

MIXED MARTIAL ARTS: ISSUES AND PERSPECTIVES

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMERCE, MANUFACTURING,
AND TRADE

OF THE

COMMITTEE ON ENERGY AND
COMMERCE

HOUSE OF REPRESENTATIVES

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MIXED MARTIAL ARTS: ISSUES AND PERSPECTIVES

THURSDAY, DECEMBER 8, 2016

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND
TRADE,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:57 a.m., in room 2322, Rayburn House Office Building, Hon. Michael C. Burgess, M.D., (chairman of the subcommittee) presiding.

Present: Representatives Burgess, Lance, Guthrie, Mullin, Schakowsky, Kennedy, Rush, and Welch.

Staff Present: Grace Applebe, Staff Assistant; Graham Dufault, Counsel, Commerce, Manufacturing, and Trade; Blair Ellis, Digital Coordinator and Press Secretary; Melissa Froelich, Counsel, Commerce, Manufacturing, and Trade; Giulia Giannangeli, Legislative Clerk, Commerce, Manufacturing, and Trade; A.T. Johnston, Senior Policy Advisor; Paul Nagle, Chief Counsel, Commerce, Manufacturing, and Trade; Dan Schneider, Press Secretary; Olivia Trusty, Professional Staff, Commerce, Manufacturing, and Trade; Dylan Vorbach, Deputy Press Secretary; Michelle Ash, Minority Chief Counsel, Commerce, Manufacturing, and Trade; Lisa Goldman, Minority Counsel, Commerce, Manufacturing, and Trade; Chris Knauer, Minority Staff Director, Oversight and Investigations; Elizabeth Letter, Minority Professional Staff, Oversight and Investigations; Dan Miller, Minority Staff; Caroline Paris-Behr, Minority, Commerce, Manufacturing, and Trade; and Matthew Schumacher, Minority Press Assistant.

OPENING STATEMENT OF HON. MICHAEL C. BURGESS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. BURGESS. The subcommittee on Commerce, Manufacturing, and Trade will now come to order.

The chair recognizes himself for 5 minutes for the purposes of an opening statement.

And good morning to all of our witnesses. We appreciate you being with us this morning.

Before we turn to the matter at hand, I do want to make note of the fact that this is our last hearing before the 114th Congress. I certainly want to thank my vice chairman, Chairman Lance of New Jersey, and Ranking Member Schakowsky of Illinois for their hard work and the hard work of all of our members.

The Energy and Commerce Committee itself is probably one of the most productive committees on Capitol Hill. The Commerce, Manufacturing, and Trade Committee has justifiably earned the reputation as the think tank of the Energy and Commerce Committee. And I would just note to the members on the dais that we have passed over two dozen pieces of legislation from members on both sides of the dais over the past 2 years, one of the most productive legislative accomplishments for this subcommittee in several years.

So, thanks to the participation of all of our members, I believe, no pun intended, we have been punching above our weight. And I am happy to close out this Congress with my colleagues on the Commerce, Manufacturing, and Trade Committee and look forward to a busy agenda for next year.

Once more, we turn our attention to something where this is plowing new ground for Congress. As broad and varied as our jurisdiction is, mixed martial arts, especially the industry of mixed martial arts, is probably a new concept to some of us. In fact, it is to your chairman.

As the industry continues to evolve swiftly, it seems that now is the time to bring Congress up to speed on mixed martial arts and understand if there is a role that Congress should be playing in this multibillion-dollar industry. I want to thank Congressman Mullin for making sure this issue was on the subcommittee's agenda.

The latest major mixed martial arts event drew a little under 2 million viewers and around 1.5 million pay-per-view buys. It generated \$18 million at the gate, \$1.5 million of which went to the State of New York in taxes. Perhaps most importantly, since about half of the mixed martial arts fan base is comprised of millennials, the event created 14 billion social media impressions, which Nielsen now tracks.

The winner at the top of the fight card made \$40 million. That doesn't match what a top boxing championship fight brings, but there is no longer a doubt that mixed martial arts is ready for prime time, and there is certainly no doubt that it is an economic driver.

In our previous sports hearings, we have grappled primarily with athlete safety and the implications of safety rules on youth sports. The safety of MMA fighters is of importance, and this will figure into our broad discussion of how the industry works and how it is regulated at the State level.

The politics around combat sports are tough. To some degree, fighters assume risks. All 50 States have legalized mixed martial arts and regulate it to some degree. State athletic commissions have generally promulgated rules that prohibit certain maneuvers in the ring, require certain equipment, and provide for athlete drug testing. Some States are stricter than others, depending upon a State's resources, how popular the State is as a venue for mixed martial arts.

As with boxing, fighters must generally obtain a license to fight. States and the major promotions also require physicians to be present and make certain that the fighters are healthy before, during, and after a bout.

I thank the panelists, who represent a variety of interests and perspectives, for their participation today. I certainly look forward to a lively and interesting discussion.

And I would like to yield then to the gentleman from New Jersey for his opening statement.

[The prepared statement of Mr. Burgess follows:]

PREPARED STATEMENT OF HON. MICHAEL C. BURGESS

Good morning and welcome to our hearing on Mixed Martial Arts.

Before we turn to the matter at hand I note that this is our last hearing of the 114th Congress. I'd like to thank Vice Chairman Lance and Ranking Member Schakowsky for their hard work and the work of all of our Members. Thanks to the participation of all of our Members, we've been punching above our weight. I'm happy to close out the Congress with my CMT colleagues and look forward to next year's busy agenda.

