

Memo

To: Eileen Alexanderson
From: Rich D'Agostino
cc: Richard Joslin
Date: September 22, 2014
Re: Credit Facility

The current credit facility between Black Family Partners LP and Phaidon Global LLC is past due. Below is outline of current issue at hand and suggested proposal for correcting and moving forward. Happy to discuss at your convenience.

Issue:

Current credit facility between Black Family Partners [current Lender] and Phaidon Global [current Borrower] is expired. Rolling over to new facility is not practical mainly due to nature of Phaidon Press/Inc.'s business.

Negatives:

- No reciprocating agreement was ever constructed between Phaidon Global and Phaidon Press/Inc. Standing assumption in place that similar terms would extend to Phaidon Press/Inc. as Phaidon Global has with Black Family Partners
- Many provisions of facility were not respected (i.e., repayment terms, fees etc.)
- Phaidon Press/Inc. lacks sufficient resources to adhere to provisions thereby leading to default. Company is cash flow negative with high seasonal requirements.

Benefits of Eliminating:

- Administrative relief of not following onerous facility provisions
- Phaidon Press/Inc. & Regan Arts have practical sources of capital which won't disrupt current business operations. Ultimate underlying owners of Phaidon Global will be liquidity provider as opposed to Black Family Partners, a third-party entity.
- Release of Trust Art from pledge agreement associated with current facility
- Black Family Partners can more efficiently use its cash flow

Proposal:

Funding Phaidon Press/Inc.

Trust(s) either lend directly to Phaidon Press/Inc. or fund Phaidon Global which lends to Phaidon Press/Inc. Terms of notes TBD. Phaidon Global has no self-sourcing cash flow so logical that funds

are provided via members. Phaidon Press/Inc. currently reflects advances from Phaidon Global as debt so no further complication to balance sheet of Phaidon Press/Inc.

Funding Regan Arts

Trusts transfer cash to Phaidon Global to make equity infusion into Regan Arts.