

NATIONAL PUBLIC RADIO, INC.
2015 FORM 990-T
EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN
PUBLIC INSPECTION COPY
FISCAL YEAR ENDED 09/30/2016

**Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))**

For calendar year 2015 or other tax year beginning 10/01, 2015, and ending 09/30, 2016.

2015

Department of the Treasury
Internal Revenue Service

▶ **Information about Form 990-T and its instructions is available at www.irs.gov/form990t.**
▶ **Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).**

Open to Public Inspection for
501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408(e) <input type="checkbox"/> 530(a) <input type="checkbox"/> 408A <input type="checkbox"/> 529(a) C Book value of all assets at end of year 347,015,705.	Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) NATIONAL PUBLIC RADIO, INC. Number, street, and room or suite no. If a P.O. box, see instructions. 1111 NORTH CAPITOL STREET, NE City or town, state or province, country, and ZIP or foreign postal code WASHINGTON, DC 20002	D Employer identification number (Employees' trust, see instructions.) 52-0907625 E Unrelated business activity codes (See instructions.) 541800 515100
F Group exemption number (See instructions.) ▶		G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust	

H Describe the organization's primary unrelated business activity. ▶ UNQUALIFIED SPONSORSHIP

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ NPR, DEBORAH A. COWAN Telephone number ▶ 202-513-2000

		(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales <u>877,868.</u>				
b Less returns and allowances	c Balance ▶	1c 877,868.		
2 Cost of goods sold (Schedule A, line 7)	2	532,669.		
3 Gross profit. Subtract line 2 from line 1c	3	345,199.		345,199.
4a Capital gain net income (attach Schedule D)	4a			
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c Capital loss deduction for trusts	4c			
5 Income (loss) from partnerships and S corporations (attach statement)	5	-361,085.	ATCH 1	-361,085.
6 Rent income (Schedule C)	6			
7 Unrelated debt-financed income (Schedule E)	7			
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10 Exploited exempt activity income (Schedule I)	10	18,626,758.	8,879,536.	9,747,222.
11 Advertising income (Schedule J)	11			
12 Other income (See instructions; attach schedule)	12	1,982,790.	ATCH 2	1,982,790.
13 Total. Combine lines 3 through 12	13	20,593,662.	8,879,536.	11,714,126.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	ATTACHMENT 5 . . .		14 108,396.
15 Salaries and wages			15 1,502,494.
16 Repairs and maintenance			16 37,849.
17 Bad debts			17
18 Interest (attach schedule)			18
19 Taxes and licenses	ATCH 7		19 500.
20 Charitable contributions (See instructions for limitation rules)			20
21 Depreciation (attach Form 4562)	21 122,048.		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a		22b 122,048.
23 Depletion			23
24 Contributions to deferred compensation plans			24
25 Employee benefit programs			25 283,081.
26 Excess exempt expenses (Schedule I)	ATTACHMENT 4		26 9,747,222.
27 Excess readership costs (Schedule J)			27
28 Other deductions (attach schedule)	ATTACHMENT 3		28 1,025,149.
29 Total deductions. Add lines 14 through 28			29 12,826,739.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			30 -1,112,613.
31 Net operating loss deduction (limited to the amount on line 30)	ATCH 6		31
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			32 -1,112,613.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)			33
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			34 -1,112,613.



Department of Treasury
Internal Revenue Service
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2016
Notice date	November 28, 2016
Employer ID number	52-0907625
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

230293.714895.36405.6799 1 SP 0.480 370



NATIONAL PUBLIC RADIO INC
% NPRINC DEBORAH A COWAN
1111 NORTH CAPITOL ST NW
WASHINGTON DC 20002

Page 1 of 1



230293

Important information about your September 30, 2016 Form 990T

We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your September 30, 2016 Form 990T.

Your new due date is August 15, 2017.

What you need to do

File your September 30, 2016 Form 990T by August 15, 2017.

Visit www.irs.gov/charities to learn about approved e-File providers, what types of returns can be filed electronically, and whether you are required to file electronically.

Additional information

- Visit www.irs.gov/cp211a.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

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Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here... 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: 37 Proxy tax. See instructions 38 Alternative minimum tax 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies.

