



October 18, 2018

To: Current JPC Authorizers and Non-Authorizer ANA and 4A's Members

Re: 2019 SAG-AFTRA COMMERCIALS CONTRACT & AUDIO COMMERCIALS CONTRACT NEGOTIATIONS

As a reminder, the 2016 SAG-AFTRA Commercials Contract and Audio Commercials Contract (the "Contracts") will expire on March 31, 2019. Negotiations for successor contracts are expected to begin in February.

The industry remains optimistic that we will have a successful conclusion to these negotiations without disruption. However, in order to provide for prudent production planning prior to the expiration of these Contracts, signatory employers, both agencies and advertisers, are advised to review and consider the following information as it may pertain to them.

1. **New Productions:** Consider re-scheduling production planned for April 1, 2019 through June 2019 to a date well prior to March 31, 2019. This is of particular concern if you are planning production for the roll-out of a new campaign or are planning a celebrity production.
2. **Current commercials with 21-month Maximum Periods of Use ("MPU") due to expire within six or fewer months after March 31, 2019:** Consider initiating negotiations for new MPUs for these commercials prior to March 31, 2019 in order to ensure that broadcast rights are maintained in the event of a work stoppage (i.e., a strike). The last strike (in 2000) lasted for six months.
3. **Celebrity Contracts/Term Agreements:** As new contracts are entered into or existing contracts are renewed or amended, it is recommended to include the following provisions wherever possible and to review these provisions with your legal counsel:
 - a. **Suspensions and Extensions:**
 - i. Provide for quarterly payments throughout the term of the agreement with suspension of quarterly payments in the event of a work stoppage and/or other disaster which interferes with production (e.g., force majeure clause).
 - ii. Provide for the ability to extend the term of the agreement by the same period of time as any work stoppage.
 - iii. Note that if you do not require the celebrity's services during a strike but continue to run the commercials previously produced, a suspension or extension may be difficult to obtain since the celebrity will argue that you have suffered no delay or damages.
 - b. Ensure that the performer has no right to withdraw permission to use a commercial in the event of a work stoppage. No affirmative contract language is necessary; just make sure that the performer has not affirmatively reserved such right in his/her

October 18, 2018

Page 2



term agreement. (Note: Performers do not have such a right under the standard employment contract (“A-1”) of the Contracts).

It is advised that you review the above information with the appropriate production, business management, and talent payment personnel in your company, together with your legal counsel.

Should you have any questions, please feel free to call Stacy Marcus, the JPC’s Chief Negotiator, at (212) 549-0446, email: smarcus@jointpolicycommittee.org; or Kim Stevens, JPC’s Director of Industry Relations, at (617) 233-7672, email: kstevens@jointpolicycommittee.org.