



TELEVISION  
MUSIC  
LICENSE  
COMMITTEE, LLC  
RESOURCE. REPRESENTATION. ADVOCACY

April 3, 2017

To: **Local Television Stations**

From: **Joint Letter from SESAC and the Television Music License Committee**

Re: **Music Performance License Agreements between TVMLC and SESAC - Finalized**

We are pleased to announce that SESAC and the Television Music License Committee (TVMLC) have finalized music performance license agreements for the local TV industry. The agreements are the local television station blanket and per program license agreements (Licenses) for performance rights to music in the SESAC repertory for the period from January 1, 2016 through December 31, 2019.

Here are the final details that you will need to know –

- The final blanket and per program license agreements can be found on TVMLC's website at [www.tvmlc.com](http://www.tvmlc.com) and on SESAC's website at [www.sesac.com/tvlicense](http://www.sesac.com/tvlicense). They can be downloaded from either website for signature.
- Stations should execute the signature page of the license elected (blanket or per program) and return a signed, scanned copy to [sesactvlicenses@sesac.com](mailto:sesactvlicenses@sesac.com) or mail a paper copy to **SESAC, 35 Music Square East, Nashville, TN 37203**. There is no need to return the entire document – only the signature page and the cover page for both your blanket and – if applicable – per program licenses - which lists your stations and call letters. If your station is a part of an LMA, JSA or SSA, the form should be completed by the entity that has authority on behalf of the licensee.
- Upon SESAC's receipt of the cover page and signature page from the station, the agreement will be processed and a fully-executed copy of the cover page and signature page returned to the station. (A fully-executed copy of the entire license agreement will be provided to the station upon request.)
- The difference between the 2016 interim and negotiated blanket fees will result in a one-time refund to TV stations in the amount of \$2,294,690. Rather than take a credit against the 2017 industrywide blanket fee, SESAC will issue a refund to TVMLC that TVMLC will allocate among the stations in proportion to their blanket fee allocation as explained further below. The new SESAC industry-wide blanket fees reflect an increase in SESAC music performances in the industry. TVMLC expects to send the refund to the stations by June 30, 2017.
- The agreement with SESAC provides that there will be an industrywide per program reporting administration fee in the following amounts - \$400,000 in 2016 and \$500,000 in each of the following three years.
- SESAC will issue a check to TVMLC in the amount of \$1,894,690 (\$2,294,690 - \$400,000) reflecting the agreed-upon 2016 per program administrative fee.



- TVMLC will allocate and distribute the refund to all blanket stations based on the full \$2,294,690 refund in proportion to their blanket allocation for 2016.
- TVMLC will allocate and distribute the refund to all per program stations in proportion to their blanket allocation for 2016 but will reduce the refund to the per program stations proportionally based on their share of the 2016 \$400,000 administrative fee.
- TVMLC will provide SESAC the allocation of the 2017 \$500,000 administrative fee allocated proportionally among the per program stations. As needed, the allocation will be adjusted monthly to reflect additions or deletions of stations electing the Per Program License.
- SESAC will invoice the 2017 per program administrative fee, as allocated by the TVMLC, on a station level in the remaining months of 2017. The annualized per program administrative fee will be divided into 8 monthly installments to be billed May – December of 2017, with the same payment terms as in the Blanket License Agreement. The final monthly payment will be due January 31, 2018. Per program stations will begin seeing the administrative fee on their bill beginning May 1, 2017.

We are pleased that we have been able to negotiate terms for industrywide blanket and per program licenses for the first time in a decade. By negotiating license terms, both parties have avoided the costs and uncertainties of an arbitration. These agreements afford local stations protection and certainty with respect to SESAC music performance license fees for 2016 and the next 3 years.

Please call TVMLC: Janet McHugh at (917)750-3166 or Alixandra Steier at (301)961-1970 or SESAC: Maxine Edwards at (615)963-3483 with any questions you may have about these SESAC Licenses.

Any questions regarding your station's allocated fees should be directed to TVMLC. Questions about your SESAC invoice should be directed to SESAC Customer Service at 1-800-826-9996 or [customerservice@sesac.com](mailto:customerservice@sesac.com).

SESAC

Maxine Edwards  
VP Broadcast Operations

Television Music License Committee

Janet E. McHugh  
Executive Director

## **2016-2019 LOCAL STATION PER PROGRAM TELEVISION LICENSE**

Agreement made between SESAC LLC (“SESAC”) and \_\_\_\_\_ (“LICENSEE”) with respect to the FCC-licensed local television station with the call letters \_\_\_\_\_ (“Station”) located at \_\_\_\_\_,<sup>1</sup> as follows:

### **1. Term and Scope of License**

A. SESAC grants to LICENSEE, and LICENSEE accepts, during the period commencing as of January 1, 2016 and continuing through December 31, 2019 (the “Term”), a Through-To-The-Audience License to perform publicly SESAC Music in the Territory:

(1) by Television Broadcasting, as part of LICENSEE’s Non-Network Television Programs and Non-Network Announcements from Station; and including any digital multicast channel(s);

(2) by streaming on STATION or STATION GROUP Websites; and

(3) by transmitting or causing to be transmitted, directly or indirectly, STATION- or STATION GROUP-supplied programming via any mobile, wireless or any other digital platform, so long as each entity involved in the transmission, retransmission or delivery of such programming, other than STATION or its STATION GROUP, has an economic relationship with STATION or its STATION GROUP.

B. The license granted herein does not cover transmissions on STATION or STATION GROUP Web Sites of SESAC Music where members of the public are charged a fee by STATION or STATION GROUP for the right to access such transmissions. Such transmissions shall be subject to appropriate separate licensing. Notwithstanding the foregoing, the fact that STATION or STATION GROUP may charge members of the public for access to discrete areas of STATION or STATION GROUP Web Sites other than those areas containing performances licensed hereunder shall not limit the scope of coverage of this license.

C. (1) This license does not extend to or include the public performance by Television Broadcasting or otherwise of any rendition or performance of: (a) any opera, operetta, musical comedy, play or like production, as such, in whole or in part, or (b) any composition from any opera, operetta, musical comedy, play or like production (whether or not such opera, operetta, musical comedy, play or like production was presented on the stage or in motion picture form) in a manner which recreates the performance of such composition with substantially such distinctive scenery or costume as was used in the

---

<sup>1</sup> Please indicate Station’s billing address here, if different from Station’s physical address:

---

presentation of such opera, operetta, musical comedy, play or like production (whether or not such opera, operetta, musical comedy, play or like production was presented on the stage or in motion picture form); provided, however, that the rights granted to LICENSEE under this Agreement shall be deemed to include a grant of the right to make non-dramatic performances of SESAC Music in a motion picture containing such compositions if the rights in such motion picture other than those licensed under this Agreement have been obtained from the parties in interest.

(2) Nothing herein contained shall be deemed to license the public performance by Television Broadcasting or otherwise of dramatic performances. Any performance of a separate musical composition which is not a dramatic performance, as defined herein, shall be deemed to be a non-dramatic performance. For purposes of this Agreement, a dramatic performance shall mean a performance of a musical composition as part of a television Program in which there is a definite plot depicted by action and where the performance of the musical composition is woven into and carries forward the plot and its accompanying action. The use of dialogue to establish a mere Program format or the use of any non-dramatic device merely to introduce a performance of a composition shall not be deemed to make such performance dramatic. For purposes of this Agreement, performances of compositions in music videos shall be construed as non-dramatic performances.

D. The performances licensed hereunder may originate at STATION or at any other place whether or not such other place is licensed to perform publicly SESAC Music, regardless of the manner, means, or method of such origination; but nothing herein contained shall be deemed to grant a license to such place itself (or to the parties responsible for the performance therein) for the public performance in such place of any such compositions.

E. Except as expressly herein otherwise provided, nothing herein contained shall be construed as authorizing LICENSEE to grant to others any right to reproduce or perform publicly by any means, method or process whatsoever, any SESAC Music or as authorizing any receiver of any television broadcast to perform publicly or reproduce the same, by any means, method or process whatsoever.

F. This Agreement expressly incorporates, and SESAC and LICENSEE agree to be bound by, the provisions of the agreement dated April 4, 2017, between SESAC and TELEVISION MUSIC LICENSE COMMITTEE, a copy of which is attached hereto as Exhibit A.

## **2. Definitions**

For purposes of this Agreement only:

A. **“Affiliated Station”** means any Television Broadcasting station in the Territory that regularly broadcasts Programs transmitted by a television network licensed by SESAC during the term hereof.

B. **“Ambient Uses”** shall comprise the following uses of SESAC Music:

- (1) each use of music in a news or public affairs Program that:
  - (a) does not exceed fifteen (15) seconds’ duration; and either
  - (b) has not been inserted by STATION or the producer of the Program or Program segment and is audible during:
    - (i) coverage of a news story or event;
    - (ii) news coverage of a sports or athletic event or competition;
    - (iii) reviews and/or coverage of a live entertainment event;
    - (iv) previews or reviews of a play, concert or movie;
    - (v) interviews (except where the music is performed “live” during the interview by the celebrity/interviewee); or
    - (vi) teasers or promotions for upcoming news segments used within the news show; or
  - (c) is contained in a file clip or footage utilized by STATION, or by the producer of the Program or Program segment, which file clip or footage met the criteria of Subparagraphs 2.B.(1)(b)(i), 2.B.(1)(b)(ii), 2.B.(1)(b)(iii) or 2.B.(1)(b)(iv) above at the time the file clip or footage was created;
- (2) each use of music (without regard to duration) in a sports event Program that has not been inserted by STATION or the producer of the Program or Program segment, other than:
  - (a) uses of music that are part of an athletic performance choreographed to music (e.g., figure skating, gymnastics, synchronized swimming); or
  - (b) musical performances that are the subject of sustained, focused coverage during a pre-game or halftime show or event, or during a time out or other break in the action.

C. **“Announcement”** means any commercial, promotional, or public service announcement (exclusive of program-length “infomercials” of greater duration than 120 seconds), or any producer’s or distributor’s logo.

D. **“Blanket License Fee”** means LICENSEE’s blanket license fee for STATION as calculated pursuant to the methodology determined by the COMMITTEE and set forth in Exhibit B hereto.

