

Radio Music License Committee
Methodology For ASCAP Industry-Wide License Fee Allocation for the Period
January 1, 2004 through December 31, 2009

I. Allocation of Industry-Wide Fees for Calendar Year 2004

A. For calendar year 2004, each station shall pay final license fees equal to its “2003 Benchmark Fee,” plus an incremental amount equal to the percentage difference between the final industry-wide fees payable to ASCAP for calendar year 2003, \$166,218,000, and the industry-wide fees payable in 2004, \$176,450,000 (6.2%), less amounts already paid for 2004.¹

B. Each station’s “2003 Benchmark Fee” shall equal the final amount payable by the station to ASCAP for calendar year 2003, subject to the following exceptions:

(i) In the event a station switched from an ASCAP Interim Blanket License [capitalized terms that are not defined herein shall have the same meaning as in either the ASCAP 2004 Radio Station License Agreement or the ASCAP/RMLC Letter Agreement dated September 15, 2004] to an ASCAP Interim Per Program License, or vice versa, during calendar year 2003, the station’s 2003 Benchmark Fee shall equal the annualized amount that the station would have paid to ASCAP had the station been operating for the entire calendar year 2003 pursuant to the form of license under which it was operating as of December 31, 2003. (For example, if a station switched from an ASCAP Interim Blanket License to an ASCAP Interim Per Program License effective July 1, 2003, the station’s 2003 Benchmark Fee would be equal to two times its per program license fees for the months of July through December, 2003.)

(ii) The 2003 Benchmark Fee of a station that was newly licensed by ASCAP during calendar year 2003 shall equal the annualized amount of the fees that the station would have paid to ASCAP if it had operated under an ASCAP license for the entire year. (For example, the 2003 Benchmark Fee of a station that was first licensed by ASCAP as of July 1, 2003 shall equal two times the amounts the station owed to ASCAP for calendar year 2003.)

(iii) In the event a station has not submitted to ASCAP by December 31, 2004 an Annual Report for calendar year 2003, as required by paragraph 9 A. of the 1996 ASCAP Local Station Blanket or Per Program Radio Licenses, the station’s 2003 Benchmark Fee shall equal the final fees payable by the station to ASCAP in calendar year 2002, plus 24%.

¹ For stations that change between blanket and program period status, and new stations in 2004, see sections III and IV below.

II. Allocation of Industry-Wide Fees for Calendar Years 2005 through 2009

For calendar years 2005 through 2009,² each station's license fees shall equal its "2004 Benchmark Fee," plus an allocated portion of the difference between the aggregate industry-wide 2004 Benchmark Fees for all stations and the Annual License Payments owing by the industry to ASCAP (the "Incremental Industry-Wide Amount"), as such amounts are described in paragraph 4 of the ASCAP/RMLC Letter Agreement dated September 15, 2004 (hereinafter the "ASCAP/RMLC Letter Agreement").

A. Step One: Calculation of 2004 Benchmark Fee

(i) The "2004 Benchmark Fee" for a station operating on a blanket basis shall equal the annual license fees payable by a station to ASCAP in calendar year 2004 if it operated throughout 2004 on the same basis as in the allocation year.

(ii) The "2004 Benchmark Fee" for stations operating on a program period basis shall consist of two elements:

(a) a base fee equal to the station's "base fee" for calendar year 2004, as that term is defined in the ASCAP Interim Per Program License; and

(b) a supplemental fee, calculated based upon the number of weighted program periods per week containing at least one Feature Performance of ASCAP music that the station broadcasts, as follows:

² For stations that change between blanket and program period status, and new stations in 2005 through 2009, see sections III and IV below.

