



NATIONAL FOOTBALL LEAGUE

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Deputy General Counsel, Labor

August 3, 2020

Via Email

DeMaurice Smith
Executive Director
NFL Players Association
1133 20th Street, N.W.
Washington D.C. 20036

Re: COVID/AR-Related Issues

Dear DeMaurice:

This letter reflects the parties' agreement and amendment to our Collective Bargaining Agreement ("CBA") resulting from our good-faith negotiations conducted pursuant to Article 12, Section 1(a)(xii) of the CBA in light of the expected significant shortfall in AR for the 2020 League Year compared to the amount of Projected AR for 2020 that was used to set the 2020 Salary Cap resulting from disruptions caused by the COVID-19 pandemic, which may also adversely impact AR for the 2021 League Year. Unless the parties subsequently agree otherwise in writing, the following shall apply:

1. *Adjustment to the 2020 League Year Player Cost Amount.*
 - a. *Elimination of Certain Benefits.* The NFL shall have no obligation to fund any of the following Benefits (other than any applicable benefit administrative costs) for the 2020 League Year:
 - (i) Second Career Savings Plan (as described in Article 54);
 - (ii) Player Annuity Program (as described in Article 55);
 - (iii) Severance Pay (as described in Article 59);
 - (iv) Performance Based Pool (as described in Article 28);
 - (v) Tuition Assistance Plan (as described in Article 56);
 - (vi) Postseason pay for any bye weeks (as described in Article 37);
 - (vii) Pro Bowl Game pay (as described in Article 38); and
 - (viii) NFL Player Capital Accumulation Plan (as described in Article 55A).

For any year when Benefits are eliminated or reduced, the NFL shall use reasonable efforts to maintain data, to the extent applicable regarding which players would have qualified for such Benefits, and the amounts, as though the Benefits would have been paid. The NFL shall provide such information to the NFLPA no later than seven (7) days after the end of the League Year.

b. The Player Cost Amount for the 2020 League Year shall be deemed reduced by the savings resulting from elimination of these Benefits (such savings are estimated, in the aggregate, at approximately \$17 million per Club), provided that if there is a Pro Bowl for the 2020 season, then the Pro Bowl Game Benefit will be in effect.

c. The 2020 Salary Cap shall be further reduced, after the 2020 season, by any additional reduction in player compensation related to cancelled regular season games, offset by stipends paid, as provided under this Letter Agreement. The resulting, recalculated Salary Cap amount shall be referred to as the "Restated 2020 Salary Cap." Team Salary will be credited for any compensation reduction, net of any stipends paid. For example, if the 2020 Salary Cap is restated at \$175 million, then \$23.2 million (i.e., \$198.2 million - \$175 million) shall be credited to each Club's Team Salary to ensure compliance with a \$175 million Salary Cap (i.e., no additional carryover is therefore created).

d. For the purposes of calculating all other CBA mechanisms that are based on the Salary Cap or its year-over-year increase (e.g., Qualifying Offers), \$198.2 million shall be used as the 2020 Salary Cap.

2. COVID True-Up Related to the 2020 League Year

a. When projecting the Salary Cap for the 2021 League Year, the parties shall also calculate the amount of the necessary True-Up related to the 2020 League Year (the "2020 COVID True-Up"). The 2020 COVID True-Up shall be calculated as the difference between: (1) the Salary Cap for the 2020 League Year that would have resulted from the updated AR and Benefits amounts for the 2020 League Year reported in the Accountants' 2021 Initial Special Purpose Letter; and (2) the Salary Cap for the 2020 League Year, after any restatement referenced in Paragraph 1.c above. By way of illustrative example: (i) if the restated Salary Cap for the 2020 League Year calculated under Paragraph 1.c above is \$175 million; and (ii) if, based on the updated information from the Accountants' 2021 Initial Special Purpose Letter, the Salary Cap for the 2020 season should have been \$105 million, then there shall be a 2020 COVID True-Up of \$70 million (plus interest).

b. The 2020 COVID True-Up shall be spread, with interest at the rate of 3% per annum, as a credit (deduction) to the Salary Caps in the 2021, 2022, and, if necessary, 2023 League Years. The amount of the True-Up to apply in each of these League Years shall be determined by the Parties, provided that if the Parties cannot otherwise agree, the True-Up shall be spread equally over the 2021, 2022, and 2023 League Years, with interest at a rate of 3% per annum.