E. Music that is **“Cleared At The Source”** means SESAC Music for which LICENSEE has been granted, within the time period specified in Subparagraph 5.H.(1) herein, a license to perform by means of Television Broadcasting: (a) directly by the composer(s), author(s), arranger(s), publisher(s) or owner(s) of such music, or licensees thereof; or (b) through the program producer or other authorized licensor of such rights.

F. **“Clearing Entity”** means any person or entity authorized to grant a Source License.

G. **“COMMITTEE”** means the Television Music License Committee, LLC, a limited liability corporation organized under the laws of the State of New York, which is duly authorized to represent local television stations in music licensing matters.

H. **“First-Run Syndicated Program”** means any Syndicated Program, episodes of which: (i) are currently being distributed in the syndication market for their first season of broadcasts; or (ii) were created originally for, and are being transmitted for their first season of broadcasts by, a television network not licensed by SESAC at the time such Program is broadcast on the network, and broadcast simultaneously or by so-called “delayed” or “repeat” broadcasts (sometimes known as “rebroadcasts”) over two or more stations affiliated with such television network.

I. **“Incidental Use”** means the use of music in the television broadcast of Non-Network Announcements.

J. **“LMA OPERATOR”** means any person, firm or corporation not under the same or substantially the same ownership, management or control as LICENSEE with whom LICENSEE has entered into a Local Marketing Agreement.

K. **“Local Marketing Agreement”** means any arrangement between LICENSEE and an LMA OPERATOR that:

- (1) authorizes the resale by an LMA OPERATOR of the use of the Television Broadcasting facilities of STATION;
- (2) permits an LMA OPERATOR to provide Programs for all or substantially all of the time STATION is on the air;
- (3) provides for the sale by an LMA OPERATOR of all or substantially all Announcements broadcast on STATION; and
- (4) provides that LMA OPERATOR will assume responsibility for the payment of license fees.

L. **“Locally-Produced Program”** means any Non-Network Program produced by, or expressly for, LICENSEE.

M. **“Monthly Blanket License Fee”** means LICENSEE’s monthly blanket license fee for the STATION, calculated as follows: For each calendar year during the Term, LICENSEE’s Monthly Blanket License Fee shall be equal to one-twelfth (1/12) of LICENSEE’s Blanket License Fee for that period.

N. **“Network Announcement”** means any Announcement transmitted by a television network licensed by SESAC at the time such Announcement is transmitted by the network, and broadcast simultaneously or by so-called “delayed” or “repeat” broadcasts (sometimes known as “rebroadcasts”) over two or more Affiliated Stations of that network.

O. **“Network Program”** means any Program, transmitted by a television network licensed by SESAC at the time such Program is transmitted by the network, identified as a Program of the network, and broadcast simultaneously or by so-called “delayed” or “repeat” broadcasts (sometimes known as “rebroadcasts”) over two or more Affiliated Stations of that network.

P. **“Non-Network Announcement”** means any Announcement broadcast by STATION other than a Network Announcement.

Q. **“Non-Network Program”** means any Program broadcast by STATION other than a Network Program.

R. **“Otherwise Licensed Split Work”** means a musical composition: (i) the copyright in which is owned by two or more individuals or entities, or as to which two or more individuals or entities have the right to collect performing rights royalties, at least one of whom is an affiliate of SESAC and at least one of whom is not an affiliate of SESAC; and (ii) for which LICENSEE has a valid license to perform the composition by Television Broadcasting by STATION either from another U.S. performing rights organization or from a copyright owner or its licensee not an affiliate of SESAC.

S. **“Program”** means all material (visual or otherwise) broadcast by STATION other than Announcements.

T. **“Revenues Attributable to Non-Network Programs”** means, with respect to each Non-Network Program broadcast by STATION: (1) amounts billed by STATION for the sale of Program or Announcement time, including for political advertisements; (2) the value of trades and barter (*i.e.*, goods and services, including, without limitation, the Program itself) that STATION receives in exchange for Program or Announcement time, which value shall be the value STATION attributes to such trades and barter in accordance with its established accounting and tax practices; (3) with respect to a telethon, payments to STATION by the producer of said telethon; and (4) donations to STATION relating to broadcasting activities that are directly attributable to a particular Program. For purposes of calculations under Subparagraphs 2.V(1) and 2.V(2) hereof, for any given

Program, “Revenues Attributable to Non-Network Programs” includes revenue from (i) commercial Announcements broadcast within such Program and (ii) commercial Announcements preceding such Program which are broadcast after the completion of the prior Program.

U. **“SESAC Music”** means all musical works heretofore copyrighted, composed, written or published by the affiliates of SESAC and now or during the Term in the repertory of SESAC, or hereafter during the Term copyrighted, composed, written or published by such affiliates of SESAC, or of which SESAC shall have the right to license such performing rights.

V. **“Source License”** means a license agreement under which the rights to perform music are Cleared At The Source.

W. **“STATION GROUP”** shall mean the group of stations that share a common owner, whether directly or indirectly, with STATION.

X. **“STATION or STATION GROUP Web Site”** shall mean a Web Site operated by or for STATION as the STATION’s Web Site, or by or for STATION GROUP as a STATION GROUP Web Site, and shall include any Web Site that is shared between two or more stations in the same market.

Y. **“Syndicated Program”** means: (i) any Non-Network Television Program supplied to LICENSEE and other television stations by a producer, distributor or television network not licensed by SESAC for broadcast by LICENSEE; or (ii) any other Non-Network Program that is not a Locally-Produced Program.

Z. **“Television Broadcasting”** shall mean free, unscrambled, point-to-multipoint, over-the-air, local broadcasting by means of non-digital or digital television signals.

AA. **“Territory”** means the United States, and its territories, commonwealth and possessions.

BB. **“Through-To-The-Audience License”** shall mean a license that authorizes the simultaneous or delayed performances of SESAC Music that are contained in content delivered by a licensee to another music user with whom the licensee has an economic relationship relating to that content.

CC. **“Web Site”** shall mean an Internet computer service comprising a series of interrelated web pages registered with a domain name registration service that STATION transmits or causes to be transmitted either directly or indirectly to persons who receive the service over the Internet by means of a personal computer or by means of another device capable of receiving Internet transmissions.



**3. Right to Restrict**

SESAC reserves the right to withdraw from the scope of this license, upon written notice, the right to perform any musical composition licensed hereunder as to which any action has been threatened, instituted, or a claim made that SESAC does not have the right to license the performance rights in such composition, provided, however, that nothing in this Paragraph 3 shall relieve SESAC of its obligation to indemnify LICENSEE, as reflected in Paragraph 10 below, with respect to the performances of any SESAC Music, the performance of which SESAC has restricted, prior to such time as LICENSEE receives notice from SESAC of any such restriction.

**4. Payments, Credits, and Refunds**

A. In consideration of the license herein granted, LICENSEE shall owe to SESAC for each calendar month during the term of its election to operate under this Agreement the total of the following fees:

(1) An Incidental/Ambient Use Fee. The Incidental/Ambient Use Fee shall be fifteen percent (15%) of LICENSEE’s Monthly Blanket License Fee. The remaining eighty-five percent (85%) of the monthly blanket license fee shall be subject to adjustment under the terms of this License.

(2) Program Fee. The Program Fee, shall be equal to the difference between LICENSEE’s Monthly Blanket License Fee and LICENSEE’s Incidental/Ambient Use Fee, multiplied by the Per Program Multiplier, multiplied by a fraction, the numerator of which shall be “SESAC Revenues” computed as prescribed in Subparagraph 4.A.(2)(a) below, and the denominator of which shall be LICENSEE’s total Revenues Attributable to Non-Network Television Programs for the month. The mathematical calculation of the Program Fee may be represented as follows:

$$[(\text{Monthly Blanket License Fee} - \text{Incidental/Ambient Use Fee})] \times \text{Per Program Multiplier} \times \frac{\text{SESAC Revenues}}{\text{Revenues Attributable to Non-Network Programs}}$$

For purposes of calculating the Program Fee due SESAC hereunder:

- (a) “SESAC Revenues” shall comprise:
  - (i) one hundred percent (100%) of the month’s Revenues Attributable to Non-Network Programs from broadcasts on STATION’s Primary Channel using SESAC Music, other than Programs whose only uses of SESAC Music are Cleared At The Source, or consist solely of Incidental Uses, Ambient Uses (subject to Subparagraph 4.A.(2)(a)(ii) below) or Otherwise Licensed Split Works; plus

(ii) with respect to each episode of a Syndicated Program or First Run Syndicated Program broadcast on STATION's Primary Channel and for which a cue sheet has not been created or made available to SESAC, STATION and/or its per program agent, or COMMITTEE at the time LICENSEE transmits its monthly music use report, or, for which neither LICENSEE nor SESAC can otherwise determine whether the music in such Program (other than music Cleared At The Source, Incidental Uses, Ambient Uses or Otherwise Licensed Split Works) is SESAC Music, an amount calculated by multiplying the revenues attributable to such episode by: (a) a percentage multiplier (agreed to by SESAC and the COMMITTEE) representing the proportion of the episodes of the specific Program series containing SESAC Music (other than music Cleared At The Source, Incidental Uses, Ambient Uses or Otherwise Licensed Split Works) (each a "Series-Specific Multiplier") or (b) in the absence of a sufficient number of cue sheets in the possession of SESAC, LICENSEE, or COMMITTEE which would enable SESAC and the COMMITTEE to determine a Series-Specific Multiplier for the Program in question, the "Default Multiplier"; plus

(iii) one hundred percent (100%) of the revenues attributable to each Locally-Produced Television Program as to which neither LICENSEE nor SESAC can determine whether the music in such program (other than any Ambient Uses) is SESAC Music at the time LICENSEE transmits its monthly music use report.

- (b) The "Per Program Multiplier" shall be four hundred eighty percent (480%) in 2016, three hundred twenty percent (320%) in 2017, and two hundred ninety percent (290%) in each of 2018 and 2019.
- (c) The "Default Multiplier" shall be twelve percent (12%) in each of 2016 and 2017 and twenty percent (20%) in each of 2018 and 2019.

