

SCHEDULE 3.1

I. *Net Sales Revenue.*

A. For purposes of this Agreement, the term “***Net Sales Revenue***” means (i) all gross revenue received by Sales Agent or Station Licensee for all Advertisements, less agency, buying service or other sales commissions paid to or withheld by an advertiser, agency or service, as the case may be, (ii) any network compensation or other similar payments made to Station Licensee or otherwise paid in respect of the Station or its programming, (iii) any retransmission fees or other similar payments made to Station Licensee or otherwise paid in respect of the Station or its programming or other payments made to Station Licensee pursuant to any retransmission consent agreements and (iv) any other amounts designated for inclusion in the calculation of Net Sales Revenue pursuant to the terms and subject to the conditions of this Agreement.

II. *Station Expenses; Payments.*

A. In the event that due to the performance of the Station and the resulting revenues of the Station with respect to any given month during the Term, the total aggregate amount of Designated Expenses and Other Expenses exceeds the amount of the Licensee Revenue Share for such month, Sales Agent shall pay to Station Licensee the differential of such amounts. Any expenses incurred by Station Licensee that do not constitute Designated Expenses or Other Expenses (including obligations pursuant to a credit or loan facility that is not designated as an Acquisition Financing Arrangement as provided below) shall remain solely the obligation of Station Licensee.

B. For purposes of this Agreement:

(a) “***Designated Expenses***” shall mean the sum of the actual out-of-pocket payments and expenses of Station Licensee for the following: (i) utilities associated with the Station’s transmitting facilities together with all other expenses, including rental payments, payable by Station Licensee under any lease for real property on which the Station is located or used exclusively for the operation of the Station, (ii) salaries for up to two of the Station’s full-time employees, one of which shall be the station manager and hourly rates for accounting and human resource services, all at reasonable and customary rates for such employees or services, (iii) expenses related to maintenance and filings with respect to the FCC Licenses in respect of the Station and other expenses of compliance with FCC Rules and other Applicable Law in connection with the operation of the Station, including reasonable and customary attorneys’ fees of Station Licensee incurred in connection therewith, (iv) property taxes on any real property, personal property and leased property on which the Station is located or used exclusively for the operation of the Station, (v) in the event that Station Licensee shall have elected to borrow the purchase price with respect to its acquisition under the ACME Option Agreement (pursuant to the Assignment and Assumption Agreement) pursuant to a credit agreement or other financing arrangement to which Sales Agent has agreed to be a guarantor (an “***Acquisition Financing***”

Arrangement”), the payments due by Station Licensee pursuant to such Acquisition Financing Arrangement (and any tax payments, if any, relating to such Acquisition Financing Arrangement), other than those payments due pursuant to such Acquisition Financing Agreement to the extent arising out of the failure of Station Licensee to make a timely payment thereunder for which Station Licensee had received timely payment hereunder or otherwise to the extent arising out of actions or omissions of Station Licensee in breach of such Acquisition Financing Arrangement (*provided*, that any payments under this clause shall be made directly to Station Licensee), (vi) premiums and other out-of-pockets costs and expenses relating to any insurance that Station Licensee is required to maintain pursuant to the terms of the New Option Agreement, (vii) all music rights payments required to be paid by Station Licensee (including music performance rights, synchronization rights, and master use rights), in connection with the broadcast and/or transmission of all announcements and programming on the Station, including the Advertisements (but excluding the Delivered Programming, which shall be the responsibility of Sales Agent), (viii) all payments for the acquisition or licensing of programming during the Term, including television network payments, (ix) payments or distributions pursuant to the Management Services Agreement, as in effect on the date hereof, (x) amounts payable under the Shared Services Agreement with Sales Agent, (xi) amounts payable under the lease agreements listed on Exhibit A attached hereto, and (xii) any costs or expense actually incurred by Station Licensee as a result of complying with its obligation to broadcast the Broadcast Material.

(b) “*Other Expenses*” shall mean expenses that are reasonably necessary or customary in the operation and maintenance of the Station, which have been consented to in advance by Sales Agent, *provided* that Station Licensee shall have no obligation under this Agreement to incur any Other Expenses in the absence of such consent and agreement to reimburse under this subparagraph (b).

C. “*Station Expenses*” shall mean, collectively, Designated Expenses, Other Expenses, expenses in accordance with the Operating Budget, and any other expenses, distributions or payment obligations that are not contemplated by the Operating Budget.

D. In order to promote the administration of the payment obligations between the parties under this Agreement and the Shared Services Agreement (individually and collectively, the “*Principal Agreements*”), the parties agree that (i) the amounts due and payable by one party under any of the Principal Agreements may be offset against any outstanding payment obligation by the other party under any of the Principal Agreements; and (ii) to the extent reasonably practicable, Sales Agent shall deliver to Station Licensee in connection with the payment of the Licensee Revenue Share a single statement reflecting the respective payment obligations of the parties under each of the Principal Agreements, which statement shall reflect any offsetting amounts.