



**ANA-AAAA JOINT POLICY COMMITTEE  
ON BROADCAST TALENT UNION RELATIONS**

**May 28, 2009**

To: JPC Authorizers and Interested Parties  
From: Douglas J. Wood, Lead Negotiator  
Re: Analysis and Frequently Asked Questions (FAQs) on New SAG/AFTRA Agreement

The membership of the Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) officially ratified the new television and radio commercials agreements on May 21, 2009. As you know, these agreements were collectively bargained between the ANA-AAAA Joint Policy Committee on Broadcast Talent Union Relations and the two performer unions.

We are pleased to provide the following analysis and FAQ regarding these agreements.

If you have any questions after reviewing this document, please be sure to check my blogs on the ANA website ([www.ana.net](http://www.ana.net)) and on the Adlaw by Request ([www.adlawbyrequest.com](http://www.adlawbyrequest.com)). Or feel free to email me at [dwood@reedsmith.com](mailto:dwood@reedsmith.com) or call me at 212 549-0377.

I would again like to thank the members of the negotiating committee – Kathleen Quinn, Danielle Korn, Leslie Meeds, Dan Jaffe, Greg Hessinger, and Elky Stone for their tireless work in helping to adopt these historic collective bargaining agreements. This is indeed the beginning of a long overdue change. In the next three years, we will all be working hard, together with the unions, to adopt an entirely new way to pay actors who perform in commercials.

**Q: What is the effective date of the contracts?**

The new contracts were effective on April 1, 2009.

**Q: What timetable now applies to implementing the new rates and are payments at the new rates retroactive to April 1, 2009?**

You should now be paying the new rates and if you paid the old rates until now, you must make retroactive payments of the difference between the old and the new rates on or before June 16, 2009.

**Q. Which commercials are subject to the new rates and contract provisions?**

The new rates, terms and provisions apply to the following:

- (a) All original commercials produced on or after April 1, 2009;
- (b) All new or additional versions of commercials originally produced under prior contracts for commercials that are integrated on or after April 1, 2009 under the *Integrating of Commercials into Different Commercials* provisions;
- (c) All versions of commercials that are edited and aired after April 1, 2009 other than as expressly permitted under the *Editing of Commercials* provisions; and

Any terms, rates or conditions of current performer contracts that are more favorable to the performer than those under the new agreements remain in effect.

**Q: What were the major industry gains?**

A. Overview of Industry Gains

Gains for the industry included a wage hike well within and even under ranges being conceded in collective bargaining agreements throughout the nation and in the entertainment industry.

B. GRP Model Pilot.

We also got agreement from the unions to jointly conduct a two year multi-million dollar pilot project on the GRP Payment Model developed by Booz & Company in a 2007 Study commissioned by the JPC and the unions. This is a major victory by the industry and will provide us with an operational system by 2011. While no one can force the unions to accept the results of the pilot project, they will be working hand in hand with us and an independent consultant throughout the pilot. Assuming the system works, the proposition to adopt the system will be compelling for both sides.

### C. Pension & Health Fund Contribution Cap.

For the first time ever in the history of the television commercial agreements, there will be a cap on pension and health contributions. Television and motion picture producers have enjoyed a cap for decades, putting the advertising industry in an inequitable position on contribution levels. That will now end as of the last quarter of the third year of the contract. While we would have liked to implement the cap sooner, conditions of the pension plans and the investment industry prevented us from doing so.

### D. New Dispute Resolution Process for Allocations in Celebrity Endorsement Contracts.

The never-ending controversy over determining proper allocations between covered and non-covered services in celebrity contracts and the ability of the unions to challenge those allocations was resolved very favorably for the industry.

These gains on the P&H front will save the industry millions of dollars over the course of the contract and well into the future.

### E. Limited Change in Made Fors.

While we conceded a minimum rate for commercials made exclusively for the Internet and new media, the provision is not effective until April 1, 2011. Until then, free bargaining continues to be permitted. In addition, even after the new minimums go into place on April 1, 2011, free bargaining on editing will remain.

### F. Expanded Exemptions from Coverage.

Some other gains include an exemption for CEO's even when they are not delivering an "institutional message" and liberalization of filming employees at work. Advertisers may now direct them and may even film them off premises on recreated sets in studios where it is impractical to film them at the place of employment. Advertisers and agencies should closely examine this new provision. It allows for some very creative and legitimate ways of reducing talent costs in commercials, especially for retailers. If you would like to discuss the scope and use of this provision, please give me a call.