B. For purposes of fee calculations, the length of a television Program shall be the length attributed to the Program in the "Program Index" section of the Nielsen report titled "Viewers in Profile" for STATION's relevant Designated Market Area ("DMA") (hereinafter, the "VIP Report"), pursuant to Nielsen's then-current "Program Names Guidelines." For Programs not included in the "Program Index" section of the VIP Report, where a question as to Program length occurs and SESAC and (i) LICENSEE or (ii) COMMITTEE are not otherwise able to agree, a particular period of Television

Broadcasting shall be considered one Program if, with respect to such period, any two of the following questions may be answered in the affirmative:

- (a) Is the period referred to by substantially the same title throughout?
- (b) Is the dominant personality the same substantially throughout?
- (c) Is the period presented to the public as a single show notwithstanding that it may have different parts?
- (d) Is the format substantially constant throughout?

C. (1) Monthly per program payments shall be remitted on or before the last day of the second (2nd) calendar month following the calendar month to which they are attributable. By way of illustration, the per program payment for January 2017 is due March 31, 2017. At any time before LICENSEE's payment for a given month is due, LICENSEE may pay, as an estimated payment, an amount equal to eighty percent (80%) of LICENSEE's blanket fee allocation for that month in lieu of its monthly payment. Such estimated payment shall be credited against the actual fees payable to SESAC for the reporting period once LICENSEE has transmitted its monthly music use report pursuant to Paragraph 5.

(2) If LICENSEE fails to submit its monthly payment or estimated payment as provided in Subparagraphs 4.C.(1) above, SESAC may collect a late payment charge of one percent (1%) per month (simple interest) of the reported per program license fee calculated from the first day of the third (3rd) calendar month following the calendar month to which such payment is attributable.

(3) If LICENSEE fails to submit both its monthly payment and monthly music use report (as required by Paragraph 5) by the latter of: (a) one month following the date they are due, or (b) fifteen (15) days after receiving notice from SESAC that its initial report failed to conform to the set of schemes or other means agreed upon by SESAC and COMMITTEE, SESAC may bill LICENSEE for an amount equal to one hundred forty percent (140%) of LICENSEE's monthly blanket license fee for that reporting period. If LICENSEE fails to pay such amount within one month of the date of a billing statement from SESAC, LICENSEE shall pay to SESAC a late payment charge of one percent (1%) per month (simple interest) on that amount calculated from the thirtieth (30th) day following the date of said billing statement. The payment provisions of this Paragraph shall not apply in circumstances in which LICENSEE is unable to submit its monthly music use report within the time period reflected in this Subparagraph due to "force majeure" (e.g., earthquake, hurricane, fire, flood, terrorist activities).

D. Within eight (8) months after SESAC receives LICENSEE's monthly music use report pursuant to Subparagraph 5.A., if SESAC believes that adjustments

should be made thereto, SESAC shall send LICENSEE and (if applicable) its per program agent an adjusted monthly fee statement (“Adjusted Billing Statement”) with an explanation for any adjustment and a cue sheet or similar documentation supporting such adjustment. The Adjusted Billing Statement shall identify the specific Non-Network Television Program(s) and episode(s) adjusted, and the specific nature of the adjustment. The Adjusted Billing Statement shall be in a set of schemae or other means agreed upon by SESAC and COMMITTEE so as to allow for a computerized transmission to LICENSEE, and to enable LICENSEE or its designated per program agent to amend its monthly music use report on the basis of a newly obtained cue sheet or similar documentation as provided in Subparagraph 6.C below.

E. (1) Where any adjusted monthly fee computed by SESAC exceeds the fee reported and paid by LICENSEE, LICENSEE shall remit the payment of any such excess fee within forty-five (45) days of LICENSEE’s Adjusted Billing Statement unless LICENSEE disputes all or part of such adjusted fee pursuant to the provisions of Subparagraph 4.G. below, in which case LICENSEE shall remit only the undisputed portion of such adjusted fee.

(2) If any undisputed additional amount due to SESAC is not received by SESAC within forty-five (45) days of LICENSEE’s Adjusted Billing Statement, LICENSEE shall pay to SESAC a late payment charge of one percent (1%) per month (simple interest) calculated from one month following the date of LICENSEE’s Adjusted Billing Statement; provided however, that if LICENSEE disputes in good faith an adjustment made by SESAC by invoking the provisions of Subparagraph 4.G. below, any such late payment charge shall be calculated as prescribed in Subparagraph 4.G.(4).

F. Where the monthly fee reported and paid by LICENSEE exceeds any adjusted monthly fee computed by SESAC, SESAC shall, within one month of such computation, credit LICENSEE’s account for the amount of any such excess fee and provide refunds upon request in accordance with Subparagraph 4.H. below.

G. (1) If LICENSEE disputes in good faith any adjusted monthly fee computed by SESAC under Subparagraph 4.E. above, LICENSEE shall submit to SESAC a “Post-Adjustment Review Request” within forty-five (45) days of its receipt of the pertinent Adjusted Billing Statement. Any such Post-Adjustment Review Request made by LICENSEE shall identify the specific Program(s) and episode(s) in dispute, the specific nature of the dispute (including the timely submission of supporting documents that have not already been submitted to SESAC), and shall be in a set of schemae or other means agreed upon by SESAC and COMMITTEE so as to allow for a computerized transmission to SESAC. If LICENSEE’s response is based on cue sheets or other materials that have not already been made available to SESAC, these cue sheets or materials shall be provided to SESAC with the Post-Adjustment Review Request in a set of schemae or other means agreed upon by SESAC and COMMITTEE.

(2) Within forty-five (45) days of its receipt from LICENSEE of a Post-Adjustment Review Request, SESAC shall either: (i) notify LICENSEE that it withdraws the disputed adjustment and/or accepts LICENSEE’s amendment(s) to its

monthly music use report; or (ii) maintain the disputed adjustment by transmitting to LICENSEE a "Post-Adjustment Review Analysis," which shall identify the specific program(s) and episode(s) in dispute, the specific nature of the dispute (including the timely submission of any supporting documents that have not already been submitted to LICENSEE), and shall be in a set of schemae or other means agreed upon by SESAC and COMMITTEE so as to allow for a computerized transmission to LICENSEE or LICENSEE's per program agent. If SESAC's response is based on cue sheets or other materials that have not already been made available to LICENSEE, these cue sheets or other materials shall be provided to LICENSEE with the Post-Adjustment Review Analysis in a set of schemae or other means agreed upon by SESAC and COMMITTEE.

(3) Upon receipt of a Post-Adjustment Review Request from LICENSEE, no late payment charge shall be billed to the account of LICENSEE with regard to that portion of the adjusted monthly fee which was disputed until forty-five (45) days after LICENSEE's receipt of SESAC's Post-Adjustment Review Analysis as provided in Subparagraph 4.G.(4) below.

(4) Within forty-five (45) days of its receipt of such Post-Adjustment Review Analysis, LICENSEE shall pay any remaining portion of the adjusted monthly fee or advise SESAC that it continues to dispute SESAC's Post-Adjustment Review Analysis. Any such notice from LICENSEE to SESAC shall identify the specific program(s) and episode(s) in dispute, the specific nature of the dispute (including the timely submission of any supporting documents that have not already been submitted to SESAC) and shall be in a set of schemae or other means agreed upon by SESAC and COMMITTEE so as to allow for a computerized transmission. Absent such notice from LICENSEE, if LICENSEE fails to pay any remaining portion of the adjusted monthly fee within forty-five (45) days of its receipt of SESAC's Post-Adjustment Review Analysis, LICENSEE shall pay to SESAC a late payment charge of one percent (1%) per month (simple interest) calculated from one month following LICENSEE's receipt of such Post-Adjustment Review Analysis; provided, however, that if LICENSEE continues to dispute in good faith such fee adjustment, a late payment charge shall not accrue on the disputed portion of the adjusted monthly license fee until the thirtieth (30th) day following the resolution of the dispute.

(5) At least once every six months, if necessary, SESAC and the Committee (or its designated representative) shall meet in good faith to resolve any outstanding reporting disputes between SESAC and any LICENSEE. SESAC and the Committee shall exercise best efforts to resolve any reporting disputes.

H. Stations that prefer to receive refunds, rather than maintain credit balances, are entitled to refunds as follows:

(1) Any time after receipt of a statement from SESAC showing a credit balance from per program savings (but not before that time), LICENSEE may elect to receive a refund of all or part of such credit balance.



(2) Refunds must be paid by SESAC within forty-five (45) days of receipt of a written refund request (the “Refund Date”).

(3) If SESAC fails to pay the refund to LICENSEE as provided above, LICENSEE is entitled to a late refund charge of one percent (1%) per month (simple interest), accruing beginning on the forty-sixth (46th) day after the Refund Date.

I. To the extent practicable, SESAC shall separately state and clearly identify in a billing statement or other notice of payment due from LICENSEE: (i) any amounts in dispute pursuant to the provisions of Subparagraph 4.H. above; and (ii) any interest or other penalty authorized by this Agreement and claimed by SESAC.

## **5. Program and Music Use Reports**

A. LICENSEE or its per program agent shall transmit to SESAC a monthly music use report by the last day of the second (2nd) calendar month following the calendar month to which it is attributable. The contents of such report shall be as specified in the set of schemae or other means agreed upon by SESAC and COMMITTEE

B. SESAC shall provide LICENSEE or its per program agent with standard schemae to be agreed upon by SESAC and COMMITTEE to enable LICENSEE to transmit electronically its monthly per program reports and any cue sheets required to be created pursuant to this Agreement. SESAC and representatives designated by COMMITTEE shall agree on the technical specifications for LICENSEE to engage in such electronic reporting. LICENSEE must transmit its per program reports and any cue sheets required to be created pursuant to this Agreement employing the agreed upon specifications and means of transmission.

C. SESAC shall accept any monthly music use report submitted by LICENSEE that conforms to the set of schemae or other means agreed upon by SESAC and COMMITTEE. SESAC shall be entitled to reject any monthly music use report submitted by LICENSEE that does not conform to the set of schemae or other means agreed upon by SESAC and COMMITTEE, and shall promptly notify LICENSEE or its per program agent of such rejection. LICENSEE shall re-submit an acceptable monthly music use report by the later of: (a) fifteen (15) days after receiving such notice from SESAC, or (b) the last day of the third month following the month to which the monthly music use report applies.

