



# **RMLC – SESAC Settlement Agreement**

July 23, 2015



## Settlement Agreement

This Settlement Agreement (or “**Agreement**”) is entered into as of July \_\_, 2015, by the Radio Music License Committee, Inc. (“**RMLC**”), and SESAC, Inc., SESAC, LLC, and SESAC Holdings, Inc. (together, “**SESAC**”) (collectively, the RMLC and SESAC are the “**Parties**”). This Agreement shall be effective as of the date it is signed by both Parties (the “**Effective Date**”) and, as of that date, shall fully and finally settle and resolve, in its entirety, the litigation pending in the United States District Court for the Eastern District of Pennsylvania captioned: *Radio Music License Committee, Inc. v. SESAC, Inc., et al.*, No. 2:12-cv-05807-CDJ (E.D. Pa.) (the “**RMLC Proceeding**”).

WHEREAS, the RMLC believes that it has meritorious claims in the RMLC Proceeding, but has concluded that — in order to avoid the delay and uncertainties associated with the RMLC Proceeding, and to assure immediate, long-term, benefits to the radio industry — entering into this Agreement would be in the best interests of the owners of commercial terrestrial stations broadcasting radio to a local geographic area in the United States (the “**Commercial Radio Stations**”) that are both (i) licensees of SESAC and (ii) represented by the RMLC (such RMLC-represented SESAC licensees are the “**Represented Stations**”); and

WHEREAS, SESAC believes it has meritorious defenses to the claims against it and does not, by entering into this Agreement, admit or concede any liability, but has concluded that it is desirable that the RMLC Proceeding be settled on the terms set forth in this Agreement in order to end the distraction and diversion of its personnel and resources so that it can focus on nurturing and growing its business;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the undersigned, on behalf of the RMLC and SESAC, that the RMLC Proceeding be resolved on the following terms and conditions:

1. **Monetary Consideration.** Within five (5) business days of the Effective Date, in consideration of the RMLC's reasonable attorney's fees and associated expenses in prosecuting the RMLC Proceeding, SESAC will make a payment to the RMLC in the amount of \$3,564,087.39 (Three Million Five Hundred Sixty-Four Thousand Eighty-Seven U.S. Dollars and Thirty-Nine Cents) pursuant to payment instructions provided by the RMLC's counsel.
2. **Represented Stations.**
  - a. Any owner of a Commercial Radio Station that is licensed by SESAC and is not delinquent in its payments of license fees to SESAC for a period of six months or more (*i.e.*, is not a Delinquent Station, as defined herein) can become a Represented Station if, on or before December 31, 2015 as to the 2016-2018 license period, or thereafter as prescribed in paragraph 2.d hereof, it agrees in writing to be bound by this Settlement Agreement and executes an authorization form an exemplar of which is annexed as Exhibit A hereto (the "**Authorization Form**"). A Commercial Radio Station will be deemed a Delinquent Station:
    - i. If the Commercial Radio Station has entered into a license agreement with SESAC calling for the payment by the station of a sum certain — that is, a dollar sum actually specified in the license as opposed to a fee calculated from a schedule, such as one keyed to highest unit ad

sales rates, the application of which may be subject to varying interpretation and/or adjustment over time — and that station fails to pay that sum certain when and as invoiced by SESAC in accordance with such license agreement; for the avoidance of doubt, this paragraph 2(a)(i) includes station group licenses setting forth payment of a sum certain subject to adjustment based on acquisitions or divestitures; or

ii. If the Commercial Radio Station (A) is licensed by SESAC pursuant to an agreement or arbitration award calling for payment by the station of license fees based on a percentage of the station's revenue or pursuant to some other formula or schedule; (B) has reported to SESAC its revenue or other necessary information or input required for SESAC to invoice such station; (C) receives an invoice from SESAC accurately based on (i) such reported revenue or other information or input or, (ii) if the station has failed to report the information or input necessary for the accurate calculation of the fee to be invoiced, based on SESAC's reasonable determination thereof, pending the station's reporting to SESAC of the necessary information or input; and (D) fails to pay such invoice.

- *Provided, however,* that for purposes of the initial 2016-2018 license period of this Agreement only, a Commercial Radio Station that is currently in arrears in its payment of license fees to SESAC by more than six months may become a Represented Station if

(A) it is current in its payments of license fees to SESAC for the six-month period ending December 31, 2015, and at the time it makes its payment for this period provides written notice to medwards@SESAC.com that this payment is being made for this purpose or the Commercial Radio Station provides with its remittance a separate letter stating the period the remittance covers and (B) it does not thereafter become delinquent in its payments of license fees to SESAC for a period of six months or more. For the avoidance of doubt, SESAC's rights to seek payment for amounts due and unpaid from any Commercial Radio Station are unaffected by anything in this paragraph 2.

