

## **Radio Disney Stations' Sales Representation Agreement**

This Agreement (this "Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2006 (the "Effective Date"), by and between [New Radio Disney SUB operating the Radio Disney Stations] (hereinafter, "RADIO DISNEY SUB"), a Delaware corporation, having offices \_\_\_\_\_, and SPINCO (hereinafter "SPINCO"), a \_\_\_\_\_ corporation, having offices at \_\_\_\_\_ (collectively, the "Parties" and each, a "Party").

WHEREAS, RADIO DISNEY SUB owns and controls seven (7) radio stations and has an LMA agreement with one (1) additional radio station (collectively, the "RD Stations") within the United States ("Territory"), as set forth in **Exhibit A**, attached hereto and made a part hereof, which RD Stations are affiliates of the Radio Disney Network and which are supported, in part, by local advertisers whose ads are heard over the facilities of and within the DMA of a single local RD Station (the "Local Advertiser(s)"); and

WHEREAS, SPINCO desires to become a non-exclusive sales representative for the RD Stations in certain cluster markets ( the "Cluster Markets") in the Territory, as identified in **Exhibit B**, attached hereto and made a part hereof, in order to solicit orders for Local Advertisers in these Cluster Markets;

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

### **1. SCOPE AND TERM**

#### **A. Scope**

- (a) RADIO DISNEY SUB hereby engages SPINCO on a non-exclusive basis as an independent contractor in the Territory to furnish services as an independent sales representative in connection with the sale of local advertising on and for the benefit of certain individual RD Stations in the Cluster Markets as identified above. SPINCO shall only approach potential Local Advertisers that are not currently broadcasting commercial inventory or sponsorships on or in association with the applicable RD Station(s), and which have not placed any commercial media buys and/ or sponsorships on or in association with the applicable RD Station(s) for the twelve (12) month period prior to any solicitation by SPINCO of such Local Advertisers. For purposes of clarification, SPINCO shall not engage in any local advertising sales agreement which binds several RD Stations under one contract, which are also known as multi-market RD Station Sales agreements.

- (b) SPINCO hereby accepts the foregoing engagement and agrees to use commercially reasonable efforts and best judgment to solicit, promote, negotiate and enter into agreements or order confirmations with respect to the sale of such advertising with Local Advertisers on behalf of individual RD Stations (“Local Advertising Sales Agreement(s)”), subject to the approval of each such agreement by an authorized officer of the applicable RD Station in each instance. The RD Station(s) shall have the right, in its or their sole discretion reasonably exercised, to reject any Local Advertising Sales Agreement negotiated by SPINCO that does not comply with RADIO DISNEY SUB’s RD Station advertising policies and procedures in effect from time to time that have been delivered to SPINCO pursuant to Section 2A(c) below. No Local Advertising Sales Agreement negotiated by SPINCO pursuant to the terms and conditions of this Agreement shall be binding on any RD Station, unless and until said Local Advertising Sales Agreement has been approved and executed by an authorized officer of such RD Station.
- (c) SPINCO understands that RADIO DISNEY SUB employs account executives (“AEs”) who also solicit potential Local Advertisers and local advertising agencies for the RD Stations. In order to avoid potential conflicts, SPINCO agrees that, prior to soliciting any potential Local Advertiser or local advertising agency, SPINCO will advise the RD Station in writing of the name of the company and/ or agency and the targeted product/brand SPINCO wishes to solicit (“Target”). The RD Station shall have two (2) business days from receipt of such written notice to approve or disapprove of such solicitation. No AE or other employee of RADIO DISNEY SUB shall solicit advertisements from any approved Target designated by SPINCO. In furtherance thereof, SPINCO shall provide RADIO DISNEY SUB with a weekly written report indicating the status of each pending deal.
- (d) RADIO DISNEY SUB shall have the right to approve the look, feel and content of all materials used to solicit advertising clients on its behalf and any and all uses of any RD Station name, logo and/or marks prior to such use in each instance, such approval not to be unreasonably withheld, conditioned or delayed. All proposals and rates for advertisers must be approved by a designated representative of RADIO DISNEY SUB or the individual RD Station(s), prior to submission to any agency or advertiser.