D. SESAC shall provide LICENSEE or its per program agent with lists of the music content of Syndicated Programs (the “SESAC Syndicated Program Catalog,” or “SSPC”) not less often than every month. LICENSEE shall use reasonable efforts to report Program titles, episode names and/or numbers, program codes and music use indicators as agreed to between SESAC and the COMMITTEE (which, subsequent to such agreement will be contained in the SSPC), to the extent that such information is in the possession of LICENSEE or its per program agent, in its monthly music use reports in a set of schemae or other means agreed upon by SESAC and COMMITTEE. For the avoidance of doubt, the program codes and music use indicators used in connection with the SESAC Per

Program License in effect for 2005 through 2007 are agreed to for the full Term of this License.

E. LICENSEE shall transmit to SESAC a cue sheet, in a set of schemae or other means agreed upon by SESAC and COMMITTEE, with respect to each Locally-Produced Program, that LICENSEE maintains contains no SESAC Music (or in which the only SESAC Music has been Cleared At The Source, is an Incidental Use, Ambient Use, or Otherwise Licensed Split Work which does not result in the payment of a fee under this Agreement).

F. (1) Upon no less than thirty (30) days' advance written notice, LICENSEE shall furnish to SESAC copies of DVDs or other electronic media permitting audio-visual transcription in a mutually agreeable format (collectively referred to herein as "Transcriptions") of all of its Locally-Produced Programs for a period of one (1) week or the equivalent of one (1) week. SESAC shall be permitted to request such Transcriptions for no more than one (1) week per quarter; provided, however, that in the event LICENSEE fails to identify SESAC Music that would generate a Program Fee more than twice within a six (6) month period, SESAC may require that LICENSEE maintain Transcriptions of all of its Locally-Produced Programs for six (6) months from the date on which LICENSEE receives notice from SESAC. LICENSEE shall not be obligated to retain such Transcriptions beyond the prescribed six (6) month period. LICENSEE shall provide a reasonable number of such Transcriptions to SESAC in response to requests made by SESAC within the prescribed six (6) month period, and subject to the limitation that SESAC may request Transcriptions of no more than one (1) week or the equivalent of one (1) week of Locally-Produced Television Programs per month. Such Transcriptions shall be provided to SESAC, with suitable identification of the location on them of the Programs to which SESAC's request may be directed. If LICENSEE fails to respond to a timely request from SESAC for a Transcription of a Locally-Produced Television Program, LICENSEE shall be required to pay a fee for the Program as if it contained SESAC Music.

(2) Not more frequently than three (3) times during any consecutive twelve (12) month period, and upon not less than thirty (30) days written notice to LICENSEE, SESAC may request that LICENSEE provide SESAC with either: (a) Transcriptions of up to one (1) consecutive week of Syndicated Programs the music content of which does not appear on a cue sheet; or (b) Transcriptions of four (4) consecutive episodes of a Program that airs once a week. SESAC shall use its best efforts not to request from LICENSEE Transcriptions of Programs for which it has received Transcriptions from other sources.

(3) If LICENSEE maintains Transcriptions of Syndicated Programs, the music content of which does not appear on a cue sheet, SESAC may request that LICENSEE provide a reasonable number of Transcriptions to SESAC on an as-needed basis.

(4) Any Transcriptions provided to SESAC pursuant to this Agreement are for the exclusive use of SESAC in performance of its obligations

hereunder. SESAC shall not copy, distribute, or otherwise make such Transcriptions available to any entity, other than the COMMITTEE. Upon SESAC's completion of its review of such Transcriptions, SESAC shall promptly return such Transcriptions to LICENSEE, together with a copy of any music cue sheets or other data developed therefrom.

G. With respect to any musical composition that LICENSEE claims is an Otherwise Licensed Split Work, LICENSEE shall identify the performing rights organization or copyright holder that has licensed the performance of said composition. If LICENSEE claims that the performance is licensed under a blanket license from another performing rights organization, LICENSEE shall represent that it has such a license in effect and, upon SESAC's request, shall furnish to SESAC a copy of that license or other documentation sufficient to show LICENSEE's authorization to perform the relevant copyrighted work (provided that LICENSEE has not previously provided such license or documentation to SESAC). LICENSEE authorizes SESAC to seek to verify from another performing rights organization that LICENSEE has a blanket or per program license in effect with that organization. If LICENSEE claims that the performance is licensed under a per program license from another performing rights organization, LICENSEE shall represent that it has such a license in effect and, on SESAC's request, shall furnish to SESAC a copy of that license or other documentation sufficient to show LICENSEE's authorization to perform the relevant copyrighted work (provided that LICENSEE has not previously provided such license or documentation to SESAC), and shall furnish to SESAC a copy of the relevant portion of LICENSEE's monthly music use report pursuant to that license showing that the performance has been duly reported and the required fee has been paid to the other performing rights organization. If LICENSEE claims that the performance of the Otherwise Licensed Split Work is licensed directly from a copyright holder or its licensee, LICENSEE shall represent that such a license is in effect and, on SESAC's request, shall furnish to SESAC the name(s) of the composition(s) so licensed and the identities of the individual(s) from whom such a license was obtained.

H. (1) For any SESAC Music that is Cleared At The Source, LICENSEE shall furnish to SESAC, at the time LICENSEE transmits its monthly music use report pursuant to Subparagraph 5.A. above, written notice of such clearance. Unless previously provided to SESAC, LICENSEE shall furnish a copy of the Source License agreement, including all relevant attachments, exhibits, and amendments, between the Clearing Entity and LICENSEE pursuant to which LICENSEE has obtained such clearance (from which LICENSEE may, at its option, remove any financial or other proprietary information), within sixty (60) days of transmitting the relevant monthly music use report. If a copy of the Source License agreement is not available at the deadline, SESAC will accept other documentary evidence confirming the existence of a binding agreement, such as correspondence between LICENSEE (or program producer) and the composer or invoices submitted by the composer. The documentation to be furnished to SESAC shall specify the period(s) for which the Source License is in effect. If LICENSEE fails to furnish such written notice or other documentation to SESAC within the time period specified in this subparagraph, such music shall not be deemed Cleared At The Source. SESAC shall not be required to accept any Source License entered into on a retroactive basis; SESAC shall

only accept a Source License to the extent that it applies to performances occurring on or after the date the agreement has been entered into.

(2) With respect to each Source License obtained from a person or entity who is not a composer or author affiliate of SESAC, LICENSEE shall additionally furnish to SESAC such information as may be in the possession of LICENSEE as will enable SESAC to determine the names of the compositions licensed and the authors, composers, arrangers or publishers of the compositions licensed. In this regard, if the Clearing Entity is a "music library," this obligation shall be satisfied by LICENSEE's identification of the title of the specific track of a compact disc, or other recording containing music from the library, performed by LICENSEE. If the Clearing Entity is a Program producer or other authorized licensor of such rights, such obligation shall be fulfilled by LICENSEE's furnishing of a cue sheet for the Program in which the licensed compositions appear when SESAC does not already possess the cue sheet and makes a request of LICENSEE to provide same. If LICENSEE is unable to supply, or SESAC is otherwise unable to obtain, the music use or other information required by this subparagraph, the parties shall have the same rights and obligations as may otherwise be available to them regarding payment and reporting in circumstances in which a Program contains unidentified music, as set forth in Paragraphs 4, 5 and 6 hereof.

I. For any music that is Cleared At The Source, the parties agree that the following procedures shall apply:

(1) If SESAC has reason to believe that the Source License furnished by LICENSEE pursuant to Subparagraph 5.H.(1) above is or may be legally insufficient to convey music performance rights to LICENSEE, SESAC shall so notify LICENSEE or its per program agent, and COMMITTEE, within sixty (60) days of SESAC's receipt of the Source License in connection with LICENSEE's monthly music use report. If SESAC so notifies LICENSEE, LICENSEE shall have sixty (60) days from its receipt of such notice to cure any undisputed legal insufficiency in the Source License. If LICENSEE fails to cure any undisputed legal insufficiency in the Source License within sixty (60) days of its receipt of notice from SESAC, the Source License shall be deemed ineffective in conveying music performance rights to LICENSEE as of the date of broadcast of the Program containing a musical work or works purportedly covered by the Source License. If SESAC does not notify LICENSEE of any challenge to the legal sufficiency of a Source License within sixty (60) days of its receipt of the Source License in connection with LICENSEE's monthly per program report, the Source License shall be deemed legally sufficient to convey music performance rights to LICENSEE as of the date SESAC received the Source License from LICENSEE, subject to Subparagraph 5.I.(2) below.

(2) If at some date subsequent to the sixty (60) day period set forth in Subparagraph 5.I(1) above SESAC discovers reason to believe that a Source License furnished by LICENSEE is or may be legally insufficient to convey performance rights to LICENSEE, SESAC shall so notify LICENSEE or its per program agent, and COMMITTEE, and LICENSEE shall have sixty (60) days from its receipt of such notice

to cure any undisputed legal insufficiency in the Source License. If LICENSEE fails to cure any undisputed legal insufficiency within sixty (60) days of its receipt of notice from SESAC, the Source License shall be deemed ineffective in conveying music performance rights to LICENSEE as of the date LICENSEE received notice from SESAC pursuant to this subparagraph.

(3) If SESAC challenges the legal sufficiency of a Source License furnished by LICENSEE, SESAC shall communicate with the Clearing Entity by means of a letter or other writing, the contents of which shall be agreed upon by SESAC and COMMITTEE, and SESAC shall furnish LICENSEE or its per program agent, and COMMITTEE, with copies of all such correspondence. If, following such written communication, the Clearing Entity disputes that it intended to convey music performing rights to LICENSEE, the parties shall have the same rights and obligations as may otherwise be available to them regarding payment and reporting in circumstances in which a Program contains unidentified music, as set forth in Paragraphs 4, 5 and 6 hereof.

(4) In circumstances in which the Clearing Entity is not a composer or publisher affiliate of SESAC, SESAC shall have sixty (60) days after having identified the affiliates of SESAC whose works are covered by the Source License, to communicate in writing with such affiliates to determine if the Clearing Entity owns, or has been granted, the right to convey music performing rights to LICENSEE, and SESAC shall notify LICENSEE, COMMITTEE and the Clearing Entity of such communication. SESAC shall notify LICENSEE and the Clearing Entity within sixty (60) days following such written communication, if an affiliate or affiliates of SESAC dispute that the Clearing Entity owns, or has been granted, the right to convey music performing rights to LICENSEE, and the basis for any such dispute. If, following such written communication, SESAC and LICENSEE or the Clearing Entity are not able to resolve such dispute, the parties shall have the same rights and obligations as may otherwise be available to them regarding payment and reporting in circumstances in which a Program contains unidentified music, as set forth in Paragraphs 4, 5 and 6 hereof.

