

17-00594

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement (the "Agreement") is made into by and between:

CABLE NEWS NETWORK, INC. a corporation, duly organized and existing under and by virtue of the laws of the United States of America, with principal business address at One CNN Center, Atlanta, GA 30303, duly authorized and represented herein by its Executive Director, Ms. SALLY YOUNG, and hereinafter referred to as the "CNN";

and

The PHILIPPINE DEPARTMENT OF TOURISM, a government agency with office address at the DOT Building, No. 351 Senator Gil Puyat Avenue, Makati City, Metro Manila represented herein by its Undersecretary, BENITO BENGZON, JR., and hereinafter referred to as the "DOT,"

WITNESSETH:

WHEREAS, under Republic Act No. 9593, otherwise known as the Tourism Act of 2009, the State declares tourism as an indispensable element of the national economy and an industry of national interest and importance, which must be harnessed as an engine of socio-economic growth and cultural affirmation to generate investment, foreign exchange and employment, and to continue to mold an enhanced sense of national pride for all Filipinos;

WHEREAS, in line with its function to provide an integrated market development program to attract people to visit the Philippines and enhance the prestige of the country and the Filipino people in the international community, the DOT aims to partner with a trusted media brand with global reach in its continued effort to intensify its global awareness advertising campaign;

WHEREAS, the DOT is the primary planning, programming, coordinating, implementing and regulatory government agency in the development and promotion of the tourism industry, both domestic and international, in coordination with attached agencies and other government instrumentalities;

WHEREAS, CNN is represented by Global Media Consultants as its advertising sales representative in the Philippines;

WHEREAS, CNN is television's first 24-hours all news service that offers news in the areas of money, entertainment, tech, sports, travel, style, features, video and more in Africa, the Americas, Asia, Europe, the Middle East, and internationally;

WHEREAS, CNN operates as a subsidiary of Turner Broadcasting System, Inc.;

WHEREAS, CNN has multiple channels that cater to different geographic areas: CNN U.S. which covers over 100 million U.S. households and CNN International whose reach includes more than 200 million households all over the world;

WHEREAS, CNN proposes a combination of TV and digital placements that will run in the CNN U.S. and CNN International channels composed of:

- a) Re-run of the Anak TVC;
- b) Editing and airing of one 60-second dive advertorial;
- c) Production and airing of two 60-second advertorials highlighting surfing and fashion;

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NOW THEREFORE, for and in consideration of the foregoing premises and the mutual covenants, agreement and stipulation herein contained, the Parties hereby bind themselves and agree to the following:

I. Campaign Components

A. On-Air Advertising Campaign

- (a) CNNI Asia – total spot frequency = 214
 - a. 72x 30sec client's TVC + 142x 60sec advertorials
- (b) CNNI EMEA – total spot frequency = 45
 - a. 14x 30sec client's TVC + 31x 60sec advertorials
- (c) CNNI North America – total spot frequency = 214
 - a. 82x 30sec clients TVC + 132x 60sec advertorials

B. Online Advertising Campaign

- (a) CNN Digital
 - a. CNNi Advertisement Feature & Native placement
 - b. CNN Website Display – standard & video banners, audience targeting banner
 - c. CNN Mobile Apps Display banners
- (b) CNN U.S. Domestic
 - a. CNN Headline News (HLN) total spot frequency = 105
 - i. 42x 30sec client's TVC + 63x 60sec advertorials
 - b. CNN Airport Network (APN) total spot frequency = 214
 - i. 84x 30sec client's TVC + 130x 60sec advertorials

C. Value Added

- (a) Filming of one 60-second advertorial with contents around Siargao Surfing World Competition;
- (b) Filming of one 60-second advertorial with contents around Color and Culture in the Philippines;
- (c) Editing of one 60-second advertorial based on the asserts to be provided by the DOT;
- (d) To extend the concepts of the "Surfing" and "Color and Culture" to digital, CNN will produce two articles to host it under an advertisement feature with News banner to drive traffic;
- (e) Usage Rights for PDOT to use the Advertorials produced out of this deal for internal promotions; PDOT organized roadshows, seminars, conference, but not going to be distributed to media platforms.

