



AMERICAN ASSOCIATION
of ADVERTISING AGENCIES

May 28, 2009

To: ANA and 4A's Joint Policy Committee Authorizers
Fr: Robert Liodice and Nancy Hill
Re: Joint Policy Committee Funding

As you have now all read in the press, the Joint Policy Committee for Broadcast Talent Union Relations (the "JPC") successfully negotiated a ground breaking agreement with the Screen Actors Guild and the American Federation of Television & Radio Artists with respect to the union agreements covering actors who perform in television and radio commercials. Not only was the wage hike the lowest of any major collective bargaining agreement negotiated in the United States over the last six months, the unions also agreed to work with the JPC in entirely revamping the way actors are paid so that the process is tied to the way advertisers buy media rather than artificial media silos. In addition, concessions from the unions on a pension and health fund cap and a new process to resolve allocation disputes in multi-services endorsement deals will save the industry millions in the future. Few are aware that the union contracts covering actors in commercials collectively represent the largest collective bargaining agreement in the entertainment industry. The Commercials Contract is larger than the motion picture and television programming agreements. In fact, its \$3 billion price tag over its three year term makes it one of the largest union agreements in the United States. For a complete analysis of the new agreements, please visit www.ana.net and click to the Blog for the SAG/AFTRA negotiations.

As we enter into an increasingly complicated media landscape and an ever increasing fringe of militant union stalwarts, it is imperative that the JPC be funded in a manner that creates a financially healthy and proactive organization. If the industry hopes to continue the success of the past negotiations and keep control of current and future costs, a strong JPC is essential.

Beginning on July 1, 2009, advertisers who are JPC authorizers, and advertisers who use advertising agencies that are JPC authorizers, will be responsible for a flat fee of \$75.00 per new television commercial, payable when the commercial is first used, i.e., contemporaneous with the first use payment. These fees will be collected by the talent payroll agencies and remitted to the ANA on a monthly basis. The ANA will oversee the funds and the budgeting process for the JPC. We anticipate that the per commercial service fee will decrease in future years as funds raised become sufficient to address short and long term budget requirements. This is the same system used in Canada.

As we enter into a new era of working with SAG and AFTRA, we are confident that this new funding process will provide the resources and strength the industry needs and the leadership it deserves.

Robert Liodice
President & CEO
ANA

Nancy Hill
President and CEO
4A's