

In-station & at-station advertising



Vehicle advertising



Website ads/merchandise sales



NOTE: Billboards and bus shelter advertising are coordinated by MBTA Real Estate group, and will be covered at a later date

This September was a record month for MBTA advertising

September 2015 advertising revenue was \$3.1M gross, \$1.9M net¹

- 16% higher than our previous best month
- The increase was largely driven by Titan's digital growth

“Ad revenue provides bright spot for T”

- *Boston Globe*, 9/12/15

“MBTA: Advertising Dollars on Rise in 2015”

- *NECN*, 9/12/15

¹ The MBTA receives the net amount, which is 62.5% of the gross revenue generated by our advertising partner Titan

We have been charged with identifying the Full Potential for own-source revenue

Definition of “Full Potential”

Revenue available to the MBTA if we:

- Are willing to adapt, modify, or abandon legacy rules, regulations, and ways of doing business
- Aggressively pursue new ideas / models to their full extent
- Look to best-in-class examples in other systems
- Work with the best business partners who can support our aggressive growth goals
- Always pursue best-in-class contracting and favorable contract terms

- **Today, we are not proposing policy changes.** We are laying out the full potential revenue from advertising under the above criteria
- The FMCB will discuss and vet our Advertising Policy in the coming weeks

Stakeholder concerns

- Although the MBTA is generally not bound by local zoning regulations, local officials may object to enhanced outdoor digital advertising
- Station sponsorship was pursued in December 2013 by directive of the Legislature, but only one response was received which did not meet minimum requirements of the RFP
 - At the time, MBTA leadership was also advised that all station signage would have to be changed to meet the BCIL lawsuit settlement criteria, which would reduce any net revenue from station sponsorship
- Other systems have successfully pursued station sponsorship, mostly at large venue-related stations

MBTA advertising policy

- The MBTA bans 15 categories of advertisements, including alcohol, tobacco, firearms, and profanity
 - Roughly half of the major U.S. metro transit agencies allow alcohol advertising, including Chicago, New Jersey, Minneapolis¹
 - Although the MBTA bans alcohol advertising on buses and bus shelters (managed by Titan and Cemusa), City of Boston-owned bus shelters (managed by JCDecaux) allow it