Once more we turn our attention to something Congress has not focused upon before. As broad and varied as our jurisdiction is, mixed martial arts-especially the industry of MMA-is probably a new concept to some of us. As the industry continues to evolve swiftly, now is the time to bring Congress up to speed on MMA, and understand if there is a role Congress should be playing in this multi-billion dollar industry. I also want to thank Congressman Mullin for making sure this issue is on the committee's agenda.

The latest major MMA event drew a little under 2 million viewers and around 1.5 million pay-per-view buys. It also generated about \$18 million at the gate, \$1.5 million of which went to New York in taxes.

Perhaps most importantly-since about half of MMA's fan base is comprised of millennials-the event created 14 billion "social media impressions," which Nielsen now tracks.

The top ticket only received, combined, \$4 million. That doesn't match what a top boxing championship fight brings, but there's no longer a doubt that MMA is ready for primetime or that it is an economic driver.

In our previous sports hearings, we grappled primarily with athlete safety and the implications of safety rules on youth sports.

The safety of MMA fighters is of utmost importance and this will figure into our broad discussion of how the MMA industry works and how it is regulated at the state level.

The politics around combat sports are tough. To some degree, fighters assume risks. All 50 states have legalized MMA and regulate it to some degree. State athletic commissions have generally promulgated rules that prohibit certain maneuvers in the ring, require certain equipment, and provide for athlete drug testing.

Some states are stricter than others, depending on the state's resources and how popular the state is as a venue for MMA.

Just like with boxing, fighters must generally obtain a license to fight. States and the major promotions also require physicians to be present and make sure fighters are healthy before and during a bout.

I thank the panelists, who represent a variety of interests and perspectives, for their participation today and look forward to a lively and interesting discussion.

OPENING STATEMENT OF HON. LEONARD LANCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. LANCE. Thank you, Mr. Chairman.

In my three terms serving on the Energy and Commerce Committee, this has been by far the most productive session for the Commerce, Manufacturing, and Trade Subcommittee, due in large part to the leadership of Dr. Burgess and the hard work of the committee staff.

Through the highly successful "disruptor" series, CMT has asserted itself as the principal subcommittee supporting the technological innovations our economy needs to thrive. We have acted on

the information learned from these educational hearings by passing bipartisan, targeted legislation and beginning the first legislative update to the Federal Trade Commission in 20 years.

We have also passed legislation to help consumers, for example, to review their experiences without businesses engaging in retribution. Under Dr. Burgess's leadership, CMT has also provided vigorous oversight of the Takata airbag recall, the largest safety recall in automotive history.

Congratulations, Dr. Burgess, on an exceptionally effective session, and I look forward to continuing our work on these important issues and other issues in the full committee next Congress.

I also take a moment to recognize outgoing Chairman Fred Upton of the full committee. And today is a historic and important day, as the 21st Century Cures Act goes to the President's desk.

At this season, I wish everybody a Merry Christmas and a peaceful new year, and particularly safety to our troops, our magnificent troops across the globe, who protect us and the American people in general.

And, Mr. Chairman, I yield back the balance of our time.

Mr. BURGESS. The chair thanks the gentleman for his remarks. Notes the gentleman went a little bit over, but since his remarks seemed so important and you were thanking the chairman, I would ask unanimous consent that the gentleman be allowed to do that.

And, of course, I want to thank the ranking member of the committee, Ms. Schakowsky from Illinois, for being here, as well, and for a very productive 2 years on the Commerce, Manufacturing, and Trade Subcommittee and recognize you for 5 minutes for the purpose of an opening statement.

OPENING STATEMENT OF HON. JANICE D. SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Ms. SCHAKOWSKY. Thank you, Mr. Chairman. And I want to thank you too. It has been a very interesting and, I think, productive session of Congress. And it has been a personal pleasure to be able to serve with you as the chairman and myself as the ranking member.

I also want to wish everyone a Merry Christmas and a Happy Hanukkah, which actually happen to fall at the same time.

And then to the business of the morning.

When I first heard that we would be having a hearing on mixed martial arts, I was surprised. I confess I am not an MMA fan. Aren't you shocked? I have had to learn a little more about MMA in preparation for the hearing, and I don't think that it is going to be my new hobby. However, you don't have to be an MMA fan to recognize the need for greater negotiating power and stronger protections for MMA fighters.

Our colleague Congressman Mullin used to be an MMA fighter. I chatted with him about his sport, and yesterday I met with other MMA fighters in my office. The lack of leverage that they have in their contract negotiations is, frankly, pretty shocking. And that comes through when you look at differences in pay and benefits between MMA and other sports.

Congressman Mullin comes to this issue as an MMA fighter; I come to it as a fighter for workers' rights and safety. But today I think that puts us on the same side. When I saw what MMA is, the mother in me came out a little bit. I don't know why you would do that to yourself, but MMA fighters love their sport, and they should be able to fight. I do, however, want to make sure that they aren't put at unnecessary risk.

Safety for fighters and the structure of MMA are very inter-linked. Generally speaking, fighters only get paid if they are in a match. They have to secure their own health insurance, because the promoters' insurance just covers injuries within a match, not the injuries that frequently happen in weeks of training beforehand. That forces fighters to push themselves, sometimes at great personal risk.

MMA can involve blows to the head, and, for me, that immediately raises concern about brain injury, which we have seen in other contact sports. Two months ago, 25-year-old Jordan Parsons became the first MMA fighter to be diagnosed with chronic traumatic encephalopathy, CTE. This should not be surprising. Research has shown that repetitive hits to the head have cumulative long-term effects on brain function and physiology and may increase the risk of CTE.