(5) In circumstances in which the Clearing Entity is not a composer or publisher affiliate of SESAC and, in addition, the Clearing Entity asserts it has been granted the right to convey music performing rights to LICENSEE from a third party other than a composer or author affiliate of SESAC, and SESAC has reasonable cause to believe that said Clearing Entity neither owns, nor has been granted, the right to convey music performing rights to the composition(s) at issue, SESAC shall have sixty (60) days after receipt of the Source License to communicate with such third party, by means of a letter or other writing, the contents of which shall be agreed upon by SESAC and COMMITTEE, to determine if such third party has granted the right to convey music performing rights to the Clearing Entity, and SESAC shall notify LICENSEE, COMMITTEE and the Clearing Entity of such communication. SESAC shall notify LICENSEE, COMMITTEE and the Clearing Entity within sixty (60) days following such written communication, if such third party disputes that the Clearing Entity owns, or has been granted, the right to convey music performing rights to LICENSEE, and the basis for any such dispute. If SESAC, LICENSEE, the Clearing Entity and such third party are



not able to resolve such dispute, the parties shall have the same rights and obligations as may otherwise be available to them regarding payment and reporting in circumstances in which a Program contains unidentified music, as set forth in Paragraphs 4, 5 and 6 hereof. If such third party shall fail to respond to SESAC's written communication within sixty (60) days following such written communication, SESAC shall so notify LICENSEE and the Clearing Entity and the parties shall have the same rights and obligations as may otherwise be available to them regarding payment and reporting in circumstances in which a Program contains unidentified music, as set forth in Paragraphs 4, 5 and 6 hereof.

(6) The disposition of a given dispute between SESAC and LICENSEE pursuant to Subparagraphs 5.I(3), 5.I(4), and 5.I(5) above for purposes of determining the license fees payable under this Agreement shall be without prejudice to the respective contractual rights of LICENSEE and the Clearing Entity, as between one another, arising out of the disputed Source License itself.

(7) LICENSEE shall have seven (7) months from the time it is notified of a dispute pursuant to Subparagraph 5.I(1) above in which to resolve such dispute. Notwithstanding the provisions of Paragraphs 4, 5 and 6 hereof regarding the timing of adjustments to LICENSEE's monthly per program license report, if within this seven (7) month period, it is determined that LICENSEE was in fact granted the right to perform the music which was the subject of the dispute, SESAC shall adjust LICENSEE's report for the month in which such music was performed and shall issue a refund or credit to LICENSEE for the amount of any fees previously paid in error on account of such performances.

## **6. Adjustments For Unidentified Music**

A. The SESAC Syndicated Program Catalog ("SSPC") provided to LICENSEE or its per program agent shall be considered final for purposes of identification by SESAC of additional, previously unidentified SESAC Music within eight (8) months from the date on which LICENSEE's monthly music use reports are due or submitted, whichever is later. Thereafter, for a given month, SESAC shall not make any adjustments to monthly music use reports or fees owing on account of the presence of SESAC Music in a Syndicated Program that was not identified in the SSPC as containing SESAC music by the cutoff date.

B. LICENSEE must identify all Syndicated Programs that it believes do not contain SESAC Music to SESAC within nine (9) months and fifteen (15) days from the date on which LICENSEE's monthly music use reports are due or submitted, whichever is later. Thereafter, for a given month, no adjustments will be made to monthly music use reports or fees owing on account of the absence of SESAC Music from a Syndicated Program that LICENSEE did not by the cutoff date indicate to SESAC as containing no SESAC Music.

C. Subject to the limitations set forth above in Subparagraphs 6.A. and 6.B:

(1) If SESAC obtains, from LICENSEE or otherwise, a cue sheet for a specific episode of a Syndicated Program for which such cue sheet previously had not been created or made publicly available, SESAC shall adjust LICENSEE's report, and compute, and advise LICENSEE of, any additional fees owing or credit due, based upon the music use reported in such cue sheet.

(2) If SESAC obtains information that a Syndicated Program series contains SESAC Music in every episode, SESAC, subject to verification by COMMITTEE as to the sufficiency and accuracy of the information upon which SESAC is relying in this regard, shall adjust LICENSEE's per program report in accordance with such information.

(3) If SESAC has not obtained, from LICENSEE or otherwise, a cue sheet for a First-Run Syndicated Program produced by LICENSEE, LICENSEE's parent or by an affiliated company in which LICENSEE or its parent is a majority owner, SESAC shall adjust LICENSEE's report, and any fees owing to SESAC by LICENSEE, by substituting in the numerator of the Program Fee fraction, set forth in Subparagraph 4.A(2) above, one hundred percent (100%) of the revenue attributable to the relevant First-Run Syndicated Television Program for the amount which previously had been calculated for the Program under Subparagraph 4.A(2)(a)(ii).

(4) If SESAC has not obtained, from LICENSEE or otherwise, a cue sheet for a Syndicated Program (other than those First-Run Syndicated Programs covered under Subparagraph 6.C(3) above), or, for which neither LICENSEE nor SESAC can otherwise determine to their mutual satisfaction whether the music in such Program (other than music Cleared At The Source, Incidental Uses, Ambient Uses or Otherwise Licensed Split Works) is SESAC Music, SESAC shall adjust LICENSEE's report, and any fees owing to SESAC by LICENSEE, by substituting in the numerator of the Program Fee fraction, set forth in Subparagraph 4.A.(2) above a Series-Specific Multiplier representing the proportion of episodes of the specific Program containing SESAC Music multiplied by the revenues attributable to such Program.

(5) If SESAC has not obtained, from LICENSEE or otherwise, a cue sheet for a Syndicated Television Program (other than those First-Run Syndicated Television Programs covered under Subparagraph 6.C(3) above) for which neither LICENSEE nor SESAC can otherwise determine to their mutual satisfaction whether the music in such Program (other than music Cleared At The Source, Incidental Uses, Ambient Uses or Otherwise Licensed Split Works) is SESAC Music, no adjustment to the amount which previously had been calculated for the Program under 4.A(2)(a)(iii) (i.e., the revenues attributable to such Program multiplied by the Default Multiplier applicable to the period at issue) shall be made.

(6) If SESAC has not obtained, from LICENSEE or otherwise, a cue sheet for a Syndicated Television Program, some of the episodes of which contain music that is Cleared At The Source, SESAC shall adjust LICENSEE's report, and any fees owing to SESAC by LICENSEE, by substituting in the numerator of the Program Fee fraction, set forth in Subparagraph 4.A(2) above, a Series-Specific Multiplier

representing the proportion of episodes of the specific Program containing SESAC Music that has not been Cleared At The Source multiplied by the revenues attributable to such Program.

(7) With respect to cue sheets for Syndicated Programs that are transmitted between SESAC and LICENSEE and/or its per program agent, the parties agree that such cue sheets will be transmitted in electronic form if available, and, if not maintained in electronic form, then in the form in which they are available.

D. Subject only to the audit rights described in Paragraph 7 below, SESAC shall complete its review of LICENSEE's monthly per program report, and any adjustments thereto, within eight (8) months from the date it is due or submitted, whichever is later. At the request of SESAC, LICENSEE shall furnish to SESAC a copy of those portions of such logs or other records as are required for SESAC to review the accuracy of information contained in LICENSEE'S per program license reports. If SESAC has not completed its review and adjustment of LICENSEE's per program report within this eight (8) month time period, all Program and music content identifications contained therein shall be treated as accurate, except as provided in Subparagraphs 6.C(3)-(6) above.

## **7. Audits**

A. Upon at least ten (10) business days' written notice to LICENSEE, SESAC shall have the right to examine, at any time during customary business hours, the Program logs, books and records of account, and all other records of LICENSEE only to such extent as may be necessary to verify any of the financial information contained in LICENSEE's per program reports. The records subject to examination shall include any documents pursuant to which LICENSEE has obtained music performance rights to music that is Cleared At The Source, except to the extent that such documents have previously been provided to SESAC by LICENSEE. SESAC shall consider all data and information coming to its attention as a result of any such examination of logs, books and records as completely and entirely confidential.

B. SESAC shall complete any audit of the financial information contained in any monthly per program report by no later than two (2) years after the conclusion of the adjustment process described in Paragraph 4 above.

C. Upon SESAC's request, LICENSEE shall furnish to SESAC a description of the methodology used by LICENSEE to attribute a value to trades and barter in accordance with its tax and accounting practices. LICENSEE shall thereafter furnish to SESAC a description of any changes to such methodology which may occur during the Term. The methodology utilized by LICENSEE shall comply with generally accepted accounting principles.

D. In the event that SESAC's audit of LICENSEE discloses that LICENSEE has underpaid license fees due SESAC:

(1) LICENSEE shall pay a finance charge on such additional license fees of one percent (1%) per month (simple interest) with respect to any additional license fees owing, computed: (a) in circumstances in which underpayments for the audited period exceed fifteen percent (15%) of the total fees owing, from the date(s) such fees should have been paid pursuant to this Agreement; or (b) in circumstances in which underpayments for the audited period are less than or equal to fifteen percent (15%) of the total fees owing, beginning thirty (30) days after the date SESAC bills such additional license fees to LICENSEE.

(2) If LICENSEE disputes all or part of SESAC's claim for additional fees pursuant to an audit, LICENSEE shall, within thirty (30) days from the date SESAC bills such additional fees: (i) advise SESAC, in writing, of the basis for such dispute; and (ii) pay to SESAC any fees indisputably owed together with any applicable finance charges on additional fees indisputably owed in accordance with Subparagraph 7.D(1) above. If LICENSEE, in good faith, disputes all or part of the additional fees SESAC has billed pursuant to this Paragraph 7, no finance charges shall be billed with respect to such disputed fees for the period beginning on the date SESAC bills such disputed fees and ending sixty (60) days from the date SESAC responds to LICENSEE's written notification of the existence of a dispute.