**B. Term**

The term of this Agreement shall commence on the date set forth above and shall continue for two (2) years thereafter (the "Initial Term"). In addition, if at any time during the Term herein, the Services Agreement between the parties of even date herewith is terminated, RADIO DISNEY SUB shall have the option to terminate this Agreement upon the terminations of the Services Agreement. The Initial Term and any extension thereof shall be collectively referred to herein as the "Term".

## **2. RESPONSIBILITIES**

### **A SPINCO**

- (a) SPINCO's sales staff shall solicit Local Advertiser orders for placement of local advertisements to be broadcast on the RD Station(s) at rates and on such other terms and conditions determined by RADIO DISNEY SUB and/or the individual RD Stations, in their sole discretion, reasonably exercised. SPINCO represents and warrants that it shall present the RD Stations' inventory in such a way as is commensurate with the presentation of inventory of SPINCO's owned radio stations, the RD Network and the ESPN Radio Network. RADIO DISNEY SUB and the RD Stations understand and agree, however, that SPINCO does not in any way guarantee to RADIO DISNEY SUB any particular placement or sale of advertising, except as provided herein.
- (b) SPINCO shall be available for all necessary and appropriate sales meetings, sales functions and client entertainment events, as RADIO DISNEY SUB may determine. SPINCO shall attend all promotional events associated with any account that SPINCO has solicited.
- (c) SPINCO shall conduct all sales in accordance with RADIO DISNEY SUB's RD Station advertising policies and procedures in effect from time to time, a current copy of which are appended hereto as **Exhibit C**. RADIO DISNEY SUB shall provide SPINCO with copies of all updated advertising policies and procedures promptly following adoption by RADIO DISNEY SUB. Without limiting the foregoing:
  - (i) RADIO DISNEY SUB shall have the right to reject any Local Advertisers and may cancel relationships with such advertisers at any time, without any further obligation to SPINCO, except for any commissions due and owing for Local Advertising broadcast as of the time of such cancellation.
  - (ii) All advertising and promotional content broadcast by RD Stations shall be subject to review by RADIO DISNEY SUB and/or the individual RD Station(s).

- (iii) The parties shall consult at mutually convenient times, from time to time, on all sales calls and presentations to potential advertisers. SPINCO shall not conclude any advertising sale without RADIO DISNEY SUB's and/or the individual RD Station's prior written approval, such approval not to be unreasonably withheld. SPINCO and the RD Stations shall have [bi-weekly conference calls].
  - (iv) All sales transactions shall be entered into by advertisers on the RD Station's form sales agreement in effect at the time.
- (d) SPINCO shall designate to RADIO DISNEY SUB its principal contact person from SPINCO who will act as the RD Station sales representative and shall make such representative reasonably available to meet with representatives of RADIO DISNEY SUB and/or the individual RD Stations on a regular basis, not less than once every month to discuss matters relevant to this Agreement.
- (e) The RD Stations' advertising rates and related advertising policies shall not be disclosed to any third party, including any affiliate or other client of SPINCO for whom SPINCO acts as a sales representative (except for disclosures in the ordinary course of business to advertisers and advertising agencies that use such information to purchase advertising time from SPINCO in connection herewith). SPINCO shall not use advertising rate and policy information supplied by RADIO DISNEY SUB and/or any individual RD Station for any purpose other than to sell advertising for the RD Station.
- (f) SPINCO shall be primarily responsible for collections in connection with all Local Advertisers it secures pursuant to the terms hereof.

**B. RADIO DISNEY SUB**

- (a) In order to assist SPINCO in acting as a non-exclusive local advertising representative for RADIO DISNEY SUB, RADIO DISNEY SUB shall provide to SPINCO, as available, with all sales materials, media kits, RADIO DISNEY SUB's advertising rate card, RADIO DISNEY SUB sales literature and similar printed material, available ratings, demographic and market data, information on competitors, competitive media and other related sales materials. In addition, the RD Stations General Managers shall hold bi-weekly conference calls/sales meetings with SPINCO ad sales representatives to coordinate with respect to sales materials, sales packages, and research efforts, among other things, and RADIO DISNEY SUB shall provide training sessions for designated

SPINCO sales representatives for not less than six (6) hours during the first three (3) months of the Term.