CTE is not new to members of the Energy and Commerce Committee. Last March, in response to a question I raised, a National Football League representative admitted for the very first time a definite link between football and CTE. Dr. McKee, who we will hear from today, was at that roundtable. Representatives Frank Pallone, Gene Green, and Diana DeGette and I have also been pressing the National Hockey League to do more to reduce the risk of head injuries. MMA is just the latest sport where CTE is an issue.

We have seen some progress at the state level already. New York State included a provision in its MMA legislation that recognizes the risk of brain trauma and requires MMA promoters to carry insurance to cover treatment of life-threatening brain injuries.

If, knowing the risks, adults still want to be part of MMA fights, I guess that is all right, but fighters and promoters should take some basic precautions, and fighters should have the leverage to stand up for their own safety.

In Dr. McKee's written testimony, she provides some recommendations on the risk of brain injuries in MMA, how they can be reduced. We also need to support further research on the connection between CTE and contact sports so that adults know the risk.

Research is especially critical, given the risk to young athletes. According to ESPN, an estimated 3.2 million kids 13 and under now participate in MMA. Kids can start classes as early as 6 years old. Some leagues ban head hits for younger fighters. However, Dr. Rebecca Carl from the American Academy of Pediatrics' Council on Sports Medicine and Fitness warns that kids don't need to be hit in the head to experience brain injury. "The force of being thrown to the ground is enough to injure the brain." That is a quote. And to continue the quote, "I don't think there is enough data available to say that MMA is safe for children."

I want to explore how MMA can be safer and fairer for fighters of all ages.

I want to thank the witnesses for being here today, and I look forward to your testimony.

I yield back.

Mr. BURGESS. The gentlelady yields back. The chair thanks the gentlelady.

The chair now recognizes the gentleman from Oklahoma, Mr. Mullin, 5 minutes to summarize your opening statement, please.

OPENING STATEMENT OF HON. MARKWAYNE MULLIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. MULLIN. Thank you, Mr. Chairman.

And real quick, maybe you misspoke in something you said a while ago, that the top card, the top fighter received over \$40 million in payout. Wasn't even close, which I know is just misspoken. The top ticket only received, combined, \$4 million. Compared to boxing, it is a big difference. I just want to make sure that everybody understands the difference on that one.

Mr. BURGESS. The chair thanks the gentleman. We will correct the record.

Mr. MULLIN. Thank you, Mr. Chairman, for holding this important hearing to examine a growing sport that I am passionate about like MMA. I also want to thank Chairman Upton for his help in getting us to this point. This informational hearing is vital to educate the members of this committee and the public on the history, current status, and the future of MMA.

As we look at varying issues, from contracts to health, from anti-doping to conflicts of interest, I hope we can keep one thing in mind: It is the fighters. Without them, there is no UFC, there is no Bellator, there is no sport. The promoters have done so much to grow the sport, but the fighters are what make this sport so compelling and so great to watch.

The sport is much different than when I was younger. There is more media, more money, and with that brings more fans. As MMA continues to grow, we need to make sure we keep it growing with everybody.

Before I yield back, I want to highlight my bill, the Muhammad Ali Expansion Act. Although it is not the focus of this hearing, it is certainly relevant. And I look forward to hearing the perspectives of our witnesses on the legislation, on the issues it addresses with fighters' contracts, the ranking system, and the role of managers and promoters.

It is my hope that all members of this committee leave this hearing with a better understanding of MMA and will continue working in the next Congress on the issue that affects all parties in this room, especially the fighters.

Thank you, Mr. Chairman. I yield back.

Mr. BURGESS. The chair thanks the gentleman.

We will conclude now with member opening statements, seeing no other members wishing to offer an opening statement. The chair would remind members that, pursuant to committee rules, all members' opening statements will be made part of the record.

We do want to thank all of our witnesses for being here today, taking time to testify before the subcommittee. Today's witnesses will have an opportunity to give opening statements, followed then by questions from members.

Our witness panel for today's hearing includes the Honorable Jeff Denham from the State of California, the 10th District, thank you for being here this morning, Representative. Mr. Jeff Novitzky, the vice president of athlete health and performance at the Ultimate Fighting Championship; Ms. Lydia Robertson, treasurer at the Association of Boxing Commissions and Combative Sports; Dr. Ann McKee, professor of neurology and pathology at Boston University School of Medicine; and Mr. Randy Couture, president at Xtreme Couture.

We appreciate each of you being here today. We will begin our panel with Representative Denham.

And, Representative Denham, you are recognized for 5 minutes for an opening statement, please.

STATEMENTS OF THE HON. JEFF DENHAM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA; JEFF NOVITZKY, VICE PRESIDENT, ATHLETE HEALTH AND PERFORMANCE, ULTIMATE FIGHTING CHAMPIONSHIP; LYDIA ROBERTSON, TREASURER, ASSOCIATION OF BOXING COMMISSIONS AND COMBATIVE SPORTS; ANN MCKEE, M.D., PROFESSOR OF NEUROLOGY AND PATHOLOGY, ALZHEIMER'S DISEASE CENTER, BOSTON UNIVERSITY, NEUROPATHOLOGY CORE, BOSTON UNIVERSITY; AND RANDY COUTURE, PRESIDENT, XTREME COUTURE

STATEMENT OF THE HON. JEFF DENHAM

Mr. DENHAM. Thank you, Mr. Chairman.

I would like to thank the chairman and the ranking member for allowing me to testify today. I also want to thank Representative Mullin for bringing this issue to the forefront. It is an important issue to address and make sure there are some minimum mandatory requirements as we move forward with this great sport.

I had the opportunity to enjoy another great sport, boxing. I spent a lot of time in and around the ring but also saw the challenges and the damage that a very difficult sport can have, the lasting impacts on those that engage in it.

