

ART ENTITY: ACTION STEPS

As of September 3, 2014

I. Existing Loan --Renegotiate Bank of America loan agreement such that Narrows Holdings LLC (“Narrows”) assumes Leon and Debra’s personal indebtedness

- A. Eileen to set up meeting with Leon and Jane

II. Amendment and Restatement of Narrows LLC Agreement

- A. 0.5% Class A Managing Membership Interest: Leon
- B. 0.5% Class B Managing Membership Interest: Leon
- C. 99% Non-Managing Membership Interest: Leon
- D. If Narrows is to hold additional artwork, Leon to transfer such artwork prior to III
 - 1. Identify additional works to be contributed (The Scream? bronzes?)
- E. Distribute out some art currently held in Narrows prior to III
 - 1. Identify works to be owned by Leon (jointly owned, promised, and/or sentimental value), subject to working out loan/pledge agreements

III. Transfer of Class B Managing Membership Interest

- A. Leon sells 0.5% Class B Managing Membership Interest to APO1 or APO2
- B. Two-step process (described in II and III) designed to address 2704(a) risk

IV. Valuation of PLB LLC and Sale of Interests

- A. Get valuation for PLB LLC
- B. Black Family 1997 GST Exempt Trust to sell its interests in PLB LLC to APO2

V. Black Family Partners LP (“BFP”)/Non-Apollo Investments

- A. BFP to create LLC to hold non-Apollo investments (“NAI LLC”)
- B. BFP to distribute interests in NAI LLC to its members.
- C. GRATs to distribute interests in NAI LLC to Leon as part of annuity payments

VI. Second Amendment and Restatement of Narrows Agreement and Admission of Members

- A. Incorporate terms outlined in term sheet

- B. Admit additional Members/Add additional capital
 - 1. APO1 to contribute art, LDB 2011 LLC interests (which owns art and PLB LLC) and NAI LLC interests
 - 2. APO2 to contribute art, PLB LLC interests and NAI LLC interests
 - 3. Leon to contribute NAI LLC interests
 - 4. Determine how much initial cash is required for near-term operating expenses, which Members will contribute such cash and how much
- C. Change name to incorporate Phaidon
 - 1. Get licensing agreement from Phaidon.

VII. Other Agreements

- A. Enter into Art Use Agreements
- B. If Narrows Holdings LLC assumes Leon and Debra's debt and BAC requires a personal guaranty from Leon, Members agree to contribute proportionately if Leon is called upon to satisfy the guaranty