

August 23, 2012

Mr. Edward K. Christian
Chairman
Radio Music License Committee
c/o Saga Communications Inc.
73 Kereheval Avenue
Grosse Pointe, MI 48236

Re: *Withers Broadcasting Company of Illinois, LLC, et. al. v. Broadcast Music, Inc.*, No. 10 Civ. 4779 (LLS)

Dear Ed:

This letter sets forth the Agreement (“**Agreement**”) reached between Broadcast Music, Inc. (BMI) and the Radio Music License Committee (RMLC) pertaining to certain provisions of the BMI 2010 Radio Station Blanket/Per Program License Agreement (the “**Station License**”) and the BMI 2010 Radio Group Transmissions License Agreement (the “**Radio Group Transmissions License**,” and together with the Station License, the “**2010 BMI Licenses**”).

This Agreement is expressly incorporated in Paragraph 2.S of the Station License and is binding upon all commercial radio stations (collectively, the “**Licensees**”) that: (i) are parties to the above-captioned action or (ii) have agreed to be bound by the outcome of the above-captioned action.

The parties agree as follows:

1. The term of the 2010 BMI Licenses will be January 1, 2010 through December 31, 2016 (the “**License Term**”).
2. Except as otherwise provided herein, for the period January 1, 2010 through December 31, 2011 (the “**Retroactive Period**”), the interim license terms and interim license fees billed to and payable by individual radio stations pursuant to the Interim Radio Station Licenses will be considered final terms and license fees. BMI’s right to collect unpaid license fees shall in no way be prejudiced by this paragraph.
3. For the Retroactive Period, the total fees paid by Licensees will be reduced by \$70.5 million (the “**Reduction**”), which sum shall be credited in full to Licensees’ accounts as of June 1, 2012. For the sake of clarity, except as noted below, BMI shall not issue cash refunds (e.g., checks or wire transfers) for any portion of a station’s credit. To allocate the \$70.5 million amongst Licensees, the parties agree upon the following

methodology (which they will ask the Court to “so order”): Each Licensee will receive its pro-rata share of the \$70.5 million reduction in accordance with the following formula:

$$\text{Station's Share of the Reduction} = (\text{Station's Combined 2010-2011 Interim Fees billed}) \textit{ divided by} (\text{Combined 2010-2011 Interim Fees billed for All Stations}) \textit{ multiplied by} (\$70.5 \text{ million})$$

Credits reflecting each Licensee’s share of the Reduction shall be or have been applied against Licensee’s monthly bills as of June 1, 2012, and shall be or have been reduced by any existing balances or judgments due, including any interest payable pursuant to the terms of the Interim Radio Station Licenses for the period prior to June 1, 2012.

In the event a station is sold after June 1, 2012, and has a credit balance through the date of sale, BMI shall pay that remaining credit balance in cash to the selling party, provided that the selling party provides written notice to BMI within a reasonable period of time following the date of sale.

In the event payment to the selling party is not possible, including because the selling party no longer exists, the outstanding credit balance shall be credited to the account of the purchasing party, provided that (a) the purchasing party executes a license with BMI, and (b) either the selling party, or if the selling party no longer exists, the purchasing party provides written notice to BMI within a reasonable period of time following the date of sale. The purchasing party shall indemnify BMI for any claims to the credit by the selling party.

In no event shall the total credit applied against the monthly bills of Licensees (subject to existing judgments or balances) be less than \$70.5 million.

4. The definition of “gross revenue” for New Media Transmissions will cover all such revenue, whether accounted for at the individual station level or at the station group (under common ownership) or other aggregated level. Gross revenue for New Media Transmissions will be accounted for *either* at the individual station level *or* at the station group (under common ownership) or other aggregated level. In light of the fact that this Agreement provides for a new methodology regarding the calculation of the rate for and deductions from gross revenue from New Media Transmissions, BMI and the RMLC reserve the right to reevaluate the treatment of New Media Transmissions following the expiration of the License Term. Both parties expressly agree that these aspects of the Agreement may not be relied upon as a precedent in any rate court proceeding.
5. The deductions taken from gross revenues over the period from 2012 to 2016 (the “**Prospective Period**”) by all Licensees will be compared to what the deductions would have been had the 12% deduction rate been applied to all gross revenues (not just to gross revenues from Radio Broadcasting). If the comparison at any time during the entire Prospective Period yields a difference of greater than \$5 million in license fees, BMI will be entitled to an additional payment of the amount in excess of the \$5 million cap.