- (b) The RD Stations in each of the respective Cluster Markets shall be responsible for all ad trafficking, billing and ad insertion for Local Advertising Sales Agreements solicited by SPINCO. RADIO DISNEY SUB or the RD Stations in each of the respective Cluster Markets shall submit to SPINCO on a monthly basis a written "Activity Report" detailing the status of the RD Stations' collection efforts in connection with Local Advertising Sales Agreements for which SPINCO is owed Commissions (as defined herein) and which are delinquent. SPINCO shall use its best efforts to collect any outstanding invoices.
- (c) The RD Stations shall be responsible for any and all costs related to downlinking the programming to the respective station.
- (d) The RD Stations shall provide SPINCO with ninety (90) days prior written notice of any change in the number of commercial avails or the content of any programming.

### **3. COMMISSION AND AUDIT RIGHTS**

- (a) In consideration of the local advertising sales services provided by SPINCO to the RD Stations described herein and the rights granted by RADIO DISNEY SUB to SPINCO hereunder, SPINCO agrees to pay RADIO DISNEY SUB an annual non-refundable guarantee in the amount of **[REDACTED]** (the "Annual Guarantee") during the first year of the Term against all Net Sales (as defined below) received by RADIO DISNEY SUB from Local Advertising Sales Agreements negotiated by SPINCO. The Annual Guarantee shall be increased by **[REDACTED]** during each subsequent year of the Term. There shall be no cross-collateralization of Net Sales from one contract year to the next. The parties agree that in the event there is a material change in the Radio Disney Network programming, the parties will negotiate in good faith a revision to the Annual Guarantee set forth above.
- (b) RADIO DISNEY SUB shall provide SPINCO, on a semi-annual basis on January 1<sup>st</sup> and June 1<sup>st</sup> of each applicable year of the Term of this Agreement, with a financial statement for the prior six month period ("Reporting Period"), setting forth RADIO DISNEY SUB's calculation of SPINCO's Commissions, as defined below. Subject to RADIO DISNEY SUB retaining an amount equal to **[REDACTED]** of the applicable Annual Guarantee (the "Semi-Annual Guarantee") during the applicable

Reporting Period out of Net Sales from Local Advertising Sales Agreements negotiated by SPINCO, the financial statement shall also include a calculation of any payments due and owing to SPINCO in an amount equal to **[REDACTED]** of Net Sales in excess of the Semi-Annual Guarantee (referred to herein as the “Commissions”), if any. After recoupment/ or payment by SPINCO to RADIO DISNEY SUB of the Semi-Annual Guarantee during Reporting Period, the RADIO DISNEY SUB on behalf of the RD Stations shall remit to SPINCO the Commissions on a semi-annual basis and shall be entitled to retain **[REDACTED]** of Net Sales.

If during any Reporting Period, Net Sales received by RADIO DISNEY SUB from Local Advertising Sales Agreements are equal to less than the Semi-Annual Guarantee, then within thirty (30) days of the close of the applicable Reporting Period, SPINCO shall make a payment to RADIO DISNEY SUB in an amount equal to the difference between Net Sales received by RADIO DISNEY SUB from Local Advertising Sales Agreements during the Reporting Period and the Semi-Annual Guarantee.

“Net Sales” for purposes of this Agreement shall be defined as monies actually received by RADIO DISNEY SUB on behalf of the RD Stations for commercial inventory that had been broadcast over the applicable RD Station with respect to each Local Advertising Sales Agreement sold by SPINCO subject to the terms and conditions of this Agreement, less monies credited for refunds, direct costs and merchandising.

- (c) Notwithstanding the foregoing, if monies owed to RD Stations on credit pursuant to a Local Advertising Sales Agreement are not collected within ninety (90) days of the date of invoice, SPINCO shall only retain one-half of the applicable Commission/Reduced Commission (as hereinafter defined) set forth herein. Further, if monies owed to RD Stations on credit pursuant to a local Advertising Sales Agreement are not collected within one hundred and twenty (120) days of the date of invoice, SPINCO shall not be entitled to any commission.
- (e) Assuming that SPINCO is not otherwise in breach of this Agreement, SPINCO shall be entitled to receive its Commissions as set forth in Paragraph 3 (b) on all Local Advertising Sales Agreements entered into by RADIO DISNEY SUB as a result of the services provided by SPINCO during the Term, regardless of whether or not the term of such Local Advertising Sales Agreement expires after the Term. After expiration of the Term, RADIO DISNEY SUB shall pay SPINCO its Commissions earned, if any, semi-annually on January 1<sup>st</sup> and June 1<sup>st</sup> as set forth in

Paragraph 3 (b); such payments shall include a financial statement detailing the calculation of the Commissions.