I believe that we need to have some minimum standards, because, oftentimes, if the health of a fighter is not addressed, you can have a fighter that gets back into the ring early or before they are completely healed. If that happens, that also lends itself to have irreparable long-term damage as well. And I have seen the lasting impacts of friends that have gotten back into the ring too early or before they were completely healed.

So I do believe that the boxing industry has changed. In 1996, the Professional Boxing Safety Act did make some changes. It focused on the physical well-being of boxers by establishing the minimum health and safety standards for professional boxing, with limited Federal oversight by the Department of Justice and the Federal Trade Commission. I don't want to see Congress insert itself so much that it really interferes with the great sport, but I

do believe that there needs to be some minimum mandatory requirements.

I also believe that, as any business, you hire people, you expect them to operate on your behalf. So I hire a manager, much like I would hire a chief of staff or somebody to manage my company, I expect them to operate on my behalf. And so I think there needs to be some transparency between the manager and any type of payment, outside of the fighter, that they may be receiving.

In the Ali Act in 2000, after the 1996 initial act, the Ali Act addressed that issue. It also addressed some consistency across the States to make sure that boxing commissions across every State had those minimum contracts as well.

And much like boxers, MMA fighters also receive a card, but I think that it is important that we have a consistent health inspection for the safety of the fighter to make sure that they are prepared to go back into the ring, back into the battle, and they are fully healthy and prepared to do so.

So those minimum standards, I think, are very important across the country, making sure that our State boxing commissions or, in this case, MMA fighters also have that same safety, health inspection, a clearance to get back into the ring so that their future is safe as well.

There are other experts up here that will talk about the rankings and contract negotiations. I think those are important discussions to have right now, but I don't think that there is anything more important than the health and safety of the individual that is engaging in an incredible, great sport. I want to see MMA continue to flourish. I am a big fan. But, as a former boxer, I also know that the safety that can go with that sport needs to be addressed as well.

So I am proud to be a coauthor of this bill and look forward to working with you as we have future hearings and future amendments and go through the continued process. This is something that I think is not only exciting to address, but it is something that is critically important to address. And, again, I want to thank Mr. Mullin for bringing this issue to the forefront.

Thank you for allowing me to testify.

Mr. BURGESS. The chair thanks the gentleman.

Mr. Novitzky, you are now recognized for 5 minutes for an opening statement.

STATEMENT OF JEFF NOVITZKY

Mr. NOVITZKY. Thank you, Mr. Chairman, members of the committee. It is an honor to be up here today with my fellow witnesses. My name is Jeff Novitzky. I am the UFC's vice president of athlete health and performance. I would like to thank you for holding this hearing. I think it is important to recognize the significance we all place, and to mirror what Representative Denham just said, on the most important issue that we will talk about today, athlete health and safety.

I would like to start off by giving the committee a brief history of my experience outside of the UFC and what ultimately led me to the UFC last year.

In April of 2015, I retired from 22-plus years in Federal law enforcement in the United States. In 2002, I opened an investigation on a company known as BALCO Laboratories for the illegal distribution of athletic performance-enhancing drugs, or PEDs.

While the case and subsequent cases that I worked in this arena focused on the illegal distribution of PEDs and not the athletes that used them, nevertheless the BALCO Laboratories investigation ended up involving some of the biggest names in sport in the world at the time who were athlete clients of BALCO: Barry Bonds, Marion Jones, dozens of Olympic athletes, boxers, NFL athletes, and several Major League Baseball players.

The high-profile nature of the investigation steered many investigative leads my way over the course of my career and led me to subsequent investigations involving the distribution of PEDs to high-profile athletes. And finally, I conducted an investigation on professional cycling, including the United States Postal Service Cycling Team, whose members included Lance Armstrong.

I estimate that throughout my career I spoke with between 150 and 200 professional athletes who chose to use PEDs, and I always took the opportunity to ask them why they made that choice. And more often than not, the answer came down to one word, and that word was “trust.” They didn’t trust that their teammates, who they were competing for playing time and contracts, weren’t using. They didn’t trust that their competitors weren’t using. And, most importantly, they didn’t trust that their sports organization really cared about the issue, and that doping was allowed to fester because there were not sufficient programs in place to catch as well as deter athletes from ultimately harming themselves and others.

When I was first approached by the UFC to develop and implement their new anti-doping program, I saw this as an opportunity to change that tide in sentiment. The more I talked with UFC executives, I quickly realized that their passion and commitment to athlete health and safety was paramount. They told me repeatedly, “We want the best anti-doping program in the world. We want to be the gold standard for not just combat sports but for all sports.” I realized I could be part of a program within a sports organization that its athletes could trust and could be a positive influence toward athlete health and safety for not just the UFC but for all professional sports.

I can confidently state that in the year and a half since our anti-doping program has been up and running, the UFC has put together the most comprehensive, robust anti-doping program in professional sports in the world.

A major pillar of our program is the outsourcing of the administration of the program to the United States Anti-Doping Agency, or USADA, who is widely considered the most reputable anti-doping organization in the world.

Earlier this year, the UFC renewed our commitment, a 5-year commitment, \$1 million commitment, to the Professional Fighters Brain Health Study that is being conducted through the Cleveland Clinic. This commitment makes UFC the largest combat sports contributor to the study. We currently have 88 current and former UFC fighters enrolled in the study. It is done over longer periods

of time to develop ways to improve safety in combat sports, along with other professional athletes exposed to repetitive head trauma.

