Rates, Rate Cards & Inventory

Presented by: Jim Taszarek and Kirk Nelson

Session Will Cover
1. Inventory Management Theory
2. Radio
3. Television
4. Expectations in this Economy

#1 INVENTORY
MANAGEMENT THEORY
Supply & Demand

The theory of supply and demand describes how prices vary as a result of a balance between product AVAILABILITY at each price (supply) and the DESIRES of those with purchasing power at each price (demand).

--- Alfred Marshall

Guiding Principles

• Structure
  – Tools and products put in place to manage demand

• Objectives
  – Maximize revenue potential through flexible pricing apparatus
Starting Point
AUR to meet Goal

$1,000,000  11,232
Station Budget  Total Units

$89.03
Average Unit Rate

Engine Theory

Value of Inventory - Radio

<table>
<thead>
<tr>
<th></th>
<th>Mon-Fri</th>
<th>Sat</th>
<th>Sun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning Drive</td>
<td></td>
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<td>Mid-day</td>
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<td>Afternoon Drive</td>
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</table>
Value of Inventory - TV

<table>
<thead>
<tr>
<th></th>
<th>Broadcast</th>
<th>Print</th>
<th>Events</th>
<th>Web</th>
<th>Specials</th>
<th>Other</th>
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<tbody>
<tr>
<td>$0 - $500</td>
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<td>$3,900 - $4,000</td>
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</tbody>
</table>

Bundling

- Watch your price points to meet market
- Use inventory PRIME to drive other inventory
- Basic packages that drive revenue & inventory share
- Package everything w/opt outs
- Create seasonal packages to offset low demand
- Monitor pacing benchmarks
  - % sellout next week, next month, two months

Broadcast Supply & Demand
Business Manager Questions

- Are you packaging all your inventory?

- Are you presenting the best possible schedule for underwriters?

- Do you have a plan to maximize inventory?
  - If you miss your budget but your total inventory is 98% sellout, good for you!

#2 RADIO

Rate Card – Discount Guidelines

<table>
<thead>
<tr>
<th>Specific Dayparts</th>
<th>Full Rate</th>
<th>$5555</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive Times</td>
<td>Full Rate</td>
<td>$5555</td>
</tr>
<tr>
<td>Mid-day &amp; Evening</td>
<td>Less than Drive Rates</td>
<td>$55</td>
</tr>
<tr>
<td>3 Part Rotation Plan</td>
<td>Discounted From Full</td>
<td>$5</td>
</tr>
<tr>
<td>4 Part Rotation Plan</td>
<td>Discounted Further</td>
<td>$</td>
</tr>
<tr>
<td>Volume Discounts</td>
<td>Deepest Discounts</td>
<td>$</td>
</tr>
</tbody>
</table>
Rate Card
Specific Day-part Structure

<table>
<thead>
<tr>
<th>Mon-Sun</th>
<th>Day-part</th>
<th>FM $/Spot</th>
<th>AM $/Spot</th>
<th>Combo $/2 Spots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning Drive</td>
<td>5A – 10A</td>
<td>$85</td>
<td>$60</td>
<td>$120</td>
</tr>
<tr>
<td>Mid-day</td>
<td>10A – 3P</td>
<td>$65</td>
<td>$45</td>
<td>$90</td>
</tr>
<tr>
<td>Afternoon Drive</td>
<td>3P – 7P</td>
<td>$75</td>
<td>$60</td>
<td>$100</td>
</tr>
<tr>
<td>Evening</td>
<td>7P – Mid</td>
<td>$40</td>
<td>$30</td>
<td>$50</td>
</tr>
</tbody>
</table>

*Combo Rate requires even distribution between FM & AM station.

Rate Card - Total Audience Plans

3 Part Rotation, Sold in Groups of 3

<table>
<thead>
<tr>
<th>FM $/Spot</th>
<th>AM $/Spot</th>
<th>Combo $/2 Spots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mon-Fri Rotate evenly through 3 day-parts 5A – 7P</td>
<td>$65</td>
<td>$45</td>
</tr>
<tr>
<td>Mon-Sun Rotate evenly through 3 day-parts 5A – 7P</td>
<td>$60</td>
<td>$42</td>
</tr>
</tbody>
</table>

