



Channel 5 and Pact Terms of Trade

2018 Memorandum of Understanding (“MOU”)

****Published****

11th September 2018

Section 285 of the Communications Act 2003 requires Public Service Broadcasters, including Channel 5, to each have in place a Code of Practice (“**Code**”) for commissioning from qualifying independent producers, which Code shall be approved by Ofcom. Section 285 also requires Ofcom to publish Guidance to assist PSBs in drawing up such Codes (“**Ofcom Guidance**”).

The Channel 5 Code has been approved by Ofcom and is published on Channel 5’s website at <http://wwwcdns3.channel5.com/wp-content/uploads/2016/01/07105728/Channel-5-Code-of-Practice-2012-approved-by-Ofcom-3-New-Logo-LB-7.7.17.pdf>. Pursuant to the terms of the Ofcom Guidance, the current Code confirms that indicative tariff ranges applicable for different genres/sub-genres of programming shall be published. Channel 5’s Tariff document is published at <http://wwwcdns3.channel5.com/wp-content/uploads/2016/01/03133944/C5-Tariff-2012.pdf>.

The current Code refers to Channel 5 and Pact having negotiated and agreed a standard production agreement as a set of terms for agreement with producers which comprise ‘Terms of Trade’ (or “**TOT(s)**”).

This MOU represents new TOT which have been agreed between Channel 5 and PACT and will become effective (and the prevailing terms) from the Effective Date as defined in this MOU. Following signature of this MOU, the parties will negotiate an updated standard production agreement. Pending agreement of such updated agreement, from the Effective Date (without prejudice to the provisions of the Ofcom Guidance and the Code), Channel 5 shall incorporate the TOT into its programme production agreements, which agreements shall, for the avoidance of doubt be consistent with this MOU. It is acknowledged and agreed that to allow for a transition period, Commissions which have been Board approved with a Commissioning Specification signed by both parties (subject to contract) prior to the Effective Date shall not necessarily reflect these Terms of Trade.

Channel 5 agrees to include the following wording in its production agreements for commissions captured under the MOU whilst Channel 5’s standard production agreement is being updated:

“Channel 5 and Pact have entered into an MOU dated 11th September 2018 (a copy of which may be located at www.channel5.com). Channel 5 shall be consulting with Pact on a standard production agreement but in the meantime, the terms of the MOU shall be incorporated into this Agreement and shall, for the avoidance of doubt be consistent with the MOU”.

These TOTs are minimum terms that apply to qualifying independent production companies where Channel 5 has 100% funded the programme, pursuant to the terms of the Code and Ofcom Guidance.

Pact and Channel 5 recognise that where Channel 5 funds less than 100% of the Agreed Cost of Production, the minimum terms can vary depending on the circumstances.

SIGNED BY:

<p>..... For and on behalf of Channel 5 Broadcasting Ltd</p>	<p>..... For and on behalf of Pact</p>
---	---

CONTENTS

1. Effective Date and Term
 2. Definitions & Interpretation
 3. Initial Rights Package
 4. Additional Transmissions on the Main Channel
 5. Extending the UK Primary licence Period
 6. UK Secondary TV Rights
 7. Strands
 8. Platform Functionalities
 9. Cash Flow
 10. Clips
 11. Product Placement
 12. Underspend
 13. Music Libraries
 14. British Forces Rights
 15. Clearances
 16. Payments
 17. Net Receipts and Net Distribution Receipts for Rights exploitation
 18. Distribution Expenses
 19. Channel 5 VOD
 20. SVOD & TVOD payments
 21. VOD: Channel 5 reporting to Producers
 22. VOD: Channel 5 reporting to Pact
- Schedule 1 Examples of Narrative Repeat use and Fees due
- Schedule 2 Table A - Examples of Main Channel UK Licence Extension
 Table B - Examples of holdbacks
- Schedule 3 VOD use example table
- Schedule 4 Clip Rights

1. Effective Date & Term

- 1.1 This MOU between Pact and Channel 5 (“**the Parties**”) shall come into effect on the date upon which both parties have signed this MOU being: **11th September 2018**.
- 1.2 This MOU shall continue in force for an intended minimum period of 3 (three) years from the Effective Date. Either party giving written notice to the other may seek amendments/revisions to the MOU and the Parties agree to enter into good faith negotiations with regards to such requested amendments. An amendment/revision shall only become binding once agreed between the Parties in writing and signed by both Parties as an amendment to the MOU or TOT.
- 1.3 The Effective Date for the VOD terms is: 1 July 2018.

2. Definitions & Interpretation

- 2.1 Definitions: the following definitions shall apply and be inserted into Channel 5 production agreements (with appropriate adjustments to replace reference to “the MOU” with reference to the equivalent term of the production agreement):

Approved UK & ROI VOD Models:

- (i) free (“**FVOD**”) or advertiser-funded (“**AVOD**”)
- (ii) transactional or pay-per-view, where a payment is made or is attributable to a specific on-demand viewing (“**TVOD**”);
- (iii) subscription, where subscription revenues give the viewer access to watch programmes within a catalogue (“**SVOD**”);
- (iv) so-called “push” services where content selected by the platform operator is supplied to the viewer on a temporary basis at no additional cost beyond Basic Charges (“**Free Push VOD**”); and
- (v) any model other than the above the details of which (including, without limitation, remuneration formulae) have been approved by PACT (“**Other VOD**”);

and “Rights” used in association with the above (as in “**AVOD Rights**”) for example) shall designate the right to exploit the Programme (or any parts) thereof) according to the business model indicated.

Certificate of Final Cost:

the certificate of final costs of the Programme to be delivered in a form agreed between the parties and prepared by the Producer’s production accountant and certificate by a qualified Chartered Accountant, or failing that, a registered Officer of the Producer’s company.

Channel 5 Service(s):

a UK television service owned, operated or controlled by Channel 5, or a company operating in the UK which is under common ownership or control with Channel 5.

Delivery:

delivery and acceptance of the Delivery Materials in accordance with this Agreement save that where the Programme is a series “Delivery” shall occur at the time when delivery is completed by the acceptance of the Delivery Materials in respect of the last Episode unless otherwise specified in this MOU.

