



Date: November 9, 2009

From: Doug Wood, JPC Lead Negotiator and Counsel

Re: GRP Model – PricewaterhouseCoopers (PwC)

Per the 2009 SAG/AFTRA Commercials Contract, SAG, AFTRA, and the JPC have agreed to conduct an in-depth study of the Gross Ratings Point Talent Compensation Model ("GRP Model"). This model was created and proposed by Booz & Co. in its report to the unions and JPC in December 2007. The intent of this new study is to: 1) create, based upon real-time information, a detailed and operational talent compensation model that could be implemented across the entire TV commercial industry, and 2) to conduct a year-long pilot study (the "Pilot") on the impact the GRP Model will have on actual performer compensation.

SAG, AFTRA, and the JPC have selected PricewaterhouseCoopers ("PwC") to conduct this study, which commenced on October 26, 2009. The study is composed of six stages and will last approximately 2 years. During the course of the study, PwC plans to accomplish the following:

- Evaluate the GRP Model's ability to leverage GRP "guarantees" provided by networks and advertising agencies;
- Design and construct a talent compensation engine, referred to as the GRP-based Talent Compensation Model Engine ("GRP-E"), to calculate talent compensation amounts;
- Reconcile "guarantees" with GRP results;
- Conduct a 52-week Pilot to compare the talent compensation results for a sample set of transactions under the GRP Model against results under the current talent compensation approach;
- Communicate key findings and recommendations for potential changes to the GRP Model;
- Modify business rules and apply alterations to the GRP Model, if necessary, during and following the Pilot for analysis; and
- Propose an approach to transition the GRP-E used for the Pilot to full-scale implementation.

In order to accomplish these goals, PwC will need to speak with and/or obtain information/documentation from many of you. I would kindly ask that you provide PwC with the utmost cooperation so that this study can be completed in a timely and effective manner.

Thank you for your help and please let us know if there are any questions.