### G. Liberalization for Public Service Announcements.

In the public service area, we gained recognition of our view that PSA's could be used in all media covered by the contracts and agreement on a standard template for waivers. We also secured a three year waiver for the Ad Council, allowing them to produce PSA's that directly solicit contributions. Other producers of PSA's can also ask for the waiver and will most likely get it. If you apply and are denied, please contact me.

#### H. Relief from Audition Payments.

On the audition front, agencies and advertisers will no longer have to pay for the third and fourth auditions, provided the call backs are limited to three or fewer of the actors who auditioned in the first two calls.

#### I. Clarified and Expanded Rights to 8-Week Internet and new media Cycles.

With respect to the 8 week cycle for Internet and new media use, you no longer need separate permission from an actor to opt for the shorter cycle if the actor did not withhold Internet rights when first hired. Since it is unusual for actors to withhold such rights when initially hired, this is a real gain. You also now have the right to opt for an unlimited number of successive 8 week cycles, a major improvement over the prior limitations.

#### J. Adoption of Commercial Service Fee to Fund the JPC.

In the past, the funding of the JPC was through dues of ANA members and financial support from the 4A's. The funding had no relationship to production volumes of advertisers and resulted in substantial underfunding of the JPC, often putting it at a disadvantage to the unions. Beginning on July 1, 2009, advertisers that are JPC authorizers or that use advertising agencies that are JPC authorizers will pay a one-time flat fee of \$75.00 per new commercial, payable when the commercial is first used, i.e., contemporaneous with the first use payment. Approved by the ANA and AAAA, these fees will be collected by the talent payroll agencies and remitted to the ANA on a monthly basis. The ANA will oversee the funds and the budgeting process for the JPC. This approach is patterned after the support methodology in Canada where the industry multi-employer bargaining agreement funding is supported by a \$300 per commercial service fee. The JPC anticipates that the per commercial service fee will decrease in future years as funds raised become sufficient to address short and long term budget requirements.

### **Q. What were the major union gains?**

#### A. Increased Wages and PH Contributions

As far as the industry is concerned, the only major gains by the unions was an across the board one time increase of 4.43% on under the television commercials contracts and 5.35% for the radio commercials contract and an increase in Pension & Health Fund Contributions from 14.8% to 15.5%. These increases are across the board and apply to the Spanish Language provisions. These gains, however, are well within an acceptable range for collective bargaining agreements negotiated in 2009 and are lower than the union gains in the television and motion picture contracts. The wage increase is also lower than every other major collective bargaining agreement negotiated in the third quarter of 2008 and first two quarters of 2009.

B. Increase minimums for Move Overs.

We agreed to increase the three session minimum to three and a half session fees for one year use of a Move Over and from one session fee to one and a third session fees for an 8 week cycle use of a Move Over. As stated above, these minimum will also apply to Made Fors, but not until April 1, 2011. As with Made Fors, free bargaining on editing on the Internet and New Media remains available for Move Overs.

C. Improvement of Benefits for Extras.

In other concessions to the unions that have little impact to advertisers when viewed from a total cost perspective, we agreed to raise the extra limits from 40 to 45 and to give extras a flat \$8 a day allowance for travel and about \$5 a call if they're asked to bring their cell phones or PDA's.

D. Increase in Rates for Foreign Use of Spanish Language Commercials.

Session fees for foreign use of Spanish Language commercials were increased by one session fee for each geographic area of use.

E. Cable Only Holding Fees.

We agreed to holding fees for commercials made for cable only in exchange for exclusivity. These fees are mandatory to keep a cable only commercial active during cycles in which the commercial is not aired.

F. Non-Crediting of Session Fees on Foreign Only Commercials.

Session fees paid for commercials made only for foreign use may no longer be credited against use.

G. P&H Contributions for Choreographers.

We agreed to pay P&H on choreographers at minimum session levels. We already pay P&H on assistant choreographers. The anticipated total annual industry cost for this concession is \$4,000.

**Q: Are all spot market and Cable network unit values consistently applied to all commercials regardless of the year in which they were produced, i.e., whether produced under the 2003, 2006 or 2009 contracts?**

New cable network unit values apply to all commercials no matter which contract they were produced under. Contractually, new spot market unit weights apply only to new commercials. However, the industry practice has been to apply the new unit weights to all commercials for ease of administration. But whether to do so is technically a decision of the advertiser affected.