- (f) Audit Rights. During the Term and for a twelve (12) month period after expiration of the term of each RD Station Local Advertising Sales Agreement secured by SPINCO and entered into during the Term, to the extent required to enable SPINCO to confirm RADIO DISNEY SUB's calculation of SPINCO's Commission, SPINCO shall be permitted, upon reasonable prior notice to RADIO DISNEY SUB, but no more frequently than once in any twelve (12)-month period, to inspect and audit, during normal business hours, RADIO DISNEY SUB's accounting books and records reasonably related to Net Sales in order to enable SPINCO to confirm the calculation of the Commissions payable hereunder. RADIO DISNEY SUB shall reasonably cooperate with SPINCO in such inspection and audit. Such audit shall be conducted at SPINCO's sole cost and expense; provided, however, that in the event that such audit reveals underpayment of its share of Net Sales with respect to any Year in excess of four per cent (4%) of the total Commissions reported for such Reporting Period, RADIO DISNEY SUB shall pay SPINCO's reasonable costs of such audit.
- (g) Notwithstanding Paragraph 3 (b) hereof, in the event that SPINCO, on the one hand, and RADIO DISNEY SUB or its representatives, on the other hand, jointly participate or contribute to a sale RADIO DISNEY SUB may determine in its discretion to pay a full or partial Commission on such sale to SPINCO. Such Commission shall be payable at such rate as RADIO DISNEY SUB shall reasonably determine.

#### **4. RADIO DISNEY SUB'S REPRESENTATIONS AND WARRANTIES**

RADIO DISNEY SUB hereby represents and warrants to SPINCO that (i) RADIO DISNEY SUB has been duly formed and is validly existing under the laws of the State of Delaware, has the full power and authority to grant the rights to SPINCO herein granted and to transact the business in which it is presently engaged; (ii) RADIO DISNEY SUB has the requisite power and authority to execute, deliver and perform this Agreement and to perform all of its obligations required hereunder; (iii) RADIO DISNEY SUB will perform its obligations and services hereunder in accordance with the terms and conditions of this Agreement and that it shall comply with all applicable rules, laws and regulations with respect to the services it provides hereunder; (iv) that RADIO DISNEY SUB has not made and will not make any commitments which will materially interfere with RADIO DISNEY SUB's performance hereunder and (v) RADIO DISNEY SUB and its affiliates do not control any stations outside of the Territory.

To the extent that RADIO DISNEY SUB or any of its affiliates obtain control of any station in any market in Canada and/or Mexico, SPINCO and RADIO DISNEY SUB shall negotiate in good faith the terms under which the “Territory” and “Cluster Markets” hereunder would be amended to include such market in Canada and/or Mexico.

## **5. SPINCO’S REPRESENTATIONS AND WARRANTIES**

SPINCO represents and warrants to RADIO DISNEY SUB that (i) SPINCO has been duly formed and is validly existing under the laws of the State of \_\_\_\_\_, has the full power and authority to grant the rights to RADIO DISNEY SUB herein granted and to transact the business in which it is presently engaged, (ii) SPINCO has the requisite power and authority to execute, deliver and perform this Agreement and to perform all of its obligations required hereunder, (iii) SPINCO will perform its obligations and services hereunder in accordance with the terms and conditions of this Agreement and that it shall comply with all applicable rules, laws and regulations with respect to the services it provides hereunder, (iv) that SPINCO has not made and will not make any commitments which will materially interfere with SPINCO’s performance hereunder, (v) as of the Effective Date of this Agreement, SPINCO is not representing, or otherwise affiliated in any capacity with, any advertising agency or company which sells advertising to or buys advertising on any of the RD Stations, and (vi) during the Term of this Agreement, SPINCO shall not represent, or otherwise become affiliated in any capacity with any advertising agency or company which sells advertising to or buys advertising on any of the RD Stations.