Distribution Expenses:	those reasonable and direct costs and expenses expended by or charged to or by the Distributor in connection with the exploitation of the rights in the Programme and all proper and reasonable sums expended with a view to exploitation of the Programme (including but without limitation clearance costs residuals and the cost of prints and, platform operators' fees in the case of Commercial Download Rights, and operational and transaction costs in the case of Video-on-Demand Rights) and any sums expended in editing the Programme (save as provided for in the Budget) or to meet the requirements applicable to any territory including but without limitation those of any broadcasting authority and any legal fees incurred after delivery of the Programme in relation to the Programme or any rights therein (save as incurred in the negotiation of distribution agreement(s)) all to be agreed by the Producer in line with current industry standards which other than clearance costs, residuals (any payment of residuals and royalties payable to artists, writers, directors, musicians and/or third parties shall be recouped by the Distributor in accordance with the collective licensing and union agreements for artists, writers and/or musicians) and technical and reversion costs will be capped (save for proper and reasonable reversion and technical costs incurred as a result of exploitation) at 5% of Gross Distribution Receipts. No cap shall apply with respect to reasonable expenses (including platform operators' fees) incurred in connection with the exploitation of Commercial Download Rights. Operational and transaction costs incurred in connection with the exploitation of Video-on-Demand Rights shall be capped at 30% (thirty) of Gross Distribution Receipts derived from exploitation of such rights.
Editorial Specification:	the detailed Commissioning Specification approved by Channel 5 and attached hereto as Appendix A.
Episode:	an individual episode of the Programme.
Initial Rights Package:	the Primary Rights and the Secondary TV Rights.
Licensed Transmission:	a transmission on the Main Channel plus in respect of each such transmission, one (1) Time-shift.
Main Channel:	the channel currently known as "Channel 5".
Narrative Repeat:	in respect of each Licensed Transmission on Main Channel, the number of Narrative Repeat transmissions granted in accordance with Clause 3.1.1 and 3.1.2 of this MOU. Narrative Repeats are to be transmitted within 7 (seven) days of the Licensed Transmission on Channel 5. Each Narrative Repeat provides for one (1) Time-shift right. The applicable payment terms for Narrative Repeats are set out at Clause 3.4 of this MOU. It is acknowledged and agreed that any transmission that counts as a Narrative Repeat does not give rights to a further Narrative Repeat.
Transmission Periods:	"Night Time" means a transmission commencing (2230 – 0929); "Off Peak" means a transmission commencing (0930 – 1759); "Peak" means a transmission commencing (1800 – 2229).
Playweek:	a 7 (seven) day period during which a Programme is transmitted on a Channel 5 Service once or twice plus in respect of each such transmission, one (1) Time-shift.

- Primary Rights:**
- (i) the exclusive right to transmit the Programme on the Main Channel delivered by any free means including (without limitation) by Free Terrestrial Broadcast which shall include the right to simultaneous retransmission by any means and by any party for the Licensed Transmissions, and the following grant of rights:
 - (ii) the Off-Air Recording Rights;
 - (iii) the Limited Cable Relay Rights;
 - (iv) the Clip & Promotional Rights; and
 - (v) Primary VOD Rights.

Primary VOD Rights: the right to include or licence the Programme (or part thereof) for inclusion in a video-on-demand service howsoever delivered (including mobile services) via the Approved UK and ROI VOD Models and in accordance with the terms of Clause 19 and Clause 20 of this MOU.

- Net Receipts:**
- in respect of Linked Telephony Services,**
 "Net Receipts" shall mean the balance of Gross receipts after the payment or recoupment of all reasonable and direct costs expended by or charged to Channel 5 in connection with/or in anticipation of the exploitation of such rights including without limitation (and if applicable):
- (i) actual set-up costs or where appropriate a reasonable allocation of the costs incurred in setting-up any service including without limitation compliance and regulatory costs, any additional personnel requirements, editorial/design costs and all other costs in connection with such exploitation;
 - (ii) competition costs;
 - (iii) third party acquisition/service provider costs; and
 - (iv) any clearance costs;

and in respect of Clip and Promotional Rights

"Net Receipts" shall mean the balance of Gross Receipts after the payment or recoupment of the following:

- (a) a distribution commissions; and
- (b) any associated expenses in relation to the provision of clips including without limitation, tape costs

and in respect of Product Placement,

"Net Receipts" shall mean the balance of Gross Receipts after the payment or recoupment of the following:

- (a) a distribution commission; and
- (b) any associated expenses.

- Non-Primary Rights:** any and all other rights in the Programme excluding the Primary Rights to the extent of Channel 5's exclusivity therein and including (without limitation):
- (i) the Format Rights;
 - (ii) the Television Rights to the extent not licensed herein to Channel 5;
 - (iii) the Commercial New Media Rights;
 - (iv) the Video Rights Soundtrack Rights; Music Publication Rights; Print Publication Rights; Non-Theatrical Rights and Merchandising Rights; throughout the world; and
 - (v) from expiry of the Term: all Primary Rights.

- Non-Theatric Rights:** shall mean the sole and exclusive right to authorise exhibition of the Programme by means of the sale, hire, lease or licensing of physical copies of the Programme for the exhibition to audiences who are not required to make a specific payment for viewing, or by the following institutions at the following places where the exhibition of programmes on a regular basis is not the primary purpose: educational institutions and churches, educational classes, gatherings held by corporate entities and other bodies not being educational institutions; clubs or other organisations of an educational, cultural, charitable or social nature, including (without limitation) recognised film societies; and hotels, motels, prisons, monasteries, convents, orphanages, oil fields and rigs, cruise and cargo ships aeroplanes in-flight, and other similar facilities and by way of any other closed circuit television systems and non-exclusively to military and armed forces installations to permit Channel 5's licence of rights to the BFBS permitted under the MOU.
- Product Placement:** shall bear the meaning ascribed to it in the Ofcom Broadcasting Code.
- Prop Placement:** shall bear the meaning ascribed to it in the Ofcom Broadcasting Code.
- Returning Series:** where a Programme comprises a series of Episodes and a further series is commissioned by Channel 5 within 12 (twelve) months of the first transmission on Main Channel of the last Episode.
- Secondary TV Rights:** the right to transmit the Programme across any Channel 5 Services (including, without limited time-shifted channels) other than the Main Channel howsoever delivered which shall include the right to simultaneous retransmission by any means and by any party.
- Strand:** for the purposes of this Agreement, will consist of 3 or more separate one off or related programmes and/or 1 or more series of programmes which consist of 4 or more parts following the same, format, concept, banner theme and titled under the same 'umbrella' name but not necessarily made by the same producer. Previous strands include: 'Inside' e.g. Kensington Palace, The Old Bailey, Balmoral; and the 'Extraordinary People' strand including e.g. The World's Fattest Child, Help I'm 16 but look 60; The Boy with No Face.
- Territory:** Great Britain, Northern Ireland, the Channel Islands, the Isle of Man and the Republic of Ireland.
- Time-shift:** one (1) associated time shift transmission (+1) hour in respect of each transmission

The following definitions shall remain as set out in the 2010 Agreement:

"Act, Agreed Cost of Production, Agreement, Basic Charges, Budget, Cash Flow, Clip and Promotional Rights, Codes, Contributor, Cost Report, Deficit, Delivery Date, Delivery Materials, Distribution Commission, Distributor, Final Cost of Production, Channel 5 Licence Fee, Further Programmes, Gross Distributors Receipts, Gross Receipts, Insurances, Key Contracts, Limited Rights Material, Linked Telephony, Net Distribution Receipts, Ofcom, Overcost, Producer Contribution, Production Accountant, Production Schedule, Programme, Progress Reports Rental and Lending Rights, Source Material, Technical Specifications, Television Service, UK Public Service Broadcaster, Underspend, Cable Distribution, Changed Format, Format, Format, Rights, Free Terrestrial Broadcaster, Limited cable Relay Rights, Merchandising Rights, Music Publishing Rights, Off Air Recording, Pay Terrestrial Broadcast, Print Publication Rights, Satellite broadcast, Soundtrack Rights, Television Rights, Video on Demand Rights, Video Rights."