Another big development relating to fighter health and safety is the construction of the UFC's new Athlete Health and Performance Center. The goal of this state-of-the-art facility will be to provide our athletes, free of charge, with the best training, rehabilitation, nutrition education, and injury prevention practices available in the world. We will team with universities to conduct studies on our athletes to learn best practices as it comes to training, rehabilitation, brain health, nutrition, and weight management practices. We will use these studies to not only help UFC athletes but all professional athletes. The center is scheduled to be completed in the spring of 2017.

As you can see, the UFC has taken concrete steps towards increasing safety standards and protocols, not just within our organization, not just throughout mixed martial arts and combat sports community, but across the board in the professional sports landscape.

From our anti-doping program, which has been recognized by the media as the best anti-doping program in professional sports, our continuing education of athletes on topics relating to their health and safety, safer weight management guidelines and practices, our participation in brain studies through the Cleveland Clinic, and our new Athlete Health and Performance Center, we have made great strides to ensure all of our athletes compete on a level playing field, take proactive steps to protect their health and safety, and enable to them to lead fulfilling lives both in and out of competition.

As an organization, we are not only looking to lead combat sports in this area but take a leadership role and set an example for all of professional sports.

Thank you.

[The prepared statement of Mr. Novitzky follows:]

Jeff Novitzky
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade Hearing
Testimony

My name is Jeff Novitzky and I am the UFC's Vice President of Athlete Health and Performance. I would like to thank the committee for having this hearing, as it is important to recognize the significance we all place on athlete health and safety.

I would like to start off by giving the committee a brief history of my experience outside of the UFC and what ultimately led me to the organization last year.

In April of 2015, I retired from a 22 plus year career in federal law enforcement, the first 15 years as a Special Agent with the Internal Revenue Service, Criminal Investigation Division, and the last 7 years as a special agent with the United States Food and Drug Administration, Office of Criminal Investigation. In 2002, I opened an investigation on a company known as BALCO Laboratories, for the illegal distribution of athletic performance enhancing drugs and the money laundering of the profits thereof. While the case and subsequent cases that I worked in this arena focused on the illegal distribution of performance enhancing drugs and not the athletes who used them, nevertheless the BALCO Laboratories investigation ended up involving some of the biggest names in sports in the world at the time who were athlete clients of BALCO. Barry Bonds, Marion Jones, dozens of Olympic athletes, boxers, NFL athletes and several Major League Baseball athletes. The high profile nature of the investigation steered many investigative leads my way over the remaining course of my career, and led me to subsequent investigations involving the distribution of PED's to high profile athletes. I spearheaded an investigation of Kirk Radomski, a former NY Mets clubhouse attendant who distributed PED's to dozens of Major League Baseball players. I worked extensively with Senator George Mitchell in assisting him with the Mitchell Report, his report of PED use in Major League Baseball. And finally, I conducted an investigation involving professional cycling, including the United States Postal Service Professional Cycling Team, whose members included Lance Armstrong, Floyd Landis and Tyler Hamilton. I have seen doping in virtually all levels of competition—high school, college, professional, and the Olympics. While I learned a tremendous amount about the drugs being used, their athletic benefits, their health side effects and anti-doping strategies, in my opinion the most valuable area of information that I was exposed to was the many conversations I had with the athletes who chose to use PED's. I estimate that throughout my investigations, I spoke with between 150 and 200 athletes who chose to use PED's. I always took the opportunity to ask them why they made the choice. More often than not, the answer came down to one word. "Trust." They didn't trust that their teammates, who they were competing for playing time and contracts weren't using, they didn't trust that their competitors weren't using, and most importantly, they didn't trust that their sports organizations really cared about the issue, and that doping was allowed to fester because there were not sufficient programs in place to catch, as well as deter, athletes from ultimately harming themselves and others.

When I was first approached by UFC to develop and implement their new anti-doping program, I saw this as an opportunity to change that tide and sentiment. The more I talked with UFC executives, I quickly realized their passion and commitment to athlete health and safety was paramount. They told me repeatedly, "We want the best anti-doping program in the world. We want to be the gold standard for not just combat sports, but for all sports." I realized that I could be part of a program within a sports organization that its athletes could trust, and could be a positive influence towards athlete health and safety for not just the UFC, but for all professional sports.

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Based on my many years of exposure to anti-doping programs within professional sports, I can confidently state that in the year and a half since our anti-doping program has been up and running, the UFC has put together the most comprehensive and robust anti-doping program in professional sports, in the world. A major pillar of our program is our outsourcing of the administration of the program to the United States Anti-Doping Agency (or USADA), who is widely considered the most reputable anti-doping organization in the world. USADA is recognized as the official anti-doping agency for Olympic, Pan American and Paralympic sport in the United States. The recognition was included in the Treasury and General Government Appropriations Act, 2002, and became public law when President George W. Bush signed the act. In addition to USADA, a completely independent authority from UFC, carrying our anti-doping program, we work extensively with USADA to educate our athletes about the dangers of doping. They are learning that if they choose to use PED's, they are not only risking harm to themselves, but they are also risking the health of the individuals they are competing against.

Part of the education process includes holding athlete and coaches summits, where we bring in several dozen of our athletes and coaches a few times a year and provide them with education and training seminars on various relevant health and safety issues. These summits give UFC and its athletes and their coaches the chance to open a dialogue. Earlier this year, we held one such summit which included a world renowned expert on dehydration and rehydration issues, something our fighters routinely experience during weight management practices. Our goal is to make them more informed, and thus practice safer weight management to mitigate any health consequences and the help maximize their performance. To that point, the UFC has disseminated weight management guidelines to its fighters, providing a blueprint for determining a fighter's appropriate weight class and a roadmap to reaching those weight categories in a safe manner.

