



October 15, 2015

To: ANA Members and 4A's Members

Re: **SAG-AFTRA 2016 COMMERCIALS CONTRACTS NEGOTIATIONS - INFORMATION REGARDING NOTICE OF WITHDRAWAL OF JPC AUTHORIZATION AND NOTICE TO UNIONS OF INTENT TO TERMINATE SIGNATORY STATUS**

The current collective bargaining agreements between Screen Actors Guild - American Federation of Television and Radio Artists ("SAG-AFTRA" or the "Union") and the advertising industry that cover the services of union performers in commercials (i.e., the SAG-AFTRA Commercials Contract and the Radio Recorded Commercials Contract, collectively, the "Contracts") will expire on March 31, 2016. The industry is represented in these negotiations by the ANA-4A's Joint Policy Committee on Broadcast Talent Union Relations (the "JPC"). This memorandum outlines various options with respect to the expiring Contracts and the upcoming negotiations between the JPC and the Union over successor contracts. As always, the ANA and the 4A's strongly advise members to seek the guidance of their own legal counsel when assessing the impact of the options outlined below.

A) Current JPC Authorizers:

Option 1):

If you wish to remain a JPC authorizer signatory to the current Contracts and any successor Contracts you do not need to do anything.

Option 2):

- a) 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 SAG-AFTRA and the JPC in order for your withdrawal of authorization from the JPC to be effective. While the deadline for timely notice in this context is not fixed as it is dependent upon the commencement date of negotiations, you should assume that such notice must be submitted to the JPC and SAG-AFTRA no later than **January 29, 2016**. We can provide you sample notice letters upon written request.
- b) If you also wish to terminate your status as a signatory to the current Contracts upon their expiration date of March 31, 2016, you must also provide SAG-AFTRA with sixty (60) days advance written notice of your desire to terminate your status as a signatory to the Contracts. Such notice must be sent to SAG-AFTRA, 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 **January 29, 2016**. We can provide you sample notice letters upon written request.

As noted below, you may be obligated to separately bargain with SAG-AFTRA prior to being released from your obligations under the 2013 Contracts. As you will be bound by the terms of the 2013 Contracts for a period of at least sixty (60) days after you provide notice, the terms of the current Contracts may be extended beyond the March 31, 2016 expiration date if you provide notice after January 29, 2016 (e.g., if you provide written notice on February 1, 2016 of your intent to terminate your status as a signatory to the Contracts, you would be bound by the terms of the 2013 Contracts through at least April 2, 2016.)

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 SAG-AFTRA that you intend to terminate your status as a signatory under the Contracts, SAG-AFTRA can then demand that you negotiate directly with the Union. There is no set time frame in which SAG-AFTRA must notify you of its demand for direct negotiations. If SAG-AFTRA makes such a demand, you must bargain until such time as you and the Union either agree to terms and conditions on new collective bargaining agreements for TV and/or radio or you and the Union bargain to impasse. During such period of negotiation, you remain bound to the terms and conditions of the 2013 Contracts. This includes being responsible for contractual and statutory liabilities created as result of the Contracts; for example, residual payments, pension and health contributions, and compliance with audit requirements. If the Union does not demand that you negotiate, you may be released from further liability under the Contracts, but it is strongly recommended that you consult with your legal counsel before making such an assumption.

Should you terminate the Contracts or should the Union abandon the contracts, you may also be liable for withdrawal liability from the Unions' respective pension plans (i.e., the SAG-Producers Pension and Health Plans and the AFTRA-Producers Health and Retirement Funds). In addition, if you continue to produce commercials through a signatory agency or other signatory entity, you may continue to be bound to the Contracts as a joint employer and remain responsible for all of the obligations and potential liabilities under the new Contracts.

Finally, the Union has become much more aggressive than it has in the past. As reported in the press, SAG-AFTRA has recently commenced organizing actions against Droga5, including informing its members not to perform work, directly or indirectly, for a non-signatory.

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.

B) Members Who Wish to Become JPC Authorizer Signatories:

If you would like to become a JPC authorizer and thereby signatory to the Contracts 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 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 or 4A's membership.

If you have questions regarding the information presented above and/or you would like us 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:

ANA members can contact Douglas J. Wood, the JPC's Chief Negotiator, at (212) 549-0377, email: dwood@reedsmith.com; Stacy Marcus, JPC Counsel, (212) 549-0446 email: smarcus@reedsmith.com;

or Kim Stevens, JPC Director of Industry Relations, at (212) 549-0324, email: kstevens@jointpolicycommittee.org.

4A's members can contact Kathleen Quinn, 4A's VP Production Services, at (212) 850-0765, email: kathleen@aaaa.org.