3. Initial Rights Package

Channel 5 is granted a package of rights which includes rights: for the Main Channel (as part of “**Primary Rights**” which for the avoidance of doubt also includes Primary VOD Rights); and for the Channel 5 Services (as part of “**Secondary TV Rights**”) in the Territory for the Channel 5 Licence Fee.

The Producer grants to Channel 5 by way of an extendable licence under copyright the exclusive right to exploit the Primary Rights (including in respect of the Licensed Transmission of the Programme) and the Secondary TV Rights in the Territory during the Licence Period.

3.1. Primary Rights - Main Channel

Channel 5 has the right at the time of Commission to pick up either Option A or B, which includes the following Licensed Transmissions, (including a Time Shift for each Licensed Transmission and Narrative Repeat(s) for each Licensed Transmission):

- 3.1.1. **Option A:** 4 Licensed Transmissions, +1 Time shift + 2 Narrative Repeats
- 3.1.2. **Option B:** 5 Licensed Transmission, + 1 Time shift + 1 Narrative Repeat
- 3.1.3. **Licence Period:** 4 years from the earlier of Delivery or 1st transmission (“**TX**”).

3.2. Secondary TV Rights – Channel 5 Services

Channel 5 is automatically granted a package of Secondary TV Rights (“**STR(s)**”) as part of the Initial Rights Package to exercise on any channels that are part of the Channel 5 Services (as defined). No additional fee is payable to the producer by Channel 5 for the STRs. STR rights includes 16 (sixteen) playweeks over a 2 (two) year licence period, such licence period commencing from the earlier of Delivery or 1st TX of the Programme on the Main Channel.

3.3. Table of Initial Rights Package

	Channel 5 picks up Option at Commission	Secondary TV Rights automatically picked up at commission on “Channel 5 Services”
Use	Option A or Option B	16 Playweeks
Licence Period ('LP')	4 years	2 years

3.4. Narrative Repeats (“**NR(s)**”

Channel 5 is granted a 1 (one) or more free Narrative Repeats (as defined) the number and nature of which will vary depending on the Main Package option, i.e. Option A or Option B.

Option A:

Channel 5 will have 2 (two) free Narrative Repeats where it is played out in Off Peak or Night Time.

- **One off, one off series or non-Returning Series:** Where a programme is a one off, one off series or non-Returning Series Channel 5 is entitled to convert either one or both Narrative Repeats to Peak for the Peak fee of 5% per Narrative Repeat.
- **Returning Series:** For Returning Series Channel 5 can convert 1 (one) of the Narrative Repeats to a free Peak use (i.e. for no additional fee). Any other Peak use of the Narrative Repeat must be paid at the 5% Peak Fee. Fees are paid at the time of use and cannot be pre-purchased at the time of Commission.

Option B:

Channel 5 will have 1 (one) free Narrative Repeat to play out in Off Peak or Night Time.

- **Programmes:** For any programme (including Returning Series), Channel 5 can convert its 1 (one) Narrative Repeat to a Peak NR for a fee of 5%. Fees are paid at the time of use and cannot be pre-purchased at the time of Commission.

Table of Narrative Repeat

Option A (4 TXs): Channel 5 are granted 2 free NRs if played out in Off Peak or Night Time.		Option B (5 TXs): Channel 5 are granted 1 free NR if played out in Off Peak or Night Time.
One off Programmes/ One off series/ Non-Returning Series:	C5 can convert 1 st NR and/or 2 nd NR to Peak for a fee of 5% per NR.	C5 can convert the 1 st NR to Peak for a fee of 5%. Fee is paid at time of use.
Returning series:	C5 can convert 1 NR to a free Peak use. This can be used for either the 1 st or 2 nd NR use. A 2 nd NR can be converted to a Peak provided the Peak fee rate of 5% is paid. Fee is paid at the time of use.	

NB: % Licence Fees for NRs and Additional Transmission Repeat fees are set out at Clause 4.1

3.5 Schedule 1: Examples of Narrative Repeat Use and Fee**4. Additional Transmissions on the Main Channel**

- 4.1.** Channel 5 can purchase additional Main Channel Transmissions (“**TX(s)**”) at any time during the Licence Period at the below rates (which varies per Transmission Period) subject to Channel 5 giving written notice to the Producer and payment being made at the time of pick-up of additional TXs. Each additional TX includes one +1 Time shift use.

Transmission Periods:

- Peak (1800 – 2229) - 5 %
- Off Peak (0930 – 1759) - 3%
- Night Time (2230 – 0929) – 2 %

- 4.2** Payments for additional TXs cannot be pre-purchased at the time of commission. Picking up additional Main Channel TXs during the licence period does not automatically extend the Licence Period. However, the Licence Period does extend in certain circumstances where additional TXs are purchased during the final year of the Licence Period as set out in Clause 5 below.

5. Extending the UK Primary Licence Period

The Primary Licence Period will be extended where Channel 5 notifies the Producer in writing of its intention to purchase additional TXs within the (1st) first (6) six months of the final year of the initial (4 year) Main Channel licence period. Channel 5 will notify in writing that it wishes to extend the Main Channel licence period subject to it purchasing additional TXs. Channel 5 shall not use Main Channel transmissions granted in the initial package outside of the original 4 (four) year Licence Period (i.e. in any subsequent extension granted). If Channel 5 picks up additional TXs in the final year, an automatic Main Channel Licence Period extension applies as follows:

5.1. An Automatic 2-year licence extension:

- 5.1.1. If Channel 5 purchases an additional 2 (two) TXs by written notice served in the 1st 6 (six) months of the final year of the initial Main Channel Licence Period, the licence is extended by 2 (two) years (4 years + 2 years) subject to Clause 5.1.2:
- 5.1.2. Channel 5 may purchase any combination of additional TXs but C5 guarantees a minimum fee of 3% (three percent) of the Channel 5 Licence for the first TX picked up to the Producer in order to achieve the automatic 2 (two) year extension. For example, if Channel 5 purchases an Off-Peak TX for 3%, it is entitled to use such TX Off Peak or at Night time.

5.2. An Automatic 1 year licence extension:

- 5.2.1. If Channel 5 purchases an additional 1 (one) TX by written notice served in the 1st 6 (six) months of the final year of the initial Main Channel licence period, the licence period is extended by up to 1 (one) year (4 years + 1 year).
- 5.2.2. Where 1 TX is purchased and used prior to the end of the 1 (one) year extension, then the licence expires immediately after use of that 1 (one) TX.
- 5.2.3. If Channel 5 purchases a 2nd TX within the 1 (one) year extension period, the licence period extends to 2 (two) years from the end of the initial 4 year Licence Period. Channel 5 shall promptly notify the Producer of such extension (i.e. 4 + 2 years). Pending the end of the 1 (one) year extension, the rights remain exclusive to Channel 5 save that the Producer can enquire with Channel 5 if it intends to purchase another TX within the year and the Producer may agree a sale subject to Channel 5's prior written consent, which can be approved or denied at Channel 5's discretion. If consent is granted, Channel 5's rights for the remaining year would be non-exclusive.