c. Notwithstanding anything in this Letter Agreement and Article 12, Section 3(b)(v), in the event that any new League-wide television contract is entered

into for the 2020 League Year, during the 2020 League Year, the parties shall negotiate in good faith whether or not to immediately increase Projected AR and the Salary Cap for the 2020 League Year within the fourteen (14) day period referenced in Article 12, Section 3(b)(v), or to delay such revisions until the calculation of the 2021 Salary Cap.

d. The 2020 COVID True-Up referenced in Paragraph 2.a shall be adjusted further based on the Accountants' 2021 Final Special Purpose Letter (subject to any further adjustment under the AR and Benefits review process as provided in the CBA) and the difference (credits or deductions, as applicable) shall be applied, with interest at the rate of 3% per annum, to the Salary Cap for the 2022 League Year.

e. Notwithstanding Article 12, Section 3(b)(i), the projection of "gate" revenues used in the calculation of Projected AR in the 2021 League Year shall be based on a reasonable projection of such gate revenue for the upcoming season, based upon the extent to which live attendance is then reasonably expected to be permitted, regardless of any reduced attendance in the prior season due to COVID-related or other restrictions on live attendance.

3. *2021 Player Cost Adjustment and Salary Cap Floor.*

a. *Elimination of Certain 2021–2023 Benefits.* The Benefits described in Paragraph 1.a, along with the HRA (Article 62) and Rookie Redistribution (Article 7) (other than any applicable benefit administrative costs) shall be eliminated for the 2021, 2022, and, if necessary, 2023 League Years (to offset the necessary COVID True-Ups related to the 2020 and 2021 League Years, provided that if there is a Pro Bowl for the 2021, 2022, or 2023 season, then the Pro Bowl Pay Benefit will be in effect in such League Year(s)). If the Accountants' 2022 Initial Special Purpose Letter reflects 2021 AR above the Projected AR for 2021 ("2021 Excess AR"), as a result of new League-wide broadcast agreements, increased gate receipts, or any other reason, then the NFL may allocate the Player Cost impact of any such 2021 Excess AR, toward reducing the remaining 2020 COVID True-Up and any 2021 COVID True-Up. Should there still be additional Player Cost impact of such Excess AR remaining after eliminating these True-Ups, then the NFLPA may apply such remainder toward a restoration of cancelled Benefits for the 2021 League Year or future League Years.

b. *Restated 2021 Salary Cap.* If any games are cancelled during the 2021 season, then the 2021 Salary Cap shall be further reduced, after the 2021 season, by any additional reduction in player compensation related to cancelled regular season games, offset by stipends paid, as provided under this Letter Agreement. This shall be referred to as the "Restated 2021 Salary Cap." Team Salary will be credited for any compensation reduction, net of any stipends paid.

c. For the purposes of calculating all other CBA mechanisms that are based on the Salary Cap or its year-over-year increase (e.g., Qualifying Offers), the original 2021 Salary Cap (in place throughout the 2021 season) shall be used, and not the Restated 2021 Salary Cap.

d. *2021 Salary Cap Floor.* If projections for 2021 (after accounting for: (1) the elimination of certain 2021 Benefits under Paragraph 3.a; and (2) application of the 2020 True-Up under Paragraph 2.b) would result in a Salary Cap of less than \$175 million, then the 2021 Salary Cap will be set to \$175 million. In such circumstance, there shall also be a COVID True-Up Related to the 2021 League Year as described in Paragraph 4 (“2021 COVID True-Up”).

4. *COVID True-Up Related to the 2021 League Year*

a. When projecting the Salary Cap for the 2022 League Year, the parties shall also calculate the amount of any necessary True-Up related to the 2021 League Year (the “2021 COVID True-Up”). The 2021 COVID True-Up shall be calculated as the difference between: (1) the Salary Cap for the 2021 League Year that would have resulted from the updated AR and Benefits amounts for the 2021 League Year reported in the Accountants’ 2022 Initial Special Purpose Letter; and (2) the 2021 Salary Cap, or, if applicable, the restated 2021 Salary Cap referenced in Paragraph 3.b.

b. The 2021 COVID True-Up shall be applied, with interest at the rate of 3% per annum, in the 2022 and, if necessary, 2023 League Years as a credit (deduction) to the Salary Caps in those League Years. The amount of the True-Up to apply in each of these League Years shall be agreed to by the Parties. In the absence of agreement, the total 2021 COVID True-Up shall be spread equally over those years.