II. Fees

The total fees of the above advertising services to be rendered by CNN amount USD 1,000,000.00. The fee shall be inclusive of all applicable taxes and exclusive of bank charges/transfer fees to be charged to the account of the DOT, payable directly to CNN under the terms of payment provided under clause III of this Agreement.

III. Payment

The fees shall be paid in tranches based on the following milestones:

- Submission and approval of timeline and storyboard – 30%
- Submission and approval of creative materials – 40%
- Submission and approval of on-air and digital performance report for November and December – 30%

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IV. Force Majeure

CNN shall not be liable for termination for default if and to the extent that its delay in the performance of its obligations under this Agreement is the result of a Force Majeure.

For purposes of this Clause, "Force Majeure" means an event or situation beyond the control of the DOT and CNN that is not foreseeable, is unavoidable, and its origin is not due to negligence or lack of care such as, but not be limited to, acts of a sovereign, war or revolution, fire, flood, epidemic, quarantine restriction, freight embargo, etc.

If a Force Majeure situation arises, CNN shall promptly notify, in writing, the DOT of such situation and the cause thereof. Unless otherwise directed by the DOT in writing, CNN shall continue to perform its obligations under this Agreement as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure.

V. Cancellation or Pre-emption

Notwithstanding anything to the contrary herein, CNN shall have the right, in its sole discretion, to cancel or pre-empt any Broadcast or portion thereof covered by this Agreement in order to broadcast any program which, in the opinion of CNN, is considered to be of public significance or in the public interest. Such pre-empted time will be reallocated to DOT at a future mutually agreed time, falling which the Agency shall not be charged for such airtime.

In such cases, CNN shall notify the DOT in advance where reasonably practicable; otherwise, CNN shall notify the DOT within one (1) business day following the cancellation or pre-emption.

VI. Confidential Information

DOT and CNN understand and agree that any and all information, materials, data, rates, advertising package details, disclosed by both parties, in whatever form ("Confidential Information"), is of a strictly confidential nature and the both parties jointly and severally undertake to maintain all such Confidential Information in strict confidence, and not to disclose the same to any third party, subject only to disclosures required by law or by virtue of legal processes.

VII. Duration

This Agreement shall commence in November and shall continue until the submission of the report and other documents required in clause III unless terminated earlier pursuant to clause VIII.

VIII. Termination

Either party may terminate this Agreement by notice in writing to the other in the event that the other party:

- a. commits a material breach of this Agreement and such breach is incapable of remedy or, if the breach is remediable, it continues for a period of 30 days after written notice requiring the same to be remedied has been given to the party in breach; or

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- b. gives notice to its creditors or any of them that it has suspended or is about to suspend payment, or if an order shall be made or resolution passed for the winding up of the other (otherwise than for the purpose of and followed by a reconstruction or amalgamation) or if an administration order shall be made in respect of the other or if the other shall become insolvent or shall make any assignment for the benefit of creditors or has a receiver appointed over all or any part of its assets or takes or suffers any similar action in consequence of debt;

IX. Consequences of Termination

- a. CNN shall destroy any Client Materials in its possession;
- b. CNN shall deliver to the Client any Work Product not previously delivered to the Client;
- c. CNN shall provide reasonable assistance to the DOT in order to effect an orderly handover of the Services to the Client; and
- d. Each party shall destroy any of the other party's Confidential Information that it has in its possession.
- e. The termination or ending of this Agreement does not affect accrued rights under this Agreement.

X. Liquidated Damages

Subject to clause IX (Force Majeure), if CNN fails to satisfactorily deliver any or all of the goods and/or to perform the services within the period specified in this Agreement inclusive of duly granted time extensions if any, the DOT shall, without prejudice to its other remedies under this Agreement and under the applicable law deduct from the Agreement price, as liquidated damages, the applicable rate of 1/10th of 1% of the cost of the unperformed portion for everyday of delay until actual delivery or performance. The maximum deduction shall be 10% of the amount of the Agreement. Once the maximum is reached, the DOT shall have the right to rescind the Agreement without prejudice to other courses of action and remedies open to it.