- a. In each year, BMI will make the comparison described above and will notify the RMLC of the results. If the \$5 million cap has been exceeded at any point during the Prospective Period, BMI shall be entitled to recoup the excess by imposing a fee on those Licensees that claimed a 25% deduction for New Media Transmissions, which fee shall be calculated by allocating the total amount in excess of \$5 million among those Licensees on a pro rata basis in accordance with each Licensee's total license fees paid or payable during the Prospective Period for New Media Transmissions.
 - b. In the event the \$5 million cap has been exceeded at any point during the Prospective Period, BMI will notify Licensees that the deduction applicable to gross revenues from all activities covered by the 2010 BMI Licenses will be 12% for the remainder of the License Term.
 - c. In the event BMI determines that the \$5 million cap has been exceeded at any point during the Prospective Period, the RMLC will have the right to review BMI's calculations to verify that the \$5 million cap has been exceeded.
6. For billing purposes only, the parties estimate that total industry fees for 2012 will be approximately \$150 million. The parties further estimate that Licensees have been billed by BMI approximately \$80 million for the period January 1, 2012 through May 31, 2012. As anticipated fees owed for the period June 1, 2012 through December 31, 2012 are estimated to be \$70 million, the parties agree that BMI shall apply the \$70.5 million credit discussed in Paragraph 3 above as an offset to the fees owed for the period June 1, 2012 through December 31, 2012. Any credit not utilized in 2012 shall be available to offset future license fees until the credit balance is eliminated. For the avoidance of doubt, BMI shall bill Licensees their remaining 2012 estimated fees on a monthly basis for the period beginning June 1, 2012, and shall expect no payment until the credit balance is eliminated. Final fees owing for 2012 will subsequently be calculated, and upward or downward adjustments to 2012 fees of \$150 million shall be made, on the bases set forth in Paragraphs 4.J and 4.M of the Station License and Paragraphs 4.D and 4.F of the Radio Group Transmissions License.
7. BMI represents and warrants to the RMLC that: (i) BMI has the right, power and authority to grant the rights provided for in the 2010 BMI Licenses and in this Agreement; (ii) there has been no material diminution of the BMI Repertoire since January 1, 2010; and (iii) if any BMI affiliate has withdrawn from BMI the right to license the right of public performance of New Media Transmissions, or withdraws such rights during the License Term, such withdrawal of licensing rights from BMI has not precluded, and will not preclude, BMI from granting a through-to-the-audience license to perform any or all of the copyrighted musical works in the BMI Repertoire of that BMI affiliate to the Licensees pursuant to this Agreement for the duration of the License Term.
8. BMI agrees to supply the RMLC, by May 15 of each year, with the requisite license fee data and station address/contact information for purposes of calculating and invoicing each station for its RMLC administrative fee.

9. BMI and the RMLC are entering into this Agreement without prejudice to any arguments or positions they or any Licensee may assert in any future rate proceeding concerning what constitutes reasonable blanket license or program-period license fees and terms for commercial radio stations.
10. For the License Term, there will be no credit against blanket license fees to account for otherwise-licensed BMI music.
11. For avoidance of doubt, the parties intend that the Radio Group Transmissions License cover only those New Media Transmissions made by a radio station owner that are not otherwise licensed under the Station License. By way of example, the Radio Group Transmissions License is applicable to Clear Channel's iHeartRadio transmissions that do not originate with a terrestrial radio station. The Radio Group Transmissions License is not to be used by radio station owners for the purpose of aggregating reporting to BMI for multiple terrestrial radio stations.
12. If, during the term of the 2010 BMI Licenses, any dispute arises between BMI and any Licensee concerning the interpretation of any of the provisions of this letter agreement or the 2010 BMI Licenses which, in the judgment of BMI and/or the RMLC, has or may have industry-wide impact, BMI and the RMLC shall first endeavor to resolve such dispute, failing which either BMI or the RMLC may refer the matter to the judge with supervisory authority over the BMI Consent Decree. In the event of such a reference, either BMI or the RMLC shall, as a preliminary matter, be entitled to assert that the dispute between them is not one that has or may have industry-wide impact and, as such, is not properly dealt with under the terms of this provision.
13. BMI and the RMLC agree to confer by no later than February 1, 2016 to seek to agree upon final (and, if necessary, interim) license fees for periods subsequent to December 31, 2016. Nothing herein shall affect the rights of BMI, the RMLC, or any Licensee to seek a determination of reasonable fees or the fixing of interim fees for the period commencing January 1, 2017, pursuant to the BMI Consent Decree.
14. Pursuant to Paragraph 13.B. of the Station License, BMI may provide certain of Licensees' proprietary information to the RMLC in response to a request from the RMLC in connection with its representation of the local radio industry unless Licensee notifies BMI in writing to the contrary. The RMLC agrees to treat any such proprietary information as confidential.

Very truly yours,

/s Michael Steinberg
Michael Steinberg
Senior Vice President, Licensing

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AGREED TO:

RADIO MUSIC LICENSE COMMITTEE

/s Edward K. Christian

Edward K. Christian

Chairman