



April 3, 2017

To: Association of National Advertisers members
American Association of Advertising Agencies members

Re: American Federation of Musicians – Information regarding notice of withdrawal of JPC authorization and notice to AFM of intent to terminate signatory status

The current collective bargaining agreement between the American Federation of Musicians (“AFM” or the “Union”) and the ANA-4A’s Joint Policy Committee on Broadcast Talent Union Relations (the “JPC”) that covers Union musicians’ services in connection with commercials (the Commercial Announcements Agreement, hereinafter the “Contract”) is set to expire on June 4, 2017. The AFM and JPC may elect to extend the current Contract for an additional period of time, to be determined by the bargaining parties (the “Extension”). The JPC will provide notice of the Extension, if any, once it is finalized.

In light of this, this memorandum details options regarding the expiring Contract and the Extension, if any. As always, the JPC, ANA, and 4A’s strongly advise that members seek guidance from their own legal counsel when assessing the impact of the options set forth below.

Current JPC Authorizers

Option 1:

If you wish to remain a JPC authorizer signatory to the current Contract, including the Extension, if any, and any successor Contract, you do not need to do anything.

Option 2:

- (a) **Withdrawing JPC Authorization:** If you are a JPC authorizer and no longer wish to be represented by the JPC in collective bargaining, you must provide timely notice to the AFM and the JPC in order for your withdrawal of authorization from the JPC to be effective. Notice must be submitted to the AFM and the JPC no later than **May 5, 2017**. We can provide you sample notice letters upon written request. Failure to provide notice to the JPC as provided herein will constitute your authorization for the JPC to collectively bargain on your behalf and bind you to the successor Contract following the expiration of the Extension, if any.

Withdrawing Signatory Status: If you also wish to terminate your status as a signatory to the current Contract upon its expiration date of June 4, 2017, you must provide the AFM with sixty (60) days advance written notice. This notice must be sent to the AFM, with a copy to the JPC and a copy to the ANA or the 4A’s (as applicable, depending upon your membership) no later than **April 10, 2017**. We can provide you sample notice letters upon written request. Failure to

provide the foregoing notice in the stated time period will result in your remaining signatory to the current Contract, as extended by the Extension, if any. You may be obligated to separately bargain with the AFM prior to being released from your obligations under the current Contract.

Please Note: Recent decisions by the National Labor Relations Board impose greater requirements on employers who wish to terminate their obligations under union contracts. Under the National Labor Relations Act, if you withdraw your authorization for the JPC to negotiate on your behalf and notify the AFM that you intend to terminate your status as a signatory under the Contract, the AFM can then demand that you negotiate with it directly. There is no set time frame in which the AFM must notify you of its demand for direct negotiations. If the AFM makes such a demand, you must bargain until such time as you and the AFM either agree to terms and conditions on a new collective bargaining agreement for or you and the AFM bargain to impasse. During such period of negotiation, you remain bound to the terms and conditions of the Contract. This includes being responsible for contractual and statutory liabilities created as result of the Contract—for example, payments, pension and health contributions, and compliance with audit requirements. If the AFM does not demand that you negotiate, you may be released from further liability under the Contract, but it is strongly recommended that you consult with your legal counsel before making that assumption.

Should you terminate the Contract or should the AFM abandon the contracts, you may also be liable for withdrawal liability from the AFM's pension fund (*i.e.*, the American Federation of Musicians and Employers' Pension Fund). In addition, if you continue to produce commercials through a signatory agency or other signatory entity, you may continue to be bound to the Contract as a "Joint Employer" and remain responsible for all of the obligations and potential liabilities under the new Contract.

If you have questions regarding withdrawal from the JPC, pension withdrawal liability and/or possibly being deemed a Joint Employer, we strongly advise that you consult with your legal counsel.

ANA or 4A's Members Who Want to Become JPC Authorizer Signatories

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

If you have questions regarding this memorandum, you would like the JPC to provide you with sample forms for the notification and withdrawal process, or further information regarding the JPC and forms for authorization to the JPC, please contact: Stacy Marcus, JPC Counsel, (212) 549-0446 email: smarcus@reedsmith.com.