Earlier this year, the UFC made a 5-year, \$1 million commitment to the Professional Fighters Brain Health Study that is being conducted through the Cleveland Clinic. This commitment makes UFC the largest combat sports contributor to the study. The study aims to follow combat sports participants over longer periods of time and develop ways to improve safety in combat sports, along with other professional athletes exposed to repetitive head trauma.

Another big development relating to fighter health and safety is the UFC's a new corporate headquarters, scheduled to be completed and opened in the Spring of 2017. This new campus will not only accommodate our corporate employees, but it will house the new UFC Athlete Health and Performance Center. The two-story, 30,000 square foot facility will contain an Octagon, a boxing ring, mat space, an indoor sprint track, Olympic lifting platforms and a media center. There are also consultation and treatment rooms, a physiotherapy and rehabilitation gym, as well as performance technology, nutrition and sports science areas. The goal of this state of the art facility will be to provide all of our athletes with the best training, rehabilitation, nutrition education and injury prevention practices available in the world. We will team with Universities to conduct studies on our athletes to learn best practices as it comes to their training, rehabilitation, brain health, nutrition and weight management practices. We will use these studies to not only help UFC athletes, but all professional athletes. It has always been a priority for the UFC to ensure that our athletes are properly prepared when they step into competition, and the Athlete Health and Performance Center fulfills that promise.

As you can see, the UFC has taken concrete steps towards increasing safety standards and protocols not just within the organization, not just throughout mixed martial arts and the combat sports community,

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but across the board in the professional sports landscape. From our anti-doping program—which has been recognized by media as “the best anti-doping program in professional sports”, our continuing education of athletes on topics relating to their health and safety, safer weight management guidelines and practices, our participation in brain studies through the Cleveland Clinic, and our new Athlete Health and Performance Center, we have made great strides to ensure all of our athletes compete at a level playing field, take proactive steps to protect their health and safety, and enable them to lead fulfilling lives both in and out of competition. As an organization, we are not only looking to lead combat sports in these areas, but to take a leadership role and set an example for all of professional sport.

Mr. BURGESS. The chair thanks the gentleman.

Ms. Robertson, you are recognized for 5 minutes, please, for an opening statement.

STATEMENT OF LYDIA ROBERTSON

Ms. ROBERTSON. I am serving as treasurer of the Association of Boxing Commissions. And just a little background on the organization: In the late 1980s, a group of concerned commission representatives got together in the hopes that they could standardize some safety regulations for the professional boxing industry. And, shortly thereafter, the bill known now as the Mohammed Ali Act came into being, and it helped unify those various States. So more and more states joined, because in the Muhammad Ali Act it specifies that if you do not have an authorized regulatory body from within the state, that you must use a different recognized organization. And every state wanted to participate.

Not too long after that, the law was amended and now includes a lot of tribal governments. So we have about 75 members that are housed within the U.S. borders and about another 70 members from outside our borders.

The ABC, which is what we call the Association of Boxing Commissions is a 501(c)(3) nonprofit and maintains a Web site and offers continual training courses to enhance uniformity and skill among professional boxing and MMA referees and judges.

Roughly 8 years ago, the ABC began working on uniform, standard safety rules for MMA, just had been done for boxing, and they were updated this past summer in 2016.

The ABC receives no funds from the Federal Government but exists on the dues collected from state and tribal commissions and from registration at the annual educational and training symposium. The ABC has no employees; we have no contract help other than the occasional CPA. I am here on my own time. And ABC President Mike Mazzulli had hoped he could be here, and there is a brief statement from him included in the comments.

The ABC's interest is always focused on fighter health and safety: How do we protect fighters, sometimes from themselves, and yet let them participate in the sports of their choosing? The interest on the fighters, the fair treatment of the fighters, and their future is always uppermost. Without these brave athlete souls, this meeting wouldn't even be held. And without the promoters putting on those shows, this meeting wouldn't be held. There is a delicate balance between the two.

The Association of Boxing Commissions expanded their name this past summer to Association of Boxing Commissions and Combative Sports, as, clearly, the ABC is ready and willing to accept more responsibility of the Ali Act or some other bill directed at safety and to benefit the fighter passes.

The ABC, among its many members, possess unique and valuable perspectives. I was actually a promoter for years. One of our board members was a fighter at one point. Another state commissioner that I know of trained fighters. This five-member board of directors for the ABC currently has 90 years' experience just between us, some of it regulatory, some participatory.

Unlike some laws with good intentions, the Muhammad Ali Act has greatly contributed to competition standards in title fights, altered the way contracts are entered into between managers, promoters, and athletes. The simple fact is that if a bill will reduce MMA exploitation and enhance fighter safety and if it is something the fighters are ready for, the ABC, after seeing the final bill, will probably support the bill.

The ABC does not concern itself with promoters and their needs regardless of whether they are a multibillion-dollar promoter or a small one found in the State of Alabama. It is the fighters with whom the ABC is most concerned.

In closing, I would like to remind everyone that the small local promoter will also be required to adhere to changes in any law. The ABC's goal is uniform enforcement of protections.

And my last comment would be, there is a balance between a business model and a sports model. I am not an expert enough to tell you what that is, but I think, with all of the committee's experience and dedication, you will arrive at those decisions.

And the ABC is so grateful to be a part of this. Thank you for allowing me to testify.

[The prepared statement of Ms. Robertson follows:]

US House of Representatives – Committee on Energy & Commerce

10:30am, Rayburn Office Building

Testimony from Lydia Robertson, Treasurer of the Association of Boxing Commissions

A group of dedicated state officials began gathering together in the late 80's with the intent of improving boxing. Shortly, the Muhammad Ali Boxing Safety Act was passed, and the organization began attracting State Commissioners from around the country as members. As the Ali Act was enhanced and clarified, tribal governments, not just state commissions, began to join and here, 28 years later, the ABC has roughly 75 members from US Boards and another 70 from countries outside US Borders.