- b. The RMLC shall, promptly after December 31, 2015, prepare and submit to SESAC a comprehensive list, in hard copy and electronic format, of all Represented Stations as of that date, including the owner's name, the station call letters, FCC facility identification number, and frequency.
- c. Represented Stations that elect to be bound by this Agreement within the time period set forth in subparagraph (a) of this paragraph 2 agree to designate the RMLC to negotiate and, if necessary, to elect binding arbitration on their behalf to determine, for the license periods beginning 2016, the license fees and terms for such Represented Stations' public performances of music in the SESAC repertory within the scope of authorized uses prescribed in paragraph 4 hereof (such license fees and terms hereafter referred to as "**License Fees and Terms**").

d. Thereafter, Represented Stations or any other Commercial Radio Station meeting the criteria set forth in subparagraph (a) of this paragraph 2 may, by September 30, 2018 — and correspondingly, by September 30 of the last year of the license periods designated in list items (i)-(iv) below — similarly designate the RMLC to negotiate and, if necessary, elect binding arbitration on their behalf to determine the License Fees and Terms for the scope of licenses authorized hereunder to govern the succeeding license periods.

Those license periods are:

- i. January 1, 2019 through December 31, 2022
- ii. January 1, 2023 through December 31, 2026
- iii. January 1, 2027 through December 31, 2030
- iv. January 1, 2031 through December 31, 2034.

The license periods beginning January 1, 2016 through the end of the term of this Agreement are referred to herein as “**Future License Periods.**”

e. If a Represented Station changes ownership at any point from the execution of this Agreement to December 31, 2016, then, as relevant, for the remainder of 2015 on a final basis and from January 1, 2016 through December 31, 2016 on an interim basis (subject to the provisions of paragraph 7 for establishing final License Fees and Terms from January 1, 2016 through the term of this Agreement), SESAC agrees to license the new owner for the newly-acquired Represented Station at the lower of SESAC’s then-existing fee schedule for the industry or any existing fee schedule with the new owner.

- f. Any Represented Station wishing no longer to retain such status for succeeding license periods shall notify both the RMLC and SESAC in the manner prescribed in the Authorization Form.
- g. SESAC will be obligated to offer the terms and conditions negotiated with RMLC, or determined through arbitration, only to Represented Stations that are not Delinquent Stations at the time a negotiated agreement on fees between SESAC and the RMLC is entered into or, if License Fees and Terms are set in arbitration pursuant to paragraph 7, then at the time the arbitration is commenced and at the time the arbitration award is rendered. If a station becomes a Delinquent Station after the award is rendered or an agreement is negotiated, neither the RMLC nor any other Represented Station shall be required to pay the license fees allocated to such station, without prejudice to any of SESAC's rights to seek to enforce payment of such fees in accordance with law.
- h. **Definitions.** In this Agreement:
- i. “**SESAC Repertory Search Database**” means the database currently accessible at <http://www.sesac.com/Repertory/Terms.aspx>.
  - ii. “**SESAC Song List**” means the Song List currently accessible at <http://www.sesac.com/Repertory/RepertorySongListTerms.aspx>.
  - iii. “**SESAC repertory**” and “**SESAC musical work**” mean the music contained at any given time in the SESAC Repertory Search Database and the SESAC Song list to the full extent of SESAC's rights to

represent the composers, producers or music publishers owning performance rights to such music.

3. **2015-2016 Fees.** For the remainder of 2015 on a final basis, and from January 1, 2016 forward on an interim basis (subject to the provisions of paragraph 7 hereof for establishing final License Fees and Terms from January 1, 2016 through the term of this Agreement):
  - a. SESAC will continue to license Represented Stations at their existing, 2015 fee levels. In turn, Represented Stations shall pay the fees to SESAC that they are contractually obligated to pay. Notwithstanding the foregoing, if a Represented Station converts from a primarily music to a primarily all-talk format, or vice versa, that station will pay license fees to SESAC at the prevailing SESAC rate for the new format, consistent with the notice provisions contained in the governing agreements. In such circumstances, SESAC shall offer the converting Represented Station licenses in the same form and at the same fee level as SESAC has promulgated for the industry for 2015.
  - b. SESAC will not institute any new audits against any Represented Station, will discontinue with prejudice any existing audits of any Represented Station by terminating any such existing audits (whether disputed or unpaid), and represents that it has not sought additional license fees from any Represented Station pursuant to audits closed out within the prior thirty (30) days before the Effective Date.

- c. Nothing in subparagraphs (a) or (b) of this paragraph 3 shall limit SESAC's rights and remedies in pursuing the collection of license fees contractually owing and in arrears from any Represented Station.
4. **License Scope.** For all periods covered by this Agreement, the License Fees and Terms for radio performance licenses to the music in SESAC's repertory by Represented Stations either prescribed in this Agreement or to be negotiated or determined by arbitration shall include, on a non-subscription, linear transmission, through-to-the-audience basis (excluding commercial audiences) (i) public performances of SESAC-repertory works in audio-only programming, ambient music, and commercial announcements contained in stations' (and any translator stations') FCC-licensed terrestrial and HD broadcasts and multicasts, and (ii) "new media" transmissions, including performances transmitted via the Internet, wireless data networks, or any other similar transmission facilities either directly by the Represented Station or using a third party with which the Represented Station is in privity and with which it has a commercial relationship, excluding (A) on-demand, subscription service transmissions and (B) webcasting services akin to iHeartRadio and Pandora, *i.e.*, music-intensive "custom radio" services. For the avoidance of doubt, no person or enterprise that predominantly provides commercial activities or services *excluded* from the scope of license coverage under this paragraph 4 shall be a Represented Station for purposes of such excluded commercial activities or services by virtue of its acquisition of or by, or other affiliation with, (x) a Commercial Radio Station or (y) the direct or indirect owner of a Commercial Radio Station.

