

From: Richard Joslin <[REDACTED]>
To: jeffrey E. <jeevacation@gmail.com>
Subject: FW: Pillsbury fees
Date: Mon, 11 Aug 2014 11:38:38 +0000

From: Richard Joslin
Sent: Friday, August 08, 2014 5:39 PM
To: 'Lakhdhir, David K'
Cc: [REDACTED]; Eileen Alexanderson; [REDACTED]
Subject: RE: Pillsbury fees

The amount of legal fees and [REDACTED] premium may be sizable. IF we choose to reduce liabilities, then this would mean Artspace would be allocated a portion of the accrued commissions and this would impact the \$500K cap. A bit messy all around. So I prefer the reduction of Consideration as it is neatest (and least complicated).

From: Lakhdhir, David K [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: Friday, August 08, 2014 5:30 PM
To: Richard Joslin
Cc: [REDACTED]; Eileen Alexanderson; [REDACTED]
Subject: Re: Pillsbury fees

Board meeting is over and I was just on phone with Ron re small issues in contract. Only material issue that I know about is issue below. They keep current cash and are supposed to pay next week's payroll and other expenses through closing. We assume all operating liabilities (but only if specified). If we are worse off than we would have been in a merger where Pillsbury's fees were paid by the shareholders then 4.25 should come down by that amount or we leave seller with some liability that we don't care about for them to discharge. Do you agree? If so do you have a preference?

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From: Richard Joslin [[mailto:\[REDACTED\]](mailto:[REDACTED])]
Sent: Friday, August 08, 2014 10:16 PM
To: Lakhdhir, David K
Cc: [REDACTED] <[REDACTED]>; Eileen Alexanderson <[REDACTED]>; [REDACTED] <[REDACTED]>
Subject: RE: Pillsbury fees

I agree with your analysis. If Artspace had not paid Pillsbury, then other operating liabilities would have been paid. As we are now assuming these liabilities (that otherwise would have been paid before closing), we can either reduce the Consideration or reduce the assumed liabilities.

From: Lakhdir, David K [<mailto:>]
Sent: Friday, August 08, 2014 5:08 PM
To: Richard Joslin
Cc: ; Eileen Alexanderson; ;
Subject: Re: Pillsbury fees

I don't think I am following this. We aren't buying ArtSpace and under the current draft we aren't assuming any liability to Pillsbury and we aren't taking ArtSpace's cash. So the only issue is whether by paying Pillsbury ArtSpace has less cash to pay others and is thus seeking to foist on us more liabilities than would otherwise be the case. We can reduce purchase price or decline to take all liabilities (such that the Company needs to pay them out of the cash we pay at Closing). I think the economic outcome is equivalent.

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From: Richard Joslin [<mailto:>]
Sent: Friday, August 08, 2014 10:00 PM
To: Lakhdir, David K
Cc: Keith Fox <>; Eileen Alexanderson <>; John Murphy <>
Subject: RE: Pillsbury fees

The APA currently does not have language regarding purchase price adjustments for the prepaid D&O premium and prepaid Pillsbury fees. Ron is to provide detail on his time for the deal work. To the extent it has been paid by Artspace prior to closing, it will be a purchase price adjustment. To the extent it has not been, it will fall under excluded liability under APA.

From: Richard Joslin
Sent: Friday, August 08, 2014 3:28 PM
To: Eileen Alexanderson
Cc: Keith Fox; Lakhdir, David K
Subject: RE: Pillsbury fees

Good news – Catherine now understands. Ron will give an itemization of his fees for the deal and it will be a purchase price adjustment

From: Eileen Alexanderson
Sent: Friday, August 08, 2014 3:20 PM
To: Richard Joslin
Cc: Keith Fox; Lakhdhir, David K
Subject: Re: Pillsbury fees

Crazy! I defer to you Keith.

Sent from my iPhone

On Aug 8, 2014, at 3:15 PM, "Richard Joslin" <[REDACTED]> wrote:

Catherine is saying that Pillsbury legal fees relating to our transaction have been paid by ArtSpace and she does not agree on a purchase price adjustment. She does agree that each party pay their own legal fees but only thinks it relates for services after closing. Ballpark deal fees are \$135K – could be higher.

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