c. The 2021 COVID True-Up described in Paragraph 4.a shall be adjusted further based on the Accountants’ 2022 Final Special Purpose Letter (after any further adjustment under the AR and Benefits review process as provided in the CBA), and the difference (credits or deductions, as applicable) shall be applied, with interest at the rate of 3% per annum, to the Salary Cap for the 2023 League Year.

d. Notwithstanding anything in this Letter Agreement and Article 12, Section 3(b)(v), in the event that any new League-wide television contract is entered into for the 2021 League Year, during the 2021 League Year, the parties shall negotiate in good faith whether to immediately increase Projected AR and the Salary Cap for the 2021 League Year within the fourteen (14) day period referenced in Article 12, Section 3(b)(v), or to delay such revisions to apply them to the calculation of the 2022 Salary Cap, in accordance with the provisions of this Paragraph.

e. Notwithstanding Article 12, Section 3(b)(i), the projection of “gate” revenues used in the calculation of Projected AR in the 2022 League Year shall be based on a reasonable projection of such gate revenue for the upcoming season, based upon the extent to which live attendance is then reasonably expected to be permitted, regardless of any reduced attendance in the prior season due to COVID-related or other restrictions on live attendance.

5. *Changes to Player Benefits Eliminations and True-Up Obligations Based Upon Excess AR.*

a. If the Accountants’ 2022 Initial Special Purpose Letter supports actual 2021 AR in excess of the 2021 Projected AR (“2021 Excess AR”), then the NFL may

allocate the Player Cost impact of any such 2021 Excess AR toward reducing the 2020 and 2021 COVID True-Ups. Should there still be additional Player Cost impact of such Excess AR remaining after eliminating these True-Ups, then the NFLPA may apply such remainder toward a restoration of cancelled Benefits for the 2021 League Year or future League Years and/or allow the remainder to increase the Salary Cap.

b. If the Accountants' 2023 Initial Special Purpose Letter supports actual 2022 AR in excess of the 2022 Projected AR ("2022 Excess AR"), then the NFL may allocate the Player Cost impact of any such 2022 Excess AR toward reducing the 2020 and 2021 True-Ups. Should there still be additional Player Cost impact of such Excess AR remaining after eliminating these True-Ups, then the NFLPA may apply such remainder toward a restoration of cancelled Benefits for the 2022 League Year or future League Years and/or allow the remainder to increase the Salary Cap.

6. *Tolling of PSL Amortizations.* The calculation of the Cap Effect Guarantee in Article 12, Section 4(f) for any applicable stadium in 2020 and, if applicable as provided below, 2021 shall exclude any applicable PSLs, but not PSRs, naming rights or cornerstone sponsorship proceeds, such that the amortization of such PSLs shall resume in the 2022 League Year and shall be subject to the provisions of Article 12, Section 4(f) for the same number of years that were remaining on the amortization prior to the 2020 League Year. For example, if this provision is applicable for both 2020 and 2021, if 2020 would have been year ten (10) of a Club's PSL amortization, then the 2022 League Year will be the new 10th year for that amortization, which shall be subject to the provisions of Article 12, Section 4(f) for the 2022, 2023, 2024, 2025, 2026, and 2027 League Years. Notwithstanding the above, unless the parties otherwise agree, this provision will not apply to the 2021 League Year if both: (A) Total AR for the 2021 League Year is greater than total AR used in projecting the 2020 Salary Cap; and (B) Local Revenues for the Club PSL to be tested under Article 12, Section 4(f) are greater than the Local AR for that Club used to project the 2020 Salary Cap.

7. *Payment Obligations to Players for Cancelled Games During the 2020 or 2021 Seasons*

a. Should the 2020 or 2021 season be cancelled or suspended, players who are under contract for the applicable season, and any Practice Squad at that time when the season is suspended or cancelled will receive (or retain) the following:

(i) Any signing, reporting or roster bonus and any off-season workout bonus that the player has earned by fulfilling all conditions of his contract to receive the payment (whether or not such bonuses have a payment schedule that would extend into the period of any cancelled games);

(ii) Any weekly Paragraph 4 or Paragraph 5 Salary for any week in which the player's club plays a regular season game or had a scheduled bye during a week in which other regular season games are played;

(iii) Any per-game roster bonus or other per-game payment earned by the player for any regular season game played by player's club or for any week in which other regular season games are played; and

(iv) Performance incentives, if any, earned in accordance with (and up to the amount prescribed by) Paragraph 7.d below.

