

C.N. – 005

TERMINATION OF CONTRACTS

São Paulo, May 16, 2002

CENP – Conselho Executivo das Normas-Padrão, to recommend the adoption of existing market practice prevalent in the market as applying best practices for business relationship between Client-Advertiser and Advertising Agencies and as a means of reducing disputes upon termination of contract - verbal and written - to provide advertising services, and whereas in the case of termination of such contracts for advertising services, be they verbal or written, Decree 57.690/66 establishes in its Article 9, item V, that there must be, by the complainant, a concession contract of previous notice of 60 (sixty) days the, leaving clients unable to use any work created by the advertising agency;

Considering that the work of Agencies demand creative and productive activity of advertising material, in addition to others, as well as the mediation of buying space/time among the Media, as to reach best efficiency and economic conditions to its advertisement and that, due to such activities, the Agencies must be compensated, as they actually are through the "standard Agency discount" when there are insertions;

Considering that many times upon the termination of the service rendering contract there are advertising campaigns or insertions of advertising material running and having already been negotiated with the media going over the term of previous notice given, it is recommended that advertising agencies, the First that serviced the client and the Second that services at that moment, negotiate between themselves the "standard agency discount ," be when the First material which was created still have media insertions by the Client but that the media shall be permitted by the Second or when new jobs created by the Second will use space / time previously negotiated by the First advertising Agency, taking into account that the "standard agency discount" stems not only from intellectual creation of the advertising spot but also the negotiation held with the media.

Petrônio Corrêa
President

Note: The following text was freely translated into English and is valid for all legal purposes the original version in Portuguese.

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