

THIS FILE = SP/ROYAL

TO: George Gerbner

FROM: Elvira Fitzgerald

DATE: October 8, 1984

RE: Encyclopedia Royalties

Royalties are very unpredictable for the encyclopedia at this point. About the only guidance that Oxford can give is that the bulk of the sales are expected in the first two years of publication and that sales can be expected to continue for five years at a diminished rate.

I assume that the contract (I don't have a final copy) pays all of the royalties to The Annenberg School, Inc. Any royalty payments to individuals will be made by ASC, Inc. To that end, we should assume that ASC, Inc. will keep 50% of the royalties as a partial recoup of its investment. If the royalties amount to \$600,000.00 (a figure that Joyce came up with quite a while back) then \$300,000 would go to ASC, Inc. and \$300,000.00 would be available over the sales life for payments to individuals.

Clearly, if any individual receives a share of the royalties then all four of the key people should receive an equal share. The four key people are Erik Barnouw, George Gerbner, Larry Gross, and Tobia Worth. In addition, ASC at U of P should also share in the royalties.

Therefore, I recommend that an agreement be negotiated with ASC, Inc. along the following lines:

Royalties for the duration of the sales life of the Encyclopedia be shared among individuals and institutions on a percentage basis such as:

ASC, Inc	- 50%
Barnouw	- 22.5%
Gerbner	- 22.5%
Gross	- 22.5%
Worth	- 22.5%
ASC, UP	- 10%

In the event of the demise of any individual to whom royalties are paid, said royalties should continue to be paid to the estate or to a designated beneficiary for the duration of the sales life of the encyclopedia.

In terms of dollars, if the royalties are indeed 600,000 over the sales life (Joyce's figure), then each individual gets approx 27,000 the 1st year; 20,250 the 2nd; 10,125 the 3rd; 6,975 the 4th; and so on.

Frankly, I can make a case for you and for Barnouw and for Worth to share in the royalties but I am having trouble justifying Gross's share. He is after all an associate editor and is also getting section editor and

word count pay. Moreover, he is being paid considerably more than you are for his involvement. He is getting \$15,000 a year and I think you are getting 10,000.00.

Do you want me to draft a letter to Harry Coles or do you want to draft it??