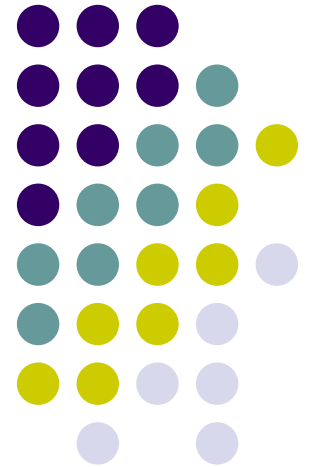


Subscription Sales

Quality vs. Quantity





Driving Quality

- Culture
- Pricing Strategy
- Compensation
- Performance Management
- EZ Retention
- Value Selling
- CPU

Culture



- Increasing internal and external (upper mgmt) communications as related to new objectives
- Build sales department with heightened awareness of circulation net paid goals and our contribution to goals
 - *Communication:*
 - Quarterly planning meetings with sales managers and monthly sales mgmt department wide communication meetings – expanded to include support depts. as needed
- Develop metrics appropriate to new objectives and communication process to reach key stakeholders (i.e. quality indicators available for upper mgmt, advertising, etc..)

Pricing Strategy



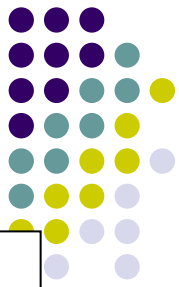
- Simplified menu for the subscriber
- Structure pricing to support growth of net paid circulation
- Pricing must motivate subscriber to commit to greatest frequency (7 day) and long term (12 month)
- Pricing structured so that 7 day, 12 month subscription is greatest value and lowest unit cost – value needs to be obvious to subscriber

Pricing Menu



	7 Day	4 Day	3 Day	2 Day
3 mths	\$12.99 30%	\$12.99 21%	\$12.99 11%	\$12.99 0%
6 mths	\$11.50 35%	\$11.50 30%	\$11.50 27%	\$11.50 5%
12 mths	\$10.00 42%	\$10.00 38%	\$10.00 26%	\$10.00 16%
EZ	\$10.00	\$10.00	\$10.00	\$10.00

Pricing – Initial Offer



	7 Day	4 Day	3 Day	2 Day
3 mths	\$12.99	\$12.99	\$12.99	\$12.99
Disc.	30%	21%	11%	0%
Prem.	\$10	\$10	\$10	\$5
W/Prem	47%	41%	33%	11%
6 mths	\$11.50	\$11.50	\$11.50	\$11.50
Disc.	35%	30%	27%	5%
Prem.	\$15	\$15	\$15	\$10
W/Prem	48%	44%	35%	19%
12 mths	\$10.00	\$10.00	\$10.00	\$10.00
Disc.	42%	38%	26%	16%
Prem.	\$15	\$15	\$15	\$10
W/Prem	50%	46%	35%	23%
EZ	\$10.00	\$10.00	\$10.00	\$10.00