4 Part Rotation, Groups of 4

<table>
<thead>
<tr>
<th>FM $/Spot</th>
<th>AM $/Spot</th>
<th>Combo $/2 Spots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mon-Fri Rotate evenly through 3 day-parts 5A – 12A</td>
<td>$55</td>
<td>$35</td>
</tr>
<tr>
<td>Mon-Sun Rotate evenly through 3 day-parts 5A – 12A</td>
<td>$50</td>
<td>$30</td>
</tr>
</tbody>
</table>

Rate Card - Volume Discounts

<table>
<thead>
<tr>
<th>Schedule Commitment</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>5%</td>
</tr>
<tr>
<td>$15,000</td>
<td>10%</td>
</tr>
<tr>
<td>$20,000</td>
<td>15%</td>
</tr>
<tr>
<td>$30,000</td>
<td>20%</td>
</tr>
</tbody>
</table>
Rate Card Guidelines

• Honoring Rates
• Agency Commission
• Specific Program Cost
• Available Discounts
• Maximum Length of a Contract
• Non-Profit Client Bonus Spot Program
• Rate Card Exceptions
• Traffic System Priority Codes

Package Structure

• Standard Packages
  – Discounts based on inventory usage

• Seasonal Packages
  – Strategic discounts based on inventory anomalies

#3 TELEVISION
Public Television

- Value of inventory
- Sales department capacity
- Create focus with sales tools
- Packaging models

Value of Inventory

Value of Inventory by Genre

<table>
<thead>
<tr>
<th></th>
<th>Prime</th>
<th>News</th>
<th>Kids</th>
<th>How-To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast</td>
<td>$1,400</td>
<td>$1000</td>
<td>$600</td>
<td>$200</td>
</tr>
<tr>
<td>Print</td>
<td>$150</td>
<td>$100</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>Events</td>
<td>$75</td>
<td>$75</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,625</td>
<td>$1,175</td>
<td>$625</td>
<td>$225</td>
</tr>
</tbody>
</table>

Values in thousands
Sales Department Capacity

Number of salespeople 4

Average revenue of successful reps $400,000

Total revenue capacity $1,600,000

Create Focus with Sales Tools

Media kit: focus on audience and results
- Reach
- Quality audience
- Genres
- Marketing results
- Media options

Packaging Models

- Price
- Natural drivers
- Multi-media
Pricing Model

- Price broadcast inventory below market cost per point
- Discounts for larger purchase
- Discounts for 3, 6 or 12 month schedule
- Discounts for multi-media
- Use rate card to help client see how to buy

<table>
<thead>
<tr>
<th>Discount</th>
<th>5%</th>
<th>15%</th>
<th>25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months</td>
<td>3</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Dollars</td>
<td>$10,000</td>
<td>$18,000</td>
<td>$25,000</td>
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</tbody>
</table>

Goals
- Increase number of months on air
- Increase average underwriter spending
- Discounts increase frequency and results

<table>
<thead>
<tr>
<th>News Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAM</td>
</tr>
<tr>
<td>Early News</td>
</tr>
<tr>
<td>Nightly Business Report</td>
</tr>
<tr>
<td>News Hour</td>
</tr>
<tr>
<td>Totals</td>
</tr>
</tbody>
</table>

| Late News  |          |   |     |      |      |      |
| BBC       | 2 | 17 | M-F | 10:00-10:30p | 12.814 | $20 |
| Charlie Rose | 2 | 17 | M-F | 10:30-11:00p | 21.470 | $45 |
| Sara Smiley | 1 | 17 | M-F | 11:00-12:00p | 9.154 | $50 |
| Totals    | 5 |   |  |      | 78,812 | $680 |
Engine Theory

<table>
<thead>
<tr>
<th>Engine Theory</th>
<th>Engine Theory</th>
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<tbody>
<tr>
<td>Almanac</td>
<td>Almanac Plus</td>
</tr>
<tr>
<td>52 weeks</td>
<td>26 weeks Almanac</td>
</tr>
<tr>
<td>$500 per credit</td>
<td>Plus</td>
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<tr>
<td>$26,000</td>
<td>–26 NBR</td>
</tr>
<tr>
<td>4 available</td>
<td>–26 News Hour</td>
</tr>
<tr>
<td></td>
<td>–26 BBC</td>
</tr>
<tr>
<td></td>
<td>–26 Charlie Rose</td>
</tr>
<tr>
<td></td>
<td>–26 Tavis Smiley</td>
</tr>
<tr>
<td></td>
<td>156 credits</td>
</tr>
<tr>
<td></td>
<td>$25,000</td>
</tr>
<tr>
<td></td>
<td>8 available</td>
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Almanac priced individually at $700
Extra $285 get almost 100,000 impressions
Discounts for volume of purchase and length of purchase
### On-Air, E-news, Print