b. *Pay Following Suspension or Cancellation of Play.* Other than as described in Paragraph 7.a above, and subject to the stipend described in Paragraph 7.c below, players shall not be entitled to any Paragraph 5 Salary, per-game roster bonuses, or other incentives (whether or not any such compensation is guaranteed for skill, injury, or Salary Cap termination) for any regular season games that are not played, or for any bye week in which no regular season games are played, as a result of a cancellation of games by the Commissioner related to COVID-19. Players will not be entitled to any such compensation for regular season games that are postponed unless and until such games are rescheduled and played, provided that the player is still on the Club's roster when the rescheduled game is played. Notwithstanding the above, the right to guaranteed compensation of players for any cancelled or postponed games shall be preserved in the manner set forth in Paragraph 10 below.

c. *COVID Stipend.* Notwithstanding Paragraph 7.b above, if the regular season (in either 2020 or 2021) is cancelled after the start of Training Camp, qualifying players may be entitled to a COVID Stipend (but no other compensation) as described herein.

(i) If the season is cancelled during Training Camp and before the Final Cut, then players on the 90-man roster at the time of cancellation who received either: (1) a Credited Season for benefits or Minimum Salary purposes during the 2019 League Year; or (2) an Accrued Season for free agency during the 2019 League Year, and all 2020 League Year Draft picks, shall receive a \$250,000 stipend. Such players shall also be entitled to health insurance under Article 58. All other player on the 90-man roster shall receive a \$50,000 stipend, but not health insurance coverage.

(ii) If the season is cancelled after the Final Cut (September 5, 2020 for the 2020 League Year) and before Week 1, then:

(A) Players on the Active/Inactive list, plus Reserve/Injured, Reserve/COVID-19, Reserve/Physically Unable to Perform (R/I and R/PUP), roster exempt from Commissioner Exempt or Reserve/COVID-19, or suspended (but not for the entirety of the 2020 League Year) at the time of cancellation shall receive a \$300,000 stipend. Such players shall also be entitled to health insurance under Article 58; and

(B) Players on Practice Squad at the time of cancellation shall receive a \$100,000 stipend. Such players shall also be entitled to health insurance under Article 58.

(iii) If the season is canceled during the regular season, then:

(A) Players on the Club's Week 1 Active/Inactive list, plus Reserve/Injured, Reserve/COVID-19, or Reserve/Physically Unable to Perform (R/I and R/PUP), who were roster exempt from Commissioner Exempt or Reserve/COVID-19 exemption, or were suspended (but not for the entirety of the 2020 League Year) and at the time of cancellation will receive a stipend of up to \$300,000, which amount shall be offset by any Paragraph 4 and Paragraph 5 Salary earned during such season. For example, a player who had earned \$600,000 in Paragraph 5 Salary at the time of cancellation will not receive a stipend; however, a player who had earned \$200,000 in Paragraph 5 Salary at the time of cancellation will receive an additional \$100,000.

(B) Players *not* on the Club's Week 1 Active/Inactive list (and R/I or Reserve/COVID-19) but on the Active/Inactive list (and R/I or Reserve/COVID-19) at the time of cancellation will receive a stipend of the lesser of: (a) \$300,000; or (b) the pro rata portion of the player's Paragraph 5 Salary at the time of signing, which amount shall be offset by Paragraph 5 and Paragraph 4 Salary earned during the season in question. For example, a player signed in Week 5 with a Paragraph 5 Salary of \$850,000 (i.e., \$50,000 per week) has \$650,000 remaining to be earned at the time of signing. If he earned \$450,000 before cancellation, he receives no stipend; however, if he earned \$200,000 before cancellation, he receives an additional \$100,000. As an additional example, a player signed in Week 14 with a Paragraph 5 Salary of \$850,000 (i.e., \$50,000 per week) has \$200,000 remaining to be earned at the time of signing. The maximum that this player can earn via Paragraph 5 and his stipend, combined, is \$200,000.

(C) Players on Week 1 Practice Squad and the Practice Squad at the time of cancellation will receive a stipend of \$100,000, offset by any Paragraph 5 and Paragraph 4 Salary earned during such season. For example, a player who had earned \$110,000 at the time of cancellation will not receive a stipend; however, a player who had earned \$40,000 at the time of cancellation will receive an additional \$60,000.