**Q: Is the rate of pay for all commercials for move over to the Internet or new media now 3.5x session fee regardless of the year produced, i.e., whether produced under the 2003, 2006, or 2008 contracts?**

No. The rates, terms and provisions of the 2009 Commercials Contract apply to (1) all original commercials produced on or after April 1, 2009, (2) all new or additional versions of commercials originally produced under prior contracts that are integrated on or after April 1, 2009 under the *Integrating of Commercials into Different Commercials* provisions, and (3) all versions of commercials that are edited on or after April 1, 2009 other than as expressly permitted under the *Editing of Commercials* provisions of the contract. Otherwise, the old 3x session fee rate applies.

**Q. How does the upfront increase in wages in the deal equate to annual increases common in other collective bargaining agreements?**

When the upfront increase is compared to the incremental increases in cost for the three years of the contract, the equivalent yearly increase is less than 2%. That increase is among the lowest in collective bargaining agreements negotiated in the last year when compared to figures published by the Bureau of National Affairs and is the lowest with respect to any major collective bargaining agreement negotiated in that time frame.

**Q: How will the GRP Pilot work?**

As of April 15<sup>th</sup> we began work on the Pilot Project. For the first 9 weeks, the JPC and the unions will jointly define the scope of the Pilot, apply for the funding (which is assured since both sides are asking), identify the project team and participants, identify the independent consultant, determine success criteria and benchmarks, develop a detailed project schedule, and identify potential software developers and data aggregators. With that done, the agreed upon timetable dictates six weeks to select the software developers, continue development of union and industry requirements, and develop agreements with other stakeholders, e.g., advertisers, agencies, talent payroll companies, etc., that will be involved in the Pilot. We then allow 35 weeks to develop and build the software (no small task), integrate the new software with existing systems and test and verify that it is working. The Pilot Project test itself will then commence on April 1, 2010 and run side by side with the current system for a year. The sample size for the Pilot will probably be about 1,400 commercials and will represent a sample size more than sufficient to determine to a virtual certainty that the system works and is ready to be launched. At the conclusion of the Pilot, we've allowed for 13 weeks to compile and analyze the data, evaluate the results and conclude the Pilot Project. That's a total of 115 weeks from beginning to end and insures a robust and working system by June 30, 2011. Negotiations on adopting the Pilot will then begin no later than October 1, 2011 unless the unions are in the middle of negotiations on another contract. If so, the negotiations on the implementation of a GRP payment system must begin no later than January 3, 2012. Once commenced, the negotiations will continue for 6 weeks exclusively devoted to the GRP Model. At the conclusion of those negotiations, the full contract will be opened for review. This process provides the industry with considerable time to prepare should it appear the unions are not willing to proceed with a system that by definition will be fully capable of being implemented. Of course, the two sides can

mutually agree to adopt the new system at any time after it's completed as well. Funding for the Pilot comes from the AICF and the IACF, funds that are administered jointly by the unions and industry, both sides of which will jointly request the funding. Because it is a joint request there is no issue on obtaining the funding provided we present the appropriate joint request to the funds. If successful, the new GRP system will be a groundbreaking and historical moment, bringing together both media buying and talent payments under one united payment structure.

**Q: How does the Pension and Health cap work?**

Under the new television contracts, an advertiser must make a 15.5% P&H contribution on 100% of an actor's compensation allocated to services covered by the union contracts. As a rule of thumb, that's usually 50% of the compensation paid where the actor is also doing print, personal appearance and other work not covered by the union contract. Given the lack of a cap, the contributions in many celebrity deals rose to many hundreds of thousands of dollars. In the new deal, advertisers must contribute only on the first \$1 million allocated to covered services. The result is that no advertiser will have to pay more than \$155,000 in P&H in any given year of a celebrity deal. The new cap is effective on January 1, 2012. While we would have liked to implement that sooner, conditions of the pension plan and the investment industry prevented us from doing so.

**Q: What is the overall economic impact of the deal?**

In 2008, the advertising industry paid \$983,376,780 in wages and benefits to actors performing in television and radio commercials. Under the new contract, the incremental wage and benefits increase in the first year of the new contract is \$42,379,890, representing an incremental increase of 4.31%. That increase, however, is paid only in the first year of the contract. There is no increase in the second or third years of the contract. In fact, there is a slight decrease in costs in the third year. When the second and third year costs are taken into account and the total costs over the three year term of the contract are calculated, the actual incremental increase represents only 1.40% of the total cost of the contract over the three year period. This can be illustrated as follows:

| Contract Year                     | Year One        | Year Two        | Year Three      | Total           |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Wages & Benefits at start of year | \$983,376,780   | \$1,025,756,670 | \$1,025,756,670 | \$3,034,890,121 |
| Incremental Increase              | \$42,379,890    | \$0             | \$0             | \$42,379,890    |
| Wages & Benefits at end of year   | \$1,025,756,670 | \$1,025,756,670 | \$1,025,756,670 | \$3,077,270,011 |
| Percent Increase                  | 4.31%           | 0%              | 0%              | 1.40%           |