Weighted Quarter Hour Program Periods³ Per Week With ASCAP Feature Music	Supplemental Fee
0	None (“Base Fee Only”)
1 – 4	9% of base fee (“Minimum Supplemental Fee”)
5 – 20	45% of base fee (“Median Supplemental Fee”)
21 – 90	200% of base fee (“Maximum Supplemental Fee”)
91 or more	blanket basis only

B. Step Two: Allocation of Incremental Industry-Wide Amount

The Incremental Industry-Wide Amount shall be divided among: (a) stations that are licensed as of July 1 of the preceding calendar year (e.g., July 1, 2004 for allocation of fees in calendar year 2005) and are operating on a program period basis (the “Program Period Group”); (b) stations that are licensed as of July 1 of the preceding calendar year and are operating on a blanket basis (the “Blanket Group”); and (c) stations that are licensed by the FCC on or after January 1, 2004, or not licensed by ASCAP prior to January 1, 2004 (the “New Station Group”).

(i) Program Period Group Allocation of Incremental Industry-Wide Amount

For each of the years 2005 through 2009, each station in the Program Period Group shall be assigned an allocated portion of the Incremental Industry-Wide Amount equal to the base fee portion of its 2004 Benchmark Fee times a factor equal to

³ The following weights shall be used for purposes of calculating a station’s weighted quarter hour program periods:

	<u>Time Period</u>	<u>Applicable Weight</u>
Weekdays:	Midnight to 6:00 a.m.	.25
	6:00 a.m. – 10:00 a.m.	1.00
	10:00 a.m. – 3:00 p.m.	.50
	3:00 p.m. – 7:00 p.m.	.75
	7:00 p.m. – Midnight	.50
Weekends:	Saturdays and Sundays	.25

the percentage difference between the Annual License Payments owing by the industry to ASCAP in calendar year 2004 and the Annual License Payments owing by the industry to ASCAP in the relevant calendar year (the “Incremental Base Fee Amount”). (The precise factor to be applied shall be determined based upon the actual Annual License Payments owing in a particular year, pursuant to paragraph 4 of the ASCAP/RMLC Letter Agreement.)

(a) For the six-month period commencing January 1, 2005, the determination of whether a station is a Base Fee Only, Minimum Supplemental Fee, Median Supplemental Fee or Maximum Supplemental Fee Station (as set forth in Section II.A.(ii) above) shall be based upon the average number of weighted one hour program periods subject to fee reported by the station to ASCAP during the period January through April 2004 times four, unless the station notifies ASCAP and the RMLC in writing of an expected change in its music usage by no later than December 1, 2004. For each subsequent six-month period, it shall be presumed that the station will continue to operate on the same program period basis unless the station provides notice to ASCAP and the RMLC of a change in its program period basis pursuant to Section III below.

(ii) Blanket Group Allocation of Incremental Industry-Wide Amount

The aggregate portion of the Incremental Industry-Wide Amount payable by the Blanket Group shall equal the difference between the total Incremental Industry-Wide Amount and the portion of the Incremental Industry-Wide Amount Payable by the Program Period Group and the New Station Group. The Blanket Group’s portion of the Incremental Industry-Wide Amount shall be divided into the following three categories:

a) 65.7% of the Blanket Group’s portion of the Incremental Industry-Wide Amount shall be payable by stations in the top 100 Metro Service Areas (“MSA’s”) with MSA average quarter hour (AQH) audience based upon total week audience by persons 12+ (“AQH Audience”) as measured by Arbitron, Inc. during the Spring and Fall ratings periods of the second preceding year (the “Arbitron Base Ratings Period”)⁴ of 5,000 or more (Group A) (e.g., a station in the 25th MSA with an AQH Audience of 10,000 during the Spring and Fall 2003 ratings period will be a Group A station in 2005);

b) 5.6% of the Blanket Group’s portion of the Incremental Industry-Wide Amount shall be payable by stations in the top 100 MSA’s with MSA AQH Audience in the Arbitron Base Ratings Period of less than 5,000 (Group B); and

c) 28.7% of the Blanket Group’s portion of the Incremental Industry-Wide Amount shall be payable by stations located outside of the top 100 MSA’s in the Arbitron Base Ratings Period (Group C).

