

MEMO

To: David Gow
From: Mike Sinnott
Date: 25 March 2014
Re: YSR Long-Form Programming – Affiliate Sales

Yahoo! Sports Radio's long-form programming is facing competition from four other networks, including: CBS Sports Radio; ESPN Radio; Fox Sports Radio; and NBC Sports Radio. Despite the increased competition, with the right plan and a committed execution of that plan, there is room for growth of our long-form programming.

Great products fulfill a customer's need. To effectively sell YSR's long-form programming, it is critical to identify a station's needs and fulfill them. This is a station-by-station determination, meaning tailoring our products to fit the specific needs of the station, whether that means the long-form shows, "Sports Flash" updates, or imaging.

Flipping Underperforming, Neglected AM stations to YSR

There is an opportunity to flip many AM radio stations from a non-sports format to Yahoo! Sports Radio. To do this, we need to provide a compelling reason to flip formats. That compelling reason: increase revenue, earn a profit for your station with sports programming from YSR. Our success story is KGOW-AM in Houston that is making money in a competitive sports market. Ratings are not necessarily required to turn a profit in sports-talk radio, as evidenced by many successful sports-talk stations in the country, including the legendary WFAN. This is a format that is sales-driven, providing many opportunities to generate new revenue.

These potential formats flippers include: adult contemporary; country; classic country; news/talk; nostalgia; religious; and many others. It still amazes me that stations chose to air music on AM radio, but hundreds of stations continue to do so. Often, a station will just simulcast their co-owned FM station on the AM station in the market. The station is treated as an afterthought. We have an opportunity to turn those kinds of stations into YSR affiliates.

In this crowded sports-talk marketplace, YSR needs to exceed affiliate expectations, delivering a comprehensive road map to profitability and leveraging our team of experts in an effort to help each station reach its full potential. This means providing extraordinary services beyond the actual airing of the format, including:

- identifying local programming options at little or no cost to the station;
- generating advertising revenue through play-by-play broadcasts;
- generating advertising revenue through locally-hosted talk shows;
- designing station logo, web site;
- delivering local sports anchors via our "Sports Flash" product;
- delivering local imaging through CMM;
- marketing the station to maximize audience, revenue gains; and
- supporting local sales efforts in developing sales packages, among others.

Here are the actionable items to move this plan forward:

1. Identify potential "format flippers"
2. Direct Mail campaign that introduces YSR and our "how to" format-flipper guide
3. Phone calls to market managers, station managers, regional VPs
4. Specialized "format flipper" proposal for each potential station
5. Additional phone calls, e-mails, and other contacts to close

This is a long process that requires persistence and hard work, but it is a viable plan to generate new business for the long-form programming. Simply, this is a modification of what has worked in our successful marketing of our "Sports Flash" product.

Selling Show-by-Show Hybrid Lineups

The competition in sports-talk radio has somewhat diluted the talent pool, creating situations in which stations are compelled to create a hybrid-lineup, using the best shows available to fill their programming. Often, we'll run into situations in which you'll find lineups with Mike & Mike, Dan Patrick, Jim Rome, a locally-produced show, and another network for the weekends. There are plenty of stations out there with these hybrid-formats.

ESPN's "Mike & Mike" is the gold standard for morning sports-talk, but the second choice for morning sports radio is Steve Czaban. CBS Sports Radio, Fox Sports Radio, and NBC Sports Radio's morning show are weak when compared to Czaban. We need to identify stations that may not be able to flip to our long-form programming, but would be interested in adding specific shows. This is possible for all shows on network, but specifically possible with shows like Steve Czaban, Wetzel to Forde, and some of our other specialty programming.

Forming Strategic Partnerships with Ownership Groups in Small-to-Medium Markets

There's tremendous potential in partnering with ownership groups in small-to-medium markets to flip their stations to YSR. Granted, there are many instances in which ESPN will already have a lockdown on many of the AM sports properties, but there's plenty of opportunity to form a strategic alliance with these smaller group owners.

Clearly, one can find many of similar relationships on the nationwide level, including: Cumulus (CBS Sports Radio & NBC Sports Radio) and Clear Channel (Fox Sports Radio). ESPN's brand easily carries ESPN Radio across the country.

The goal is to form strategic partnerships with small-to-medium market ownership groups throughout the country. In addition to our standard "format flipper" pitch, we will work with these regional radio groups to create their own regional network programming. For example, Coloff Media in Iowa manages or owns multiple stations throughout the state. We would propose flipping a number of those stations to YSR programming. Further, YSR would work with Coloff Media to develop, produce, and launch a locally-produced "Iowa Sports Talk" show that would air on radio stations throughout Iowa. We can use YSR experts to consult Coloff Media throughout the process.

Focused on Affiliate Sales

"The Sports Flash" will exceed 300+ affiliates by summer 2014, if not prior to that date. I am confident that I can also grow the long-form programming offerings throughout the country. My recommendation is to have Craig Larson focus on the day-to-day miscellaneous duties associated with affiliate relations, i.e. fielding complaints, sending out commercial logs, solving any affiliate-related issues, among others. My entire focus would be on identifying potential new affiliates, building relationships and strategic partners, and growing our affiliate base for "Sports Flash" and long-form programming.