

August 23, 2007

California

In order to satisfy its obligation under Chicago Teachers Union v. Hudson to provide agency fee payers with "an adequate explanation of the basis for the fee," the National Education Association ("NEA") has included in this mailing the following documents:

- (1) A 21-page document entitled "National Education Association Chargeable and Nonchargeable Audited Expenditures for the 2005-2006 School Year;" and
- (2) The NEA Fiscal Year 2005-2006 Auditor's Report, Consolidated Financial Statements and Supplemental Schedules.

The first of the above-mentioned documents breaks down NEA's audited expenditures from its most recently completed fiscal year on a Strategic Priority and Descriptor basis, and specifically indicates the expenditures it has determined to be chargeable to fee payers and those it has determined to be nonchargeable. A more detailed, *i.e.*, output-by-output, explanation of this breakdown can be found on pages 29-42 of the second document. In addition, pages 38-40 of the latter document contain an explanation of how NEA calculates its agency fee chargeable and nonchargeable expenditures.

For purposes of this notice to agency fee payers in California, NEA has determined that in the 2005-2006 fiscal year, 54.41% of its expenditures went for chargeable activities and 45.59% of those expenditures went for nonchargeable activities. Because there is relatively little variation between NEA's 2005-2006 expenditures and completed activities and its 2007-2008 budgeted expenditures and planned activities, NEA's analysis of and percentages for the 2005-2006 fiscal year expenditures are being applied to the 2007-2008 fiscal year. However, to assure against any possibility that there may be some unexpected variation in expenditures between the 2005-2006 and 2007-2008 years, NEA has added a cushion of 3.0%, resulting in a chargeable percentage of 51.41% and a nonchargeable percentage of 48.59%.

**National Education Association
Of the United States and
Subsidiaries**

**Consolidated Financial Statements and
Supplemental Statements
For the years ended August 31, 2006 and 2005
And Report of Independent Auditors Thereon**

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES AND SUBSIDIARIES

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