Part IV Tax and Payments

40 a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116). 40 b Other credits (see instructions). 40 c General business credit. Attach Form 3800 (see instructions) 40 d Credit for prior year minimum tax (attach Form 8801 or 8827). 40 e Total credits. Add lines 40a through 40d 41 Subtract line 40e from line 39. 42 Other taxes. Check if from: 43 Total tax. Add lines 41 and 42 44 a Payments: A 2014 overpayment credited to 2015 44 b 2015 estimated tax payments 44 c Tax deposited with Form 8868. 44 d Foreign organizations: Tax paid or withheld at source (see instructions) 44 e Backup withholding (see instructions) 44 f Credit for small employer health insurance premiums (Attach Form 8941) 44 g Other credits and payments: 45 Total payments. Add lines 44a through 44g 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached. 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 49 Enter the amount of line 48 you want: Credited to 2016 estimated tax Refunded

Part V Statements Regarding Certain Activities and Other Information (see instructions)

1 At any time during the 2015 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? 3 Enter the amount of tax-exempt interest received or accrued during the tax year

Schedule A - Cost of Goods Sold. Enter method of inventory valuation

1 Inventory at beginning of year 2 Purchases 3 Cost of labor 4a Additional section 263A costs (attach schedule) b Other costs (attach schedule) 5 Total. Add lines 1 through 4b 6 Inventory at end of year 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2. 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here DEBORAH A. COWAN Signature of officer 8/11/2017 Date CFO AND TREASURER Title May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only Print/Type preparer's name ELIZABETH W HELLER, CPA Preparer's signature Elizabeth W Heller Date 8/11/2017 Check if self-employed PTIN P00397829 Firm's name TATE & TRYON Firm's EIN 52-1855942 Firm's address 2021 L ST NW Phone no. 202-293-2200

WASHINGTON, DC 20036

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property

Table with 1 column for description of property, rows (1) through (4).

2. Rent received or accrued

Table with 3 columns: (a) From personal property, (b) From real and personal property, and 3(a) Deductions directly connected with the income. Rows (1) through (4) and a Total row.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A).

(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B).

Schedule E - Unrelated Debt-Financed Income (see instructions)

Table with 5 columns: 1. Description of debt-financed property, 2. Gross income from or allocable to debt-financed property, 3. Deductions directly connected with or allocable to debt-financed property (a) Straight line depreciation, (b) Other deductions, 4. Amount of average acquisition debt, 5. Average adjusted basis, 6. Column 4 divided by column 5, 7. Gross income reportable, 8. Allocable deductions. Includes a Totals row and instructions for entering values on page 1.

Total dividends-received deductions included in column 8

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

Table for Exempt Controlled Organizations with 6 columns: 1. Name of controlled organization, 2. Employer identification number, 3. Net unrelated income (loss), 4. Total of specified payments made, 5. Part of column 4 that is included in the controlling organization's gross income, 6. Deductions directly connected with income in column 5. Rows (1) through (4).

Nonexempt Controlled Organizations

Table for Nonexempt Controlled Organizations with 5 columns: 7. Taxable Income, 8. Net unrelated income (loss), 9. Total of specified payments made, 10. Part of column 9 that is included in the controlling organization's gross income, 11. Deductions directly connected with income in column 10. Includes instructions for adding columns 5 and 10, and 6 and 11.

Totals

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1) ATCH 4						
(2)						
(3)						
(4)						
Totals	Enter here and on page 1, Part I, line 10, col. (A). 18,626,758.	Enter here and on page 1, Part I, line 10, col. (B). 8,879,536.				Enter here and on page 1, Part II, line 26. 9,747,222.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I						
Totals , Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1) ATCH 5			
(2)			
(3)			
(4)			
Total . Enter here and on page 1, Part II, line 14.			108,396.

<u>Ordinary Income from Partnerships</u>	<u>FEDERAL</u>
National Public Media LLC	(361,086)
Total Ordinary Income (Loss) from LPs	<u>(361,086)</u>

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Form 990-T, Part I, Line 12

FYE 09/30/2016

Other Income

STUDIO RENTAL	21,870
DISTRIBUTION OF EXCESS SATELLITE CAPACITY	1,960,920
	<hr/>
Total Other Income	1,982,790
	<hr/> <hr/>

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Form 990-T, Part I, Line 28

FYE 09/30/2016

Other Deductions

	3,464
Professional Services	77,717
Connectivity	3,666
Communications	34,852
Travel	17
Deductible Meals	9,506
Lease	162,899
Occupancy	65
Printing	1,350
Supplies	2,984
Promotions	5,272
Postage and Freight	3,196
Employee Development	3,455
Equipment	602,363
Administrative Cost	104,902
Bank charges and other fees	3,947
Investment Management Fees	5,494
Miscellaneous	
Total Other Deductions	1,025,149