(D) Players *not* on Week 1 Practice Squad but on the Practice Squad at the time of cancellation will receive a stipend of the lesser of: (a) \$100,000; or (b) the pro rata portion of their stated Paragraph 4 Salary at the time of signing, which amount shall be offset by any Paragraph 5 and Paragraph 4 Salary earned during such season. For example, a player with a \$142,800 Paragraph 4 Salary (i.e., \$8,400/week) who signs in Week 2 has \$134,400 remaining to be earned at the time of signing. If he earns \$120,000 before cancellation, he receives no stipend; however, if he earns \$40,000 before cancellation, he receives \$60,000. As an additional example, a player with a \$142,800 Paragraph 4 Salary (i.e., \$8,400/week) who signs in Week 14 has \$33,600 remaining to be earned at the time of signing. Therefore, the maximum the player can earn via Paragraph 4 and his stipend, combined, is \$33,600.

(iv) *Reporting Requirement.* A player under contract must report to Training Camp on time in order to be eligible for a stipend, unless such player is excused by his Club, is considering whether to designate as Higher Risk Opt Out or Voluntary Opt

Out within the deadlines for making that designation, or is awaiting the outcome of a challenge to his Higher Risk Opt Out.

(v) *Timing of Stipend Payment.* All stipend payments shall be made within twenty-one (21) days of the cancellation of the season.

(vi) *Cap Impact of Stipend.* All stipend payments shall count toward Team Salary requirements for the applicable League Year regardless of the date on which the payment is actually made. However, stipends for canceled games will not count toward Cash Spending, as full Paragraph 5 Salary will be counted toward Cash Spending pursuant to Paragraph 8 of this agreement.

(vii) *Changes to Paragraph 5.* If a player's 2020 Paragraph 5 Salary is lowered as a result of new contract negotiation after the effective date of this Letter Agreement (i.e., not a result of a salary conversion provision in a contract entered into prior this effective date), and a corresponding amount of salary is paid to the player in another form (e.g., salary conversion to signing bonus agreed to in contract amendment after this Letter Agreement), then his original Paragraph 5 amount that he would have received for games that are not cancelled shall be used for the offset calculation of his stipend.

(viii) *One Stipend Only.* A player shall only be eligible to receive one COVID-19 Stipend per season, which shall be the responsibility of the last Club for which he was under contract during such season.

d. *Performance Incentives In a Shortened 2020 or 2021 Season.*

(i) Performance bonuses (other than those related exclusively to playing time) shall be calculated (both in terms of any level of performance achieved and incentive amount earned) on a pro-rata basis based on the number of games actually played by the player's Club, provided that any player achieving the original criteria shall still earn and be paid the entire original incentive amount. For example, if a player has an incentive for 16 sacks that will pay him \$1.6M and his Club plays 12 games, the player's new threshold is 12 sacks to earn \$1.2M. But if the player achieves 16 sacks in those 12 games, he will earn the original \$1.6M.

(ii) For performance bonuses based on play-time requirements, there will be a pro rata reduction to the amount of the bonus based on the number of games actually played. The player must meet the relevant play-time percentage for such games to be eligible to receive the prorated incentive. For example, if a player has a \$100,000 bonus for participating in 50% of the Club's defensive plays, and if the Club plays only 8 games, the player earns \$50,000 if he participates in 50% of the Club's defensive plays during those 8 games. If a play-time bonus is combined with a performance bonus trigger not based on playtime (e.g., number of sacks, team leading league in sacks, etc.), the trigger shall be proportionately reduced by the number of games played (e.g., if the trigger is 8 sacks, but only eight games are played, then the trigger is reduced to 4 sacks, the calculation of team leading the league in sacks would be made at the time of game cancellation, etc.).

8. *Cash Spending Treatment of Canceled Games.* Notwithstanding Paragraph 7 above, amounts that players would have otherwise received related to canceled games (including for LTBE but not unlikely to be earned incentives), which amounts are not paid to players if games are cancelled, shall continue to count toward Cash Spending for the applicable League Year for purposes of Article 12, Sections 8 and 9.