The ABC is a 501 (C) (3), non-profit and maintains a website (www.abcboxing.com) and offers continual training courses to enhance uniformity and skill among professional boxing referees and judges. Roughly 8 years ago, the ABC began working on Uniform Standard Safety Rules, just had been done for boxing, and they were updated this past summer in 2016. This organization receives no funds from the Federal Government, but exists on the dues collected from State and Tribal Commissions and from registration at an annual educational and training symposium.

The ABC has NO employees nor "contract help" other than attorneys or other such professions needed to complete a particular project. I am here on my own time, and ABC President, Mike Mazzulli, had hoped he could be here and you should a brief statement on file from him.

The ABC's interest is ALWAYS focused on fighter health and safety. How do we protect fighters, sometimes from themselves, and yet still allow the mixed martial arts to be a competition? What medical minimum standards should be in place? Our interest is ALWAYS on the fighter, fair treatment of the athletes, and their future. I can assure you, that without these brave souls, this meeting wouldn't even be held. And conversely, without the promoters putting on the shows, there would still not be an industry.

The Association of Boxing Commissions expanded their name this past summer to "Association of Boxing Commissions, Combative Sports" as clearly, the ABC is ready and willing to accept more responsibility if the Ali Act, or if some other new bill directed at safety and benefit to the fighters, passes. The ABC, among its many members possess unique and valuable perspectives: I was a promoter for years, one of our Board members was a fighter at one point, and other State Commissioner trained fighters. The five- member Board has almost 90 years experience just between us.

Unlike some laws with good intentions, the Muhammad Ali Act has greatly contributed to competition standards in title fights, altered the way contracts are entered into between managers, promoters, and athletes. The simple fact is, if a bill will reduce mma fighter exploitation, enhance fighter safety and is something the fighters are ready for, the ABC will probably support the bill. The ABC does not concern itself with promoters and their needs and regardless of whether they are a multi-billion dollar promoter or a small one found in the State of Alabama; it is the fighters with whom the ABC is most concerned. And in closing, I would like to remind everyone that the small, local promoter will also be required to adhere to the changes in the law. The ABC's goal is uniform enforcement of protections.

Thank you for allowing me to testify today before the Committee on Energy and Commerce.

Mr. BURGESS. The chair thanks the gentlelady.

The chair recognizes Dr. McKee, 5 minutes for your opening statement, please.

STATEMENT OF ANN MCKEE, M.D.

Dr. McKEE. Mr. Chairman and members of the committee, thank you for the invitation today to testify on mixed martial arts issues and perspectives.

My name is Dr. Ann McKee. I am a professor of neurology and pathology at Boston University School of Medicine. I am chief of the neuropathology service for the VA Boston Healthcare System, and I am director of the CTE Center at Boston University. My testimony today reflects my personal professional opinion. I am not speaking officially on behalf of the Department of the Veterans Affairs or Boston University School of Medicine.

CTE, or chronic traumatic encephalopathy, is a major problem in contact sports, such as boxing and football, and any other sport that involves a high number of head impacts, such as mixed martial arts. Even though there is not much research available on the long-term consequences of MMA, we know it has a high concussion rate and, importantly, it has a high subconcussive impact rate.

CTE is a neurodegenerative disease triggered by repetitive head trauma that causes buildup of an abnormal protein called tau in the brain. The abnormal tau is toxic to nerve cells and causes a progressive brain deterioration over time. Symptoms of CTE include memory loss, confusion, impulse control problems, aggression, depression, and dementia.

CTE was originally described in boxing and now has been found in many other sports. We found evidence of CTE in the only MMA fighter we examined, a 27 year old who took his own life, and there is good reason to believe that a significant portion of other MMA fighters are at risk for CTE. This is because exposure to repetitive head impacts is the major risk factor for CTE, and MMA fighters experience substantial head trauma during their fights as well as during their training and sparring sessions.

There has been a primary focus on concussions in the development of CTE. Even the movie about CTE was named "Concussion." Yet all of our research to date points to the fact that CTE is associated with prolonged exposure to repetitive small impacts, the subconcussive hits that are asymptomatic.

In sports like MMA, the risk for CTE is not directly related to concussions; rather, the risk for CTE is related to the cumulative exposure to subconcussions that occur with every blow to the head. The longer you play contact sports, the higher your exposure to repetitive head impacts and the higher the risk for CTE.

Starting a contact sport at a young age often leads to a longer playing career and greater exposure to head trauma, but another factor that contributes to enhanced risk for young athletes is that the developing brain is more susceptible to damage from repetitive trauma.

There is a lot of skepticism regarding the significance of CTE. For years, people have said that CTE was not a real disease. They say there is confusion and debate among scientists, that CTE cannot be distinguished from Alzheimer's disease or aging and epi-

lepsy. But there is no scientific confusion about whether CTE exists. CTE not only exists, it is definitively diagnosed by neuropathologic examination of brain tissue.

In 2015 and 2016, a panel of expert neuropathologists, convened by the National Institute of Neurologic Diseases and Stroke, determined that CTE was a unique disease that could be easily distinguished from other tau-based diseases. And they even went on to say there is a pathognomonic lesion for CTE—a brain lesion that is found in CTE that is not found in any other disorder and is specific for CTE.