(3) Finance charges computed in accordance with this Paragraph 7 and pertaining to additional fees which LICENSEE disputes in accordance with Subparagraph 7.D(2) above shall be adjusted pro-rata to the amount to be paid pursuant to the resolution of the dispute.

## **8. Local Marketing Agreement**

A. If LICENSEE is, or becomes, a party to a Local Marketing Agreement, LICENSEE and the LMA OPERATOR shall execute a letter to SESAC, in the form attached as Exhibit C and made a part of this Agreement, requesting amendment of this Agreement to add the LMA OPERATOR as a party. When such a letter has been fully executed by LICENSEE, the LMA OPERATOR and SESAC, this Agreement shall be deemed amended accordingly.

B. In the event LICENSEE is a party to a Local Marketing Agreement, and a dispute arises between SESAC and either the LMA OPERATOR or LICENSEE as to whether LICENSEE or the LMA OPERATOR is responsible for the performance of any of the obligations arising under this Agreement, SESAC shall be entitled to receive, upon request, a copy of the portion of such agreement as sets forth the respective obligations of LICENSEE and the LMA OPERATOR regarding the payment of fees, accountings, recordkeeping and administrative responsibilities, or, if LICENSEE so elects, a copy of the entire Local Marketing Agreement.

## **9. Breach or Default**

Upon LICENSEE's breach or default of any payment, accounting or substantive reporting obligations required under the terms of this Agreement, SESAC may give

LICENSEE forty-five (45) days' notice in writing to cure such breach or default, and in the event that such breach or default has not been cured within forty-five (45) days of said notice, SESAC may then terminate this Agreement.

**10. Indemnity Clause and Covenant Not to Sue**

A. SESAC agrees to indemnify, save and hold harmless, and to defend LICENSEE, its sponsors and their advertising agencies, and its and their officers, employees, and artists, and each of them, from and against any claims, demands, or suits that may be made or brought against them or any of them (including without limitation claims for copyright infringement) arising out of: (i) the performances under this Agreement of any SESAC Music or (ii) the performance during the Term of any SESAC Music contained in any feed received by STATION from ABC, CBS, NBC, Univision or Unimas. LICENSEE agrees to give SESAC immediate notice of any such claim, demand, or suit and agrees immediately to deliver to SESAC all papers pertaining thereto. SESAC shall have full charge of the defense of any such claim, demand, or suit and LICENSEE shall cooperate fully with SESAC in such defense. LICENSEE, however, shall have the right to engage counsel of its own at its own expense who may participate in the defense of any such action. SESAC agrees at the request of LICENSEE to cooperate with and assist LICENSEE, its advertisers and their advertising agencies and its and their officers, employees, and artists in the defense of any action or proceeding brought against them or any of them with respect to the performance of any musical compositions contained in SESAC's repertory, but not copyrighted or written by affiliates of SESAC. This Paragraph 10 shall not apply to performances of any works that have been designated as restricted under Paragraph 3 of this Agreement.

B. SESAC hereby waives any claim for copyright infringement which SESAC might otherwise have against LICENSEE attributable to performances by STATION during the Term of SESAC Music contained in any feed received by STATION from ABC, CBS, NBC, Univision or Unimas.

C. SESAC represents and warrants that it has the full power and authority to waive on its behalf the claims described in the preceding Subparagraph 10.B and that the aforementioned waiver is a valid and binding obligation of SESAC enforceable against it in accordance with its terms.

**11. Rights of Termination**

In the event of the termination or suspension of the governmental licenses covering STATION or any substantial alteration or variation of the terms and conditions thereof, or any major interference with the operations of STATION due to governmental measures or restrictions, LICENSEE shall have the right to terminate this Agreement upon thirty (30) days' notice.



**12. Tax Clause**

In the event the taxing authority or any court of any state in which LICENSEE has tax nexus, finds SESAC to be liable for the payment of any tax, the following conditions shall apply:

A. LICENSEE shall pay, within thirty (30) days of demand by SESAC, the pro rata share of any such tax assessed against SESAC, provided however, that if SESAC, in its sole discretion, shall contest the assessment of such tax, then SESAC shall make no demand until after the termination of such contest;

B. If SESAC determines not to contest the assessment, then LICENSEE shall have the right to contest the assessment at its own expense, with reasonable cooperation from SESAC;

C. SESAC shall furnish to LICENSEE all documents regarding the assessment of any such tax that LICENSEE reasonably requests in writing, but only if such documents specifically and directly relate to LICENSEE's proportion of such assessment, and no such document is or could be considered confidential or contains proprietary information of any other licensee of SESAC or specifically relates to any other licensee's proportion of any assessment. SESAC shall also give LICENSEE the opportunity to consult with it with respect to such tax assessment; and

D. LICENSEE shall not be responsible for its share of any such tax if SESAC fails to demand payment therefor within two (2) years after assessment of such tax by the competent authority, or, if SESAC contests the assessment, within one (1) year after the termination of such contest.

**13. Successors and Assigns**

This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, but no assignment shall relieve the parties hereto of their respective obligations hereunder as to performances broadcast, acts done and obligations incurred prior to the effective date of the assignment.

**14. Notices**

Any notice filed under this Agreement shall be in written form, or in a form mutually agreed upon by SESAC and COMMITTEE, and shall be sent to LICENSEE or its per program agent. All notices required or permitted to be given by either of the parties to the other hereunder shall be duly and properly given if: (a) mailed to the other party by registered or certified United States mail; (b) sent by generally recognized same-day or overnight delivery service; (c) mailed by first class United States mail; or (d) sent by electronic transmission (i.e., electronic mail, facsimile or similar transmission), provided that the electronic transmission is followed by a hard copy and receipt of the notice is acknowledged; provided, however, that notices pursuant to Paragraph 9 may be sent only by method (a). All notices to SESAC hereunder shall be addressed and sent to

Maxine Edwards at: SESAC, 35 Music Square East, Nashville, Tennessee 37203, or medwards@sesac.com.

**15. Blanket License**

During the Term, LICENSEE may switch from a per program to a blanket license, or from a blanket to a per program license, as of the first day of a month on thirty (30) days' written notice to SESAC. LICENSEE may so elect to change its license status no more than twice in any given, consecutive twelve (12) month period during the Term.

**16. Confidentiality**

A. SESAC shall treat as confidential, and shall not disclose to any third party (other than its employees, directors, officers, and auditors in their capacity as such, on a need-to-know basis, subject to their agreement to preserve confidentiality, and other than as set forth in subparagraph B below), any financial or other proprietary documents or information provided to SESAC by LICENSEE in connection with this Agreement.

B. SESAC is hereby authorized to provide to COMMITTEE, copies of this Agreement, other agreements between LICENSEE and SESAC pertaining to the period January 1, 2005 or later, and such of LICENSEE's financial or other proprietary documents or information, provided to SESAC pursuant to this Agreement, as the COMMITTEE may request in connection with its representation of the local television industry in negotiations with SESAC, rate court proceedings, litigation, arbitration, or disputes over the implementation or interpretation of this Agreement, unless LICENSEE notifies SESAC in writing to the contrary. This authorization shall not, by itself, obligate SESAC to provide any such documents or information to the Committee.

C. Confidentiality of SESAC Restricted Information:

(1) Except as otherwise set forth in Subparagraphs 16(C)(2) through 16(C)(6), LICENSEE and its per program service provider(s) shall treat the following as confidential, and shall not disclose it to any third party (other than its employees, directors, officers, auditors, attorneys, consultants, representatives and per program service providers, in their capacities as such, on a need-to-know basis) except as provided below: (i) the SESAC Syndicated Program Catalog (SSPC) and any passwords or other security devices that enable access thereto; (ii) the report transmission protocols for LICENSEE's monthly music use reports; (iii) SESAC's Adjusted Billing Statements, LICENSEE's Post-Adjustment Review Requests, and SESAC's Post-Adjustment Review Analyses; and (iv) any proprietary software provided by SESAC to enable LICENSEE to comply with its reporting obligations hereunder ("Restricted Information"). Without limitation of the foregoing, but subject to subparagraph 16.C(4), LICENSEE and its per program service provider(s) shall use the SSPC solely for local television per program reporting, local television music licensing, and local television programming analyses. Furthermore, LICENSEE and its per program service provider(s) shall not be permitted to copy the whole or any substantial portion of the information contained in the SSPC (except for information that is available publicly from a source other than the SSPC) for

uses or purposes other than local television per program reporting, local television music licensing, and local television programming analyses.

(2) In the case of split works, LICENSEE and its per program service provider(s) shall be entitled to disclose Restricted Information to another performing rights organization solely to the extent required to demonstrate that a performance of a split work has been duly reported to SESAC and SESAC has been compensated accordingly.

(3) If LICENSEE or its per program service provider(s) (“Request Recipient”) is served with a subpoena, document request or other notice seeking the production of Restricted Information, the Request Recipient shall give prompt written notice of such request to SESAC within five (5) business days of receipt of the request. If permitted by law, the Request Recipient shall withhold production of Restricted Information for at least ten (10) business days after such notice, so that SESAC has an opportunity to oppose the request for production on grounds of confidentiality. If SESAC is unsuccessful in quashing the request, the Request Recipient shall comply with reasonable requests by SESAC to designate Restricted Information as confidential pursuant to the terms of any protective order or confidentiality agreement governing the production of other documents in the Request Recipient’s possession and shall give SESAC prompt notice of any challenges to such designations. SESAC shall be solely responsible for defending against any challenges to such designations, and shall bear all of its own costs associated therewith.

(4) It is expressly understood that the following information is not confidential or restricted pursuant to this paragraph 16.C: (a) whether a particular song is in the SESAC repertory; (b) whether a particular television program or announcement contains SESAC music; (c) the identity of SESAC’s past or present affiliates; (d) information contained in monthly music use reports, Adjusted Billing Statements, Post-Adjustment Review Requests, and Post-Adjustment Review Analyses, to the extent it does not reflect the contents of the SSPC; (e) information that was already known to or generated by LICENSEE or a third party (including per program service providers) that was lawfully entitled to disclose such information to LICENSEE or its per program service provider(s); (f) information that SESAC has disclosed, or is required by law to disclose, publicly. While LICENSEE and its per program service provider are not permitted to use the SSPC for purposes other than local television per program reporting, local television music licensing, and local television programming analyses, it is understood that LICENSEE and its per program service provider(s) shall not be precluded from using for any other purpose cue sheets that they request and obtain from any third party, or information contained therein, as a result of information contained in the SSPC.

