

# If Your Television Station Obtained A License for Music Performing Rights from SESAC

## You Could Benefit from a Class Action Settlement

*A Federal Court authorized this notice. This is not a solicitation from a lawyer.*

- A settlement has been reached in a class action lawsuit involving licenses for music performance rights between full-power commercial television stations and SESAC.
- In the lawsuit, three television station groups claim that SESAC has used anticompetitive licensing practices to monopolize the market for performance rights to the musical works in the SESAC repertory. They also claim that SESAC and its top affiliated composers and music publishers conspired to prevent competition by agreeing to license their musical works to stations through SESAC only.
- Under the settlement, SESAC agrees to abide by core conduct restrictions similar to those that limit the two other U.S. performance rights organizations, ASCAP and BMI, in their dealings with stations. Also, for stations that want to be represented by the Television Music License Committee, LLC (“TMLC”), the settlement provides for negotiation (or binding arbitration if no deal is reached) between the TMLC and SESAC of an industry-wide through-to-the-viewer license beginning in 2016 and extending through 2035 (with five, four-year license periods) for your station’s primary channel(s), multicast channel(s), website and/or other digital platforms operated by your station. In addition, the settlement will result in payments to current owners of stations, after deduction for attorney’s fees and other litigation costs, as compensation for the allegedly inflated license fees paid to SESAC.
- SESAC denies that it has engaged in any wrongful conduct and violated the antitrust laws and has asserted a number of defenses to liability and damages.
- If you own any full-power commercial television stations in the United States or its territories (including Puerto Rico) that obtained licenses (SESAC calls them primary channel, digital multiplex and website) for music performance rights from SESAC since January 1, 2008, except for stations that are owned and operated by the Univision and Telefutera (now known as UniMas) networks, you are a settlement class member and can benefit from this class action settlement.
- **Your legal rights are affected whether you act or do not act. Please read this notice carefully.**

<b>These rights and options—and the deadlines to exercise them—are explained in this Notice.</b>	
Your station does not have to take any action now to participate in the settlement.	see Question 5
Your station can exclude itself from the settlement in order to preserve its right to sue SESAC separately about the claims in this case. But your station will not benefit from the settlement if it does so.	see Question 7
You can voice objections to the settlement by writing to the Court and the lawyers representing the parties and/or by attending a Court hearing	see Questions 9, 11

## **WHAT THIS NOTICE CONTAINS**

### **BASIC INFORMATION**

1. What is this lawsuit about?
2. What is the settlement?

### **WHO IS IN THE SETTLEMENT CLASS**

3. Is my station a part of the settlement?
4. What is my station giving up by staying in the settlement class?
5. Do I need to do anything to receive a benefit from the settlement?
6. What happens if my station does nothing at all?

### **EXCLUDING YOUR STATION FROM THE SETTLEMENT**

7. How do I exclude my station from the settlement class?
8. If I do not exclude my station, can it sue SESAC for the same alleged conduct later?

### **OBJECTING TO THE SETTLEMENT**

9. How do I tell the Court if I do not like the settlement?

### **THE COURT'S FAIRNESS HEARING**

10. When and where will the Court decide whether to approve the settlement?
11. Can I come and speak at the hearing?

### **THE LAWYERS REPRESENTING YOUR STATION**

12. Does my station have a lawyer in this case?

### **ADDITIONAL INFORMATION**

13. How does my station get more information about the settlement or this lawsuit?

## BASIC INFORMATION

### 1. What is this lawsuit about?

SESAC, LLC (“SESAC”), a performance rights organization, has been sued by the Meredith Corporation, E.W. Scripps Company, Scripps Media, Inc., Hoak Media, LLC, Hoak Media of Nebraska, LLC, and Hoak Media of Dakota, LLC. The Hoak entities have been acquired and substituted as plaintiffs by Gray Television Group, Inc. These plaintiffs are referred to collectively as the “Named Plaintiffs.” This class action lawsuit was filed in the United States District Court for the Southern District of New York. It is called *Meredith Corp., et al. v. SESAC LLC*, No. 09 Civ. 9177 (PAE) (S.D.N.Y.).