5. **Affiliate Agreements.** Beginning as of the Effective Date and continuing until December 31, 2037, SESAC shall not enter into agreements with its affiliated composers, producers and music publishers (“**affiliates**”), or extend the initial term of any existing agreements with affiliates, that:
- a. expressly prohibit any affiliate from issuing a public performance rights license directly to a Commercial Radio Station or network or program producer (or agent thereof), or
  - b. have the effect of interfering with the ability of any affiliate to issue a public performance rights license directly to a Commercial Radio Station or program producer as a result of, including but not limited to by,
    - i. imposing penalties on the affiliate for issuing a direct license, or
    - ii. requiring that proceeds of any sales of direct licenses be forfeited to SESAC except that, to the extent SESAC advances monies to its publisher or writer affiliates in the form of a guarantee, advance, or otherwise, SESAC shall be permitted to enter into agreements with such affiliates requiring that a portion of the proceeds of any sales of direct licenses by those affiliates, not to exceed eighty (80) percent, be directed to SESAC for its benefit up until said guarantees, advances or the like have been recouped; or
    - iii. making the affiliate refer requests to renew existing direct licenses, or for new direct licenses, to SESAC in the first instance, or

- iv. permitting the affiliate to issue renewals, or new direct licenses, only if SESAC did not reach agreement with the affiliate, and then only at a price equal to that for which SESAC would offer such a license.

To the extent that any such provisions are contained in existing agreements between SESAC and its affiliates, SESAC agrees not to enforce those provisions.

**6. All-Talk Amendment/Per Program License.**

- a. For the remainder of 2015 and continuing on an interim basis thereafter until final License Fees and Terms are negotiated or arbitrated for the period beginning January 1, 2016, SESAC shall continue to offer Represented Stations its current form of All-Talk Amendment as an alternative to a blanket license.
- b. Should the RMLC elect at the time of future license negotiations to replace the current All-Talk Amendment with a per-program license in lieu of SESAC's All-Talk Amendment, SESAC shall offer all Represented Stations such a license, the terms of which shall be determined either through negotiation or in binding arbitration conducted pursuant to paragraph 7. Those same negotiations or that same arbitration shall determine the allocated share of a one-time per-program license start-up fee (reflecting reasonable start-up costs by SESAC related to the development of the systems and mechanisms required to administer the per-program license) and administrative fees on a going-forward basis (reflecting costs reasonably incurred by SESAC to administer the per-program license) to be paid by Represented Stations. Such fees will be allocated among Represented

Stations (or per-program-electing stations) in such manner, and paid on such schedule, as the Parties may agree upon or as may be ordered by arbitration. An initial per-program license will not be offered retroactively; rather, it will be offered only prospectively following determination of all per program License Fees and Terms by agreement of the Parties or by the arbitrators; *provided, however,* that if per-program License Fees and Terms are determined in binding arbitration, the per-program license so determined shall be offered no later than six months from the date of the award finally determining all, or the last of, such License Fees and Terms. SESAC will not be required to offer both a per-program license and the All-Talk Amendment simultaneously.

7. **Future Licenses – Negotiation and Arbitration.** The Parties agree to the following process and structure to govern the setting of License Fees and Terms between SESAC and Represented Stations for the period January 1, 2016 through December 31, 2037 for the scope of licenses set forth in paragraph 4 hereof:
  - a. The RMLC and SESAC shall pursue good-faith negotiations beginning no later than April 1st of each of 2016, 2018, 2022, 2026, 2030 and 2034 over License Fees and Terms for the next succeeding license period.
  - b. If, by June 30, 2016, or December 31st of any of 2018, 2022, 2026, 2030 and 2034, agreement has not been reached over License Fees and Terms for the current or next succeeding license period, as applicable, then either Party, as its exclusive dispute resolution remedy, may elect to pursue binding arbitration. The initial arbitration, covering the Future License Period from

January 1, 2016 through December 31, 2018, shall be conducted during the first calendar quarter of 2017 and an award containing the License Fees and Terms to be paid by the Represented Stations shall be rendered no later than thirty (30) days after the record of such arbitration, including all briefing, is closed. Each subsequent arbitration shall, unless otherwise agreed to by the RMLC and SESAC, be completed, and an award containing the License Fees and Terms to be paid by the Represented Stations shall be rendered, within six (6) months of the date that the arbitration panel is constituted and in no event later than December 31st of each of 2020, 2023, 2027, 2031, and 2035, for the succeeding Future License Periods.