⁴ AQH Audience for stations located in more than one MSA in the top 100 (e.g., Nassau-Suffolk (Long Island), NY and New York, NY) is measured in the larger MSA.

(iii) Allocation Of Incremental Industry-Wide Amount Among Group A Stations

For each of the years 2005 through 2009, the Group A Incremental Industry-Wide Amount shall be allocated to each Group A station in proportion to its share of the total Group A AQH Audience, based upon an average of the AQH Audience in the Arbitron Base Ratings Period. (For example, allocation of the Group A Incremental Industry-Wide Amount for calendar year 2005 shall be based upon each Group A station's share of the total Group A AQH Audience as measured by Arbitron in its Spring 2003 and Fall 2003 ratings periods. A Group A station with 0.1% of the total Group A AQH Audience in Spring 2003 and Fall 2003 shall be allocated 0.1% of the Group A Incremental Industry-Wide Amount in 2005.)

(iv) Allocation of Incremental Industry-Wide Amount Among Group B Stations

For each of the years 2005 through 2009, each station in the Blanket Group B shall be assigned an allocated portion of the Incremental Industry-Wide Amount equal to its 2004 Benchmark Fee times a factor equal to the percentage difference between the total Annual License Payments owing by the stations then included in Group B to ASCAP in calendar year 2004 and the Annual License Payments owing by that Group to ASCAP in the relevant calendar year. (For example, if the total fees payable by Group B in 2005 are 8% higher than the fees owing to ASCAP in 2004 by the stations in Group B in 2005, each Group B station's share of the Group B Incremental Industry-Wide Amount shall be calculated by multiplying the station's 2004 Benchmark Fee times 8%.)

(v) Allocation Of Incremental Industry-Wide Amount Among Group C Stations

For each of the years 2005 through 2009, each station in the Blanket Group C shall be assigned an allocated portion of the Incremental Industry-Wide Amount equal to its 2004 Benchmark Fee times a factor equal to the percentage difference between the total Annual License Payments owing by Group C to ASCAP in calendar year 2004 and the Annual License Payments owing by that Group to ASCAP in the relevant calendar year. (For example, if the total fees payable by Group C in 2004 are 8% higher than the fees owing to ASCAP by Group C in 2004, each Group C station's share of the Group C Incremental Industry-Wide Amount shall be calculated by multiplying the station's 2004 Benchmark Fee times 8%.)

III. Changes Between Blanket and Program Period Status

A. Any station that changes from a “music format” to a “non-music format”⁵ (and any “non-music format” station that is operating on a blanket basis) in any of the years 2005 through 2009 shall have the right to switch, as of January 1 and July 1 of a given year, on no less than sixty (60) days advance written notice, to the program period basis. A station that switches as of July 1 shall pay one-half of the annual fee it owes under the blanket basis and one-half the annual fee it owes under the program period basis during the year of the switch. The annual program period license fee of a station that changes from a blanket to a program period basis in 2005 through 2009 shall consist of two parts: (i) a base fee, which applies to all new program period stations, equal to 17.4% of the station’s previously applicable blanket license fees for the calendar year in which the switch occurs and (ii) a supplemental fee as set forth in paragraph II.A.(ii) above.

B. Any station that changes from a non-music format to a music format in any of the years 2005 through 2009 shall be required to switch from an ASCAP program period basis to the blanket basis as of the succeeding January 1 or July 1, whichever is sooner. A station that switches as of July 1 shall pay one-half of the annual fee it owes under the program period basis and one-half the annual fee it owes under the blanket basis during the year of the switch. The annual blanket license fee of a station that changes from a program period to a blanket basis in 2005 through 2009 shall equal 5.75 times the station’s previously applicable program period base fee for the calendar year in which the switch occurs.

C. For the period commencing January 1, 2005, any station operating on a program period basis shall notify ASCAP and the RMLC that it has changed from a non-music format to a music format, or of a change in the number of weighted program periods with ASCAP music that the station broadcasts per week that would affect the amount of the station’s supplemental fee payment, within thirty (30) days after such a change.