9. *Future Player Benefit For 2020–2022 Players.*

a. Once the NFL has fully recovered the 2020 and 2021 COVID True-Ups, the NFLPA shall have the right to designate additional amounts in one or more future League Years to be paid to 2020, 2021, 2022, and/or 2023 players, as applicable, in the form of a new Benefit or Benefits to offset any reduction in Player Benefits described in this Letter Agreement, provided that: (1) the offset may not exceed the calculated amount of the foregone Benefits as determined by the NFL, with up to 3% annual interest from the time such Benefits were scheduled to be paid (which interest shall be counted as a Player Benefit); and (2) that the NFLPA provides notice of its intent to do so to the NFL no later than December 1 of the season prior to the League Year in which the Benefits will be paid. The form and amount of the Benefits paid to individual players shall be determined by the NFLPA.

b. Such offsetting amounts paid in the form of Benefits will be charged as a Player Benefit Cost in the League Year(s) in which these amounts are paid to those players. By way of example, if in the 2025 League Year, the Player Cost is \$300 million per Club, and Benefit costs otherwise would be \$50 million per Club, and the NFLPA elects to designate an additional \$10 million per Club to be paid to 2020 players in a new form of Benefit, the resulting Salary Cap for the 2025 League Year will be set at \$240 million.

c. The NFLPA shall provide reasonable allocation instructions for the distribution of this aggregate Benefit to individual players.

10. *Treatment of Guaranteed Salary vis-à-vis Cancelled Games in 2020 or 2021.* The following rules apply to any Player Contract with injury, skill, or Salary Cap guarantees (“Guaranteed Salary”) with respect to the 2020 and 2021 season:

a. The parties agree that special provisions will apply to any player contract with Injury, Skill, or Cap guarantees for the 2020 season (“2020 Guaranteed Salary”) and for the 2021 season (“2021 Guaranteed Salary”).

b. A player’s total 2020 Guaranteed Salary will be calculated based on his Player Contract at the beginning of the 2020 season, but it is subject to change based on subsequent negotiations.

c. If any games are canceled (and not later played) during the 2020 season once the regular season has begun, Clubs will not be obligated to pay the salary protected by applicable 2020 Guaranteed Salary during the 2020 season that would have covered salary for any cancelled games, provided that the foregoing does not apply to any salary guarantee, signing bonus, roster bonus, or reporting bonus earned but not paid prior to cancellation. For avoidance of doubt, any amount treated as salary guarantee, signing bonus, reporting bonus, or roster bonus that has been

earned and remains due shall be paid as scheduled (even if over the course of the season), regardless of whether any games in the 2020 NFL Season have been cancelled.

d. Notwithstanding Paragraph 10.c, if a Club terminates a Player Contract for a reason covered by a guarantee (e.g., skill, injury or Salary Cap), either before the date of this agreement or at any point after, including during the 2020 season or during any suspension or postponement of games of the 2020 season, the Club is obligated to pay the player the entirety of any applicable guaranteed salary regardless of any cancellation of the 2020 season and without any rollover to a future year.

e. For any player whose 2020 Player Contract contains 2020 Guaranteed Salary and who played during the 2020 season (i.e., did not opt out), the parties agree to roll the protections attached to any unpaid, guaranteed salary forward to that player's earliest remaining amount of unprotected salary in an amount equal to the remaining 2020 Guarantees that were not paid during the 2020 season.

(i) Salary will be considered "unprotected" if that salary does not have the same type of guarantee (and is a lesser form of guarantee) as the foregone 2020 Guaranteed Salary. For example, if the player's 2021 contract has an amount equal to unpaid, guaranteed 2020 salary and contains equivalent guarantee terms, no further guarantee will be applied in 2021 and the unused 2020 Guarantee will instead roll over to the 2022 season of the player contract, if such contract year exists. For purposes of this determination, a player who has a guarantee provision in a future year of the contract (e.g., 2021) that becomes fully guaranteed (or otherwise reaches the level of protection of player's unexhausted 2020 Guaranteed Salary) as a result of the player's existing contract, would then have his Guarantee Rollover Protection move to the next unprotected salary in his contract (e.g., 2022).

(ii) By way of further example, if the player's 2020 Guarantee Salary was only guaranteed for injury, then the remainder of the unused guarantee would roll forward to that player's next amount of salary that does not have an injury guarantee. If the player's 2020 Guaranteed Salary was fully guaranteed, then it would roll forward to that player's next amount of salary that is not fully guaranteed. On the other hand, if the player's contract contains a provision that fully guarantees the salary in a future year if the player is on the roster as of a certain date, the 2020 Guaranteed Salary would roll forward and replace unprotected salary once the player satisfies the roster qualification for purposes of guaranteeing his salary.

f. If the 2020 season is cancelled at any point, the player's unpaid 2020 Guaranteed Salary will immediately convert into "Guarantee Rollover Protection." Under no circumstances will Guarantee Rollover Protection operate to increase the stated amount of a player's salary in any League Year of his contract. In addition, any un-exhausted salary guarantee that rolls over to a future League Year shall remain subject to any provision applicable to the player's 2020 guarantee regarding the circumstances under which such guarantee may void.

g. For any player who remains under the same Player Contract for 2021 (or beyond), his Guarantee Rollover Protection will transfer to the remaining, un-exhausted portion of his 2020 Guaranteed Salary to the first eligible unprotected salary

in his existing player contract. The Club remains obligated to pay such salary in the event the player's contract is terminated prior to the player earning the salary subject to the Guarantee Rollover Protection.