- c. The RMLC shall not be permitted to represent in any negotiation or arbitration any Represented Station that is a Delinquent Station at the time that the arbitration is commenced, at the time the arbitration award is rendered, or at the time a negotiated agreement on fees is entered into, and the RMLC will not be permitted to allocate to any such station any fees awarded in arbitration pursuant to this paragraph. As provided in ¶ 2(g), above, if a station becomes a Delinquent Station after the award is rendered or an agreement is negotiated, neither the RMLC nor any other Represented Station shall be required to pay the license fees allocated to such station, without prejudice to any of SESAC's rights to seek to enforce payment of such fees in accordance with law.
- d. The License Fees and Terms governing the last year of the Future License Periods ending in 2018, 2022, 2026, 2030 and 2034 shall, for each Represented Station, remain in place on an interim basis until License Fees

and Terms for the subsequent License Period have been determined through negotiation or arbitration. During this interim phase, any Represented Station that continues to make payments pursuant to the terms of its expiring license (under either a blanket, All-Talk Amendment, per-program, or other applicable license) shall be treated by SESAC and its affiliates as fully licensed, to the full extent of that license, and SESAC and its affiliates shall not sue or threaten to sue any such Represented Station for copyright infringement. (The foregoing does not limit any separate claims by a SESAC affiliate relating to then-existing direct licenses with a Represented Station.) Interim fees so payable shall be retroactively adjustable to the beginning of the new license term based on the results of either negotiations between the RMLC and SESAC or binding arbitration.

- e. Unless otherwise agreed to in writing between the RMLC and SESAC, the arbitrations contemplated by this paragraph 7 shall be conducted according to the following procedures:
  - i. The arbitration shall be conducted by three arbitrators, one appointed by the RMLC, one appointed by SESAC, and the third, who shall serve as the chair of the panel, appointed by the first two or, if they are unable to agree, to be appointed from the panel of complex litigation neutral arbitrators of JAMS. Each Party-appointed arbitrator shall be neutral and independent of the appointing Party. Each Party shall bear the cost of its Party-appointed arbitrator as well as one-half the cost of

the third arbitrator. The Parties shall otherwise bear their own costs of arbitration.

- ii. The arbitration shall be conducted in New York, New York, and shall be decided in accordance with New York law, without regard to choice of law principles. To the extent any matters of federal law may be considered, they shall be determined in accordance with federal law.
- iii. The award setting forth the License Fees and Terms shall be embodied in a reasoned written decision by the panel. The award shall contain, among other things, the annual fees (or the methodology for computing such fees, *e.g.*, the percentage of prescribed station revenues) to be paid by the Represented Stations to SESAC during the Future License Period under consideration as to each license to be offered by SESAC. SESAC will not oppose the setting of a prescribed minimum license fee to be charged by SESAC to smaller Represented Stations (although SESAC may contest in arbitration the amount of such minimum license fee), nor will SESAC oppose establishment of a unitary license and rate for over-the-air, streaming and HD radio transmissions within the scope of license set forth in paragraph 4, with the understanding that the award of such minimum fees and restructuring of rates into a unitary license shall not diminish the total, industry-wide license fees to which SESAC otherwise may be determined to be entitled.

iv. Any suit, action or other legal proceeding brought by either Party to enforce an award or otherwise relating to the arbitration shall be instituted in federal district court in New York, New York or, if and only if federal jurisdiction is lacking, in the Supreme Court of the State of New York, County of New York.

8. **Confidentiality.** Except to the extent disclosure is required by applicable law, the record in binding arbitration, as well as the content of the Parties' negotiations (including any proposals or positions communicated during negotiations), shall remain private and confidential and shall not be disclosed to anyone other than the Parties and the Represented Stations. This confidentiality provision shall not restrict disclosure of the License Fees and Terms that are established either by agreement between SESAC and the RMLC or in binding arbitration over the term of this Agreement.
9. **Licensing of Additional Performances.** Any Represented Station (or the RMLC, on behalf of one or more Represented Stations) shall be entitled to invoke the dispute resolution mechanism set forth in paragraphs 7(b) – 7(d) hereof with respect to unresolved license fees or terms for a SESAC license covering public performances by a Represented Station (or a corporately-affiliated entity) in relation to commercial activities or services *excluded* from the scope of license coverage under paragraph 4 of this Agreement. In the event of any such disputes, the parties (here, the Represented Station(s), the RMLC and SESAC) shall discuss the optimal procedure for resolving the matter, *e.g.*, whether as a part of an existing or prospective

arbitration determining industry-wide fees encompassed by this Agreement, as a separate arbitration, or otherwise.

10. **Split Works.** Without intending to affect the manner in which copyright law deals with joint copyright owners' licensing of so-called "split works," in adjudicating license fees and terms under paragraphs 4 and 9, the arbitrators shall determine and award the value of all music in SESAC's repertory, including the contribution to that value of works in which SESAC affiliates own less than 100% of the copyright interest. Neither the RMLC nor any Represented Station shall argue that the value to be ascribed to such works should be diminished (other than proportionately to the partial ownership interests they represent) on account of the fact that other rightsholders-in-interest not represented by SESAC also own percentages of the copyright interest in such works.
11. **Allocations.** For each license period the methodology for allocating among the Represented Stations the amounts payable to SESAC will be established either by agreement reached between SESAC and the RMLC or in arbitration in accordance with the terms of this Agreement, except to the extent that the fees determined by agreement or in arbitration are based on a percentage-of-revenue formula.
12. **Non-Precedential Nature of Prior Fees.** The sums and the methodology of computation of such sums paid to SESAC by the Represented Stations as final license fees (whether individually or in the aggregate) for all periods prior to January 1, 2016, any interim fees payable from January 1, 2016 forward are agreed to be non-precedential and shall not be used in any manner in any arbitration between the Parties as may be conducted pursuant to this Agreement. Notwithstanding the

foregoing, the existence of, and SESAC's experience with, the All-Talk Amendment may be offered in evidence in any arbitration conducted pursuant to this Agreement.