5.3. UK holdback extended

- 5.3.1. If Channel 5 purchases an additional TX which extends the Main Channel Licence Period this extends Channel 5's television exclusivity (i.e. Producer holdbacks) in the UK only (not ROI or ROW) during the extended Main Channel licence period.

5.4. Payment of Net Distribution Receipts to C5

- 5.4.1. Any extension of the Licence Period does not extend the enhanced Net Distribution Receipts due to C5 during the initial 4-year Main Channel Licence Period, deriving from the Producer's exploitation of UK TV and VOD rights and ROI VOD rights beyond the initial 4-year Main Channel Licence Period.

5.5. Table of Holdbacks per episode

Producer shall not exploit Television Rights in the Programme until after the Holdback periods set out below:

Territory	Holdback under the C5 Package of Rights
UK	4 years (the Main Channel LP) or the extended Main Channel LP (up to 6 years)
Republic of Ireland (ROI)**	Day 1 following 1 st TX per Episode
ROW *	Day 1 following 1 st TX per Episode
CLIPS ++	Day 1 following 1 st TX per Episode

- 5.5.1 **A long stop date for ROI and ROW which is the earlier of: (i) Channel 5's first transmission, (ii) Channel 5's first scheduled transmission ; or (iii) 6 (six) months from Delivery.
- 5.5.2 ** Channel 5 has the right to ROI non-exclusively as part of its Licence, following the relevant holdback.
- 5.5.3 ++ Clip exploitation subject to Clause 10

5.6. Example of UK Licence Extension and Holdbacks - Schedule 2

5.7 The Producer is entitled to enter into negotiations in respect of exploitation of the Producer's rights in the Programme but shall not authorise or undertake to authorise exploitation of such rights until any exclusivity period (or for the avoidance of doubt licence period) granted to Channel 5 has expired pursuant to Clause 5.5 (Primary Rights & Secondary TV Rights and Clip Rights), and Clauses 19 & 20 (Primary VOD Rights) of this MOU. Producer holdbacks and sales in relation to other Non-Primary Rights are as set out in the 2010 TOT.

6. UK Secondary TV Rights

There is (1) one set of Secondary TV Rights included as part of the initial package for the C5 Licence Fee. These rights are exclusive to Channel 5. These rights may be exercised on the **Channel 5 Service(s)** (see Clause 2.1).

6.1. Channel 5 package under the Channel 5 licence fee: 16 (sixteen) Playweeks during 2 (two) years is free on any Channel 5 Service.

6.2. General Terms for UK Secondary TV Rights- One offs/ Non-returning series.

- 6.2.1. Secondary TV Rights licence starts at the same time as the Main Channel i.e. the earlier of full Delivery or 1st TX and lasts for the period 2 (two) years thereafter. The long stop date shall be the earlier of Delivery or 1st Transmission/first use.
- 6.2.2. Channel 5 cannot use Secondary TV rights granted in the initial package of Playweeks outside of the original 2-year licence.
- 6.2.3. Subject to the Producer's compliance with the holdbacks set out in Clause 5.5, the Producer does not have to offer to Channel 5 before going to market.
- 6.2.4. Any extension of the Secondary TV Rights does not extend the enhanced Net Distribution Receipts share to Channel 5 (see Clause 5.4.1).
- 6.2.5. Any other STR extension otherwise is by commercial negotiation with the producer.

6.3 For UK Secondary TV Rights - Returning Series/Strands.

- 6.3.1 For Returning Series and Strands only, Channel 5 is granted an automatic option to purchase a Secondary TV Rights extension of 16 (sixteen) Playweeks over 2 (two) years for 2.3% of the Channel 5 Licence Fee which may be exercised by Channel 5 in writing 6 (six) months prior to the end of the STR initial Licence Period (i.e. by the end of month 18 (eighteen) of the STR Licence Period).
- 6.3.2 Secondary TV Rights licence period starts at the same time as the Main Channel i.e. the earlier of full Delivery or 1st TX and lasts for the period 2 (two) years thereafter. The long stop date shall be the earlier of Delivery or 1st Transmission/first use.
- 6.3.3 Channel 5 cannot use Secondary TV rights granted in the initial package of Playweeks outside of the original 2 (two) year licence period.
- 6.3.4 Any extension of the Secondary TV Rights does not extend the enhanced Net Distribution Receipts revenue share to Channel 5 (see Clause 5.4.1).
- 6.3.5 Payment on purchase and extended STR licence period is co-terminuos with the original Main Channel licence period.
- 6.3.6 Subject to the Producer's compliance with the holdbacks set out in Clause 5.5, the Producer does not have to offer to Channel 5 before going to market.
- 6.3.7 Any other purchase of Secondary TV Rights is by commercial negotiation with the producer.

6.4 Table of Secondary TV Rights

Programme Type	Term of STR (from the earlier of Delivery or 1 st TX)	Playweeks + 1 TS of each TX	Right to Extend STR	Notice period to Extend	Term of STR Extension	Extension Playweeks + 1TS of each TX	Extension Fee on notification
One off Episodes / Programmes	2 years	16	No C5 option to extend – any extension is agreed by commercial negotiation.				
Non Returning Series/ One off Series	2 years	16	No C5 option to extend – any extension is agreed by commercial negotiation.				
Returning Series ** /Stands	2 years	16	Subject to C5 re-commissioning**	6 months prior to the end of STR Term (by the end of month 18)	2 years	16 Playweeks	2.3% of C5 Licence Fee

Note:** 1st series and subsequent series become a Returning Series if re-commissioned within 12 months from 1st TX on Main Channel (if a pilot of a series) or 1st TX on Main Channel of the last Ep of the Series.

7 Strands

- 7.1 Channel 5 shall where possible advise the Producer at the time of Commission as to whether a Programme is intended to form part of a Strand. Where Channel 5 fails to notify the Producer as above, Channel 5 will not benefit from the enhanced VOD holdbacks and automatic STR option beyond the initial 2 (two) year STR licence period granted for Returning Series, unless the Producer is prepared to agree these benefits in a commercial negotiation.
- 7.2 Channel 5 may not retrospectively apply these terms to the Producer/allocate as Strand for the purpose of this MOU unless agreed with the Producer as above. For the avoidance of doubt, nothing contained herein shall prevent Channel 5 from being entitled to allocate a Programme as part of a 'strand' (or not) in its sole and absolute editorial discretion (whether or not it conforms to the definition of Strand in this MOU), but Channel 5 will only benefit from the enhanced VOD holdbacks and automatic STR option beyond the initial 2 (two) year STR licence if it complies with the definition of Strand hereunder and the terms of Clauses 7.1

8 Platform functionalities

Pact grants Channel 5 broadcast driven platform functionalities subject to the below:

- 8.1 Channel 5 confirms that, with respect to any broadcast-driven platform functionality including Startover, Backwards EPG, NPVR and Sideloaded, where Channel 5 receives a net benefit from platform operators which is directly or solely ascribed to the platform operators' ability to provide content to consumers which has been made available via the applicable functionality then Channel 5 will discuss in good faith with a view to agreeing with Pact an appropriate compensation for producers.