(5) Upon reasonable request, SESAC shall provide Restricted Information to the COMMITTEE, and LICENSEE and its per program service provider shall be entitled to disclose Restricted Information to the COMMITTEE, for purposes of resolving disputes pursuant to Paragraph 4.H(5).

(6) Nothing herein shall preclude LICENSEE, its per program service provider(s), or the COMMITTEE from requesting Restricted Information from SESAC, or challenging the confidential nature of such information, in connection with any potential disputes. Nor shall anything herein preclude SESAC from objecting to such requests or challenges. The parties expressly reserve all rights with respect to any arguments they may wish to make in connection with such requests or any objections thereto. SESAC, LICENSEE and the COMMITTEE agree that this Subparagraph 16.C is without prejudice to any arguments or positions that they may assert in any rate proceeding, arbitration or negotiations concerning what constitutes reasonable per program license fees and terms (including confidentiality) for the local television industry or, in SESAC's case, as to any other licensee.

(7) Nothing herein shall be construed to obligate SESAC to provide LICENSEE or any other person with Restricted Information or any other information concerning performances of musical works outside the Per Program License Period, nor to authorize LICENSEE or any other person to disclose Restricted Information or any information concerning performances of musical works outside the Per Program License Period that may in the future be provided by SESAC.

**17. Without Prejudice**

The parties are entering into this Agreement without prejudice to any arguments or positions they may assert in any rate proceeding, arbitration or negotiations concerning what constitutes reasonable blanket and per program license fees and terms for the local television industry or, in SESAC's case, as to any other licensee. The definition of Ambient Uses is for purposes of this Agreement only and is being agreed to without prejudice to any positions either party may take in any litigation, arbitration or negotiation, including positions with respect to whether or which specific uses of music constitute "fair uses" under 17 U.S.C. §§ 101 *et seq.* The inclusion of donations in the definition of Revenues Attributable to Non-Network Television Programs is for purposes of this Agreement only and is being agreed to without prejudice to any positions either party may take in any litigation, arbitration or negotiation.

**18. Applicable Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

**19. Survival**

The provisions of Paragraphs 7, 10, 12, 16, and 18 shall survive the termination or expiration of this Agreement. The provisions of Paragraphs 4, 5, 6, and 15 to the extent that they expressly contemplate payments, refunds, credits, monthly music use reports, or adjustments for unidentified music shall survive the expiration of this Agreement. For the avoidance of doubt, following termination or expiration of this Agreement,

LICENSEE shall remain responsible for payment to SESAC of any fees that accrued under this Agreement before its termination or expiration.

**20. Entire Agreement**

This Agreement (including the Exhibits hereto) contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, proposals, representations, arrangements or understandings, written or oral, with respect thereto. This Agreement may only be amended in a writing signed by both parties.

IN WITNESS WHEREOF, this Local Station Per Program Television License Agreement, the form of which, including Exhibits A (SESAC-TMLC Agreement), B (Blanket License Fee Methodology) and C (form of Local Marketing Agreement Amendment Letter), is available on SESAC's website at [www.sesac.com/tvlicense](http://www.sesac.com/tvlicense) and on the Committee's website at [www.tvmlc.com/SESAC](http://www.tvmlc.com/SESAC), has been duly executed by SESAC and LICENSEE this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, as of the \_\_ day of \_\_\_\_\_, 20\_\_.

<p><b>SESAC LLC</b></p> <p><b>By:</b> _____ (Signature)</p> <p>_____</p> <p>(Print Name of Signatory)</p> <p>_____</p> <p>(Title of Signatory)</p>	<p><b>LICENSEE</b></p> <p><b>Legal Name:</b></p> <p>_____</p> <p><b>Call Letters:</b> _____</p> <p><b>By:</b> _____ (Signature)</p> <p>_____</p> <p>(Print Name of Signatory)</p> <p>_____</p> <p>(Title of Signatory)</p>
--	--

EXHIBIT A  
**SESAC-TMLC AGREEMENT**

April 4, 2017

Mr. John Josephson  
SESAC LLC  
152 West 57th Street  
57th Floor  
New York, NY 10019

Re: SESAC - Local Television Station Blanket and Per Program Licenses

Dear John:

This letter sets forth the agreement reached between SESAC LLC (“SESAC”) and the Television Music License Committee, LLC (the “Committee”) (collectively, the “Parties”), including the terms agreed to in the Parties’ September 14, 2016 Memorandum of Agreement (as modified herein), with regard to the fees and terms under the SESAC - Local Television Station Blanket and Per Program License Agreements covering the period January 1, 2016 through December 31, 2019 (the “Term”) (collectively, the “Licenses”). This letter agreement is expressly incorporated in Subparagraph 1.F. of the Licenses, and is binding upon the parties hereto and upon the signatories to the Licenses.

The Parties agree as follows:

1. The industry-wide blanket license fees for the Term shall total \$125,000,000.
  - a. The total fees have been allocated to individual years of the Term as follows:

2016: \$25,000,000

2017: \$30,000,000

2018: \$34,000,000

2019: \$36,000,000
  - b. The allocation of total industry-wide blanket license fees to individual years has been done strictly for the convenience of the Parties and the blanket license fee for any particular year is not intended to reflect a

specific economic valuation of the license for that year, nor is the blanket license fee for any specific year intended to have any precedential effect in future fee negotiations, arbitrations, or litigations between the Parties.

- c. The difference of \$2,294,690 between the interim 2016 industry-wide blanket license fee (inclusive of multicast and digital license fees) of \$27,294,690 and final 2016 industry-wide blanket fees of \$25,000,000 shall be refunded by SESAC to the Committee (the “2016 Refund”). The Committee shall be responsible for allocating the 2016 Refund to individual stations. The 2016 Refund shall be allocated to all stations in the same manner in which their interim 2016 blanket fees (exclusive of multicast and digital license fees) were allocated, except that the refunds to per program stations shall be reduced proportionally based on their share of the 2016 Per Program Administrative Fee, as described in Paragraph 4 below. The Committee shall provide SESAC with an opportunity to review the 2016 Refund allocation and the supporting data and calculations.
2. The Committee shall be responsible for allocating the annual industry-wide blanket license fees to individual stations in accordance with the methodology set forth in Exhibit B. This allocation methodology is not intended to have any precedential effect in future negotiations, arbitrations or litigations between the parties. The Committee shall provide SESAC with an opportunity to review the allocation and the supporting data and calculations. The Committee shall provide SESAC with the allocation for 2018 and 2019 by December 10, 2017 and 2018, respectively, provided that SESAC has timely provided the list specified in Paragraph 6 of this Letter Agreement to the Committee.
3. For stations that utilize the SESAC Local Television Station Per Program License, the “per program multiplier” used as part of the calculation of the “program fee” shall be:
  - 2016: 4.8 (480%)
  - 2017: 3.2 (320%)
  - 2018: 2.9 (290%)
  - 2019: 2.9 (290%)
4. SESAC shall receive \$400,000 in 2016 and \$500,000 in each of 2017, 2018, and 2019 in connection with costs borne to administer the per program license (the “Per Program Administrative Fee”) as follows
  - a. SESAC shall offset the \$400,000 Per Program Administrative Fee from the 2016 Refund provided to the Committee as described in Paragraph 1.c above.



- b. The Committee will guarantee the payment to SESAC of the annual amounts for each of 2017, 2018, and 2019. The Committee shall be responsible for allocating the Per Program Administrative Fee for those years to individual stations electing the per program license, and shall do so using the same methodology used to allocate the annual industry-wide blanket license fees to individual stations, subject to proportional adjustments for those stations who utilize the per program license for only part of a given measurement period. The Committee shall provide SESAC with an opportunity to review the allocation and the supporting data and calculations.
5. SESAC and the Committee, with the assistance of MRI on behalf of the Committee, shall work in good faith to develop “series-specific multipliers” for programs for which the Parties, collectively, have access to sufficient information reasonable to use for that purpose. SESAC shall propose “series-specific multipliers” in the first instance, and MRI shall provide supporting data and information for any proposed changes. The Committee shall make representatives available to confer with SESAC and MRI as desired to facilitate agreements.
6. Each year during the term of the Licenses, SESAC shall provide to the Committee a list of current SESAC-licensed local television stations. The list of licensees shall be delivered to the Committee, in electronic form, on or before September 15 of each year during the term. For each licensee, SESAC shall provide the following information: (i) current station call letters; (ii) designated market area (“DMA”); (iii) state; (iv) FCC identification number; (v) SESAC account number; (vi) channel position; (vii) station owner; (viii) network affiliation (if any); and (ix) previous call letters (if any) if contained in any database within SESAC’s control. For each newly-licensed station appearing on the list, SESAC shall also provide: (i) signed status; (ii) date license was signed; (iii) date of first payment; and (iv) effective date of license. Any licensee added to the list between September 16 of any given year and September 15 of the following year will be included in the allocation formula the following year. In the interim, such stations will be billed at the minimum fee for their respective DMAs. SESAC shall clearly identify in each list any licensees added to or deleted from the previous list.
7. In addition to the list of SESAC-licensed stations described in Paragraph 6 above, SESAC shall provide to the Committee in electronic form, a list of current per program licensees identified by call letters, DMA, and per program license effective date, (a) on September 15 of each year during the term and (b) upon request of the Committee, on one additional occasion during each year of the term.
8. If, during the term of the Licenses, SESAC elects to license an entity agreed or determined to be a broadcast television “network” previously unlicensed by

SESAC, whose network programs are carried by local television stations licensed by SESAC, such as Fox, appropriate adjustments shall be made to the license fees payable by local television station licensees. SESAC and the Committee shall confer and attempt to reach agreement concerning the amount of any such fee adjustments and such agreement shall be binding on all licensees. If SESAC and the Committee shall fail to agree on such fee adjustments, either party may refer the matter to binding arbitration for determination.