D. In the event it is determined that a station has elected to operate on a basis to which it is not entitled,⁶ the station shall be treated for purposes of fee allocation as if it were operating under the properly applicable basis beginning as of the

⁵ A “music format” station is any station that makes some feature use of ASCAP music in more than 90 of its fifteen-minute weighted program periods in any given week; a “non-music format” station is any station that makes some feature use of ASCAP music in 90 or fewer of its fifteen-minute weighted program periods in any given week.

⁶ This includes stations that: (1) elected to operate on a program period basis and should have been on a blanket basis; (2) stations that correctly elected the program period basis and should have, but failed to pay a supplemental fee; and (3) stations that paid an insufficient supplemental fee.

nearest preceding January 1 or July 1 preceding the date as of which it is determined that the station had elected a basis to which it is not entitled (an “involuntary change of license”). A station that is subject to an involuntary change of license shall be required to pay to ASCAP the full amount of the license fees that the station would have been required to pay under the applicable license basis, plus interest in the amount of 1% per month calculated on the difference between the fees previously paid by the station to ASCAP and the fees owing under the applicable license basis. Any additional amounts owing by a station as a result of an involuntary change of license shall be billed to the station in the nearest practicable January or July following such an involuntary license change.

(i) If as result of any involuntary changes of license, fees payable to ASCAP for any given year exceed the Annual License Payment owing to ASCAP pursuant to paragraph 4 of the ASCAP/RMLC Letter Agreement, any such excess amount paid to ASCAP shall be credited against the fees owing by the industry to ASCAP pursuant to the provisions of paragraph 6 of the ASCAP/RMLC Letter Agreement.

(ii) For the six-month period commencing with the nearest January or July following the date as of which a station is subject to an involuntary change of license, a station may only elect the appropriate license basis that the station should have elected previously, or another license basis with a higher fee amount.⁷

(iii) A station shall be deemed to have elected a license basis to which it is not entitled if it fails to notify ASCAP and the RMLC that it has changed from a non-music to a music format, or of a change in the number of weighted program periods with ASCAP music that it broadcasts per week that would affect the amount of the station’s Supplemental Fee payment, either within thirty (30) days after such a change or sixty (60) days in advance of the nearest subsequent January 1 or July 1.

IV. New Stations

A. Any station newly licensed by the FCC in 2004 through 2009 and any station unlicensed by ASCAP prior to 2004 is considered a “New Station” for every year it is licensed during 2004 through 2009. (Collectively, the New Stations shall be referred to as the “New Station Group.”) A New Station with a music format shall be licensed on

⁷ For example, if it is determined in August 2005 that a station that elected a “Base Fee Only” program period basis made feature uses of ASCAP music in 4 weighted program periods in May 2005: (a) in January 2006, the station will be billed by ASCAP an amount equal to 9% of its base fee, plus 1% per month interest for the period January through December 2005; and (b) for the period January 1, 2006 through June 30, 2006, the station will be deemed to have elected the program period license basis with a supplemental fee equal to 9% of its base fee amount, or, if the station chooses, either the program period basis with a higher supplemental fee amount or the blanket basis.

the blanket basis and a New Station with a non-music format shall have the option of being licensed on either the program period basis or the blanket basis. A New Station licensed for only a portion of the first calendar year of its license shall pay a pro-rata portion of the annual fee in that year.

(i) The annual blanket fee in the years 2005 through 2009 for any New Station that is either located outside an MSA, or that had no reported AQH audience within its MSA in the Arbitron Base Ratings Period, shall equal the following minimum fee amounts: \$744 in 2004; \$804 in 2005; \$876 in 2006, \$912 in 2007; \$948 in 2008 and \$984 in 2009.