**Q: How do the increases in wages and benefits break out?**

When broken out, the differences between wages and benefits look as follows:

Wages Only:

| Contract Year          | Year One      | Year Two      | Year Three    | Total           |
|------------------------|---------------|---------------|---------------|-----------------|
| Wages at start of year | \$858,844,349 | \$892,312,763 | \$892,312,763 | \$2,643,469,876 |
| Incremental Increase   | \$33,468,414  | \$0           | \$0           | \$33,468,414    |
| Wages at end of year   | \$892,313,763 | \$892,312,763 | \$892,312,763 | \$2,676,938,290 |
| Percent Increase       | 3.90%%        | 0%            | 0%            | 1.27%           |

Benefits Only

| Contract Year             | Year One      | Year Two      | Year Three    | Total         |
|---------------------------|---------------|---------------|---------------|---------------|
| Benefits at start of year | \$124,532,431 | \$133,443,907 | \$133,443,907 | \$391,429,245 |
| Incremental Increase      | \$8,911,476   | \$0           | \$0           | \$8,911,476   |
| Benefits at end of year   | \$133,443,907 | \$133,443,907 | \$133,443,907 | \$406,331,721 |
| Percent Increase          | 7.16%         | 0%            | 0%            | 2.28%         |

**Q: How does this three year contract compare to the last three years?**

Making a comparison of the three previous years and the upcoming three years is a bit like comparing apples to oranges since we can only speculate what will happen in the future and our last contract was for 2.5 years. Nonetheless, if we assume yearly costs are constant and production levels do not change, the comparison would look like this:

|  |                 |
|--|-----------------|
| Total Wages and Benefits Projected over three years under New Contract                   | \$3,077,270,011 |
| Total Wages and Benefits over three years of Old contract                                | \$2,950,130,340 |
| Three year increase  | \$127,139,670   |
| Percentage Increase  | 4.31%           |
| Average yearly percentage increase given increase for New Contract is only in first year | 2.11%           |

Thus, the increased costs when viewed from this perspective also show a very healthy result for the advertising industry. And if production levels fall, the percentage increase will also fall.

**Q: Why is the union claiming a wage increase is 5.1%?**

The unions are counting only wages paid to scale performers and do not include penalties, premiums and other related costs. Moreover, the unions completely exclude any actors who are paid more than \$50,000 in any one check when making their calculations. This takes out more than \$250,000,000 from the total advertising industry costs under the assumption that these individuals will not feel the impact of the wage increase. From the industry’s perspective, the true costs increases are measured by the total increase divided by the total costs as illustrated above.

**Q: But among those performer who will feel the full impact of the raise, isn’t that a significant amount?**

Keep in mind that the 5.1% increase is paid in the first year only. The two remaining years have no increases. So to put the 5.1% in perspective, you need to determine what the increase would represent each year if the increases were divided between the three years. Such an analysis reveals that the year on year increase in wages is about 2.5% per year.

**Q: But if the unions are claiming a 5.1% increase, why are the wages going up only 4.43%?**

When you apply the increases only to the “silos” of network, cable, wild spot, and other broadcast media, the increase is 4.43%. It is lower because the 5.1% increase includes concessions made by the industry during the negotiations for categories that do not affect all

performers. Examples include increased compensation in Spanish language commercials, additional allowances for extras, and benefits for choreographers. When one calculates the year to year equivalent of 4.43%, the average per year increase is a about 2% per year.

**Q: And what about the benefits? The unions have said the industry is going to pay \$21,000,000 more in contributions to their funds. Isn't that a lot of money?**

One has to put the total amount in context.

First, it is a percentage working off of a large number. So the effect when dealing with \$3 billion over the term of the contract is insignificant. On the other hand, the increase is equal to what the unions received from the television producers and motion picture studios in their last contract and offer. Under provisions in the collective bargaining agreement, the union has the right to open negotiations at any time to keep the percentages consistent from contract to contract. In addition, increases in the marketplace of a half percent have been common in recent negotiations of collective bargaining agreements, including those since January 2009. As trustees of the pension plan, the industry cannot ignore the conditions that exist today with the funds. Much of this increase, however, was offset by gains achieved by the industry discussed more fully below. Most importantly, however, the increases will be substantially offset once the cap goes into full effect as described below. That said, however, the increase in pension and health fund contributions was certainly a major gain by the unions.

