

# MASTER CONTRACT RECOVERY

Updated as of October 2018

# Master Contract Recovery

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### Recovery of Excess Discounts for Non-fulfilment of Total Nett Commitment Under Master Contracts

Any and all discounts and bonuses granted to an advertiser/agency under a Master Contract are based on the allocation of the Total Nett Commitment to each media platform as specified in the Master Contract and subject to fulfilment of the Total Nett Commitment.

If the advertiser/agency is unable to meet the Total Nett Commitment by the end of the Contract period, Mediacorp shall be entitled to recover any and all excess discounts and bonuses granted.

#### For Master Contracts with Single Platform

Mediacorp will recover an amount equivalent to the difference between the actual discounts and/ or bonuses granted based on the committed amount for that media platform and the discounts and bonuses applicable based on the actual amount spent under the Master Contracts for that media platform.

Please see example below:

#### Example A : Client signs a \$450,000 Master Contract with TV (Channel 5/Channel 8/Channel U):

Platform	Nett Commitment	Master Contract Entitlements	Nett Fulfilment
TV Channel 5/ Channel 8/ Channel U	\$450,000.00	7% Volume Discount	\$350,000.00

#### Calculation of Volume Discount Recovery

Nett fulfilment	\$350,000.00
Gross fulfilment @ 7%	\$376,344.09 (\$350,000/ 0.93)
VD amount @ 7%	\$26,344.09
VD entitled based on fulfilment @ 6%	\$22,580.65
Recovery	<u>\$3,763.44</u> (\$26,344.09 - \$22,580.65)

Above illustration assumes all expenditure are entitled to Volume Discount (VD)

#### Example B : Client signs a \$270,000 Master Contract with Radio Stations

Platform	Nett Commitment	Master Contract Entitlements	Nett Fulfilment
Radio	\$270,000.00	25% Volume Discount	\$75,000.00

#### Calculation of Volume Discount Recovery

Nett fulfilment	\$75,000.00
Gross fulfilment @ 25%	\$100,000.00
VD amount @ 25%	\$25,000.00
VD entitled based on fulfilment @ 8%	\$8,000.00
Recoverable amount	<u>\$17,000.00</u> (\$25,000.00 – \$8,000.00)

Above illustration assumes all expenditure are entitled to Volume Discount (VD)

# Master Contract Recovery

## For Master Contracts with Multiple Platforms

Mediacorp will recover, as above, the excess discounts and/ or bonuses granted for the platform beginning with the biggest shortfall and then thereafter in descending order, based on the amount under-fulfilled for each applicable platform.

Please see example in table below:

Platform	Nett Commitment	Master Contract Entitlements	Nett Fulfilment	Over-fulfilled/(Under-fulfilled)
Channel 5/Channel 8/ Channel U	\$1,300,000.00	12% Volume Discount & 18% Special Bonus	\$ 700,000.00	(\$600,000.00)
okto/Suria/Vasantham	\$100,000.00	12% Volume Discount	\$ 200,000.00	\$100,000.00
Radio	\$ 500,000.00	30% Volume Discount	\$ 200,000.00	(\$300,000.00)
	<u>\$1,900,000.00</u>		<u>\$1,100,000.00</u>	<u>(\$800,000.00)</u>

Platform	Distribution of Overall Shortfall	Bonus Usage	Master Contract Entitlements used for Recovery			Recovery Amount	
			Fulfilment used for Recovery	Bonus/Volume Discount Entitlement (%)	Bonus Entitlement	Bonus Recovery	Volume Discount Recovery
Channel 5/ Channel 8/ Channel U	\$800,000.00	\$200,000.00	\$700,000.00	10% Volume Discount & 15% Special Bonus	\$105,000.00	\$95,000.00	\$15,909.10
okto/Suria/ Vasantham				No Recovery for okto/Suria/Vasantham			
Radio			\$300,000.00	25% Volume Discount			\$14,285.72
	<u>\$(800,000.00)</u>						

### Calculation of Volume Discount Recovery on Radio

Nett Commitment	\$ 500,000.00	(VD = 30%)
Gross Commitment	\$ 714,285.71	
VD amount @ 30%	<u>\$ 214,285.71</u>	
Nett fulfilment	\$ 200,000.00	
Gross fulfilment @ 30%	\$ 285,714.29	
VD amount @ 30%	\$ 85,714.29	
VD amount @ 25%	\$ 71,428.57	
Recoverable amount	<u>\$ 14,285.72</u>	(\$85,714.29 – \$71,428.57)

### Calculation of Volume Discount Recovery on Channel 5/Channel 8/Channel U

Nett Commitment	\$1,300,000.00	(VD = 12%)
Gross Commitment	\$1,477,272.73	
VD amount @ 12%	<u>\$ 177,272.73</u>	
Nett fulfilment	\$ 700,000.00	
Gross fulfilment @ 12%	\$ 795,454.55	
VD amount @ 12%	\$ 95,454.55	
VD amount @ 10%	\$ 79,545.45	
Recoverable amount	<u>\$ 15,909.10</u>	(\$95,454.55 – \$79,545.45)

Above illustration assumes all expenditure are entitled to Volume Discount/Special Bonus

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