

PAFET

Partners Affiliated for Exploring Technology

PAFET MANAGEMENT COMMITTEE MEETING Minneapolis, Minnesota May 28-29, 1997

HOTEL

The Whitney Hotel
150 Portland
Minneapolis, MN 55401
(612) 339-9300
Fax: (612) 339-1333
Reservations (800) 248-1879

MEETING ROOMS

Wednesday, May 28 - Star Tribune

OpCom 12:00 PM - 5:00 PM

Large #2 Meeting Room
2nd Floor Conference Center

Thursday, May 29 - Whitney Hotel

MngCom/OpCom 9:00 AM - 2:00 PM

Fifth Floor Salons 1 & 2

COCKTAILS/DINNER

*Baseball Game - Metrodome (*see map*)
(*Minnesota Twins vs. Milwaukee Brewers*)

Boxes 133A and 133B

6:15 PM - boxes open
6:30 PM - buffet dinner

** A ticket will be attached to your room reservation slip and given to you when you check into the hotel.*

ATTIRE

**Business attire is appropriate for meetings
Casual attire is appropriate and dinner**

PAFET

Partners Affiliated for Exploring Technology

PAFET MANAGEMENT COMMITTEE MEETING Minneapolis, Minnesota May 28-29, 1997

ATTENDEES:

A. H. Belo Corp.

Jeremy Halbreich, *President & General Manager, The Dallas Morning News*

Jim Galli, *Director, Business Development, The Dallas Morning News*

Doug Tracy, *Corporate Communications Manager, The Dallas Morning News*

Central Newspapers, Inc.

Chip Weil III, *President & CEO*

Bill Toner, *Chief Information Officer*

Myrta Pulliam, *Director of Electronic News & Information, Indianapolis Newspapers, Inc.*

Cowles Media Co.

David Cox, *President & CEO*

Joel Kramer, *Publisher, Star Tribune*

Martha Duckert, *Planning & Process Leader, Star Tribune*

Bob Schafer, *Publisher, Star Tribune Online*

Mark Gross, *Director of Digital Strategy*

Freedom Communications, Inc.

James Rosse, *President & CEO*

Dick Wallace, *Vice President, Corporate Affairs*

Tom Porter, *Publisher, Daily Press/Desert Dispatch*

Ginger Neal, *Director, New Media Marketing, The Orange County Register*

McClatchy Newspapers, Inc.

Gary Pruitt, *President & CEO*

Chris Hendricks, *Publisher & President, Nando.net*

James Calloway, *General Manager, Nando.net*

Pulitzer Publishing Co.

Nicholas Penniman IV, *Publisher, Post Dispatch*

Jeff Edwards, *Vice President*

Dan Kilian, *Telephone Division Sales Manager, Post Dispatch*

PAFET

Marla McDonald, *Executive Director*

Susan Savino, *Executive Assistant*

PAFET

Partners Affiliated for Exploring Technology

PAFET MANAGEMENT COMMITTEE MEETING

Minneapolis, MN

May 28-29, 1997

AGENDA

Wednesday, May 28th

<i>Operating Committee</i>

- | | |
|---------------------|--|
| 12:00 PM - 12:30 PM | Lunch |
| 12:30 PM - 2:00 PM | Project Updates <ul style="list-style-type: none">- <i>WorkAvenue</i>- <i>Automotive</i>- <i>Infoseek</i> |
| 2:00 PM - 3:00 PM | New Business <ul style="list-style-type: none">- <i>Think Tank Session</i>- <i>Cross Promotion Initiative</i>- <i>Other?</i> |
| 3:00 PM - 3:30 PM | Break |
| 3:30 PM - 4:30 PM | Member Company Updates |
| 4:30 PM - 5:00 PM | Preparation for MngCom Meeting |