## **6. EVENTS OF DEFAULT**

The following shall each be an “Event of Default”:

- a) A material breach of any term of this Agreement, provided, however, that the breaching Party has not cured the breach to the reasonable satisfaction of the non-breaching party within thirty (30) days following its receipt of written notice of such breach.
- b) Committing an act of insolvency, including (without limitation) passing of a resolution for the winding-up of that party (except for the purposes of reconstruction or amalgamation) or if either party becomes the subject of any judicial or administrative proceeding launched in good faith relating to its insolvency.

## **7. TERMINATION**

- a) If there is an uncured Event of Default under this Agreement, the non-defaulting party may terminate the Agreement upon the expiration of the thirty (30) day notice period set forth in Paragraph 6(a) above.
- c) The representations, warranties, covenants and agreements of the parties in Paragraphs 4, 5, 8, and 10, shall survive the termination of this Agreement or the expiration of the Term.

## **8. INDEMNITY**

- a) RADIO DISNEY SUB agrees to indemnify, defend and hold harmless SPINCO, its parent companies, and their related and subsidiary and affiliated companies, and each of their respective officers, directors, agents, employees and assigns from and against any and all loss, liability, claim, damage and other expense (including reasonable attorneys' fees) caused by or arising directly or indirectly from (i) the breach of any warranty, representation, covenant or agreement RADIO DISNEY SUB has made hereunder; (ii) any act, error or omission by RADIO DISNEY SUB or its officers, directors, agents, subcontractors or employees in connection with the services and/or materials provided by RADIO DISNEY SUB hereunder, (iii) any infringement on any trademark or trade name or violation of any artist's creative rights in and to such artist's work or any right of publicity and/or privacy of, or libel or slander against, or violation of any copyright or literary, artistic, dramatic, or other right, including without limitation, contract and fair competition right of any person or entity (each an "Infringement") as a result of SPINCO's use of materials provided by RADIO DISNEY SUB in performing its services hereunder, (iv) any services rendered by RADIO DISNEY SUB hereunder, any failure by RADIO DISNEY SUB to perform RADIO DISNEY SUB's obligations hereunder in accordance with generally accepted professional standards, or (v) any material breach by RADIO DISNEY SUB of any representations or warranties hereunder or any act, error or omission by RADIO DISNEY SUB or its officers, directors, agents, subcontractors or employees in connection with the services and/or materials provided by RADIO DISNEY SUB hereunder. RADIO DISNEY SUB also agrees to cooperate with SPINCO, regarding any claims, demands, or causes of action, which may arise out of or relate to RADIO DISNEY SUB's services hereunder.
- b) SPINCO agrees to indemnify, defend and hold harmless RADIO DISNEY

SUB, its parent companies, and their related and subsidiary and affiliated companies and each of their respective officers, directors, agents, employees, and assigns from and against any and all loss, liability, claim, demand or other expense (including reasonable attorneys' fees) arising directly or indirectly from (i) the breach of any warranty, representation, covenant or agreement SPINCO has made hereunder; (ii) any act, error or omission by SPINCO or its officers, directors, agents, subcontractors or employees in connection with the services and/or materials provided by SPINCO hereunder; (iii) any Infringement as a result of RADIO DISNEY SUB's use of materials provided by SPINCO in performing its services hereunder; (iv) any services rendered by SPINCO hereunder, any failure by SPINCO to perform SPINCO's obligations hereunder in accordance with generally accepted professional standards, or (v) any material breach by SPINCO of any representations or warranties hereunder or any act, error or omission by SPINCO or its officers, directors, agents, subcontractors or employees in connection with the services and/or materials provided by SPINCO hereunder. SPINCO also agree to cooperate with RADIO DISNEY SUB, regarding any claims, demands, or causes of action, which may arise out of or relate to SPINCO's services hereunder.

## **9. FORCE MAJEURE**

Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to cause(s) beyond its reasonable control, including without limitation acts of war, terrorism, civil unrest, labor lockout, technical failure, severe weather condition. No such force majeure event shall serve to extend the Term of this Agreement.