#### *Summary of Named Plaintiffs’ Claims*

The Named Plaintiffs obtained licenses from SESAC for the right to use the musical compositions of SESAC’s affiliated composers and music publishers in the programs they broadcast to viewers. The Named Plaintiffs claim that SESAC’s licensing practices violated federal antitrust laws by:

- 1) aggregating all of the copyrights of its affiliated composers and music publishers in a single blanket license that is jointly priced at an artificially inflated level;
- 2) failing to offer a viable per-program or other form of alternative license to the blanket license;
- 3) preventing its key affiliates with music in television programming from engaging in direct and source licensing, such that stations could access their works only through a SESAC blanket license; and
- 4) failing to disclose the full contents of the music in its repertory.

The Named Plaintiffs also claim that SESAC and all of its top affiliated composers and music publishers conspired to prevent television stations from being able to buy licenses for the copyrighted works contained in SESAC’s repertory directly from them. SESAC denies that it has violated the antitrust laws.

Plaintiffs seek money damages due to artificially inflated license fees they allege to have paid to SESAC. Plaintiffs also seek injunctive relief to stop SESAC from engaging in the challenged business practices.

#### *History of the Litigation*

On March 9, 2011, Judge Naomi Buchwald, at the time the presiding District Judge, denied SESAC’s motion to dismiss the case. On March 3, 2014, Judge Paul A. Engelmayer, the District Judge currently presiding over this case, denied SESAC’s motion for summary judgment, but narrowed the scope of the conspiracy claims to SESAC and its top affiliated composers and music publishers. A jury trial against SESAC was scheduled to begin on March 30, 2015.

On June 11, 2014, the Named Plaintiffs filed a motion to certify a class of stations on whose behalf the lawsuit would be litigated. In a class action, one or more people or businesses, called

class representatives, sue on behalf of others who have similar claims. All of those who have claims similar to the class representatives are a class (also known as class members), except for those who exclude themselves or opt out (*see* Question 7). Here, the Meredith, Scripps, and Gray station groups are the class representatives, and you have been contacted because you may be a settlement class member (*see* Question 3).

## **2. What is the settlement?**

The Named Plaintiffs have now agreed to settle the lawsuit. The TMLC, an organization funded by voluntary contributions from stations that represents local stations in their dealings with ASCAP and BMI and, before 2008, represented local stations in their dealings with SESAC, is also a party to the settlement. The TMLC has funded the legal expenses of this lawsuit.

The Court has not decided in favor of either side, but it will now decide whether the settlement is fair, reasonable, and adequate. The attorneys for the Named Plaintiffs and the TMLC have investigated the facts and applicable law regarding the claims in the case and SESAC's defenses. The parties engaged in lengthy negotiations before reaching this settlement. The Named Plaintiffs, TMLC, and their attorneys, who have been appointed by the Court as counsel for the Settlement Class, believe that the settlement is best for everyone who is affected by this litigation. The parties have agreed to resolve this case by settlement to avoid the time, expense, and uncertainty associated with resolving this case by a jury trial set for March 30, 2015.

### ***Summary of the Terms of the Settlement***

As part of the settlement, SESAC has agreed to the following restrictions in its dealings with all stations in the settlement class and its affiliated publishers and composers, which, subject to some possible contingencies, will remain in effect until 2036:

- 1) SESAC agrees to offer all such stations both a blanket license and a viable per program license (either in the form established by a panel of arbitrators for the 2005-2007 license period or as agreed upon by SESAC and TMLC or determined in future arbitration);
- 2) SESAC agrees not to threaten such stations with copyright infringement claims while license negotiations are pending, provided they pay fees due under then-existing licenses;
- 3) SESAC agrees to enter into binding arbitration in the event that the TMLC and SESAC are unable to reach agreement on industry-wide license fees and/or terms for each of the four-year license periods beginning January 1, 2016 until December 31, 2035; and
- 4) SESAC agrees not to prohibit or interfere with the ability of its composer and publisher affiliates to enter into direct licenses with all such stations or networks or program producers.

