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To: All ANA Members and JPC Members

From: Douglas J. Wood and Stacy K. Marcus

Re: Screen Actors Guild and American Federation of Television and Radio Artists  
Commercials Contracts Extension Agreement through March 31, 2013

Date: August 4, 2011

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As you may be aware, the current collective bargaining agreements between the Screen Actors Guild ("SAG"), the American Federation of Television and Radio Artists ("AFTRA") (collectively, the "unions") and the advertising industry that cover the services of union performers in commercials (the "Commercials Contracts") will expire on March 31, 2012.

The unions have proposed a one year extension of the Commercials Contracts which will run from April 1, 2012 through March 31, 2013. It is the intention of the ANA-4A's Joint Policy Committee on Talent Union Relations (JPC) to agree to the extension. During this extension year, all rates, terms and conditions of the 2009 – 2012 Commercials Contracts would remain the same, *i.e.*, there will be no increase in wages or Pension + Health/Health and Retirement contributions. The date for negotiating new Commercials Contracts is simply put forward by one year. The Pension and Health/Health and Retirement contribution cap negotiated in the 2009-2012 Commercials Contracts will, however, continue to take effect on January 1, 2012.

The JPC regards this extension as favorable to the industry because it freezes rates for another year, does not delay the P+H contribution cap, and allows an extra year to evaluate the results of the GRP compensation pilot currently underway. The JPC believes the extension will have no negative impact on any signatories.

The JPC will formally notify the unions on September 1, 2011 of the JPC's agreement to the extension.

Therefore, the following options are available to you in regard to this matter:

**A) Current JPC Authorizers:**

Option 1) If you wish to remain a JPC authorizer and a signatory to the one-year extension, you do not need to do anything.

Option 2) In the event that you do not wish to accept the one year extension, you must withdraw your authorization from the JPC no later than Monday August 29, 2011 by written notice to the JPC and copies to the unions. We can provide you with a sample form letter should you desire one. On September 1, 2011, the JPC will provide the unions with a list of its authorizers absent anyone who has withdrawn. Thereafter, assuming you wish to terminate your signatory status and adherence to the current Commercials Contracts upon their expiration date of March 31, 2012, you must provide the unions with sixty (60) days advance written notice of your desire to terminate the contracts. That notice should be sent no later than January 29, 2012. Please consult with your legal counsel on the form of that notice. Note, however, that if the unions then contact you directly regarding your withdrawal and demand that you negotiate with them, under the National Labor Relations Act, you must negotiate with the unions in good faith until such time as you and the unions either agree to terms and conditions on a new contract or you and the unions bargain to impasse. During such period of negotiation, you remain bound to the terms and conditions of the current agreement. If the unions do not demand that you negotiate, you may be released from further liability under the union contracts but it is strongly recommended that you consult with your company legal counsel before making such an assumption. Should you terminate the contract or the unions abandon the contract, you may also be liable for withdrawal liability assessment from the unions' pension plans. If you have questions regarding pension withdrawal liability, we again strongly advise that you consult with your legal counsel.

**B) ANA Members Who Wish to Become Signatories:**

If you would like to become a JPC authorizer and a signatory to the Commercials Contracts and support the JPC's vital industry efforts, as an ANA member you may become an authorizer of the JPC thereby granting the JPC the authority to negotiate on your behalf. The JPC, comprised of members of both the 4A's and the ANA, has been very successful in the past in negotiating agreements with very favorable terms for the industry. We can provide you more information regarding the JPC and the obligations of being a signatory and the forms you will need to complete in order to accomplish this task.

As a reminder, becoming an authorizer to the JPC and/or becoming a signatory to any union labor agreement is not a requirement of your ANA membership.

For more information regarding the options presented above and/or to obtain sample forms for the notification and withdrawal process or further information and forms for authorization to the JPC, you can contact Doug Wood at [dwood@reedsmith.com](mailto:dwood@reedsmith.com) or Stacy Marcus at [smarcus@reedsmith.com](mailto:smarcus@reedsmith.com).