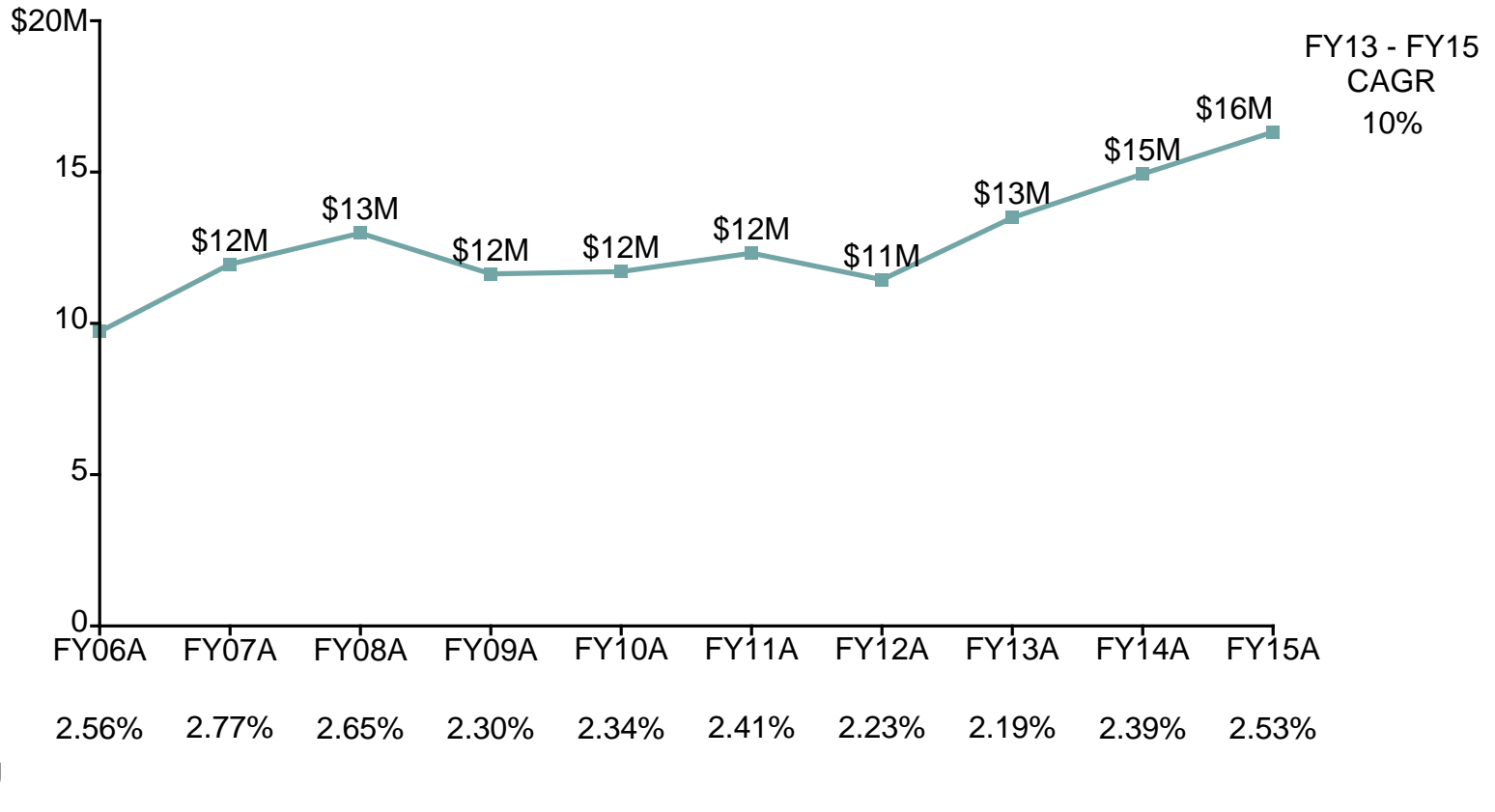
Internal processes

- Our advertising providers have highlighted our internal approvals process as a barrier to taking timely advantage of new trends in digital advertising