(ii) The annual program period fee in the years 2005 through 2009 for any New Station that is either located outside an MSA, or that had no reported AQH audience within its MSA in the Arbitron Base Ratings Period, shall equal a minimum fee calculated in two parts: (a) a base fee, which applies to all New Stations electing the program period license basis, equal to \$132 in 2004, \$144 in 2005, \$156 in 2006; \$162 in 2007, \$168 in 2008, and \$180 in 2009; and (b) a supplemental fee as set forth in paragraph II.A.(ii) above.

(iii) The annual blanket fee in the years 2005 through 2009 for any New Station located in an MSA that had a reported AQH audience within its MSA in the Arbitron Base Ratings Period shall equal the minimum annual blanket fee for the relevant year reflected in subparagraph (i) of this section times one-one hundredth of the average number of listeners to the station in the Arbitron Base Ratings Period. (For example, a New Station that elects the blanket license basis as of January 1, 2005, which had average reported AQH audience within its MSA of 300 listeners in the 2003 Spring and Fall ratings periods, would pay a blanket fee in 2005 equal to 3 (or $1/100 \times 300$) times \$804, or \$2,412. A New Station that elects the blanket license basis as of January 1, 2005, that had no reported audience within its MSA in 2003 or 2004, but which has average reported AQH audience within its MSA of 300 listeners in the 2005 Spring and Fall ratings periods, would pay a blanket fee equal to \$804 in 2005, \$876 in 2006 and 3 (or $1/100 \times 300$) times \$912, or \$2,736 in 2007.)

(iv) The annual program period fee in the years 2005 through 2009 for any New Station located in an MSA that had a reported AQH audience within its MSA in the Arbitron Base Ratings Period shall be calculated in two parts: (a) a base fee that equals the minimum annual base program period fee for the relevant year reflected in subparagraph ii) of this section times one-one hundredth of the average number of listeners to the station in the Arbitron Base Ratings Period; and (b) a supplemental fee as set forth in paragraph III.A.(ii) above. (For example, a New Station electing the program period license basis as of January 1, 2005, that had an average reported AQH audience within its MSA of 300 listeners in the 2003 Spring and Fall ratings periods, and that makes some feature use of ASCAP music in 10 weighted program periods in a given week, would pay a base fee in 2005 equal to 3 (or $1/100 \times 300$) times \$144, or \$432, and a supplemental fee of \$432 times 45% or \$194.40. A New Station making some feature use of ASCAP music in 10 weighted program periods in a given week, that elects the

program period license basis as of January 1, 2005, and that had no reported audience within its MSA in 2003 or 2004, but which has average reported AQH audience within its MSA of 300 listeners in the 2005 Spring and Fall Ratings periods, would pay: a base fee equal to \$144 and a supplemental fee equal to \$64.80 in 2005; a base fee of \$156 and a supplemental fee of \$70.20 in 2006; and a base fee equal to 3 (or $1/100 \times 300$) times \$162, or \$486, and a supplemental fee of \$486 times 45% or \$218.70 in 2007.)

(v) Any New Station that changes from a music format to a non-music format may switch, upon 60 days' notice, as of January 1 and/or July 1 of a given year to the program period license basis and pay the program period fee set forth in subparagraphs (ii) and (iv) above. Any New Station that changes from a non-music format to a music format is required to switch as of the succeeding January 1 or July 1, whichever is sooner, to the blanket license basis and pay the blanket fee set forth in subparagraphs (i) and (iii) above. A New Station that switches as of July 1 shall pay one-half of the annual fee it owes under the blanket basis and one-half the annual fee it owes under the program period basis during the year of the switch.

B. Any station that is a "move-in" station in 2004 through 2009 shall be considered a New Station for every year it is licensed during 2004 through 2009 and its fees shall be determined as in IV.A. above, provided, however, that the amount of a move-in station's fees shall in no event be lower than it would have been had the station not moved in.⁸

⁸ A "move in" station is an existing station that moves into a new market by means of a change in its signal (for example by relocating its transmitting tower, changing its city of license or changing its frequency).