Any such agreement with Pact shall automatically be deemed to be incorporated into this Agreement upon written notice (which includes email) by Channel 5.

8.2 Where Channel 5 derives a net benefit for those platforms set out at 8.1, Channel 5 must start negotiations with Pact no later than 3 (three) months from the date that such net benefit exists.

9 **Cash Flow**

9.1 The following cashflow shall apply in accordance with Clauses 9.2 and 9.3:

C5 Licence Fee of £1,000,000 and below	<ul style="list-style-type: none"> • 25% on signature of the production agreement; • 30% on commencement of filming; • 25% on commencement of post-production; • 15% on acceptance of delivery of all technical material; • 5% on Delivery (including Paperwork).
C5 Licence Fee of £1,000,001 and above or Channel 5 pays cost of money	<p>To be agreed between C5 and producer however;</p> <p>C5 will hold back no more than;</p> <ul style="list-style-type: none"> • 15% on acceptance of delivery of all technical material; • 5% on Delivery (including Paperwork).

The above amounts shall be paid by Channel 5 after receipt of a valid invoice and in accordance with Clauses 9.2 and 9.3.

Payments will be made at the end of the month in which the relevant trigger (including signed Agreement) referred to above occurs prior to the last working day prior to the 15th of the relevant calendar month. Otherwise payments will be made at the end of the following month.

9.2 The Producer shall be required to issue an electronic VAT invoice to Channel 5 via the SWIM automatic accounting portal referencing the corresponding purchase order number provided in the SWIM portal for the relevant payment(s). New suppliers shall be required to register as a user of the accounting system (following instructions for registration available from the Programme Representative) and will require a purchase order from Channel 5 before invoices may be submitted. Channel 5 shall require receipt of the relevant electronic VAT invoice as early as possible in the month in which payment is due to the Producer, but in any event before the last working day prior to the 15th of such month. Invoices need to be a valid VAT invoice should include the following details as a minimum for identification purposes: (i) the contracting party; (ii) the date of the production agreement; (iii) the name of the Programme; (iv) the payment instalment to which the invoice relates; (v) the contract number contained at the top of the Agreement; and (vi) be addressed to Financial Analyst, Finance, Channel 5, 17-29 Hawley Crescent, London NW1 8TT.

9.3 Other payment pre-condition wording applies as per the 2010 TOT including receipt by Channel 5 of Progress Reports.

10 **Clips**

The Parties agree that the Producer may exploit Clips from the day after 1st Transmission of the Programme subject to the terms of Channel 5's clip policy referred to at Schedule 4. Channel 5's Clip policy shall be made available by Channel 5 on its website.

11 Product Placement:

The following wording shall be included in Channel 5's production agreements:

- 11.1 Either Channel 5 or the Producer may propose a PP arrangement to be included in the Programme.
- 11.2 The Producer and Channel 5 shall fully consult and co-operate in relation to any proposed Product Placement to ensure that the Producer and the Channel 5 Commissioner and Channel 5 Legal & Regulatory Representative are in agreement on the editorial impact that any Product Placement may have on the Programme.
- 11.3 The Parties shall have a right of prior written approval over: (i) the proposed Product Placement and how it is intended to be placed in the Programme; (ii) the Product Placement commercial deal terms; and (iii) Channel 5 shall have a right of prior written approval over the Producer's Product Placement contract (or template contract) which shall consist a Key Contract for the purposes of the production agreement. In all cases the Parties shall act in good faith and acting reasonably. The Producer's consent shall not be unreasonably withheld or delayed.
- 11.4 The Parties shall take into consideration the impact of proposed Product Placement deals to pre-existing talent endorsements and/or relevant third-party arrangements notified by either Party to the other in writing.
- 11.5 The Producer shall ensure that all Product Placement shall be undertaken in accordance with the Ofcom Broadcasting Codes and Guidelines, and only with appropriate editorial justification.
- 11.6 Where the Programme includes Product Placement, the Producer shall ensure that the Programme it delivers includes the agreed logo required to signify to viewers that the Programme contains Product Placement and such logo must appear in accordance with the relevant regulation governing such inclusion at the time of Delivery.
- 11.7 Subject to Clause 11.8, the Parties acknowledge and agree that the Producer and Channel 5 shall each be entitled to fifty per cent (50%) of one hundred per cent (100%) of net receipts received by or on its behalf in respect of Product Placement.
- 11.8 The party concluding the Product Placement agreement shall be entitled to retain 30% (thirty) commission and 5% (five) expenses before sharing net revenue 50/50 between the Producer and Channel 5. The Producer shall not be entitled to any net revenue from sponsorship and advertising and to the extent that the Product Placement deal proposed by C5 is part of a wider airtime or sponsorship deal, then the parties will discuss in good faith and agree an appropriate fee for the Product Placement element of such deal.
- 11.9 The Producer agrees to inform Channel 5's Legal & Regulatory Representative of refer all proposed Prop Placement arrangements in connection with the Programme to Channel 5's Legal & Regulatory Representative for approval prior to agreeing the same and shall to follow Channel 5's guidance in relation thereto. Channel 5 shall not unreasonably withhold such approval.

12 Underspend:

- 12.1 Save in relation to ring-fenced amounts, underspend on non-fixed price deals shall be shared equally between Channel 5 and the Producer 50/50. To the extent that there is an Overcost approved by Channel 5 in writing, underspends can be offset against such approved Overcost.
- 12.2 Underspend on fixed priced deals shall be retained by the Producer 100% (one hundred per cent).
- 12.3 Channel 5 will be entitled to ring fence the following budget items: key on screen talent, archive and commercial music.

12.4 Underspend from ring-fenced sums may be offset against any overspend approved by Channel 5 in writing, with the balance returned to C5 100% (one hundred per cent).

13 **Music Libraries:**

13.1 The Producer is entitled to choose a music library available from C5's permitted group of Music Libraries made available by Channel 5 from time-to-time ("**C5 Selected Music Library**"), or select a music library ("**Music Library**") of the Producer's choice subject to editorial approval and at no cost to the production budget unless such cost is pre-approved by C5 in writing.

13.2 The Producer shall ensure that all rights in the Music Library music included in the Programme, shall as a minimum position be cleared for all Channel 5's exploitation of the Programme permitted by the production agreement including without limitation by way of exercise of the Primary Rights, Secondary TV Rights on the Channel 5 Services, VOD Rights and marketing and promotion of the Programme in all media including online, targeted (solely to the extent granted pursuant to the production agreement) in the Territory.

13.3 The Producer shall report to Channel 5 in writing by way of completion of the music cue sheets and the third party material rights information section of Channel's Programme as Completed form via Channel 5's PCIS (or replacement) paperwork delivery system including: the name and address of licensor, the clearances obtained and licence costs for such clearances as part of the Delivery paperwork.