PAFET

Partners Affiliated for Exploring Technology

PAFET MANAGEMENT COMMITTEE MEETING

Minneapolis, MN

May 28-29, 1997

AGENDA

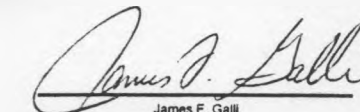
Thursday, May 29th

Management Committee

8:30 - 9:00 AM	Continental Breakfast
9:00 AM - 10:00 AM	WorkAvenue Update <ul style="list-style-type: none">- <i>Alpha Site Results</i>- <i>Phase 2 Plans</i>- <i>Future Thoughts</i>
10:00 AM - 10:30 AM	Automotive <ul style="list-style-type: none">- <i>Recent Industry Developments</i>- <i>Current Initiatives</i>
10:30 AM - 10:45 AM	Break
10:45 AM - 12:00 PM	Future Trends, Issues & Opportunities <ul style="list-style-type: none">- <i>Reaction to Gates' Remarks</i>- <i>Info Sharing Plans</i>
12:00 PM	Lunch
12:00 PM - 2:00 PM	Executive Session

1997 PAFET FINANCIAL SUMMARY

	Amount YTD 4/30/97	Annual Budget	Difference
MEMBER CONTRIBUTIONS			
PAFET Co. Capital	\$700,000.00	\$2,000,000.00	(\$1,300,000.00)
TOTAL CONTRIBUTIONS	\$700,000.00	\$2,000,000.00	(\$1,300,000.00)
EXPENSES			
Information/Monitor:			
NCN	\$1,542.32	\$8,000.00	(\$6,457.68)
Real Estate	\$0.00	\$8,000.00	(\$8,000.00)
TV	\$0.00	\$8,000.00	(\$8,000.00)
Legal	\$0.00	\$8,000.00	(\$8,000.00)
Web Tools	\$0.00	\$8,000.00	(\$8,000.00)
Cybercities	\$0.00	\$10,000.00	(\$10,000.00)
Getting Deeper/Research:			
E-Mail	\$0.00	\$40,000.00	(\$40,000.00)
Research	\$0.00	\$40,000.00	(\$40,000.00)
External Alliances	\$0.00	\$40,000.00	(\$40,000.00)
Content Sharing	\$0.00	\$40,000.00	(\$40,000.00)
Commerce	\$0.00	\$40,000.00	(\$40,000.00)
Information Sharing	\$19,980.80	\$50,000.00	(\$30,019.20)
Development:			
Recruitment	\$680,455.45	\$500,000.00	\$180,455.45
Automotive	\$140,937.74	\$400,000.00	(\$259,062.26)
Think Tank	\$6,403.94	\$50,000.00	(\$43,596.06)
Agents	\$0.00	\$150,000.00	(\$150,000.00)
Opportunities	\$184,301.63	\$300,000.00	(\$115,698.37)
Administrative:			
Staff	\$52,121.11	\$200,000.00	(\$147,878.89)
Bonus	\$20,000.00	\$0.00	\$20,000.00
Travel & Entertainment	\$11,193.97	\$50,000.00	(\$38,806.03)
Publications	\$25,147.98	\$5,000.00	\$20,147.98
Meeting Expenses	\$6,506.43	\$10,000.00	(\$3,493.57)
Computer Expense	\$8,013.79	\$15,000.00	(\$6,986.21)
Office Expenses	\$7,297.32	\$10,000.00	(\$2,702.68)
Miscellaneous	\$20,720.52	\$10,000.00	\$10,720.52
TOTAL EXPENSES	\$1,184,623.00	\$2,000,000.00	(\$815,377.00)
	(\$484,623.00)		
Interest Income	\$6,078.56		
Bank Charges			
1996 Balance Forward	\$745,545.68		
Net Partnership Balance	\$267,001.24		
Bank Balance			
Vista Money Mkt Fund	\$5,138.83		
Operating Account	\$261,862.41		
	<u>\$267,001.24</u>		


 James F. Galli
 A. H. Belo
 PAFET Treasurer

COWLES - COMPANY UPDATE - MAY 1997

Product Development/Marketing

- Digital Cities Twin Cities launched May 6.
- Developing Entertainment Site - hope to launch in July to beat Sidwalk. Almost all development effort has been moved to this product.
- Apartments Online has been up 2 months. Has over 4000 people registered. More than 100 people have indicated that they rented from the web site
- New 3-way marketing program starts June with AT&T and Target stores. AT&T Worldnet software distributed free at Target who gets the traffic. Our home page is the default.
- Online Idea won award given by Minn Chapter of American Institute of Graphic Artists. Award was one of eight given. Exhibit will tour the country.