(i) Example 1: Player A has \$15M in fully guaranteed Paragraph 5 Salary in 2020. He has \$15M in Paragraph 5 Salary in 2021, but only \$5 million of that Salary is guaranteed for injury, skill, and Cap). If, as a result of a season cancellation due to COVID, Player A received only \$10 million in 2020, then Player A has \$5 million in Guarantee Rollover Protection. As a result, Player A's 2021 salary, which remains \$15 million, would be guaranteed for \$10 million for injury, skill, and Cap.

(ii) Example 2: Player B has \$10 million in salary in 2020, \$5 million of which is fully guaranteed. If Player B earns \$5 million in salary before the 2020 season is cancelled, he shall have no Guarantee Rollover Protection.

(iii) Example 3: Player C has \$10 million in salary in 2020, \$10 million of which is guaranteed for injury only. Player C's 2021 salary is \$12 million, all of which is guaranteed for injury only. Player C's 2022 salary is \$10 million, with no guarantees. If, as a result of COVID, the 2020 season is cancelled at a point when Player C has only earned \$5 million, then his remaining \$5 million becomes Guarantee Rollover Protection. As a result, \$5 million of Player C's 2022 salary would become guaranteed for injury only.

h. If a player does not have a future contract year after 2020, or does not have unprotected salary in his existing contract covering future contract years sufficient to exhaust his Guarantee Rollover Protection, and the player subsequently signs a contract covering the 2021 League Year (and any subsequent League Years), any un-exhausted guarantees attributable to the player's 2020 contract will not roll over to the newly signed contract in the manner described in Section I above. Instead, in such a case, a determination will be made whether the player exhausts the Guarantee by receiving less protected or unprotected compensation under a new player contract for any year through the 2023 season in an amount to exhaust the unpaid guarantee. If the player does not receive such compensation (for example, by not playing those years under a new player contract, or playing those years but not receiving any unprotected compensation in the unexhausted amount), the NFLPA may create a Benefit from future Player Costs to protect a player who did not have an eligible 2021 contract for his unexhausted Guarantee and did not otherwise exhaust that guarantee through the 2023 season. At the NFLPA's sole discretion, the NFLPA may create a Benefit for players with Guarantee Rollover Protection for 2020 but no eligible contract for 2021 through 2023 that satisfied the unexhausted guarantee.

(i) This Guarantee Rollover Protection Benefit covers the unexhausted Guarantees for the 2020 season but the NFLPA cannot allocate any revenues to any such Benefit until the first League Year or any subsequent League Years after any COVID True-Up for the 2020 and 2021 League Years have been allocated.

(ii) The NFLPA Guarantee Rollover Protection Benefit would pay any player who had eligible Guarantee Rollover Protection in 2020 but whose subsequent contracts in 2021, 2022, and 2023 do not exhaust that player's Guarantee Rollover Protection for the 2020 League Year (applying it to the player's next unprotected

salary, as described in Paragraph 12.g above, for any 2021, 2022, or 2023 contract). In other words, if a player signs a new contract with the same club or a new club and earns unprotected salary in 2021, 2022 or 2023, his eligible Guaranteed Rollover Protection amount, if any, shall be reduced by any such unprotected salary the player is actually paid.

(A) Example 4: Player D has a one year, \$15 million fully guaranteed contract for 2020. He only receives \$10 million of his salary before the 2020 season is cancelled as a result of COVID. Player D subsequently signs a 3-year contract for 2021–2023. Player D’s 2021 salary is \$20 million, fully guaranteed. Player D’s 2022 salary is \$10 million, fully guaranteed. Player D’s 2023 salary is \$20 million, but none of the salary is guaranteed. The \$5 million in unexhausted guarantees attributable to player’s 2020 contract would not roll over and become applicable to player’s 2023 salary in the manner described in Section I above. As a result, the entire amount of player’s 2023 salary would remain unguaranteed in the event that the Club elects to terminate that contract at any time. If the Club terminates Player D before the 2023 season (and he has no further salary to offset), then he will be eligible for a \$5 million Guarantee Rollover Protection Benefit payment. If, however, Player D earns \$5 million of his 2023 salary, his Guarantee Rollover Protection Benefit is eliminated, as the Player would have received from his Club the salary that was protected by the Guarantee Rollover Protection Benefit.