13. **SESAC Repertory.** Beginning as of the Effective Date and continuing until December 31, 2037:

- a. SESAC shall maintain on its website the recently-added SESAC Song List, which will contain the titles of musical works in SESAC's repertory and the names of SESAC affiliates associated with those musical works and which will be searchable by song title or affiliate and will be downloadable;
- b. SESAC will promptly identify in its Repertory Search Database and Song List music content that it is aware is being used in radio national and spot commercial announcements;
- c. SESAC will not reinstate the former 100-search-per-day limitation on its Repertory Search Database, and no such limitation will be imposed on searches of the SESAC Song List; and
- d. SESAC will use reasonable efforts to keep current the information in both the SESAC Song List and the SESAC Repertory Search Database.
- e. SESAC and the RMLC will, at the times prescribed for negotiations pursuant to paragraph 7(a) hereof, on a good-faith basis, discuss possible modifications or augmentations of the search tools identified within this paragraph 13 – which modifications or augmentations will be adopted to the extent the parties reach agreement thereon.

14. **Forbearance from Suit/Grace Period.** SESAC will grant a Commercial Radio Station not already holding a SESAC license a forty-five (45) day grace period

beginning on the day that a musical work is first posted to the Song List or Repertory Search database to obtain a license from SESAC or via direct licensing covering that musical work (to the extent no prior such license is already in effect), during which forty-five (45) day period SESAC will not claim copyright infringement on the part of a Commercial Radio Station that performed a SESAC musical work, provided that such station acted in good faith and was unaware that the musical work is within SESAC's repertory. Prior to commencing any action for copyright infringement, SESAC will provide at least forty-five (45) days' written notice to the unlicensed Commercial Radio Station that it has performed one or more works posted to the Song List or Repertory Search database, identifying all such works (and the dates and times they were performed) that form the basis of the demand letter. Such identification will be without prejudice to assertions of additional claims by SESAC related to other performed works that were not identified in such notice, in the event the matter has not been amicably resolved. For the avoidance of doubt, this paragraph 14 encompasses musical works contained, not only in station programming, but also in commercial announcements and incidental music.

15. **RMLC Administrative Fee.**

- a. The provisions of this paragraph relating to the RMLC Administrative Fee shall remain in effect for the entire term of this Agreement unless SESAC is notified by the RMLC as to the RMLC's desire to terminate them in favor of the RMLC's separate remittances to Represented Stations. Any such termination notice shall be served upon SESAC on or before November 15th

of the calendar year preceding the year as to which such notice is to be effective.

- b. On or about December 31, 2015, and September 30 of each of 2018, 2022, 2026, 2030 and 2034, the RMLC shall furnish to SESAC an electronic and hard copy list of all Represented Stations. In connection with the RMLC Administrative Fee and upon the RMLC's periodic request, SESAC has agreed to provide the RMLC, on a confidential basis, with an up-to-date list of the Commercial Radio Stations that are licensees of SESAC and their mailing addresses. Such list will be accompanied by an identification of Represented Stations which, in the period since the prior such list (as applicable) has been provided to the RMLC, have been deemed Delinquent Stations, provided that Represented Stations have in writing agreed to waive confidentiality as to their account status with SESAC. In either the first or second invoice that SESAC issues to each Represented Station for the following year (such invoices are currently sent in December and January, respectively), SESAC will include, in addition to the amounts owed to SESAC, an amount specified by the RMLC as the sum owed by each Represented Station to the RMLC if it chooses to be or remain a Represented Station (the "**RMLC Administrative Fee**" or "**RMLC Fee**"). (It is understood that, in 2016, the invoice in which SESAC first includes the RMLC Fee may be later than the first or second invoice of the year because SESAC will receive the electronic and hard copy list of all Represented Stations on December 31, 2015.) The RMLC shall be responsible for obtaining the consent of Represented Stations to the payment

of such Administrative Fee. If a Represented Station fails to pay such invoice, SESAC will continue to reflect the unpaid RMLC Administrative Fee in each subsequent invoice SESAC sends during the same calendar year to the Represented Station for license fees due and owing to SESAC.

- c. On the invoices issued pursuant to paragraph 15(b), the amount a Represented Station owes to SESAC and the amount it owes to the RMLC will be set forth as separate line items on a single invoice which will state a cumulative total payable to SESAC. All payments received by SESAC in respect of sums owing SESAC shall be credited, first, to SESAC in payment of the amounts due and owing SESAC as reflected on that invoice. No payment received from a Represented Station will be credited to the account of, or due, the RMLC until the amount due and owing to SESAC as reflected on such invoice shall have been paid, regardless of any designation by the paying station. However, if SESAC receives payment in full for a prior invoice, including payment of the RMLC Administrative Fee, after SESAC has issued a subsequent invoice, SESAC will credit the RMLC for the payment of the RMLC Fee.
- d. SESAC shall pay quarterly to the RMLC amounts collected in the foregoing manner on the RMLC's behalf and shall provide appropriate support for each quarterly payment.
- e. While SESAC shall have no duty to collect or seek to compel payment of monies owed by any station to the RMLC, other than by sending the invoices specified in paragraph 15(b), in the event one or more Represented Stations

pays the SESAC license fee but not the RMLC Administrative Fee on the invoices described in paragraph 15(b), SESAC and the RMLC will discuss appropriate means of securing full payment from any such entities.