¹ SOURCE: Alcohol Ads on Public Transit, *World Medical and Health Policy*, 2014

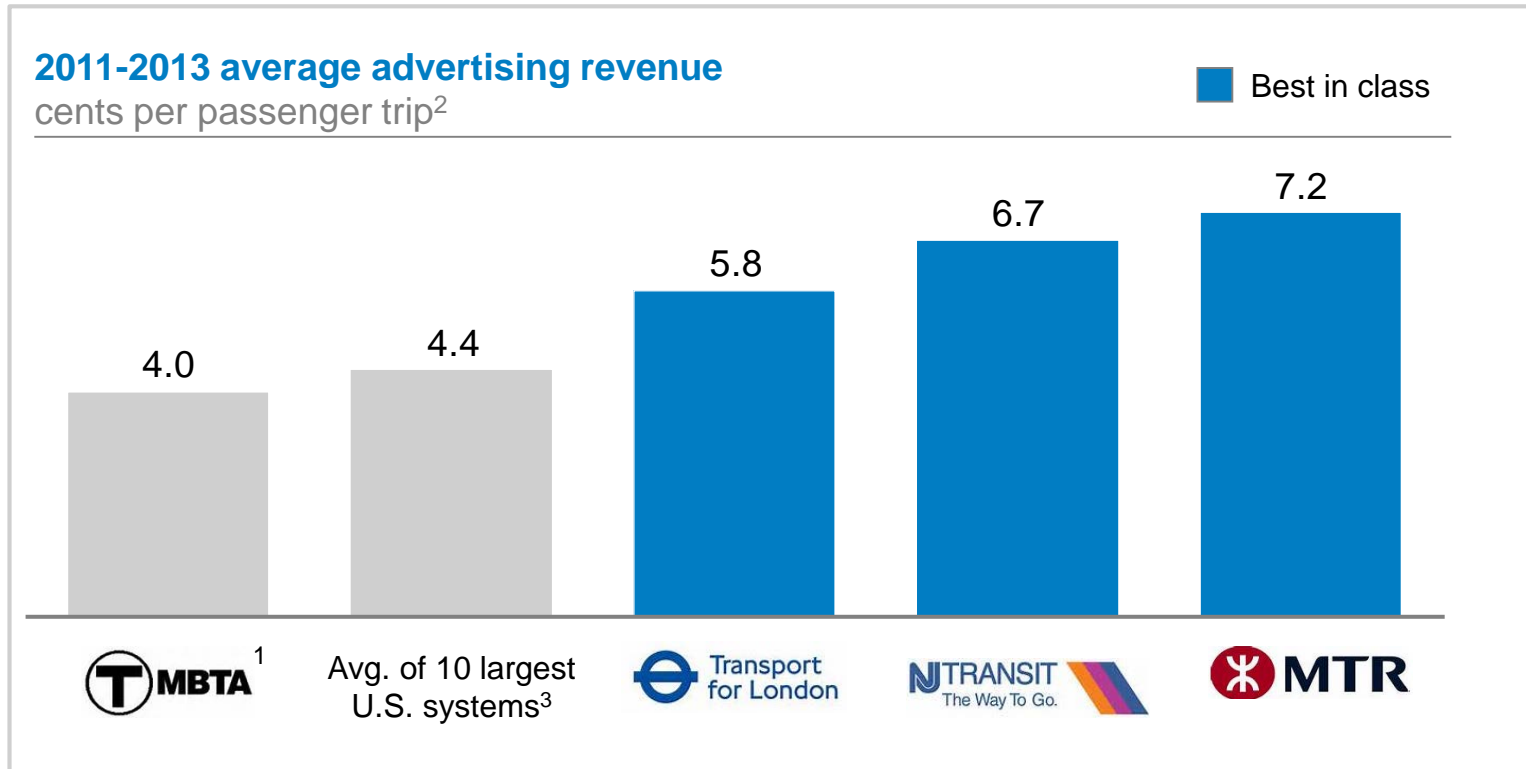
Total advertising has been increasing at 10% per annum over the past few years

MBTA net advertising revenue¹



¹ Net revenue to MBTA after revenue split with Titan, our main advertising provider. Excludes revenue from ClearChannel-managed billboards and bus shelters, which are counted as part of MBTA real estate revenues

If the MBTA gets to levels seen by several major transit systems, we could double revenues