Compensation / commission plan: supports pricing strategy

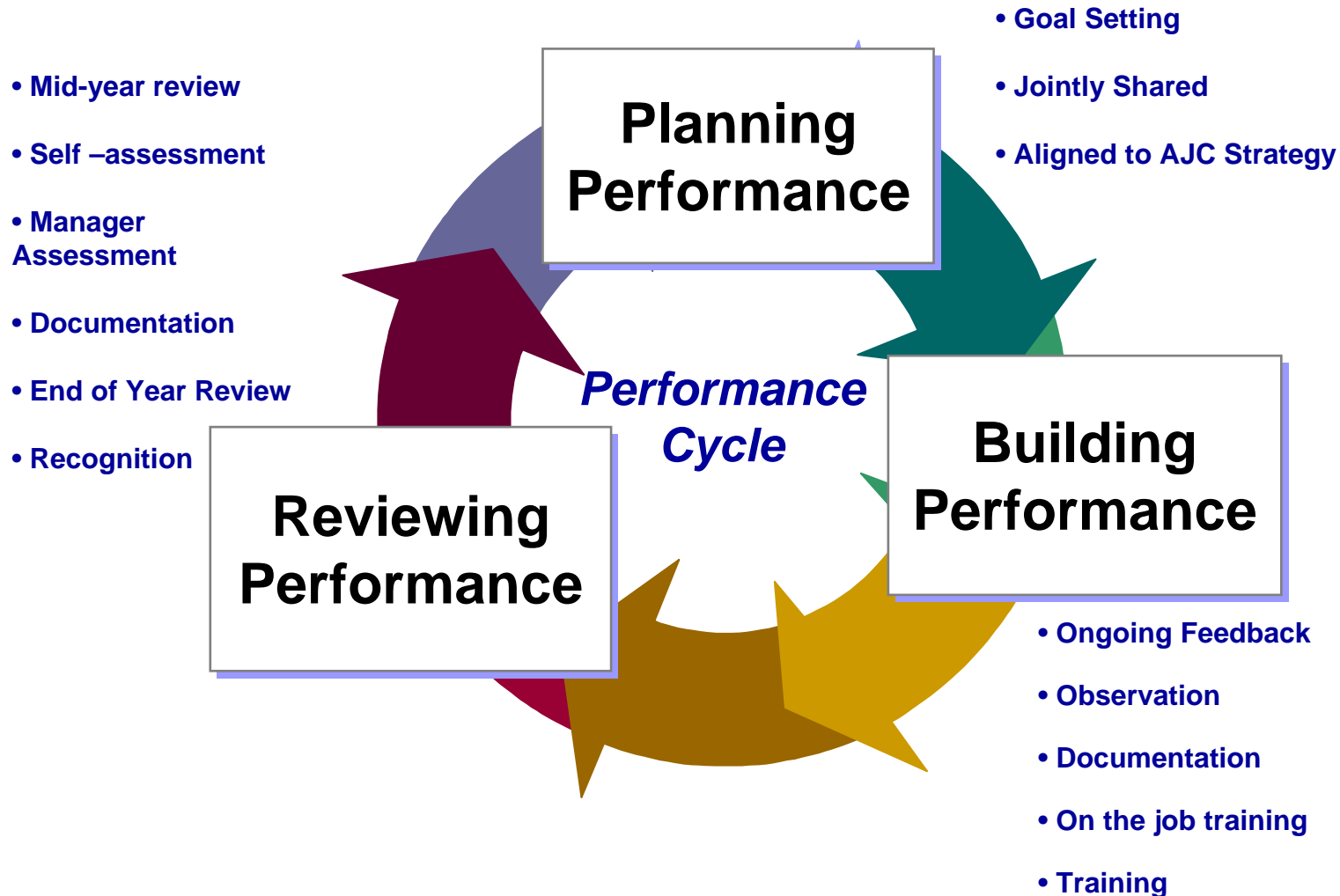


Simplify opportunities so reward for selling frequency and term is **obvious** to sales representatives

Utilize bonus dollars to support short term frequency/ term goals through transition

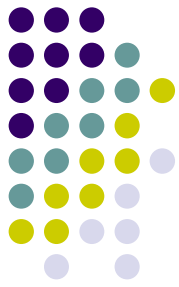
Points	7D	4D	3D	2D	Commission	
13	15	13	11	6	Sales	\$/Point
26	28	24	20	10	1-10	\$0.75
52	45	39	33	15	11-19	\$1.00
EP	15	13	11	6	20-27	\$1.35

Performance Management Process



Scorecard

Points @ 100%



GENERATE REVENUE	Benchmark	Weight	70
SALES VOLUME	12	50%	36
7D %	65%	20%	12
26/52 WEEK %	29%	20%	12
SPH	0.50	10%	10
ORGANIZATIONAL EFFECTIVENESS	Benchmark	Weight	15
DEVELOPMENT PLAN	100%	100%	15
CUSTOMER CARE	Benchmark	Weight	10
COMPLETE & ACCURATE INFORMATION	100%	50%	5.0
CUSTOMER SATISFACTION (COMPLAINTS)	0	50%	5.0
ATTENDANCE	Benchmark	Weight	5
ATTENDANCE	5	100%	5
OVERALL MONTHLY RATING			100

PERFORMANCE RATING:

Performance Leader: Performance far exceeds objectives and is characterized by major ,outstanding achievements.

Exceeds Performance: Performance exceeds most objectives and is characterized by significant achievements.

Solid Performance: Performance consistently fulfills expectations and at times exceeds them.

Improvement Needed: Performance does not consistently meet expectations

Unsatisfactory: Performance is consistently below expectations.

	Performance Rating	% Points
5	Performance Leader	>110%
4	Exceeds Performance	101-110%
3	Solid Performance	85-100%
2	Improvement Needed	75-84%
1	Unsatisfactory	<75%

EZ Pay



- History of poor retention (sold as short term, price-driven)
- New focus on opportunity to get best rate for perpetual commitment
- Convenient and opportunity to lock in rate
- Retention improvements from '05 to '06
 - Initial results show retention equivalent to a 6 month prepaid sale, with potential for more
- Align commission with value – currently equivalent to a 3 month sale, potential to increase as 6-12 month retention numbers are available

Initial Results



	<u>1Q 2005</u>	<u>1Q2006</u>
Avg vol.	3600	2000
PIA	65%	96%
12 mos.	14%	21%
7 day	38%	70%
2 / 1 day	47%	24%

****realized circulation gain on 6-day (daily) is approximately 6 % year over year*

Performance Benchmarks



CPO

- Historical method for determining performance
- Total costs / sales (regardless of term)
- Partial picture of performance
- $13 = 26 = 52 = EP$

CPU

- Cost per unit of circulation
- Utilizes retention in measurement
- $13 \times 4 = 1$ annualized unit of circulation
- 52×1

Quality vs. Quantity



- Simplify pricing menu so consumers understand benefit
- Align compensation with quality goals
- Manage change through every level of org
- Be consistent in the message – resist temptation to revert to “manageable discounting”
- Recognize success based on new benchmarks (not volume alone) and market these successes internally