(B) Example 5: Player E is in the final year of a 4-year contract. His 2020 salary is \$3 million, with \$1 million guaranteed. He earns \$1.5 million before the 2020 season is cancelled due to COVID. Player E has no eligibility for Guarantee Rollover Protection Benefit.

(C) Example 6: Player F is on a one-year contract. His 2020 salary is \$3million, fully guaranteed. Player F only earns \$2 million of his 2020 salary before the 2020 season is cancelled due to COVID. Player F subsequently earns no further salary in his career. Player F would be eligible for \$1 million in Guarantee Rollover Protection Benefit.

(D) Example 7: Player H is on a one-year contract. His 2020 salary is \$15million, fully guaranteed. Player H only receives \$10 million before the 2020 season is cancelled due to COVID. He subsequently signs a one-year contract for 2021 with a salary of \$5 million, none of which is guaranteed. Player H’s 2021 contract is terminated after he has earned \$2 million. Player H would be eligible for \$3 million in Guarantee Rollover Protection Benefit.

(iii) A player shall forfeit his Guarantee Rollover Protection Benefit in the event he retires with years remaining under his contract and shall remain subject to any provision applicable to the player’s 2020 guarantee regarding the circumstances under which such guarantee may void. For example, if a player retires from football during the term of his contract and prior to exhausting his Guarantee Rollover Protection Benefit, he shall forfeit his right to such a Benefit.

i. All of these provisions of this Paragraph 10 will also be applied during the 2021 season to 2021 Guaranteed Salary, in the event 2021 regular season games are cancelled due to COVID-19. In such a case, Guarantee Rollover Protection would

apply to any unexhausted 2021 contract guarantees, and the years referenced in Paragraph 10.h(ii) would extend to 2024 for purposes of determining the amount of the remaining Rollover Protection Benefit for any unexhausted 2021 contract guarantees.

11. *Termination Pay*

a. In the event that a season is cancelled, Termination Pay shall continue to operate as set forth in Article 30 except that:

(i) For players on the Club's roster in Week 1, Termination Pay is limited by the number of weeks remaining upon season cancellation. For example, if a player is terminated in Week 8, and the season is canceled after Week 12, the player would receive four game checks (covering Weeks 9–12), but would not receive payment for the canceled weeks (Weeks 13–17).

(ii) For players *not* on the Club's Week 1 roster, the "initial balance" (for purposes of the 35% calculation) under Article 30 will be recalculated based on the number of weeks remaining upon season cancellation. For example, if a player is signed in Week 2 at a rate of \$1.7M (i.e., \$100K per week) and is then terminated after Week 4 (three game checks earned), 35% of the initial balance would be \$560,000 (i.e., \$1.6M initial balance when signed, multiplied by 35%). However, if the season is canceled after Week 13, then 35% of their initial balance will be \$420,000 (i.e., \$1.6M initial balance less four canceled weeks equals \$1.2M, multiplied by 35%).

b. For the avoidance of doubt, if the player's collection of Termination Pay results in an amount of 6 weeks' Paragraph 5 Salary or less, that player remains eligible to collect Termination Pay a second time (i.e., the standard CBA operation regarding eligibility).

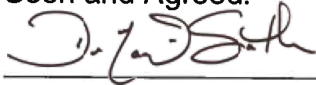
This letter agreement will not be used for any purpose other than to interpret and to apply the specific terms of the Agreement to which they pertain. It may not be used to support or oppose an interpretation of any provisions of the CBA other than the interpretation expressly resolved by this letter. This letter agreement is being entered into without prejudice to any party's position on any issue other than those specifically resolved here.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lawrence P. Ferazani, Jr.", written in a cursive style.

Lawrence P. Ferazani, Jr.

Seen and Agreed:

A handwritten signature in black ink, appearing to read "DeMaurice Smith", written in a cursive style.

DeMaurice Smith
Executive Director
NFL Players Association

August 3, 2020