SESAC also has paid \$58.5 million into a settlement fund. Approximately \$42.5 million (73%) of this will be distributed to television stations for the alleged artificially inflated license fees they paid to SESAC since 2008 as a result of the alleged anti-competitive conduct. Subject to the Court's approval, the remainder of the fund will be used for the reimbursement of attorney's fees and associated costs incurred by the TMLC (*see* Questions 10, 12).

## WHO IS IN THE SETTLEMENT CLASS

### 3. Is my station a part of the settlement?

Your station is a settlement class member if it:

- is a full-power commercial television station in the United States or its territories (e.g., Puerto Rico), including those owned and operated by the ABC and CBS television networks as well as NBCUniversal Media, LLC;
- obtained licenses (one or more of primary channel, digital multiplex and website) for music performing rights from SESAC at any time from January 1, 2008 to date; and
- is not owned and operated by the Univision or Telefutera (now known as UniMas) networks.

Your station is **not** a settlement class member if your station is owned and operated by the Univision or Telefutera (now known as UniMas) networks.

### 4. What is my station giving up by staying in the settlement class?

If the settlement becomes final, your station will be bound by it and will not have the right to sue SESAC about any of the issues in this lawsuit. The specific claims your station would be giving up against SESAC are described in the release provision (at Section 13) of the settlement agreement. In general terms, your station would be realizing or giving up its right to sue SESAC for the antitrust claims that have been, or could have been, brought against SESAC by the Named Plaintiffs in this lawsuit (*see* Question 1). If you do not exclude your station from the settlement class (*see* Question 7), you will be releasing SESAC for those claims.

Your station will only benefit from this settlement if it remains in the settlement class.

### 5. Do I need to do anything to receive a benefit from the settlement?

If your station is in the settlement class, you do not need to do anything for your station to receive money from the settlement fund. Subject to approval by the Court, the settlement fund will be allocated among current owners of stations in the settlement class using a methodology that fairly compensates each station for its alleged overpayment of SESAC license fees based on each station's share of payments made or to be made to SESAC from 2008 through 2014. That allocation plan is posted on the TMLC's website at [www.tvmlc.com/sesac/update/trial](http://www.tvmlc.com/sesac/update/trial). You do not need to submit a claim or your station's licensing fees paid to SESAC because, as part of the settlement, SESAC has provided that information on a confidential basis to the TMLC. You also do not need to do anything to benefit from the restriction on SESAC's conduct (*see* Question 1). If you want the TMLC to represent your station for licensing purposes, your station will need to elect to be represented by the TMLC. The TMLC will disseminate such information on the progress of negotiations as it has done for licensing negotiations with ASCAP and BMI.

### 6. What happens if my station does nothing at all?

If your station is a settlement class member (*see* Question 3) and does nothing, it will remain in the settlement. As a settlement class member, your station will qualify to receive a payment from the settlement fund pursuant to the allocation plan (*see* Question 5), and it will give up its right to sue SESAC about the issues in this lawsuit at a later date.

## EXCLUDING YOUR STATION FROM THE SETTLEMENT

If your television station does not want to be a member of the settlement class, and wants to keep any right to sue SESAC separately about the issues in this lawsuit, then your station must take certain steps. The steps required to exclude your station (also known as “opting out”) from the class are explained below.

### 7. How does my station exclude itself from the settlement class?

To exclude your station from the settlement class, you must send a letter to class counsel that includes the following:

- The name, address, telephone number, and call letters, for each station you own and seek to exclude, including any changes in call letters since 2008, of your station(s);
- All trade names or business names and addresses that your station has used since 2008, as well as any parents, subsidiaries or affiliates who are also requesting to be excluded from the class; and
- A statement saying that your television station wants to be excluded from the settlement class in *Meredith Corp., et al. v. SESAC LLC*, No. 09 Civ. 9177 (PAE) (S.D.N.Y.).