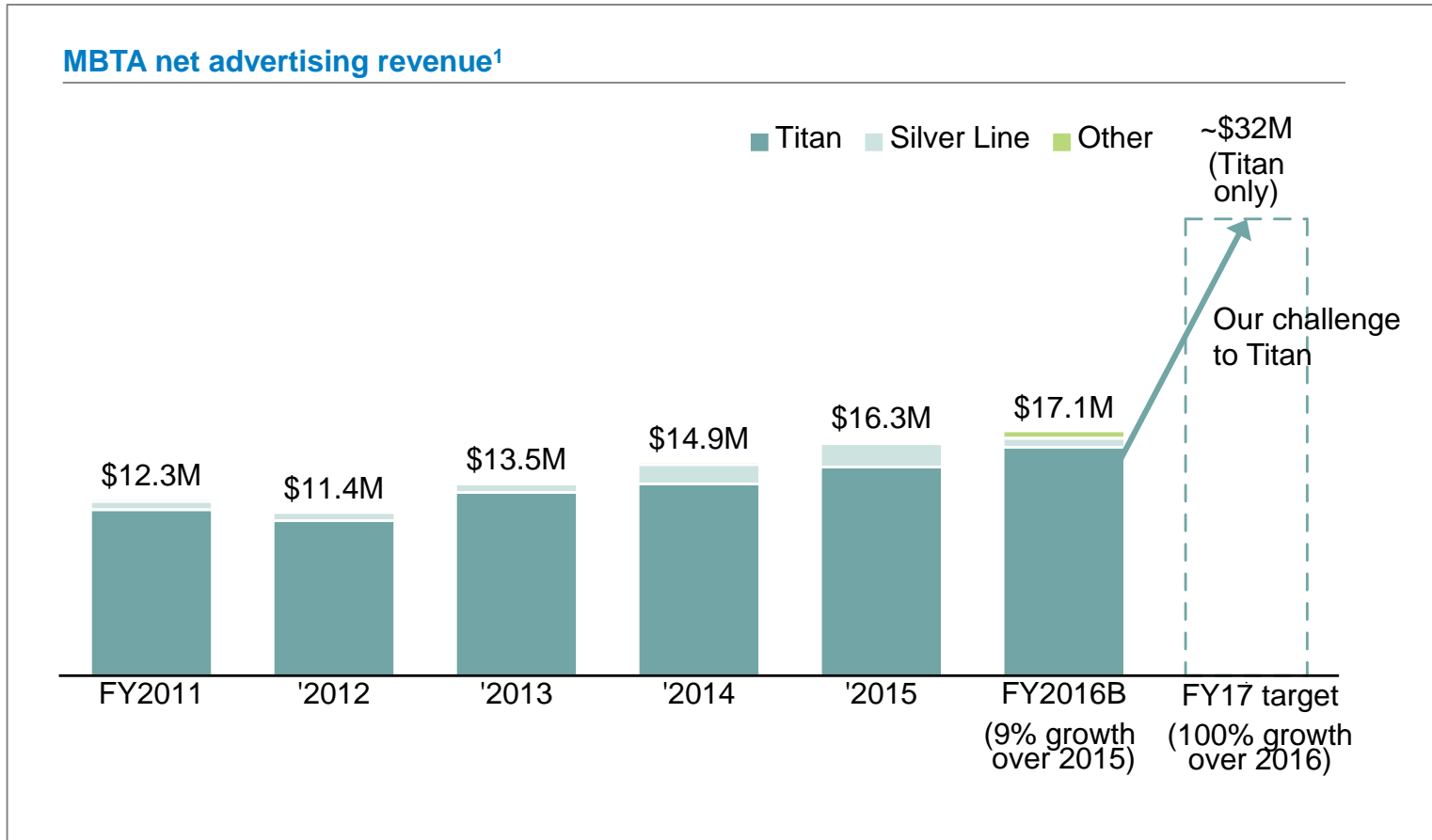
1 MBTA number revised upwards by 0.6c/trip from the 2015 Governor's panel report, after inclusion of additional advertising revenue reported under the Real Estate department

2 Trip counts are not exactly comparable across agencies due to differing measurement techniques and reliability, but the numbers are still indicative

3 10 largest US systems (except MBTA and NJ) by unlinked passenger trip counts: MTA, CTA, LA Metro, WMATA, SEPTA, MARTA, SF BART, MTA Bus, King County Metro, Miami-Data Transit

