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June 11, 2013

Dear Sirs

On behalf of the late 4pi S.A., while fully acknowledging the debts of the company, I would like to add some facts that may give the reader a broader understanding of what went on and why.

1. On January 3, 2013, having exhausted all other options and with no income flowing into the company, the Board of 4pi performed its duty to file for bankruptcy or liquidation under the Greek law. The case was tried in an Athens court of law on March 27, and a verdict is pending. Depending on the court's verdict, all of 4pi's debt will be dealt with according to the law.

2. This was the last phase of a long struggle of the company and its people to stay alive in a collapsing market; 85% of 4pi's revenues came from the kiosk books & partworks market, in which the total turnover of all active companies evolved as depicted in the table. In 2012 only 4pi and DeAgostini were left, and 4pi was the last company to cease operations October. The rest of the company's turnover came mostly from the magazines' market, where the drop has been more than -60%.

<i>Kiosk Books & Partworks market in Greece</i>		
2007	91 million euros	118 million USD
2008	66 million euros	86 million USD
2009	56 million euros	73 million USD
2010	43 million euros	56 million USD
2011	24 million euros	31 million USD
2012	9 million euros	12 million USD
Diff 2007-12	-88%	

3. 4pi's bankruptcy comes almost a year after the country's default in February 2012, and is a direct consequence of unprecedented hit in the consumer spending of the land after the state's default and the horrendous political turmoil that followed. The company's income, as depicted in the table, practically evaporated in a few months:

4pi kiosk income 2012-11

Month	2011	2012	Δ%	Notes
January	1.010.000	1.200.000	19%	
February	1.321.000	1.490.000	13%	State Goes Bankrupt – PSI
March	1.477.000	990.000	-33%	Political Instability – Grexit
April	1.610.000	968.000	-40%	Consumer spending -18% y-y
May	1.396.000	967.000	-31%	First Elections May 6, 2012
June	1.290.000	484.000	-62%	Second Elections, June 17, 2012
July	797.000	461.000	-42%	Coalition government is formed
August	1.023.000	356.000	-65%	
September	532.000	213.000	-60%	
October	851.000	223.000	-74%	Consumer spending -18% y-y
November	1.449.000	124.000	-91%	
December	1.389.000	27.000	-98%	
Total kiosk	14.145.000	7.503.000	-47%	<i>Figures in Euros</i>
Total turnover	17.793.000	9.451.000	-47%	

4. It is true that 4pi owes a lot of money to a lot of people; when turnover is around 20 million and the company runs at break-even, there are 20 million of expenses every year, most of them paid with 7-8 months delay. When sales collapse fast, you are left with a big debt and you go bankrupt. Having no other assets, 4pi cannot pay any of its debt to anyone.
5. Overall the Media market in Greece is one of the hardest hit by the crisis; 4pi's demise comes after a series of high profile media companies that have ceased activities. Dozens of smaller companies have also vanished; today there remain about 40 magazines out of 120 in 2007, i.e. more than 70 titles have *suspended circulation*, i.e. 2/3 of all titles are gone.
6. By October 2012, and while owing to its employees several monthly wages, the company offered to them a package in which to leave the company and get all their owed wages plus 20% of their remuneration amount; this package was to be paid by conveyance from future the claims of the company on the sales of another, big and healthy company. Out of around 63 people in 4pi, 42 chose to take the package or leave in another way (*details available on request*), while 21 chose a legal fight for their full claims. 4pi has repeatedly offer to these 21 the option to get a conveyance of remaining future claims of the company from third parties, without any remittance of their rights; in the first week of June, they were supposed to agree to this conveyance (*again, details available on request*), however 15 out of these 21 chose to write the letter you received.
7. National Geographic has terminated the agreement with 4pi at November 30; from December 1st, *Selena Publishing S.A.* became the new licensee in Greece for National Geographic Magazine, Books & Partworks. Selena Publishing S.A. is in no way related to 4pi, be it as a company or as shareholders. Based on its needs and the skills required, Selena proceeded to hire 15 people from 4pi; Theodore Spinoulas, co-owner of 4pi, is also working in Selena as a consultant, neither a shareholder, nor a member of the board.
8. Unemployment in our country has reached 27% and more than 1,3 million people are without work; this kills consumer spending and leaves a lot of businesses, like publishing, practically without a market. Today, most of the remaining publishing companies in Greece are in a horrendous financial situation, but we all hope they make it, for the good of all of us. We have all taken our wounds, some more than others, but most of us keep fighting for the future; and maybe, if we fight hard enough, someday there will be jobs for much more of us...

Theodore Spinoulas