**Q: How do the economics of this deal compare to others in the market?**

Compared to the market, this deal is outstanding for the industry.

The Bureau of National Affairs tracks collective bargaining agreements. In its comparison of 2008 to 2009 contracts, the median and weighted averages increase in multi year collective bargaining negotiated in the first quarter of 2009, i.e., in the heart of the recession, are in the chart below. Keep in mind that these percentages DO NOT represent the upfront percentage but only the first year. These contracts, unlike the JPC approach, include bumps in each year so the percentages shown continue in subsequent years, most likely at the same or higher number.

|                                    | <b>2008</b>              | <b>2009</b>              |
|------------------------------------|--------------------------|--------------------------|
| <b>All Contracts</b>               | Median Average – 3.00%   | Median Average – 3.00%   |
|                                    | Weighted Average – 4.00% | Weighted Average—4.50%   |
| <b>Non-Manufacturing Contracts</b> | Median Average – 3.50%   | Median Average – 3.20%   |
|                                    | Weighted Average – 4.90% | Weighted Average – 5.00% |

When these first year averages are compounded across the years of the contracts in question, the impact far exceeds the deal made by the JPC.

By way of example, IATSE settled its collective bargaining agreement with the television and motion picture producers just weeks prior to the JPC deal with SAG and AFTRA. Its package included a 3% increase in each year. A 3% increase in each year equates to a 6.11% up front increase, a full percent above the deal the JPC struck with SAG and AFTRA.

By further comparison, the motion picture and television producers settled with AFTRA, the DGA and the WGA for three year deals at 3.5%, 3%, and 3.5%. That represents an upfront equivalent of 6.81%, or 1.7% more that the JPC paid.

Lastly, the consumer price index in 2008 was 3.8%. So far this year, January came in at .3% (seasonally adjusted down from .4%) and February came in at .4% (seasonally adjusted down from .5%). So consumer costs are most certainly not falling and the wage increase offered by the JPC with an upfront 5.1% that will remain unimproved for two years is well within the inflationary standard of the CPI.

So by all measures used in negotiations of this type, the deal is excellent for the advertising industry.

**Q: What were the goals of the unions and JPC in entering these negotiations? Were the goals met?**

Both the JPC and the unions shared the goal of maintaining labor continuity and avoiding any interruptions in commercial production. That goal was obviously met.

Other union goals included a wage increase, an increase in rates for certain Internet and new media uses, an increase in the contribution percentage to their pension and health plans, and increases to address other select groups of actors, e.g., Spanish speaking and extras. I must leave it to the unions to say whether they achieved their goals.

The goals for the industry included:

A. Serious progress toward adopting a new model of compensation for actors in commercials based on the C-3 rating point methodology rather than archaic silos like network and cable which have disproportionate rates with no relation to measurable return on investment. We concluded the negotiations with a detailed agreement to jointly undertake a two year pilot project funded by the cooperative funds maintained by the industry and unions. This pilot will be groundbreaking and is the start of an entirely new way to look at the payment methodology in paying talent. Agreement to the pilot was a primary goal of the JPC.

B. A wage and benefits increase that was below market. That goal was clearly met.

C. A cap on contributions to the pension and health funds. Under the old agreement, commercial producers paid pension and health fund contributions on compensation to actors without any cap or limit. This is to be contrasted with the motion picture and with the television production industries, both of which have caps. This has been the case for more than forty years, resulting in an unfair and disproportionate contribution to the plans by advertisers. The unions agreed to a \$1,000,000 cap. Once implemented, this will

mean that no advertiser will have to pay more than \$155,000 on compensation paid to an actor in connection with its contract with the actor. While the cap will not be implemented until January 2012, once it is in place, it will save advertisers millions. This gain ends a 40 year inequity.

D. Adoption of a streamlined arbitration process that is fair and reasonable regarding allocations between covered and non-covered services. As you may recall, the JPC successfully sued SAG last year, objecting over how disputes over allocations were handled. We have now memorialized that victory with a special arbitration provision that makes it far easier to defend an allocation and reversed a decades old process that left disputes in the hands of the P&H Plan trustees.

E. Maintain free bargaining for commercials made specifically for the Internet and new media and to avoid limits on editing. While the industry did agree to minimums for made for productions, the implementation of that provision is not until April 1, 2011.