- f. SESAC shall neither charge, nor retain, any administrative fee associated with billing these RMLC Administrative Fees.
- g. Nothing in this paragraph 15 nor anything else in this Agreement shall be deemed or construed by the Parties or by any third person to create a fiduciary duty, a relationship of principal and agent, a relationship of partner or joint venturer, or any other relationship of trust and confidence between SESAC, on the one hand, and either the RMLC or any Represented Station on the other hand.

16. **Releases.**

- a. The RMLC, on behalf of itself and its current and former officers, directors, principals, shareholders, partners, members, associates, employees, agents, indemnitors, insurers, attorneys and legal representatives, and each of their predecessors, successors, assigns, and all persons and entities claiming by or through them or on their behalf, and on behalf of each Represented Station (collectively, the “**RMLC Releasor**”), whether by statute, rule, contract or otherwise, hereby now and forever fully, finally and forever releases, settles, remises, acquits, relinquishes, and discharges SESAC and its affiliates, current and former officers, directors, principals, shareholders, partners, members, associates, employees, agents, indemnitors, insurers, attorneys and legal representatives, and each of their predecessors, successors, and assigns from

all claims asserted in the Complaint in the RMLC Proceeding and all disputes or claims that the RMLC Releasor could have asserted against SESAC and its affiliates at any time through the date of execution hereof, except for disputes with or claims against SESAC that do not arise under the antitrust or competition laws of any jurisdiction (the “**Antitrust Laws**”) for amounts due, owing or unpaid under existing licenses. The RMLC Releasor covenants not to claim in any negotiation, arbitration or litigation, for the duration of the Settlement Agreement, that SESAC is violating the Antitrust Laws to the extent SESAC conducts its business in accordance with the obligations imposed on it by this Agreement. For the avoidance of doubt, nothing shall prohibit an RMLC Releasor from bringing any claims at any time for violations of the Antitrust Laws against other entities, including but not limited to those in which SESAC now has, or in the future may have, an ownership stake or other financial interest, or with which SESAC now has, or may in the future have, a licensing or other business relationship (the “**Third Party Claims**”), but will prohibit an RMLC Releasor from asserting claims of wrongdoing by SESAC under the Antitrust Laws predicated on the complained of course of conduct that were or could have been asserted in the Complaint in the RMLC Proceeding in connection with the assertion or prosecution of such Third Party Claims and from funding any other person or entity asserting such claims.

- b. SESAC, on behalf of itself and its current and former officers, directors, principals, shareholders, partners, members, associates, employees, agents,

indemnitors, insurers, attorneys and legal representatives, and each of their predecessors, successors, assigns, and all persons and entities claiming by or through them or on their behalf (collectively, the “**SESAC Releasor**”), whether by statute, rule, contract or otherwise, hereby now and forever fully, finally and forever releases, settles, remises, acquits, relinquishes, and discharges the RMLC and each Represented Station, current and former officers, directors, principals, shareholders, partners, members, associates, employees, agents, indemnitors, insurers, attorneys and legal representatives, and each of their predecessors, successors, and assigns, from all claims that SESAC could have asserted through the Effective Date, except for disputes or claims against Represented Stations that do not arise under the Antitrust Laws for amounts due, owing or unpaid under existing licenses.

- c. The RMLC Releasor or the SESAC Releasor may hereafter discover facts in addition to or different from those that it now knows or believes to be true with respect to the subject matter of the foregoing Releases, but each of the RMLC Releasor and SESAC Releasor shall expressly have fully, finally and forever settled, released and discharged any and all claims that are the subject matter of these Releases, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or have existed upon any theory of law or equity now existing or coming into existence in the future, without regard to the subsequent discovery or existence of such different or additional facts. Each of the RMLC Releasor and SESAC Releasor expressly waives and relinquishes, to

the fullest extent permitted by law, the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, or international or foreign law, which is similar, comparable or equivalent to Section 1542 of the California Civil Code, to the extent applicable, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

- d. These Releases shall not apply to or waive or release any claim for breach or enforcement of the terms of this Agreement.
17. **Stipulation of Dismissal.** Within five (5) business days of the Effective Date, counsel for the Parties shall execute and file a Stipulation and Proposed Order under FED. R. CIV. P. 41(a)(2) for dismissal of the RMLC Proceeding.
18. **No Admission of Liability.** By entering into this Settlement Agreement, SESAC does not admit any liability whatsoever in connection with the RMLC Proceeding or that the RMLC or any Commercial Radio Stations would be entitled to any relief from SESAC. Nor shall this Agreement be construed as, or deemed to be evidence of, or a concession or an admission by SESAC, or to give rise to any sort of inference or presumption of the truth of any fact alleged, or the validity of any claim asserted by the RMLC in the RMLC Proceeding. Similarly, nor shall this Agreement be construed as, or deemed to be evidence of, or a concession or an admission by the RMLC, or to give rise to any sort of inference or presumption of the truth of any defense asserted, or the validity of any position taken by SESAC in the RMLC Proceeding. This Agreement shall not be offered or received in evidence as an

admission or concession of any liability or wrongdoing by any of the Parties with respect to any matter or thing whatsoever; provided, however, that this Agreement may be referred to, or offered or received in evidence, in any proceeding as may be necessary for the sole and exclusive purpose of consummating, effectuating or enforcing, or obtaining relief for breach of, or pursuant to, this Agreement.

