

**From:** "jeffrey E." <jeevacation@gmail.com>  
**To:** Richard Joslin <[REDACTED]>  
**Subject:** Re: FW: Regan Arts  
**Date:** Thu, 04 Dec 2014 13:58:11 +0000

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yes

On Thu, Dec 4, 2014 at 8:55 AM, Richard Joslin <[REDACTED]> wrote:

Are you OK with below (Brad's comment)

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**From:** Brad Wechsler [mailto:[REDACTED]]  
**Sent:** Wednesday, December 03, 2014 3:22 PM  
**To:** Richard Joslin  
**Cc:** [REDACTED]; Eileen Alexanderson  
**Subject:** Re: Regan Arts

Excellent idea/approach as long as JEE is ok with apollo helping the trusts.

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**From:** Richard Joslin [mailto:[REDACTED]]  
**Sent:** Wednesday, December 03, 2014 02:31 PM  
**To:** Brad Wechsler  
**Subject:** RE: Regan Arts

Via JEE and via EA (via LDB), thought is to have Apollo analyst who is familiar with publishing (Apollo purchased McGraw Hill textbook division) to give color on the draft model and to provide industry insight. I think the model still has some kinks to iron out, especially the royalties. EA volunteered to trace back to her files with the Apollo analysts she spoke to in 2012 when Phaidon was purchased.

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**From:** Brad Wechsler [mailto:[REDACTED]]  
**Sent:** Wednesday, December 03, 2014 10:23 AM  
**To:** Richard Joslin; [REDACTED]  
**Subject:** Re: Regan Arts

Has anyone reached out to keith and judy to provide them a little context so they don't feel threatened. If yes, good; if not I will. Pls let me know.

**From:** Richard Joslin [mailto: ]  
**Sent:** Wednesday, December 03, 2014 09:35 AM  
**To:** jeffrey E. <jeevacation@gmail.com>; Brad Wechsler  
**Subject:** FW: Regan Arts

I summarized open questions to Phaidon accounting team below

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**From:** Richard Joslin  
**Sent:** Wednesday, December 03, 2014 9:26 AM  
**To:** ; John Murphy  
**Subject:** Regan Arts

Please take a look at this – I'd like to have a call this morning to discuss. Thanks

Revenue

How was 47% of list price derived? Is that contractual with distributor? If there is a second printing, is the 47% continue to apply?

Direct costs

PPB - what is the derivation on a per title basis – cost varies per unit/ median \$1.72/ title.

PPB - If there is a second printing would the per unit amount remain the same?

Plant expense - what is the derivation on a per title basis. Please provide detail, eg development, photo, artist fees, copy editing

Plant expense – please confirm that if there is a second printing then there is no incremental plant expense

Royalty – pls send some sample contracts

Royalty – I see benchmark payment schedule, eg amount at hardcover publish date; amount at softcover publish date. Are these contractual by date?

Royalty – Under what circumstances would these amounts need to be returned?

Royalty – if there is a scheduled softcover payment and the book is not release in softcover, is the payment cancelled?

Royalty – what is Royalty/ expense memorandum? I assume it is the total amount of advances paid to author?

Royalty – Cash flow – Cash Outflow (Best case scenario) includes “Royalties advances (14)◆ (\$1,441,000) and “Additional (14) Royalty Payments◆ (\$1,552,071). These two amounts add up to \$2,993,071. I understand this amount to be equal to total royalties payable if all print quantities sold. Please clarify that the “Royalty Advances(14)◆ were actually paid in 2014 (not 2015).

Selling and distribution – 10% is paid to distributor; what is the additional 3%? If there is a second printing, is 13% continue to apply?

M&P - what is the derivation on a per title basis. Please provide detail

Freight - what is the derivation on a per title basis. Please provide detail

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Richard Joslin

CFO

Elysium Management LLC

445 Park Ave

Ste. 1401

New York, NY 10022



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