SOURCE: Agency annual and operational reports, U.S. NTD database

We challenged Titan to propose a strategy to double their revenue by FY17



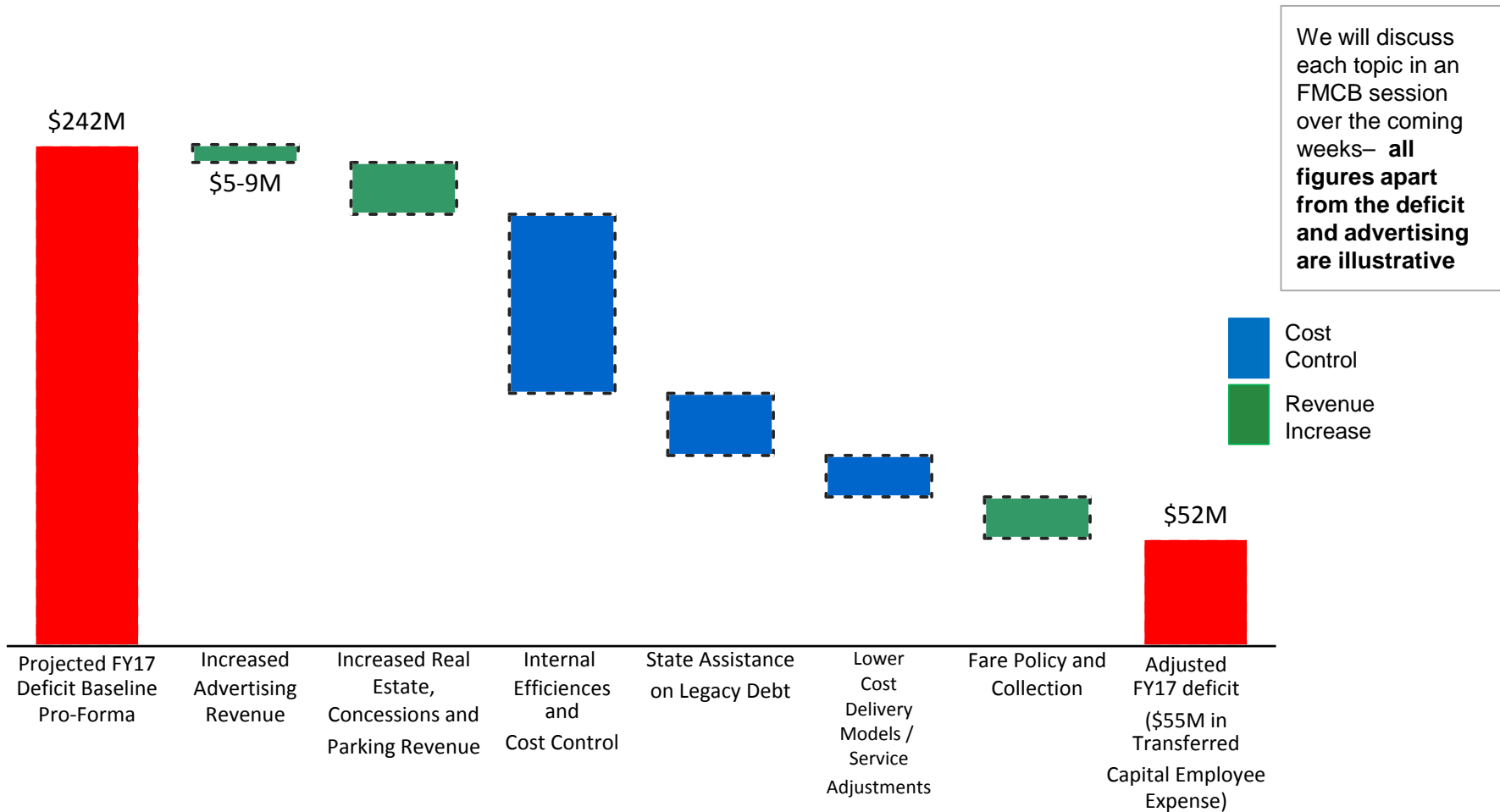
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In response, Titan proposed pathway to meet 2/3 of our challenge



NOTE: Revenues shows are Titan's payments to MBTA only, after applying contractual revenue split

Two Levers to Balance FY17 Deficit: Control Costs or Increase Revenues



Appendix



Source: JCDecaux website