I am enclosing some articles that have a bearing on the subject matter. I think what is needed, as soon as possible, is a face-to-face meeting, where we can discuss in greater detail all aspects of this proposal as well as responsibilities for all parties.

Sincerely,
Robert S. Reiss

RSR/ck
encl.

ROUGH PROFIT POTENTIALS TO TV GUIDE

ASSUMPTIONS

1. Average wholesale cost of $7.15 after all allowances. (This would allow Department Stores and Mail Order to sell at $15.00. Discounters would sell at $9.95 to $11.95.)
2. Cost to manufacture, $3.00 each.
3. Royalty rate of 10% - (Range is 6% to 10%, depending on licensor support and name. Assuming 10%, based on fact you would run No Cost ads in *TV Guide*.)
4. Mail order retail in *TV Guide* is $14.95, and you would pay $4.00 for goods. Postage and Handling would be a wash with small fee charged to customer.

the power of contribution

OPTION I - ROYALTY BASIS

Projected Retail Sales - 500,000 units.
* Royalty to *TV Guide* of $357,500

Mail Order Sales - 34,000 units (.002 pull on 17,000,000 circulation). Based on full-page ad with coupon. It is extremely difficult to project mail order sales without testing—too many variables. However, this is a product that is ideal for your audience.
* Profit to *TV Guide* of $372,300

contribution margin + break even

OPTION II - YOU OWN GOODS

Costs: (Rough Estimate)

Manufacture	$3.00
Royalties to inventor	.36
Fulfillment	.30
Sales Costs	1.43
Amortization of start-up costs	.10
TOTAL COST	$5.19
Profit per unit	$1.96
Profit on 500,000 units =	$980,000.00

(Does not include cost of money.)

Another phone conversation followed in which *TV Guide* showed a clear interest in pursuing the subject. Reiss answered with a new letter on December 12, 1983, that outlined clearly the steps that had to be followed by both parties should they want to go ahead with the venture. Reiss had to send still another letter with a long list of personal