13.4 The Producer shall retain records of such licensing for the period referred to in General Term 9.3 of the 2010 Agreement or such other date as may be agreed between Channel 5 and the Producer in writing.

13.5 Channel 5 warrants that its current blanket licence with the PRS clears commercial music synchronisation: (i) for VOD post the 30 (thirty) day period (pre and post transmission) cleared under the IPC Licence agreement; and (ii) for exploitation of programmes on UK television services owned, operated or controlled by a company operating in the UK which is under common ownership or control with Channel 5. (For the avoidance of doubt, the current IPC licence agreement provides a mechanism for producers to clear commercial music synchronisation for Channel 5's owned, operated or controlled channels (excluding but in addition to the Main Channel clearances) without reliance on Channel 5's blanket licence with the PRS).

14 **British Forces Rights:**

14.1 Producer will where possible clear British Film Forces Rights at Channel 5's costs, where Producers are unable to clear the producer will notify Channel 5 at the time of signature of the Programme's production agreement.

14.2 For the avoidance of doubt, the rights granted to Channel 5 hereunder do not extend to the right for the BFBS to show the Programme on Forces TV.

14.3 The Producer grants to Channel 5 by way of a non-exclusive licence for the licence period, the right to deliver the Television Rights and non-linear rights in the Programme as part of the Channel 5 Service by way of simultaneous or non-simultaneous transmission to the British Armed Forces by any means to any military bases, camps, barracks, installations, naval ships or similar establishments used by members of the British Armed Forces whether situated within or outside Territory with no further payment due to the Producer ("**British Film Forces Rights**").

15. **Clearances**

15.1 Channel 5 pays all clearance within the Agreed Cost of Production. The Producer shall wherever possible pre-clear for all the rights granted to Channel 5 to during the licence period without further clearance payments. For the avoidance of doubt this includes all clearances for Additional Main Channel

Transmissions, any Narrative Repeats in Peak and Secondary TV Rights extension package. Where, due to the nature of the Programme, third party contributions and/or collective/union arrangement, it is not possible for the clearances to be paid within the Agreed Cost of Production, the Producer shall notify Channel 5 and the parties shall discuss in good faith an agreed clearance position, both parties acting reasonably and in good faith. The agreed clearance position shall be stated in the Programme's signed production agreement and shall only be varied by Channel 5 and the Producer by way of signed amendment to such Agreement.

- 15.2 Channel 5 shall at all times be responsible for paying clearance costs for any of the exploitation under the MOU. Where necessary (e.g. due to restrictions in collective agreements (if any) or prohibitive costs) Channel 5 will nominate specific channels or services for pre-clearance with all other rights where possible clearable. The Producer shall, for the avoidance of doubt, make clearances on behalf of Channel 5 unless otherwise required due to collective arrangements/ union agreements. It is acknowledged that VOD rights clearances for content that is covered under the union/ collective agreement may need to be cleared by Channel 5 directly with the unions.
- 15.3 Independent producers will contract talent on the basis of the relevant collective/union agreements applicable to the independent television production sector and in accordance with standard industry practice or as agreed with applicable rights holders/unions.

16. **Payment:**

- 16.1 Channel 5 shall pay the Producer in accordance with the cashflow and payment terms set out at Clause 9. In other circumstances, subject to Clause 16.2, where a fee is due from Channel 5 to the Producer, Channel 5 shall pay the producer's invoice 30 (thirty) days from receipt of an undisputed invoice following Channel 5's production of a Purchase Order. For additional Main Channel Transmissions and Narrative Repeat payments, Channel 5 shall notify the Producer prior to its use or up to 30 (thirty) days after and shall raise a Purchase Order for the requisite payment to enable the Producer to invoice Channel 5.
- 16.2 Where an agreement has been used to reflect the additional rights grant (e.g. extension by commercial agreement or where terms are required e.g. to deal with heavily compliant programmes), payment will additionally be subject to a signed contract having been received by the 15th of the month for end of month payment.

17. **Net Receipts and Net Distribution Receipts for Rights exploitation**

All subject to the agreed Producer holdbacks. Licence Period refers to the Main Channel Licence Period unless otherwise specified.

Allocation of Net Distribution Receipts (Producer exploits)

Type of Use and Net Receipts due	Producer %	Channel 5 %
UK Television Rights Exploitation in the initial Licence period	50	50
ROI/ROW Television Exploitation in the Licence Period	85	15
Approved UK VOD Rights in initial Licence Period	50	50
Approved ROI VOD Rights in the initial Licence Period	50	50
Television exploitation outside the initial Licence Period in for the period of copyright	85	15
All other Non-Primary Rights worldwide for the period of copyright (including Music Publication)	85	15
UK Clips in initial Licence Period	50	50
ROW/ROI clips in the initial Licence Period	85	15
Clips outside the initial Licence Period (in UK, ROI, ROW) for the period of copyright	85	15
Product Placement (subject to Clause 11.8 of the MOU)	50	50

Allocation of Net Receipts (C5 exploits)

Type of Use and Net Receipts due	Producer	Channel 5
UK Clips in initial Licence Period	50	50

ROI clips in the initial Licence Period	85	15
Clips outside the initial Licence Period but in an extended Primary or Secondary licence period (in UK, ROI)	50	50
Linked Telephony in the initial Licence Period and extended Primary or Secondary licence period	30	70
Primary VOD Rights in the initial Licence Period and extended Primary or Secondary licence period	See VOD payments	See VOD payments
Product Placement (subject to Clause 11.8 of the MOU)	50	50

Channel 5 shall be entitled to the share of Net Distribution Receipts and Net Receipts as set out above and Channel 5's entitlement thereto shall be for the initial Licence Period, extended Licence Period or the period of copyright as stated. Other than as set out above, any and all revenues from the Primary Rights will be retained in full by Channel 5.

18. **Distribution Expenses:**

The Parties agree that the Distribution Expenses cap shall be reduced to 5% (five percent). Proper and reasonable reversion and technical costs incurred as a result of exploitation shall no longer form part of Distribution Expenses but may be deducted in the calculations of Net Distribution Receipts.

19. **Channel 5 VOD**

19.1 Channel 5 is entitled to exploit the VOD Rights in the Territory (i.e. UK and ROI).

19.2 Implementation date for new VOD terms: 1 July 2018.

19.3 **VOD Rights:** Subject to agreed payment terms, Channel 5 may exercise VOD Rights (for streaming and temporary downloading purposes) throughout the Territory by way of the Approved UK & ROI VOD Models during the Licence Period on any one or more of the following video-on-demand channels, services or platforms howsoever delivered where it is clear to all users that the programming has been provided by Channel 5:

- (i) on a channel, service or platform owned, operated or controlled by Channel 5 or a company operating in the UK which is under common ownership or control with Channel 5; and/or
- (ii) a third-party channel, service or platform which carries a simulcast of the Main Channel linear service; and/or
- (iii) a section or area on a third party channel, service or platform which is a Channel 5 branded or Channel 5 Services branded area always where Channel 5 selects, schedules, manages and controls the content available on the Channel 5 or Channel 5 Services branded area. It is acknowledged and agreed that Channel 5's exploitation of the Programme on branded SVOD and TVOD services under this category are subject to the Producer's prior written consent or Pact's prior written consent; and/or
- (iv) such other channel, service or platform subject only to obtaining the prior written consent of the Producer which can be granted at their own discretion.

