trustees. Antony is successor to Richard. The Trustees may appoint your children as co-Trustees of the Heritage Trust and each child as a co-Trustee of his or her Legacy Trust.
 2. Upon your death, each of your children becomes a co-Trustee of the Heritage Trust and each Beneficiary become a co-Trustee of his or her Legacy Trust upon attaining age 35.
 3. Compensation. Each individual Trustee (other than a descendant) is entitled to compensation (in the aggregate for all trusts you created of which he or she is Trustee) equal to \$400,000 per year (CPI adjusted) (or under your Revocable Trust \$500,000 per year if also a Trustee of such trust).