<table>
<thead>
<tr>
<th>Sunday Current Affairs</th>
<th></th>
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<tbody>
<tr>
<td>Almanac</td>
<td></td>
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<tr>
<td>Fasting &amp; Ethics</td>
<td></td>
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<tr>
<td>The McLaughlin Group</td>
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<tr>
<td>Exchange</td>
<td></td>
</tr>
<tr>
<td>To the Contrary</td>
<td></td>
</tr>
</tbody>
</table>

**E-Newsletter**
- Delivered to roughly 55,000 households every other week
- Keeps the tpt audience up-to-date on new programs, pledge and special programming information

**The TPT Magazine**
- Mailed to more than 90,000 households more than nine times per year
- Read by more than 195,000 people each month
- Has a larger distribution than either of Minnesota’s two monthly city magazines

### New Projects

**Before shifting the sales team’s time:**

- Will the new project be an “engine”?  
- Will the change in sales team focus generate additional revenue?  
- Is the value of the project revenue higher than standard sale?  
- Example: The Raina Event

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#4 IN THIS ECONOMY

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Projected Market Performance

<table>
<thead>
<tr>
<th>Market</th>
<th>2008</th>
<th>2009</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Austin</td>
<td>$96.2</td>
<td>$87.5</td>
<td>-$8.7 M</td>
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<tr>
<td>Cincinnati</td>
<td>$102.1</td>
<td>$89.3</td>
<td>-$12.8 M</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$98.3</td>
<td>$87.5</td>
<td>-$10.8 M</td>
</tr>
<tr>
<td>Nashville</td>
<td>$72.6</td>
<td>$65.7</td>
<td>-$6.9 M</td>
</tr>
<tr>
<td>Sacramento</td>
<td>$124.6</td>
<td>$109.0</td>
<td>-$15.6 M</td>
</tr>
<tr>
<td>Seattle</td>
<td>$217.1</td>
<td>$194.3</td>
<td>-$22.8 M</td>
</tr>
</tbody>
</table>

Revenue Estimates in Millions
Source: BIA Advisory Services, LLC, Investing in Radio, 2009

Guiding Principles

• Structure
  – Tools and products put in place to manage demand

• Objectives
  – Maximize revenue potential through flexible pricing apparatus

Inventory in a Down Economy

• Expect
  – Reduction in inventory pressure
  – Reduction in sales of fringe dayparts and secondary stations

• Review with Sales Manager
  – Pricing structure that impacts inventory demand
  – Adjustment in overall rate structure
    • To maintain even sales demand
    • Effective bundling of fringe inventory and secondary station
Inventory Control Valves

- Nonprofit Bonus $0
- Seasonal Offers $$
- Long Term Schedules $$$
- 3 & 4 Part Rotation Plans $$$$$
- Specific Day-parts $$$$$$

?? Questions ??
Sample Rate Card

In almost all cases we prepare a customized plan for each underwriter. For planning purposes, we invite you to use the following guidelines.

### Specific Dayparts

<table>
<thead>
<tr>
<th>Mon-Sun</th>
<th>Daypart</th>
<th>Station 1 $/Spot</th>
<th>Station 2 $/Spot</th>
<th>Combo $/2 Spots</th>
</tr>
</thead>
<tbody>
<tr>
<td>5A-10A</td>
<td>Morning Drive</td>
<td>$85</td>
<td>$60</td>
<td>$120</td>
</tr>
<tr>
<td>10A-3P</td>
<td>Mid-day</td>
<td>$65</td>
<td>$45</td>
<td>$90</td>
</tr>
<tr>
<td>3P-7P</td>
<td>Afternoon Drive</td>
<td>$75</td>
<td>$60</td>
<td>$100</td>
</tr>
<tr>
<td>7P-12P</td>
<td>Evening</td>
<td>$40</td>
<td>$30</td>
<td>$50</td>
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</tbody>
</table>