19.4 **Main Channel VOD/Channel 5 Service Vod associated with a broadcast (FVOD/AVOD)**

19.4.1 Subject to payment at Clause 19.9, Channel 5 is entitled to exploit VOD Rights where the exploitation is associated with broadcast on the relevant Main Channel and/or Channel 5 Service (i.e. an MTV VOD service cannot exploit VOD Rights in the Programme if the Programme has not been broadcast on MTV's linear TV service).

19.4.2 **Licence period:** 4 (four) years from 1st TX plus a 7 (seven) day preview (i.e. 1st TX minus 7 (seven) days). This is linked to 1st TX and runs throughout the initial Main Channel licence period. For the avoidance of doubt, if the Main Channel Licence Period and/or Secondary TV Rights Licence Period is extended, then the VOD licence period extends automatically, non-exclusively.

19.5 UK VOD Holdbacks:

The Producer shall not exploit VOD Rights during the agreed VOD holdback periods, during which time C5 has exclusivity:

19.5.1 **One off series/ non-returning series:** 6 (six) months following 1st TX of each episode

19.5.2 **Returning Series/Strands:** 12 (twelve) months following 1st TX of each episode.

19.5.3 The long stop date the earlier of: (i) Channel 5's first transmission, (ii) Channel 5's first scheduled transmission; or (iii) 6 (six) months from Delivery.

19.6 ROI/ROW Holdbacks:

19.6.1 **One off series/ non-returning series:** Day 1 following 1st TX

19.6.2 **Returning Series/Strands:** Day 1 following 1st TX

19.6.3 The long stop date is the earlier of: (i) Channel 5's first transmission, (ii) Channel 5's first scheduled transmission; or (iii) 6 (six) months from Delivery.

19.7 **Licence period extension:** VOD is automatically extended to tie in with a Main Channel or Secondary TV Right licence period extension non-exclusively ("**VOD LP**") and at the requisite pence per view (PPC).

19.8 VOD Clearances:

Channel 5 pays all and any further clearance within cost of production. The producer shall pre clear where possible for all exploitation during the licence period as per terms of Clause 16 of this MOU.

19.9 VOD Payments for Channel 5 Service use:

The below VOD payment terms apply for FVOD and AVOD. The VOD terms will last for a period of 2 (two) years with Channel 5 and Pact commencing negotiation for review and renewal after 18 (eighteen) months from the Effective Date of the MOU. Channel 5 and Pact agree to negotiate in good faith at 18 (eighteen) months, to ensure terms are in place beyond the 2 years.

VOD Payments for One Off Programmes:

PPC - C5 and Channel 5 Services Use Fee to be paid per Ep			
	7 days prior to 1 st TX ("Preview Period")	Day of 1 st TX to 30 days ("Catch up")	Day 31 + until end of VOD LP as may be extended. ("Extended Catch up")
One off programmes	>30 mins – 1p <30 mins – 0.4p	Free	>30mins – 1p <30 mins – 0.4p

VOD Payments for Series:

PPC - C5 and Channel 5 Services Use Fee to be paid per Ep				
	7 days prior to 1 st TX ("Preview Period")	Day of 1 st TX to 30 days ("Catch up")	Fee paid from the earlier of i) up to 10 episodes including Catch up (+ 30 from 1 st use of ep), or ii) 70 days after the end of the Catch up (total 100) days (" C5 Use Period ")	From end of C5 Use Period until end of VOD LP as may be extended (" Extended Catch up ")
One off series	>30mins – 1.p <30 mins – 0.4p	Free	Free for C5 use Period	<30 mins – 0.4p >30mins – 1.p
Non returning Series	>30mins – 1.p <30 mins – 0.4p	Free	Free for C5 Use Period	<30 mins – 0.4p >30mins – 1.p
Returning Series	>30mins – 1.p <30 mins – 0.4p	Free	Free for Use Period	<30 mins – 0.4p >30mins – 1.p

NB:

- Minutes refer to Slot length minutes. Programmes that fall in a 30 mins slot shall pay the 1p rate.
- ** Episode number 11 onwards each receive a no fee 30 day Catch-up from 1st TX.
- See table at Schedule 3 for examples of payment structure.

20. SVOD & TVOD Payments (rights subject to holdbacks)

20.1 The Channel 5 licence periods and Producer holdbacks set out at Clauses 19.4.2, 19.5 and 19.6, are applicable for SVOD and TVOD subject to Channel 5 payment as set out at Clause 20.1.

20.1 PAYMENT for SVOD AND TVOD

20.1.1 Channel 5 shall pay Producers for all SVOD exploitation on all platforms (including on a service owned, operated, or controlled by Channel 5, or a company operating in the UK which is under common ownership or control with Channel 5) 50/50 after a deduction of up to 30% (thirty percent) operating costs.

20.1.2 Producer shall pay Channel 5 in the initial licence period 50/50 from its VOD exploitation (after relevant holdback expiry) after the deduction of up to 30% (thirty percent) distribution costs.

20.2 The party receiving the VOD remuneration shall be entitled to audit the paying party.

Approved SVOD & TVOD payment model whether: (i) Channel 5 exploit; or (ii) Producer exploits in the initial licence period (subject to Producer holdbacks)	
Channel 5	Producer
50%	50%
Deduction of operating costs up to a maximum of 30%,	Deduction of distribution costs up to a maximum of 30%.

21 VOD: Channel 5 reporting to Producers

21.1 Channel 5 shall report to producers half yearly such reporting to take place 4 (four) months after each half year with reporting for HY1 to take place by end October and reporting for HY2 to take place end April of the year following exploitation, in each year.

21.2 Channel 5 shall make payment within 30 (thirty) days of receipt of a valid invoice for the relevant sum (following Channel 5's production of a Purchase Order).

22 VOD: Channel 5 reporting to Pact

Pact and C5 will discuss in good faith with a view to agreeing within 3 (three) months from signature of the MOU, annual reporting data for Channel 5 to provide to Pact in relation to its exploitation of Primary VOD Rights hereunder.