XI. Representations and Warranties

1. CNN shall, at all times, perform the Services with due diligence and in a timely and good and workmanlike manner.
2. The Services will be provided in a professional manner and with reasonable skill and care.
3. Each of parties shall comply with all applicable laws and regulations in performing the Services.
4. Each of the parties has the full right, power and authority to enter into this Agreement, to grant the rights and licenses hereunder and to perform its obligations hereunder.
5. The execution of this Agreement by each of the parties' representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action or by government, whichever is applicable.
6. When executed and delivered by the parties, this Agreement will constitute the legal, valid and binding obligation of each of the party, enforceable against the other party in accordance with the terms and conditions of this Agreement.

XII. General Provisions

1. *Governing Law.* This Agreement shall be governed by Philippine law.
2. *Notices and Communications.*
 - a. All notices, orders, approvals, instructions, and other communications required to be given in writing between the parties shall be delivered by hand or sent by mail

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or facsimile to the address or facsimile number of the intended recipient, as each party may from time to time have notified the other party in writing. Subject to the foregoing, notices and communications shall be deemed to have been given: (a) if sent by mail, 48 hours after posting; (b) if delivered by hand, on the date of delivery, or (c) if sent by facsimile, at the time of transmission.

- b. Any notices, orders, approvals, or instructions and other communication required to be given in writing may also be sent by email, to such email address/es as may be provided by the parties from time to time.
3. *Amendment.* This Agreement may be amended, modified, and supplemented in any and all respects only by a written instrument signed by the parties expressly stating that such instrument is intended to amend, modify, or supplement this Agreement.
4. *Assignment or Extension.* The parties shall not assign or transfer any of its rights or obligations hereunder or extend the Contract Period without the prior written consent of the other party.
5. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall constitute an original, and all of which when taken together, shall form a single agreement.
6. *Severability.* Any provision of this Agreement which is declared invalid, illegal or unenforceable shall be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof or rendering that or any other provision of this Agreement invalid, illegal or unenforceable.
7. *Cumulative Remedies.* The rights and remedies of the parties under this Agreement are cumulative and not exclusive of any rights or remedies provided by law. The failure to exercise or a delay in exercising a right or remedy provided under this Agreement or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.
8. *Dispute Resolution.* Any dispute, controversy or claim arising in any way out of or in connection with this Agreement shall be settled amicably by mutual consultation between or among the parties as far as practicable. Any dispute, controversy or claim which cannot be settled amicably within a period of thirty (30) calendar days from the time such dispute, controversy or claim shall become known to the parties shall be finally settled by arbitration conducted in accordance with Philippine arbitration laws.
9. *Litigation.* In the event of any litigation, the same shall be filed with the proper court of Makati City to the exclusion of any other court or venue.

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IN WITNESS WHEREOF, the parties have hereunto set their hands on the date and place first above written.

PHILIPPINE DEPARTMENT OF TOURISM

By Authority of the Secretary:

CABLE NEWS NETWORK, INC.

BENITO C. BENGZON, JR.
Undersecretary

MS. SALLY YOUNG
Executive Director

SIGNED IN THE PRESENCE OF:

ATTY. RAYMOND C. SANCHEZ

KARINA OLANO

Certified Funds Available:

AIDA T. SORIANO
Chief, Accounting Division

P.P.A.: A29. Allot Class: 1001PE
Acct. Code: 49,800,000.00

MA. LUZ F. FALCUNAYA
Chief, Budget Division

ACKNOWLEDGMENT

OBR # 16-12-4715

Republic of the Philippines
Pasig City
Makati City } S.S.

BEFORE ME, a Notary Public for and in Makati City on this 29th day of December 2017, personally appeared the following:

Table with 3 columns: Name, Passport/SSS/Driver's License No., Date of Expiration & Place of Issue. Rows include Benito C. Bengzon, Jr. and Sally Young.

Known to me and to me known to be the same person/s who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed as well as that of the corporations represented herein.

WITNESS MY HAND AND SEAL this 29th day of December 2017 in Makati City.

Doc. No.: 418
Page No.: 89
Book No.: XIII
Series of 2017.

ATTY. AUDELLE H. ZAMORA
NOTARY PUBLIC
UNTIL DECEMBER 2017
4/F LEGAL AFFAIRS SERVICE, DOT BLDG
PTR. NO. 591895-1/6/17 MAKATI CIT
IBP LIFETIME MEMBER 04646/MAKATI