F. Relief in special areas. We accomplished the goal with new rules for public service announcements, filming at an advertiser's facilities, and exemption from the contract for CEO's and the like, among others.

**Q Can I still freely bargain for made-for-Internet or made-for new media commercials and set any rate I can get the actor to agree to?**

Yes. The minimums will not apply until April 1, 2011. So you can continue to freely bargain until that time. Even when the minimums are established, your right to freely bargain on editing remains.

**Q: What kind of savings did the industry gain? Can you put an economic value to them?**

The gains by the industry have both tangible and intangible values.

On the intangible side, one cannot under-estimate the value of undertaking the GRP Pilot, the cap on P&H Fund contributions, and the new allocations dispute resolution process. Not only does the industry not have to pay for the Pilot, if the GRP model is adopted, it will change the world of advertising forever. The liberalization of the PSA provisions will allow the industry more freedom to support worthy causes.

On the tangible side, at the end of the GRP Pilot, the industry will have a fully operational system for talent payments that if done independently would have cost the industry millions. We estimate the cap on the P&H contributions and the new dispute resolution process will also save the industry millions over the term of the contract and even more into the future. Importantly, advertisers may now more freely film at their locations without running into technicalities in the Commercials Contracts that could cost millions. With this agreement, CEO's and other high level officers of a company may now speak without the limitation of so called "industry messages." Even more money will be saved on auditions if producers are disciplined in call backs.

While one can always argue about the value of those gains, they are clearly worth many millions of dollars.

**Q: How does the new process for resolving disputes over allocations in celebrity endorsement contracts work?**

First, we have agreed upon Guidelines that if met create a rebuttable presumption that the allocations are correct. While an arbitrator can ignore that presumption, it is rare when they do. If a matter does go to arbitration, there is a new process that keeps costs low and drives to a fast decision. All in all, the provision will save the industry a lot of lost time and productivity and money dealing with such matters.

**Q: What happens now with the 8 week cycle for the Internet and new media?**

The 8 week cycle is now a permanent part of the agreement. You can also run successive 8 week cycles as well. Nor do you need to ask an actor if you can use his or her spot for an 8 week cycle if they have not initially withheld the right for Internet use. With regard to rates, the one year moveover rate is now 3.5 session fees and the 8 week cycle is now 1.33 session fees.

**Q: Was there any agreement to maintain or increase the so-called “LA Scale” for radio?**

No. Neither the JPC nor AFTRA has ever officially recognized LA Scale and if anyone should assert that LA Scale is a minimum rate that must be paid, please contact me immediately. If this unauthorized demand should continue, the JPC will investigate whether such demands may constitute a violation of antitrust laws by those making the demand.

**Q: Was there any agreement on the posting of commercials on Internet sites like Coloribus, AdWired, and ADSavant?**

No. Unless an Internet cycle is current at the time of posting or, if not, the use on such sites is via a union waiver benefiting either the site or the advertising agency/advertiser, posting by the advertising agency or advertiser may give rise to a claim. However, if the posting is not authorized by the advertising agency or advertiser, then no fees are due. In such circumstances, the unions may send a demand to the sites to pull the commercials, but it is not the obligation of either the advertiser or advertising agency to do so.

**Q: Was there any agreement with respect to off-shore productions?**

No. The provisions with respect to off-shore productions remain unchanged.

**Q: Was there any agreement with respect to product placement?**

No. The approach to product placement remains unchanged. If an advertiser authorizes a commercial to be used within a television program or motion picture, fees must be negotiated. But the placement of product or the mention of an advertiser in television programs or motion pictures does not require any payments to actors under the commercials agreement.

**Q: Will the JPC be conducting any seminars to explain the new contract?**

Yes. The JPC will be holding a seminar/webinar on June 8<sup>th</sup> which will be repeated on June 9<sup>th</sup>. You can either attend live at the offices of Reed Smith LLP or via the Internet. Details will be provided shortly.

**Q: Where can I get more information?**

Information will be forthcoming as it develops. For the next few weeks, please be patient as documents are finalized and rates are set. The SAG and AFTRA approval process was just completed last week on May 21st. But I'll try to keep everyone posted on my JPC Blog at the ANA website ([www.ana.net](http://www.ana.net)) and on the Adlaw by Request blog ([www.adlawbyrequest.com](http://www.adlawbyrequest.com)). In the meantime, please feel free to email me at [dwood@reedsmith.com](mailto:dwood@reedsmith.com) or call me at 212 549-0377.