SCHEDULE I - EXPLOITED EXEMPT ACTIVITY INCOME, OTHER THAN ADVERTISING INCOME

ATTACHMENT 4

1. <u>EXPLOITED ACTIVITY</u>	2. GROSS UNRELATED BUSINESS <u>INCOME</u>	3. EXPENSES DIRECTLY CONNECTED	4. NET INCOME OR (LOSS)	5. GROSS INCOME FROM ACTIVITY	6. EXPENSES ATTRIBUTABLE TO COL. 5	7. EXCESS EXEMPT EXPENSES
UNQUALIFIED SPONSORSHIP ON.ORG WEBSITE	18,626,758.	8,879,536.	9,747,222.	51,123.	59,539,150.	9,747,222.
COLUMN TOTALS	<u>18,626,758.</u>	<u>8,879,536.</u>				<u>9,747,222.</u>

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SCHD. K, FORM 990-T, COMPENSATION OF OFFICERS, DIRECTORS, & TRUSTEES

<u>NAME AND ADDRESS</u>	<u>TITLE</u>	<u>BUSINESS PERCENT</u>	<u>COMPENSATION</u>
BEACH, MICHAEL F. 1111 NORTH CAPITOL STREET, NE WASHINGTON, DC 20002	VP, DISTRIBUTION	20.949590	52,030.
GARRISON, STANLEY M. 1111 NORTH CAPITOL STREET, NE WASHINGTON, DC 20002	VP, TECH OPS&BROADCAST ENGING	20.538550	56,366.
TOTAL COMPENSATION			<u>108,396.</u>

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Form 990-T, Part I, Line 31

FYE 09/30/2016

Net Operating Loss Carryforward

Fiscal Year Ended	Income (Loss) Incurred	Net Operating Loss Used/ Expired	NOL Carryforward available for next year
9/30/1994	(320,635)	-	(320,635)
9/30/1995	(324,624)	-	(645,259)
9/30/1996	(388,320)	-	(1,033,579)
9/30/1997	-	-	(1,033,579)
9/30/1998	(590,045)	-	(1,623,624)
9/30/1999	(481,708)	-	(2,105,332)
9/30/2000	(562,220)	-	(2,667,552)
9/30/2001	(15,110)	-	(2,682,662)
9/30/2002	(601,984)	-	(3,284,646)
9/30/2003	(1,113,126)	-	(4,397,772)
9/30/2004	(1,150,153)	-	(5,547,925)
9/30/2005	(1,313,092)	-	(6,861,017)
9/30/2006	(2,557,159)	-	(9,418,176)
9/30/2007	(1,915,834)	-	(11,334,010)
9/30/2008	(1,050,477)	-	(12,384,487)
9/30/2009	(621,965)	-	(13,006,452)
9/30/2010	(181,951)	-	(13,188,403)
9/30/2011	18,093	18,093	(13,170,310)
9/30/2012	319,859	319,859	(12,850,451)
9/30/2013	(700,146)	-	(13,550,597)
9/30/2014	(1,112,643)	-	(14,663,240)
9/30/2015	(1,383,701)	307,307	(15,739,634)
9/30/2016	(1,112,613)	388,320	(16,463,927)

Carryforward to FYE 09/30/2017

(16,463,927)

Form 990-T, Part I, Line 19

FYE 09/30/2016

Taxes and Licenses

District of Columbia	250
New York	250
Total Taxes Paid	500

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Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury Internal Revenue Service (99)

Attach to your tax return.

Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Attachment Sequence No. 179

Name(s) shown on return

Identifying number

NATIONAL PUBLIC RADIO, INC.

52-0907625

Business or activity to which this form relates

GENERAL DEPRECIATION

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

Table with 5 main rows for general depreciation calculations and 13 rows for detailed property information including description, cost, and elected cost.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

Table with 3 rows for special depreciation allowance, property election, and other depreciation.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

Table with 2 rows for MACRS deductions for assets placed in service before 2015 and general asset accounts.

Section B - Assets Placed in Service During 2015 Tax Year Using the General Depreciation System

Table with 7 columns: Classification of property, Month and year placed in service, Basis for depreciation, Recovery period, Convention, Method, and Depreciation deduction.

Section C - Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System

Table with 7 columns: Class life, Basis for depreciation, Recovery period, Convention, Method, and Depreciation deduction.

Part IV Summary (See instructions.)

Table with 3 rows for summary calculations including listed property, total depreciation, and section 263A costs.