## **10. CONFIDENTIALITY**

Each party agrees to keep confidential any information such party acquires in the course of rendering its services under this Agreement, including, but not limited to, all client/advertiser lists, any information related to such clients/advertisers, and/or any methods, techniques, or other data which such party acquired during the Term hereof. Information shall not be deemed confidential which: (i) is already known to receiving party; or (ii) is or becomes publicly known through no wrongful act of receiving party; or (iii) is approved for release by written authorization of disclosing party. The provisions of this paragraph shall survive the expiration or earlier termination of this Agreement.

## **11. GOVERNING LAW**

This Agreement shall be governed by the laws of the State of New York applicable to agreements to be wholly performed therein. The sole and exclusive venue of any suit or

proceeding involving this Agreement shall be any federal, state or local court of competent jurisdiction located in New York, New York, in New York County and each party agrees to submit to the personal jurisdiction of such courts.

## **12. NOTICES**

Any notice required to be given to RADIO DISNEY SUB or to SPINCO pursuant to this Agreement shall be given in writing by hand delivery, by overnight courier, by facsimile (with a copy sent via first class mail) or by certified or registered mail, return receipt requested, and shall be addressed to RADIO DISNEY SUB or SPINCO at the respective addresses set forth on Page 1 of this Agreement. Notices shall be deemed received the same day if hand delivered or sent via facsimile, the next day if sent via overnight courier, or three days after mailing if sent via registered or certified mail.

## **13. SEVERABILITY**

In case any one or more of the provisions (or portions of the provisions) of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or portions of the provisions) of this Agreement, and, if possible, any such invalid, illegal or unenforceable provision (or portion thereof) shall be reformed or modified to the extent and only to the extent necessary to make such provision (or portion thereof) valid, legal and enforceable, and if not possible, then this Agreement shall be construed as if such invalid, illegal or unenforceable provision (or provisions) had never been contained herein.

## **14. OTHER TERMS**

This Agreement shall be binding upon and inure to the benefit of each party, its successors and assigns. This Agreement may be assigned by either party to any entity acquiring all or a portion of such party's business, assets or stock, or to any entity controlling, controlled or under common control with such party, provided, however, that SPINCO may not assign this Agreement to any entity that competes with The Walt Disney Company, without RADIO DISNEY SUB's consent, which may be withheld in its sole discretion. This Agreement contains the entire and only agreement of the parties with respect to the subject matter herein and shall supersede all prior written or oral agreements. No modification, amendment, waiver, termination or discharge of this Agreement or any provision will be binding unless expressed in a writing signed by both parties. No waiver by RADIO DISNEY SUB or SPINCO of any provision of this Agreement or any default by either party hereto will affect the right of the other party to thereafter enforce such provisions or to exercise any right or remedy in the event of any other default, whether or not similar in nature to a prior default.

If the foregoing is in accordance with your understanding, kindly acknowledge your

consent hereto by signing in the space provided below for your signature.

**NEW RADIO DISNEY SUB**

**SPINCO**

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

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

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**EXHIBIT A**

**Radio Disney Stations**

<b>CALL SIGN</b>	<b>SVC.</b>	<b>FREQ.</b>	<b>LICENSEE/OWNER</b>	<b>FCC FAC. ID</b>	<b>CITY OF LICENSE</b>
WDWD(AM)	AM	590	Radio Disney Atlanta, LLC	8623	Atlanta
WRDZ(AM)	AM	1300	Radio Disney Chicago, LLC	28309	LaGrange
KMKI(AM)	AM	620	Radio Disney Dallas, LLC	49320	Plano
WFDF(AM)	AM	910	Radio Disney Group, LLC	13664	Flint
KDIS (AM)	AM	99.5	KABC-AM Radio, Inc.	25076	Los Angeles
KDIZ (AM)	AM	1440	KQRS, Inc.	35504	Minneapolis
WQEW(AM)	AM	1560	The New York Times Electronic Media Company (LMA)		New York
KMKY	AM	1310	KGO-AM Radio, Inc.	96	Oakland

## **EXHIBIT B**

### **Radio Disney Cluster Markets**

Atlanta

Chicago

Dallas

Detroit

Los Angeles

Minneapolis

New York

San Francisco