

ARTICLE VII-A

LICENSING RIGHTS

Section 1. Player Grant of Rights/Licensing Payments & Use Thereof.

(a) As set forth in Exhibit A hereto, in the AFL Player Contract, Players grant a non-exclusive group license to the AFL to use the attributes of four (4) or more players (not for endorsement purposes) in connection with National League Licensing (as defined below) of AFL or Team logos or trademarks. In addition, the AFL shall have the right to use and/or license game action film utilizing the attributes of AFL players, as such attributes are described in the AFL Player Contract.

(b) In exchange for the licensing rights described in subsection (a) above, the AFL shall pay the following amounts to the AFLPA, with such amounts to be distributed to or used for the benefit of the players as provided herein, as follows:

(i) One hundred percent (100%) of the first \$1,000,000 of net profits from National League Licensing, with or without the use of players' attributes; provided, however, that regardless of the amount of such net profits in any year the AFL will make a guaranteed annual payment, as follows:

August 31, 2003 - \$200,000

August 31, 2004 - \$200,000

August 31, 2005 - \$200,000

August 31, 2006 - \$200,000

August 31, 2007 - \$200,000

(if in any year the distribution from National League Licensing is greater than the minimum payment for that year, the above guaranteed annual payments over the remaining years will be reduced on a pro rata basis by the amount of the excess paid);

(ii) fifty percent (50%) of the next \$2,000,000 of net profits from National League Licensing of AFL or Team logos or trademarks (with or without the use of players' attributes); and

(iii) once net profits from National League Licensing exceed \$3,000,000, fifty percent (50%) of total AFL and Team net profits from National League Licensing of AFL or Team logos or trademarks utilizing the players' attributes.

Once net profits from National League Licensing exceed \$3,000,000, the AFL will receive one hundred percent (100%) of net profits from National League Licensing of AFL or Team logos or trademarks utilizing no players' attributes.

(c) For purposes of this Article, "National League Licensing" means all licensing conducted by the AFL or any of its affiliated entities, on behalf of the AFL or

any of its affiliated entities or on behalf of one or more Teams or Team Affiliates, excluding only (i) licensing conducted solely on behalf of a Team owned and operated by the AFL; and (ii) licensing conducted by a Team or Team Affiliate to the extent conducted on its own behalf and not on behalf of the AFL.

(d) For purposes of this Article, “net profits” shall mean gross revenues minus reasonable and customary expenses directly related to the generation of such revenues that are actually incurred by the AFL (or any entity controlled by it), but not including any allocated, general overhead, or general administrative expenses. Notwithstanding the foregoing, “reasonable and customary expenses” may include the salary of personnel who spend at least 75% of their time on National League Licensing, and such portions of salaries of other personnel working on National League Licensing as reasonably agreed upon by the AFL and AFLPA.

Section 2. Use of Distributions. The guaranteed annual payment specified in Section 1(b)(i) above, and any other amounts paid under Section 1 above, shall be paid to the AFLPA for the benefit of players as determined by the AFLPA (i.e., either a direct distribution by the AFLPA to players, or for funding of additional player benefits as specified by the AFLPA and agreed to by the AFL, such agreement not to be unreasonably withheld). The AFLPA may specify in advance of a League Year in which a guaranteed licensing payment is to be made that the payment shall be paid during that League Year in additional player benefits, as designated by the AFLPA and agreed to by the AFL, as provided in the immediately preceding sentence. All licensing payments made under this Article shall not be counted against the Salary Cap, even if the AFLPA designates that the payment be used for additional benefits as provided in this Section 2. In addition, all gross licensing revenues that are paid, after the deduction of expenses as provided in Section 1(d) above, to the AFLPA or designated as benefits under this Article shall not be considered to be DGR, as described in Article XIX, Section 1(a).

Section 3. Cross-License. In conjunction with the reasonable business interests of the AFL and its Teams in the use of their logos and trademarks, the AFL and its Teams will work with the AFLPA, or any organization designated by the AFLPA, in good faith to license, on the standard terms and conditions (including compensation) of the AFL and its Teams, AFL and Team intellectual property to licensees of the AFLPA or any organization designated by the AFLPA to license player group licensing rights.

Section 4. Publicity. The AFL and its Teams, separately and together, may use players’ names and pictures for publicity and the promotion of AFL football, the AFL, or any of its Teams in newspapers, magazines, motion pictures, game programs and roster manuals, broadcasts and telecasts, and all other publicity and advertising media, provided such publicity and promotion does not constitute an endorsement by player of a commercial product or service. Players will cooperate with the news media, and will participate upon request in reasonable activities to promote their respective Teams and the AFL. Without limiting Section 3 above, players may not use any logo, trademark, and/or copyright of the AFL or the Teams for any purpose without the prior written consent of the AFL or the Team.