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No
(a) Type of property (list vehicles first) (b) Date placed in service (c) Business/investment use percentage (d) Cost or other basis (e) Basis for depreciation (business/investment use only) (f) Recovery period (g) Method/Convention (h) Depreciation deduction (i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25
26 Property used more than 50% in a qualified business use:
27 Property used 50% or less in a qualified business use:
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1. 29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)
31 Total commuting miles driven during the year
32 Total other personal (noncommuting) miles driven
33 Total miles driven during the year. Add lines 30 through 32
34 Was the vehicle available for personal use during off-duty hours?
35 Was the vehicle used primarily by a more than 5% owner or related person?
36 Is another vehicle available for personal use?
(a) Vehicle 1 (b) Vehicle 2 (c) Vehicle 3 (d) Vehicle 4 (e) Vehicle 5 (f) Vehicle 6

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners
39 Do you treat all use of vehicles by employees as personal use?
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs (b) Date amortization begins (c) Amortizable amount (d) Code section (e) Amortization period or percentage (f) Amortization for this year
42 Amortization of costs that begins during your 2015 tax year (see instructions):
43 Amortization of costs that began before your 2015 tax year 43
44 Total. Add amounts in column (f). See the instructions for where to report 44

Disclosure Statement

Do not use this form to disclose items or positions that are contrary to Treasury regulations. Instead, use Form 8275-R, Regulation Disclosure Statement.
 ► Information about Form 8275 and its separate instructions is at www.irs.gov/form8275.
 ► Attach to your tax return.

NATIONAL PUBLIC RADIO, INC.

If Form 8275 relates to an information return for a foreign entity (for example, Form 5471), enter:

Name of foreign entity ► _____

Employer identification number, if any ► _____

Reference ID number (see instructions) ► _____

Part I General Information (see instructions)

(a) Rev. Rul., Rev. Proc., etc.	(b) Item or Group of Items	(c) Detailed Description of Items	(d) Form or Schedule	(e) Line No.	(f) Amount
1 N/A		DISTRIBUTION OPS EXPENSE METHODOLOGY AND NOL	990-T	28,30	-1,009,248.
2					
3					
4					
5					
6					

Part II Detailed Explanation (see instructions)

1 _____

 SEE PART IV

2 _____

3 _____

4 _____

5 _____

6 _____

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

1 Name, address, and ZIP code of pass-through entity	2 Identifying number of pass-through entity
	3 Tax year of pass-through entity to
	4 Internal Revenue Service Center where the pass-through entity filed its return

For Paperwork Reduction Act Notice, see separate instructions.

Part IV Explanations (continued from Parts I and/or II)

DISTRIBUTION OPERATIONS EXPENSE METHODOLOGY AND NET OPERATING LOSS - NATIONAL PUBLIC RADIO ("NPR") REPORTS REVENUE RECEIVED FROM SALES OF THE EXCESS CAPACITY OF THE PUBLIC RADIO SATELLITE SYSTEM ("PRSS") PROVIDED TO NON-PUBLIC RADIO CUSTOMERS (COMMERCIAL) AS UNRELATED BUSINESS INCOME FOR THE CURRENT YEAR AND IN PRECEDING YEARS (GIVING RISE TO THE NET OPERATING LOSS CARRY-FORWARD, SHOWN ON 990-T, LINE 31). NPR DEDUCTS EXPENSES ASSOCIATED WITH ITS "DISTRIBUTION OPERATIONS", INCLUDING EACH PROPORTIONAL SHARE OF ADMINISTRATIVE COSTS, THAT ARE ATTRIBUTABLE TO THE COMMERCIAL USAGE USING THE FOLLOWING METHODOLOGY: EXPENSES OF UNITS THAT ARE EXCLUSIVE TO COMMERCIAL OPERATIONS ARE DEDUCTED FROM GROSS UNRELATED BUSINESS INCOME. IN ADDITION, EXPENSES OF UNITS (E.G. BUSINESS AFFAIRS, FACILITIES, ENGINEERING, AND SATELLITE MAINTENANCE AND REPAIR) ARE ALLOCATED TO PUBLIC RADIO USE AND COMMERCIAL USE BASED ON FACTORS SUCH AS INVOICES PROCESSED, PERCENTAGE OF TIME SPENT, OR SHIPPING RECORDS, ETC. CERTAIN JOINT EXPENSES ASSOCIATED WITH SATELLITE OPERATIONS ARE ALLOCATED TO PUBLIC RADIO USE AND COMMERCIAL USE BASED ON THE TOTAL ACTUAL (WEIGHTED) TRANSPONDER HOURS.