Schedule 1

Examples of Narrative Repeat Use and Fee due

Programme Type	Transmissions (TX) and Time Shift for each TX (+ 1)	Use of Narrative Repeats (note: NR includes a +1 time shift)	Licence Fee
One Off Episodes/ Programmes/Non Returning Series / One off Series	Option A: 4TX +1	2 NR - if either used at off Peak or Night Time If either of the 2 NR are converted into Peak: <ul style="list-style-type: none"> • 1st NR used at Peak • 2nd NR used at Peak 	Free 5% 5%
	Option B: 5 TX +1	<ul style="list-style-type: none"> • 1 NR is used at off Peak or Night Time • If the NR is converted to Peak 	Free 5%
	Example of Use		Total fee due
	<ul style="list-style-type: none"> • 2NR: 1 NR off peak, 2nd NR Night Time • 2 NR: 1st NR off peak 2nd NR Peak. • 2NR: 1st NR at peak, 2nd NR Off Peak. • 2NR: 1st NR at peak, 2nd at Peak. 		0% 5% 5% 10%
Returning Series/ Strands	4TX + 1	2 NR either used at Off Peak or Night Time C5 also has 1 NR Peak use, used at 1 st NR or 2 nd NR. A 2 nd NR can be converted to a Peak, provided paid at Peak. <ul style="list-style-type: none"> • 2nd NR use at Peak Example of Use <ul style="list-style-type: none"> • 2NR: 1 NR Off Peak, 2nd NR Night Time • 2 NR: 1st NR Off Peak 2nd NR Peak. • 2NR: 1st NR at Peak, 2nd NR off Peak. • 2NR: 1st NR at Peak, 2nd NR at Peak 	Free Free 5% Total fee 0% 0% 0% 5%
	5 TX + 1	<ul style="list-style-type: none"> • 1 NR used at off peak or Night Time • If the NR is converted to Peak 	Free 5%

Schedule 2

Table A - Example of Main Channel UK Licence Extension

Main Channel TX (to be used in the initial licence cannot be used in the Licence Period Extension) for all types of Programmes (whether one-off or Returning Series etc)	UK Licence Period ('LP')	Notice Period for Additional TX's for Main Channel C5 confirm type of TX at notice.	Additional TX's as per the following rates: - Peak 5% - Off Peak 3% - Night Time 2%	UK Licence Period Extension With Additional TX if purchased in final year of LP	Total LP
Option A (4 TXs + 1TS + NRs)	4 years	1 st 6 months of the final year of the MC Licence Period	2 TXs (used at any time)	2 years	6 years
			1 TX (used at any time)	1 year or expires after use of additional 1 TX*	5 years or expiry of use of additional 1 TX
Option B (5 TXs + 1TS + NRs)	4 years	1 st 6 months of the final year of the MC Licence Period	2 TXs (used at any time)	2 years	6 years
			1TX (used at any time)	1 year or expires after use of additional 1 TX*	5 years or expiry of use of additional 1 TX

NB: * Save that a 2 year extension applies (4 years + 2 years) if C5 subsequently purchases another 1 TX.

Table B Example of Holdbacks subject to Table A above.

Territory	Extension of Holdback with Additional MC TX and UK licence period.
UK	5 years or expiry of TX, if 1 Additional TX purchased in year 4 6 years if 2 Additional TX purchased in year 4
Republic of Ireland (ROI)	N/A
ROW	N/A

Schedule 3

Example A: 5-episode series - daily stripped tx				Example B: 10-episode series - weekly tx				Example C: 10-episode series - fortnightly tx				Example D: 15-episode series - weekly tx			
Broadcast episode		No-fee window		Broadcast episode		No-fee window		Broadcast episode		No-fee window		Broadcast episode		No-fee window	
Ep number	First tx date	Date closes	Days	Ep number	First tx date	Date closes	Days	Ep number	First tx date	Date closes	Days	Ep number	First tx date	Date closes	Days
1	04/06/2018	08/07/2018	34	1	04/06/2018	05/09/2018	93	1	04/06/2018	12/09/2018	100	1	04/06/2018	05/09/2018	93
2	05/06/2018	08/07/2018	33	2	11/06/2018	05/09/2018	86	2	18/06/2018	26/09/2018	100	2	11/06/2018	05/09/2018	86
3	06/06/2018	08/07/2018	32	3	18/06/2018	05/09/2018	79	3	02/07/2018	10/10/2018	100	3	18/06/2018	05/09/2018	79
4	07/06/2018	08/07/2018	31	4	25/06/2018	05/09/2018	72	4	16/07/2018	24/10/2018	100	4	25/06/2018	05/09/2018	72
5	08/06/2018	08/07/2018	30	5	02/07/2018	05/09/2018	65	5	30/07/2018	07/11/2018	100	5	02/07/2018	05/09/2018	65
The no-fee window starts with the 1st tx of the first ep and expires 30 days after the 1st tx of the final episode - even though there only 5 eps in the series				6	09/07/2018	05/09/2018	58	6	13/08/2018	07/11/2018	86	6	09/07/2018	05/09/2018	58
				7	16/07/2018	05/09/2018	51	7	27/08/2018	07/11/2018	72	7	16/07/2018	05/09/2018	51
				8	23/07/2018	05/09/2018	44	8	10/09/2018	07/11/2018	58	8	23/07/2018	05/09/2018	44
				9	30/07/2018	05/09/2018	37	9	24/09/2018	07/11/2018	44	9	30/07/2018	05/09/2018	37
				10	06/08/2018	05/09/2018	30	10	08/10/2018	07/11/2018	30	10	06/08/2018	05/09/2018	30
				The no-fee window starts with the 1st tx of the first ep and expires 30 days after the 1st tx of the final episode				Despite there being 10 eps, the tx pattern takes the series over the 70+30 day upper limit for the earlier episodes				11	13/08/2018	12/09/2018	30
												12	20/08/2018	19/09/2018	30
												13	27/08/2018	26/09/2018	30
												14	03/09/2018	03/10/2018	30
												15	10/09/2018	10/10/2018	30
												For the 1st 10 eps, the no-fee window operates as for Example B. The remaining 5 eps get only a simple, single 30 day catch up no-fee window			

Schedule 4

Clip Rights

Holdback is day 1 Following TX.

The producer may use Clips for promotional use and commercial exploitation subject to agreed parameters (as to be agreed, below).

Following signature of this MOU, Channel 5 shall draft a Clip Use Policy based on the principles agreed with Pact. Such policy shall be consistent with the below key principles:

- The independent producer may sell Programme clips to end users (either itself or through its authorised licensees), provided that the end user is not able to access such clips from any service operated by any other public service broadcaster by way of permanent download-to-own in the same way as it may exercise the Commercial Download Rights in the whole Programme subject to the following restrictions;
- “Clips” shall be no longer than 5 (five) minutes in total per 30 (thirty) minutes of Programme or Episode running time (i.e. for example, in relation to a 30 minute episode you could have 2 clips of 2 (two) minutes in length and 1 of one minute; or 1 clip of 4 minutes), save that and subject to the 5 (five) minute limit above, any individual comedy clip cannot exceed 2 (two) minutes in length; and

In each instance specific consent is required in relation to Children's programmes and serious factual programmes.

Where the independent producer is selling Programme clips as set out above, it is entitled to make available via a free stream to the end user a preview of the Programme Clip of no more than 20 seconds subject to holdbacks and agreed parameters set on in Channel 5's clip policy.

The independent producer may make Programme clips commercially available for these purposes subject only to (a) the Channel 5 clip policy; and (b) following Channel 5's first TX; and (c) following payment of Net Distribution Receipts deriving from such exploitation to Channel 5.

The Producer shall, for the avoidance of doubt, be responsible for clearing Clips for its use.

Channel 5 may exercise its Clip and Promotional Rights in accordance with the 2010 Agreement.