19. **Arbitration of Disputes Arising under Settlement Agreement.** SESAC and the RMLC agree to submit to arbitration, at such times as are otherwise agreed to herein, any disputes or claims arising under or relating to this Settlement Agreement. The arbitrators, in their discretion, may award attorney's fees and disbursements associated with such disputes or claims to the Party that prevails with respect to each such dispute or claim, if the arbitrators determine that such an award is reasonable, taking into account the circumstances, but the arbitrators may not award attorney's fees and disbursements incurred by either Party in connection with arbitration of License Fees and Terms as contemplated herein. Notwithstanding the foregoing, nothing in this paragraph 19 shall preclude the RMLC, Represented Stations, or SESAC from seeking injunctive or other equitable relief in court arising out of asserted violations of the terms of this Agreement, pending ultimate determination by the arbitrators of whether there have been any violations of the terms of this Agreement.

20. **Entire Agreement.** This Settlement Agreement contains an entire, complete, and integrated statement of each and every term and condition agreed to by and among the Parties and is not subject to any term or condition not provided for herein. This Settlement Agreement shall not be amended, changed or otherwise modified in any

respect except by a writing executed by duly authorized representatives of the RMLC and SESAC. In entering into this Settlement Agreement, neither the RMLC nor SESAC has made or relied on any fact, matter, promise, statement, warranty or representation not specifically set forth in this Agreement. There shall be no waiver of any term or condition absent an express writing to that effect by the Party to be charged with that waiver (including, for non-natural persons, by an authorized representative thereof). No waiver of any term or condition in this Settlement Agreement by any Party shall be construed as a waiver of a subsequent breach or failure of the same term or condition, or waiver of any other term or condition of this Settlement Agreement.

21. **Severability.** If any provision of this Settlement Agreement should be held to be void or unenforceable, in whole or in part, the tribunal so holding shall reform the provision to make it enforceable while maintaining the spirit and goal of the provision, and if the tribunal finds it cannot so reform that provision, such provision or part thereof shall be treated as severable, leaving valid the remainder of this Settlement Agreement.
22. **Counterparts.** The Parties may sign this Settlement Agreement in counterparts.
23. **Governing Law.** This Settlement Agreement and any dispute arising out of or relating to it, including matters relating to the validity, construction, interpretation, enforceability and/or performance of any of the terms or provisions of this Agreement or of any Party's rights or obligations under this Agreement, shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its conflict of laws principles.

24. **Authorization.** Each of the undersigned representatives of the Parties represents that he or she is fully authorized to enter into, and to execute, this Settlement Agreement on behalf of that Party. Each of the RMLC and SESAC agrees that, in return for the agreements herein, it is receiving good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged.
25. **Construction.** This agreement has been negotiated and drafted by counsel to both Parties. No portion of this Agreement shall be interpreted or construed against any Party as the drafter. No draft of this Agreement is admissible or may be considered in connection with the construction of this Agreement or for any other reason. The Exhibit annexed or referred to in this Agreement is hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”
26. **Notice.** Except as set forth in paragraph 2(a)(ii) and with respect to the transmission of the completed Authorization Form by Commercial Radio Stations to the RMLC electing to become Represented Stations, all notices shall be served by electronic and by overnight courier as follows:

All notices to the RMLC, from Represented Stations or from SESAC, shall be sent to:

RADIO MUSIC LICENSE COMMITTEE  
1616 Westgate Circle  
Brentwood, TN 37027  
Phone: (615) 844-6260  
Fax: (615) 844-6261  
bill@radiomlc.org  
Attention: Bill Velez

with a copy to  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, N.Y. 10153  
Tel: (212) 310-8170  
Fax: (212) 310-8007  
Email: bruce.rich@weil.com  
Attention: R. Bruce Rich

All notices to SESAC, from Represented Stations or the RMLC, shall be sent to:

SESAC, Inc.  
Attention: John H. Josephson, Chairman and Chief Executive Officer  
152 West 57th Street, 57th Floor  
New York, NY 10019  
Tel. (212) 586-3450  
Fax (212) 489-5690  
Email: john@sesac.com  
and  
Attention: Patrick Collins, President and CEO of SESAC Performing Rights  
55 Music Square East  
Nashville, TN 37203  
Tel. (615) 320-0055  
Fax (615) 329-9627  
Email: pcollins@sesac.com

With a copy to:  
JOSEPH HAGE AARONSON LLC  
485 Lexington Avenue, 30th Floor  
New York, New York 10017  
Tel: (212) 407-1200  
Fax: (212) 407-1280  
Email: gjoseph@jha.com  
Attention: Gregory P. Joseph

or such other address as either Party may hereafter specify for the purpose by notice to the other Party. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Agreed to as of the 23 day of July 2015:

RADIO MUSIC LICENSE COMMITTEE, INC.