9. The Committee shall treat as confidential any financial or other proprietary information or documents provided to it by SESAC pursuant to the Licenses ("Confidential Information") where such Confidential Information was provided to SESAC by a station or station group. The Committee shall limit access to Confidential Information to the Committee's staff, representatives, and counsel, and shall not disclose Confidential Information to any third party or to any Committee member, other than a Committee member who is employed by the station or station group which provided the Confidential Information to SESAC.
10. SESAC and the Committee and entering into this agreement without prejudice to any arguments or positions they may assert in any future litigation or arbitration concerning what constitutes reasonable blanket and per program license fees and terms for the local television industry or, in SESAC's case, as to any other licensee.

Please indicate your agreement to the above by signing on the line provided below.

Very truly yours,



Charles Sennet  
Chairman  
Television Music License Committee



John Josephson  
Chairman and Chief Executive Officer  
SESAC

## EXHIBIT B

### BLANKET LICENSE FEE METHODOLOGY

#### Television Music License Committee Methodology for SESAC License Fee Allocation for the Period From January 1, 2016 through December 31, 2019

The Industry-wide Blanket License fees for all commercial local television stations licensed under the SESAC-Local Television Station Blanket License Agreements covering the period January 1, 2016 through December 31, 2019 (the “licensed television stations”), shall be allocated among the licensed television stations as follows (subject to revision pursuant to the provisions of Paragraph 8 below):

#### **STEP 1: Allocation of Industry-Wide Fee Among DMA Markets**

For each of the years 2016, 2017, 2018, and 2019 (“Contract Periods”), each Nielsen DMA television market is to be assigned its gross allocable share of the Industry-wide Blanket License fee (as set forth in Paragraph 1 of the April 4, 2017 letter agreement between the Television Music License Committee (the “Committee”) and SESAC (the “Side Letter”)) in proportion to its percentage of the total number of weighted Qualified Viewing Households throughout the U.S. in an average quarter-hour during nine sweeps months over the course of the previous three years.

1. The number of Qualified Viewing Households will be computed for each licensed television station for the Contract Period based upon average quarter hour household viewing data, Sunday through Saturday, 9 a.m. through midnight, compiled by Nielsen during nine sweeps months over the previous three years.<sup>2</sup> The Qualified Viewing Households attributable to each DMA market shall be calculated by multiplying the average quarter hour viewing households for all licensed stations in the market by 420 (the number of quarter hours between 9 a.m. and midnight in one week).

2. For each of the Contract Periods, the number of Market Qualified Viewing Households in each of the roughly 210 DMA markets as measured by Nielsen<sup>3</sup> is to be “weighted” as follows:

---

<sup>2</sup> Qualified Viewing Households for the Contract Periods 2016 through 2019 will be based upon data compiled by Nielsen for the nine November, February and May sweeps months prior to July 1 of the year preceding the Contract Period. A Qualified Viewing Household is defined as a viewing household for a station licensed by SESAC for the Contract Period for which the allocation is being calculated.

<sup>3</sup> The number of Market Qualified Viewing Households in Puerto Rico shall be determined based upon data provided by Nielsen, or some other comparable provider of household audience information. The number of Market Qualified Viewing Households in the Virgin Islands and Guam (or in any other market or territory in which household audience information is unavailable) shall be determined by

DMA Markets 1 - 10	Multiply by 1.21
DMA Markets 11 – 25	Multiply by 1.05
DMA Markets 26 – 50	Multiply by 0.92
DMA Markets 51 – 75	Multiply by 0.85
DMA Markets 76 - 100	Multiply by 0.85
DMA Markets 101 - 125	Multiply by 0.80
DMA Markets 126 plus	Multiply by 0.75

The purpose of the weighting is to reflect, within broad parameters, that a household in a smaller market does not represent the same value as a household in a larger market.

3. For each Contract Period, each market is to be assigned its share of the industry’s overall blanket license fee by the following procedure: The Market Qualified Viewing Households in the DMA market will be multiplied by the weight set forth in Paragraph 2 above for that DMA market to determine the weighted number of Market Qualified Viewing Households for the DMA market. Thus, for example, the top ten markets in terms of three-year households average will receive a 1.21 multiple. Each market’s weighted Market Qualified Viewing Households number is to be divided by the total U.S. weighted market Qualified Viewing Households to derive a percentage of U.S. weighted Market Qualified Viewing Households for each market. This weighted percentage is then applied to the industry-wide blanket license fee. Thus, if the weighted percentage of total U.S. Market Qualified Viewing Households for DMA market “x” is one percent, DMA market x’s share of the industry-wide \$25,000,000 fee for the January 1, 2016 through the December 31, 2016 Contract Period would be \$25,000,000 x 1%, or \$250,000.00.

**STEP 2: Allocation of Blanket License Fees to Stations Within Each Market**

4. Each station’s percentage share of the DMA market blanket license fee shall be calculated as follows: Station Qualified Viewing Households for stations affiliated with networks licensed by SESAC (currently the ABC, CBS, NBC, Univision, and Unimás television networks) shall be calculated by multiplying the station’s average

---

calculating the number of television households in the U.S. as a percentage of the total U.S. population; multiplying that percentage by the population of the market for which audience information is unavailable to derive the number of television households in the market; and multiplying the resulting number by a fraction the numerator of which is the number of licensed stations in the market and the denominator of which is the total number of stations in the market. For purposes of assigning an allocable share of the industry-wide blanket license fee to television markets in the Virgin Islands, Guam and Puerto Rico, the number of Market Qualified Viewing Households in each of these markets is to be given the same weight as the Nielsen DMA that most closely approximates the number of Market Qualified Viewing Households in these markets.

quarter hour viewing households by 420 (the number of quarter hours between 9 a.m. and midnight in one week); and subtracting one hundred percent (100%) of the station's average prime-time DMA viewing households (which equals the station's average prime-time DMA quarter hour households times 88 (the number of quarter hour units in prime time in one week)).<sup>4</sup> Station Qualified Viewing Households for stations not affiliated with networks licensed by SESAC shall be calculated by multiplying the station's average quarter hour viewing households by 420. A station's percentage share of the DMA market blanket fee shall be calculated by dividing its Station Qualified Viewing Households number by the total Station Qualified Viewing Households for all stations in that DMA market and multiplying the resulting percentage by the DMA market blanket license fee (reduced by the amount of any minimum fees assigned to stations in the market pursuant to paragraph 5 below).<sup>5</sup>

5. Stations whose ratings are not reported by Nielsen during the relevant period shall be assigned a minimum blanket license fee equal to the greater of 0.25 percent of the allocable blanket license fee for its market or an annual blanket license fee of \$360 (or \$30 per month for partial years) for 2016 and 2017 and \$420 (or \$35 per month for partial years) for 2018 and 2019 ("Minimum Blanket License Fee"). The fees assigned to a DMA market pursuant to Step 1 above shall be reduced by the amount of any Minimum Blanket License Fees assigned to stations in that DMA market, and the balance of that DMA market's share of the industry-wide fee shall be allocated among the remaining licensed stations in that DMA market based on the methodology set forth in Step 2 hereof. If, by way of example, the blanket license fee allocated to market "k" is \$300,000, and there are operating in market "k" two stations whose ratings are not reported by Nielsen, each of those stations would be assigned a blanket fee of \$750 ( $\$300,000 \times .0025$ ). The remaining stations in market "k" would pay their appropriate percentages, not of \$300,000, but of \$298,500.

6. If, during a given Contract Period, SESAC enters into a license agreement with a television station that was not previously licensed (a "New Television Station"), such station shall pay the minimum monthly fee of thirty dollars (\$30.00) or thirty-five dollars (\$35.00), whichever applies, for the remainder of the Contract Period following the effective date of its license agreement. The fees payable by all stations in the New Television Station's market in the following Contract Period shall be reallocated in the manner set forth above without any increase in the total fee amount otherwise allocable to the relevant market.

7. Once a station's allocated fee has been calculated for a given Contract Period, there shall be no further adjustment to that station's fee for the duration

---

<sup>4</sup> For example, on the East Coast, prime-time occupies Monday – Saturday, 8:00 – 11 p.m. and Sunday, 7:00 – 11:00 p.m.

<sup>5</sup> The fees for each of the licensed stations in the Virgin Islands and Guam shall equal the amount of the industry-wide fee assigned to the market divided by the total number of licensed television stations in that market.

of that Contract Period; provided however that if the station was assigned in error a blanket license fee that was higher or lower than it should have been assigned pursuant to the methodology set forth above, such over-allocation or under-allocation amount shall be factored into the fees allocated to the station for the subsequent Contract Period.

8. If during the term of the SESAC-Local Television Station Blanket and Per Program Licenses, the Committee determines that there is good cause to revise the allocation methodology set forth above in any manner, the Committee shall provide to SESAC any proposed revisions for review. SESAC and the Committee shall confer regarding the reasonableness of the proposed revisions. The Committee shall not make any change to the allocation methodology set forth above with effect during the term of the license without SESAC's consent.

EXHIBIT C

LOCAL MARKETING AGREEMENT AMENDMENT LETTER

Dear SESAC:

1. \_\_\_\_\_ (“LICENSEE”) has entered into a Local Marketing Agreement with \_\_\_\_\_ (“LMA OPERATOR”) for television station \_\_\_\_\_ for the period \_\_\_\_\_ through \_\_\_\_\_.

2. LICENSEE and LMA OPERATOR wish to add LMA OPERATOR as a party to the Local Television Station License Agreement in effect between LICENSEE and SESAC (“the License”), and LMA OPERATOR shall assume all of the rights and obligations of LICENSEE as set forth in the License for the full period of the Local Marketing Agreement referred to in Paragraph 1 above.

3. LICENSEE/LMA OPERATOR (circle one) shall be responsible for the payment of any fees owing to SESAC pursuant to the License.

4. LICENSEE/LMA OPERATOR (circle one) shall be responsible for the submission to SESAC of any reports, tapes or other information pursuant to the License.

5. LICENSEE and LMA OPERATOR jointly designate the following single address for billing and other regular correspondence, and the following single address for any notices in accordance with the License:

Billing Address: \_\_\_\_\_ Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please indicate your consent to the amendment of the License Agreement in accordance with this letter by countersigning the letter in the space provided below and returning a copy to us.

Very truly yours,

LICENSEE

Dated: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_

LMA OPERATOR

Dated: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_

The undersigned, SESAC LLC, hereby consents and agrees to the amendment of the above mentioned License Agreement.

SESAC LLC

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_