Technological Infrastructure

- Still in process of installing major hardware upgrade to increase capacity (2 Sparc 3000, 1 Sparc 4000, RAID storage, etc)
- Close to completing contract with Vicinity to provide mapping
- Still considering licensing Infoseek's search engine. Would work in conjunction with a Minnesota website directory. Need to gear up for selling keyword advertising.

Site Stats

- ST ONLINE had close to 3 million page impressions for April. Week of April 20 set a record with 712,213 page impressions and 56,982 users.

Organizational/Other

- Nick Rogosienski has been named Online Site Manager for Auto and Homes sites.

Competitive

- Yahoo! Twin Cities launched May 19; has content alliance with Channel 4000
- Approached by US West Dive In
- Not sure when Twin Cities Sidwalk will launch; could be June 15, July 1, July 15.

Indianapolis Star/News Update

May 1997

ONLINE

- Hit counts: April totals: 6.7 million, slight downturn in traffic, probably due to Indiana's Game falloff, but SpeedNet grew, as did IRL areas.
- Classifieds: We intend to open this to public testing as soon as we get the last few bugs ironed out (Anyone can have url, logon and password now).
- We added The Curve, a kids' area. Includes Children's Express, Surfing the Net with Kids, video game reviews and a kids chat area; and will include our NIE content.
- We've launched Dave Powell's "What Really Matters" column.
- Redesigned both digests and the SpeedNet opening screen
- Launched sports schedules.
- We'll be launching an area called Taking Care of You that includes personal finance
- For SpeedNet, we're proposing an affiliation agreement and content exchange with other online services. This would entail creating a "private-brand" version of SpeedNet for visitors to the other online services, in exchange for nonexclusive access to their auto racing content for re-posting on SpeedNet.
- CircleCity: Our coordinator, Molly Wollenberg has started.
- WorkAvenue: The committee and various subgroups are meeting constantly, aiming for that Labor Day launch.
- Working on the site for the Builders Association - to be up soon, with MLS-type site added this fall.
- Our CD-ROM project with our ISP merely awaits ads from marketing. We're doing a software giveaway at our bureaus, with internet access. I'll bring copies of the ad, which explains it better than I can here.

INFOLINE

- We had 462,435 calls for the month of April, down about 30,000 calls both from last month, and from April of 1996. Generally, during the month of April we have spent a great deal of time planning for three new projects going up during the month of May: Music Line, Fast Cash, and Homesites.

TV

- Meeting in June with the station we hope to do a deal with.
- Renewed the High School Sports Show (Phoenix is doing as well)
- Still talking with Thomson and they are still talking with Net Channel. But no action yet.

Also still talking with Simon. We have their RFP.

Freedom Company Update

May 1997

Current websites:

Entertainment @ Home	http://www.entertainmenthome.com
Home Theater Magazine	http://www.hometheatermag.com
Audio Video Shopper	http://www.avshopper.com
Mobile Computing & Communications	http://www.mobilecomputing.com
Mobile Sound	http://www.mobilesound.com
Portable Computing Direct Shopper	http://www.portablecomputing.com
Flightalk Network	http://www.flightalk.com
P.O. V. Magazine	http://www.povmag.com
World Trade Magazine	http://www.worldtrademag.com

In development/under construction:

Home Theater Web	http://www.hometheaterweb.com
CurtCo.com	http://www.curtco.com
Co.	http://www.comag.com
Sales & Field Force Automation	http://www.sffamag.com
HomeTheater Expo	http://www.htexpo.com
Latin Trade	http://www.latintrademag.com

Lima News

You recently asked for an update on new media activities of Freedom entities, to share with PAFET. Tom Mullen asked me to update you on our activities. Besides refining our newspaper web site by the end of this month, to allow faster loading and places on each page for an ad, the New Media Committee of The Lima News is doing the following:

We are working with an outside ISP and internet development company to develop a prototype web site for kids/young people. We have formed an informal alliance (as in No \$\$ exchanges so far) to develop a product that could be used first locally, with a print product tie-in; then take the concept, which we would seek to design in such a way as to appeal to other Freedom entities, then possibly a larger audience nationally, etc.

Our goal is to design a profitable vehicle that would attract younger people first online and then to a related print product, mostly with non-newspaper content that is interactive in audio and video and which can be both fun and teach the user something useful.