SESAC, INC.  
SESAC, LLC  
SESAC HOLDINGS, INC.

By: 

Name: EDWARDS K. CHRISTIAN

Title: CHAIRMAN

By:

Name: \_\_\_\_\_

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

Agreed to as of the \_\_\_\_ day of July 2015:

RADIO MUSIC LICENSE COMMITTEE, INC.

SESAC, INC.  
SESAC, LLC  
SESAC HOLDINGS, INC.

By:

By: 

Name: \_\_\_\_\_

Name: JOHN A. JOSEPHSON

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

Title: CHAIRMAN & CEO

## EXHIBIT A

### AUTHORIZATION TO PARTICIPATE IN SESAC LITIGATION SETTLEMENT

#### Settlement of Antitrust Lawsuit

The commercial terrestrial radio broadcasting stations identified below (“Stations”) agree to be bound by the terms of the Settlement Agreement resolving the antitrust case captioned *Radio Music License Committee, Inc. v. SESAC, Inc., et al.*, No. 2:12-cv-05807-CDJ (E.D. Pa.). The Stations acknowledge that a copy of the Settlement Agreement has been provided to them (and also is on the RMLC website at <http://www.radiomlc.org/pages/6282116.php>), and that they have reviewed the terms of the Settlement Agreement and agree to be bound by them.<sup>1</sup>

Subject to providing the notice described below, Stations authorize the RMLC to negotiate -- and, as appropriate in the discretion of the RMLC, to arbitrate -- with SESAC on their behalf for licenses of up to three- or four-year periods covering the 22-year span of the Settlement Agreement (2016 through 2037) and to be bound by the outcome of such negotiations and arbitrations.

Also as a part of the settlement, Stations agree to release the antitrust claims against SESAC that have been asserted on their behalf in the litigation, as more fully described in Paragraph 16 of the Settlement Agreement.

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<sup>1</sup> The terms of the Settlement Agreement *exclude* from participation stations that (a) are not licensed by SESAC, or, except as provided below, (b) are delinquent in their payments of license fees to SESAC for a period of six months or more (as described in Paragraph 2(a)(i)-(ii) of the Settlement Agreement).

For the initial license period 2016-2018, a station that is currently in arrears in its payment of license fees to SESAC by more than six months will still be eligible to obtain the benefits from this Settlement Agreement if (A) it is current in its payments of license fees to SESAC for the six-month period ending December 31, 2015, and at the time it makes its payment for this period provides written notice to [medwards@SESAC.com](mailto:medwards@SESAC.com) that this payment is being made for this purpose or the station provides with its remittance a separate letter stating the period the remittance covers and (B) it does not thereafter become delinquent in its payments of license fees to SESAC for a period of six months or more.

Stations that are eligible and agree to be bound by the Settlement Agreement understand and consent to SESAC providing the RMLC, on a confidential basis, with information about their account status with SESAC to determine whether a station is eligible to obtain the benefits of the Settlement Agreement, as more fully described in Paragraph 15 of the Settlement Agreement, and for this limited purpose only.

**RMLC Administrative Fee**

The Stations understand and agree that this authorization obligates them to pay an administrative fee to the RMLC, as more fully described in Paragraph 15 of the Settlement Agreement, in support of the RMLC’s ongoing activities in relation to SESAC on the industry’s behalf. The accompanying letter from the RMLC notifies Stations as to that administrative fee estimate for the license period 2016-2018, and the RMLC will notify Stations by not later than July 31st of each of 2018, 2022, 2026, 2030 as to its cost estimates for the license periods commencing the January following those respective dates.

Unless you are advised that the RMLC will bill and collect directly from Stations their pro rata share of these administrative fees, the RMLC will arrange for SESAC to bill and collect the Stations’ pro rata share of these administrative fees in annual installments to be remitted by SESAC to the RMLC. Stations agree to pay this fee in full immediately upon receipt of the appropriate annual bill. Stations further agree that the FCC licensee of record as of June 1 of a given year will be responsible for making full payment of the RMLC administrative fee billed for that calendar year.

**Notice of Future Opt-Out**

Should Stations determine, at a future point in time, to forego the ongoing benefits of this settlement, and elect instead to deal with SESAC directly in licensing matters, Stations will provide notice of such intent to the RMLC by not later than September 30th of the last year of the then-current license period. (Those license periods are set forth in Paragraph 2.d. of the Settlement Agreement.) Such notice will be transmitted by the means specified in Paragraph 26 of the Settlement Agreement and sent to the RMLC address listed there. Any such notice will become effective as of the following January 1st.

**Representation**

Stations acknowledge that they have had an opportunity to read and understand the terms and conditions of the Settlement Agreement, have voluntarily accepted such terms, and the signatory is fully authorized to enter into, and to execute, this authorization on behalf of Stations. If a Station changes ownership in the future, the new owner shall assume the benefits and obligations of this authorization.

Name of Company or Group: \_\_\_\_\_

Signature and Title (Owner or Officer Only): \_\_\_\_\_