### Rotation Plans

<table>
<thead>
<tr>
<th>3-Part Plans – Sold in groups of 3</th>
<th>Station 1 $/Spot</th>
<th>Station 2 $/Spot</th>
<th>Combo $/2 Spots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday – Friday rotate evenly through 3 dayparts 5A-7P</td>
<td>$65</td>
<td>$45</td>
<td>$95</td>
</tr>
<tr>
<td>Monday – Sunday rotate evenly through 3 dayparts 5A-7P</td>
<td>$60</td>
<td>$42</td>
<td>$85</td>
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<table>
<thead>
<tr>
<th>4-Part Plans – Sold in groups of 4</th>
<th>Station 1 $/Spot</th>
<th>Station 2 $/Spot</th>
<th>Combo $/2 Spots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday – Friday rotate evenly through 4 dayparts 5A-12A</td>
<td>$55</td>
<td>$35</td>
<td>$80</td>
</tr>
<tr>
<td>Monday – Sunday rotate evenly through 4 dayparts 5A-12A</td>
<td>$50</td>
<td>$30</td>
<td>$70</td>
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### Volume Discounts

<table>
<thead>
<tr>
<th>Schedule Commitment</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
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</tr>
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<tr>
<td>$20,000</td>
<td>15%</td>
</tr>
<tr>
<td>$30,000</td>
<td>20%</td>
</tr>
</tbody>
</table>

- All rates are gross.
- All spot lengths are 15 seconds.
- Combo rate requires even distribution between Station 1 & Station 2.
- Special Packages and Event Opportunities are available. Ask your rep for details.

Effective Rate Card Date: January 1st, 2009
CONFIDENTIAL – INTERNAL USE ONLY

Rate Card Guidelines April 28th, 2009.

Honoring Rates: Rates will be honored for ten days after a new rate card and packages are published. All proposals should include an expiration date.

Agency Commission: All Rates are gross and agency commissionable at 15% with the exception of any schedules including matched or bonus spots for non-profits or performing arts organizations, or special packages. Commission is allowable but bonus spots are either forfeited or reduced for the non-profit client. Agency choice.

Specific Program Cost – Rate card + 50%
- Morning Edition - $420
- Marketplace - $275
- Car Talk - $255
- Prairie Home - $255

Available Discounts: Underwriters that commit to long term underwriting agreements of $1,500 per month or more qualify for the following discounts:

<table>
<thead>
<tr>
<th>Spending Range</th>
<th>Number of Months</th>
<th>Challenge</th>
<th>Ad Size</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,000- $15,000</td>
<td>6</td>
<td>$500</td>
<td>NA</td>
<td>7.50%</td>
</tr>
<tr>
<td>$15,000-$25,000</td>
<td>6 to 12</td>
<td>$1,000</td>
<td>NA</td>
<td>10%</td>
</tr>
<tr>
<td>$25,000-$40,000</td>
<td>6 to 12</td>
<td>$1,000</td>
<td>1/4 page</td>
<td>12.50%</td>
</tr>
<tr>
<td>40,000+</td>
<td>6 to 12</td>
<td>$2,000</td>
<td>1/2 page</td>
<td>15%</td>
</tr>
<tr>
<td>40,000+</td>
<td>12</td>
<td>$2,500</td>
<td>Full</td>
<td>20%</td>
</tr>
<tr>
<td>60,000+</td>
<td>6 to 12</td>
<td>$5,000</td>
<td>Full</td>
<td>25%</td>
</tr>
</tbody>
</table>

Maximum Length of a Contract: 12 months

Non-Profit Client Bonus Spot Program:
- Non-profit organizations receive 1 additional ROS (run of schedule) credit for every 2 credits purchased based on inventory availability on both FM & AM.
- Non-profit organizations receive 1 additional ROS (run of schedule) credit for every 4 credits purchased based on inventory availability on both FM & AM if an Advertising Agency places the business and would like to take commission in addition to the bonus spot program for the non-profit.
- Non-profit credits are not applicable when Maximum Audience package rates, special holiday packages or special vendor match programs with FM & AM matching programs.
- Supporters of approved non-profit organizations, receive one additional ROS credit for every four purchased based on availability on FM & AM.

Rate Card Exceptions: Sales manager approval is required before offering any discounts that aren’t reflected on the rate card or these guidelines.

Bonus Referral Program: Clients referring a new prospect to the station will receive 10 bonus spots – based on inventory avails. A client referring a prospect to the station that turns into a client receives 20 bonus spots – 10 per station based on inventory avails.
Traffic System Priority Codes
0 = program specific rates paid
1 = paid event schedules
2 = rate card/packages/TAP plans
3 = no-charge event schedules/off rate card
4 = no-charge general/trade accounts