Sept. 1 is our deadline to have something online and tied in with a printed product (not necessarily the newspaper). I am project manager and head the New Media panel, fyi.

We are in the fledgling stages and are seeking sponsors and/or advertisers to help us explore this arena fully. Our ISP rep has extensive newspaper systems background and has national clients/contacts, so we are also actively seeking national support and advertising. The committee is defining parameters now, including estimated costs, the schools and audiences we want to go after and in what order, etc.

The committee's Work Team (3 people, one each from News, Ads, Systems) and some of the ISP firm's talent and volunteer help from 3 college interns from a nearby university who are taking a multimedia class this quarter, are assisting us in product development.

Colorado Springs Gazette Telegraph

Gazette.com redesign -- We're reformatting our cumbersome, outdated GTOline website into a sleek new gazette.com that will be user- and advertiser-friendly. I expect to be introducing it early next week (ahem! or sooner, Chris). Reacting to research that shows as many as 40 percent of our users are coming in through AOL, we're minimizing tables and frames while adopting a much more modern look and easy navigation that works well on any browser. We'll couple the redesign launch with some in-print and out-of-market promotion. I suspect, among Freedom properties, we'll be the first website to have lived through a from-scratch redesign onto a new server, which is proving to be considerably more complex than launching a new site. If that's the case, let any other site know that we've learned a lot the hard way and would be happy to share lessons.

Advertising success: We launched a successful sales tool that a dozen big local advertisers have signed on for: a "turnkey" website based on a template that is fairly quick to execute. Our base product cost of \$750 has proven just the starting point -- once they see some features they can use to customize the site, the price keeps going up, and we are building in monthly maintenance business too. Again, lots of lessons there, things to avoid, but we're happy with the new revenue stream. Our big focus is on becoming THE marketing partner for our advertisers, period. If they need television, we can offer them that on The Interactive Channel. If they want a website, we can build one. If they want traffic for an existing website, our talented artists have developed all manner of static and animated .gif web banners that the customers seem to love. We've even told smaller Colorado newspapers that as part of our statewide website, co-ol.com, we can build banners for their advertisers (for a small fee) if they don't have art staffs. Most do not, and we've gotten a few nibbles even before we've formalized this offer as part of our marketing services.

We're talking with the city of Colorado Springs to launch a partnered website for the city. They have a cursory city home page now, as do we, and we're working to create the very best umbrella site possible. We'll keep you posted on how these content-brokering discussions go. This will be our third major staff-produced website, all requiring daily maintenance, and we will soon have another half-dozen to a dozen customer sites that we're responsible for. That's with a staff of 8, who also produce and maintain content for....

The Interactive Channel. I will do a separate email on this for the conference group. It's a monster that can eat up staff time, as my long memo to you some months ago detailed. It's gotten somewhat better as the technology stabilizes, but it's still a resource-hungry medium.

Last but not least.... if there's an online equivalent of that "plastics" line in "The Graduate," it's gotta be . . . classifieds. Our hits have skyrocketed since the Jan. 1 introduction of classifieds. We use a cgi search script that Jay Brown developed over the course of many weeks. Next up in this department: developing a way to get our lucrative Classified Display/Recruitment ads up.

PAFET Update
The Orange County Register
May 22, 1997

- May 1 we launched our Apartment locator service. Ads started running and a unique number 888-648-RENT was implemented to track the effectiveness of the ad. As of May 9th we have had 16 deals close through OCR/AL number. Our ads generated 30% of the AL lead generation.

Apartment Locator is offering the service for 50% of the first month rent. The Times was offering the service for 65% of the first month's rents. The have just sent a letter to reduce the split to 48% of the first months rent.

- Zip2 launched on May 9. The New Media sales force is currently targeting sales packages that encompass the Zip2 product. The Colorado Springs Gazette is currently in discussions with Zip2. The advertiser interest in the product has been very strong.
- The InfoSeek spider has been implemented on the Orange County Register site. We are in the process of setting up the UltraSeek search.
- The automotive regional inventory product launched Friday May 23rd. Prior to launch we had two dealerships that heard about the product and wanted to subscribe to the service as soon as possible. AutoNation will be moving into the Orange County area within the year. A complete briefing of the market place will be given at the OpCom meeting.
- We will be implementing a new sales approach for the general sales staff that includes heavy new media training and development for sales manager.