You must mail your exclusion request, postmarked **no later than December 10, 2014** to the following address:

Weil, Gotshal & Manges LLP  
Attn: Eric S. Hochstadt  
767 Fifth Avenue  
New York, NY 10153

### 8. If my station does not opt out, can it sue SESAC for the same alleged conduct later?

No. If your station does not opt out or exclude itself from the settlement class, it gives up the right to sue SESAC about the issues in this lawsuit at a later date and will be bound by the release provisions of the settlement agreement (*see* Questions 4, 6). Your station must exclude itself from the class in order to sue SESAC separately. But your station will not receive any payments from the settlement fund if it does so.

## OBJECTING TO THE SETTLEMENT

### 9. How do I tell the Court if I do not like the settlement?

If your station is a member of the settlement class, it can object to all or part of the settlement, class counsel’s request for fees and expenses (*see* Question 12), or both. To object, you must submit a letter that includes the following:

- The name, address, telephone number, and call letters of your station(s);

- A statement saying that you object to the settlement in *Meredith Corp., et al. v. SESAC LLC*, No. 09 Civ. 9177 (PAE) (S.D.N.Y.);
- The reasons your station objects to the settlement; and
- Your signature.

You must submit your objection to the Court, and send a copy to class counsel and SESAC's counsel, **no later than December 10, 2014**, by delivering it by hand or sending it by mail to each of the following addresses:

Court	Class Counsel	Defendants' Counsel
Clerk of the Court United States District Court Southern District of New York 40 Foley Square New York, NY 10007	Weil, Gotshal & Manges LLP Attn: Eric S. Hochstadt 767 Fifth Avenue New York, NY 10153	Joseph Hage Aaronson LLC Attn: Peter R. Jerdee 485 Lexington Avenue New York, NY 10017

## THE COURT'S FAIRNESS HEARING

### 10. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at **11:00 AM** on **March 13, 2015**, at the U.S. District Court for the Southern District of New York, located at 40 Foley Square, New York, NY 10007. The hearing may be moved to a different date or time without additional notice, so you must check [www.tvmlc.com/sesac/update/trial](http://www.tvmlc.com/sesac/update/trial) for updates.

At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. The Court also will consider the reasonableness of the plan for allocating payments from the settlement fund to stations in the settlement class (*see* Question 5). Finally, the Court will consider the request by class counsel for reimbursement of attorney's fees and expenses. If there are objections, the Court will consider them at that time. After the hearing, the Court will decide whether to approve the settlement. The Court's decision may be appealed by any member of the settlement class that has not opted out of the settlement class.

### 11. Can I come and speak at the hearing?

Yes. You may appear on behalf of your station at the hearing, either on your own or through an attorney you hire, to present any evidence or argument that the Court decides is proper and relevant.

## THE LAWYERS REPRESENTING YOUR STATION

### 12. Does my station have a lawyer in this case?

The Court has appointed the lawyers from Weil, Gotshal & Manges LLP listed below as class counsel in this case:

Steven A. Reiss	Carrie Mahan Anderson
R. Bruce Rich	Weil, Gotshal & Manges LLP
Benjamin E. Marks	1300 Eye St NW #900
Eric S. Hochstadt	Washington, DC 20005
Weil, Gotshal & Manges LLP	
767 Fifth Avenue	
New York, NY 10153	

Class counsel will represent your station and other members of the settlement class. Your station will not be charged for the lawyers' services. Class counsel will submit a request for reimbursement of attorney's fees and associated costs incurred by the TMLC of no more than \$16 million, (27%) of the settlement fund. If you want your station to be represented by its own lawyer, you may hire one at your own expense.

### ADDITIONAL INFORMATION

### 13. How does my station get more information about the settlement or this lawsuit?

More details about this settlement are available in the settlement agreement and the motion for preliminary approval of the settlement. More details about this litigation are available in the First Amended Class Action Complaint and the Court's motion to dismiss and summary judgment rulings. These and other documents relevant to this litigation are available on the Television Music License Committee's website at [www.tvmlc.com/sesac/update/trial](http://www.tvmlc.com/sesac/update/trial).

You may also write class counsel with questions (at the address in Question 12).

Finally, you may check publicly available filings in the court docket in this case (*see* Question 1).