The other misinformation about CTE is that it is very rare, it has only been diagnosed in a few hundred people, and millions of people have played contact sports. But CTE is not rare. We would not be able to find 218 cases of CTE in 291 athletes over the past 8 years if it were rare. If you don't look for something, don't know how to look for something, and don't find it, that doesn't mean that something is rare; it means it is underrecognized. Recent brain bank studies have shown that CTE is present in 5 percent of the general autopsy population.

Now, if you were to ask me how to limit risk for CTE in MMA, in addition to the minimum standards previously suggested by Representative Denham, I would say: Don't allow children and young adults to participate in full contact with head strikes; educate fighters to limit their exposure so as to not allow head strikes in training and sparring; limit the number of head strikes during a match; and reduce the number of full-contact matches per season.

CTE is a big problem from contact sports, and what we know today is very likely the tip of the iceberg. While we recognize the importance of contact sports to an athlete's physical and psychological well-being, CTE is a known and preventable consequence.

There is great urgency for funding for CTE research and the risks associated with sports like MMA and military service. We need to bring hope to the players and veterans who are in the beginning of stages of CTE and showing signs of memory loss, behavioral changes, and depression. We need to develop effective interventions and treatments for CTE so that all individuals can continue to participate in the sports that they love but also live long, healthy, productive lives.

Thank you.

[The prepared statement of Dr. McKee follows:]

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ORAL Testimony

Ann C. McKee, M.D.

Professor of Neurology and Pathology

Boston University School of Medicine

Chief of Neuropathology, VA Boston Healthcare System

Director of the Brain Banks for the Boston University Alzheimer's Disease Center, CTE Center,
and Framingham Heart Study

Associate Director, Alzheimer's Disease Center

Director, Chronic Traumatic Encephalopathy Center

Boston University School of Medicine

Subcommittee on Commerce, Manufacturing, and Trade

Mixed Martial Arts: Issues and Perspectives

December 8, 2016

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Mr. Chairman and Members of the Committee:

Thank you for the invitation to testify today on Mixed Martial Arts: Issues and Perspectives. My name is Dr. Ann McKee. I am a Professor of Neurology and Pathology at Boston University School of Medicine, I am Chief of Neuropathology, VA Boston Healthcare System and I am Director of the CTE Center at Boston University School of Medicine. My testimony today reflects my professional opinion; I am not speaking officially on behalf of the Department of Veterans Affairs or Boston University School of Medicine.

CTE or Chronic Traumatic Encephalopathy is a major problem in contact sports, such as boxing and football, and any other sport that involves a high number of head impacts, such as mixed martial arts. Even though there is not much research available on the long-term consequences of MMA, we do know it has a high concussion rate, and importantly, it also has a high subconcussive impact rate.

CTE is a neurodegenerative disease triggered by repetitive head trauma that causes buildup of an abnormal protein called tau in the brain, the abnormal tau is toxic to nerve cells and causes progressive brain deterioration over time. The symptoms of CTE are delayed, and often do not show up until the athlete has retired from the sport. Once the symptoms begin, they progress and become worse as the person ages. Symptoms of CTE include memory loss, confusion, impulse control problems, aggression, depression, anxiety and dementia. CTE was originally described in boxing, and now has been found in many other sports. We found evidence of CTE in the only one MMA fighter we examined, a 27 year old who took his own life, and there is good reason to believe that a significant portion of other MMA fighters are at risk for CTE. This is because exposure to repetitive head impacts is the major risk factor for CTE and MMA fighters

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experience substantial head trauma during their fights, as well as during their training and sparring sessions.

There has been a primary focus on the role of concussions in the development of CTE - even the movie about CTE was named "Concussion" – yet all of our research to date points to the fact that CTE is associated with prolonged exposure to repetitive small impacts, the *subconcussive* hits that are asymptomatic. In sports like MMA, the risk for CTE is not directly related to the number of concussions – rather the risk for CTE is related to the cumulative exposure to subconcussions that occur with every blow to the head. The longer you play contact sports, the higher your exposure to repetitive head impacts, and the higher the risk for CTE. Starting a contact sport at a young age often leads to a longer playing career and greater exposure to head trauma, but another factor that contributes to enhanced risk for young athletes is that the developing brain is more susceptible to damage from repetitive head trauma.

There is a lot of skepticism regarding the significance of CTE. For years, some skeptics have said that CTE was not "a real disease", they say there is confusion and debate amongst scientists and that CTE cannot be distinguished from Alzheimer's disease or aging or epilepsy. But there is no scientific confusion about whether CTE exists. CTE not only exists, it is definitively diagnosed by neuropathological examination of brain tissue. In 2015 and 2016, a panel of expert neuropathologists convened by the National Institute of Neurological Diseases and Stroke determined that CTE was a unique disease that could be easily distinguished from other tau-based diseases. The experts even went on to say that there is a *pathognomonic* lesion for CTE – a lesion found in CTE that is specific for CTE and not found in any other disorder.

The other misinformation about CTE is that it is very rare, because it has only been diagnosed in a few hundred people and there are millions of people who have played contact sports. But

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CTE is not rare, we would not be able to find 218 cases of CTE in 291 athletes ranging in age from 18 to 98 years over the past 8 years if it were rare. If you don't look for something, don't know how to look for something, and don't find it that does not mean that that something is rare; it means it is under recognized. You have to know how to look for CTE in order to find it. We have found CTE in 75% of brains of athletes donated to our brain bank, and while that does not represent the percentage of living athletes with CTE, it does indicate the disease is much more common than we previously thought. Recent brain bank studies looking for previously unrecognized CTE have found changes of CTE in 5% of the general autopsy population and in 1/3 of contact sport athletes in a neurodegenerative disease brain bank.

We have made a tremendous number of advances in understanding CTE over the last few years. For instance, we have published criteria for the pathological diagnosis, we have proposed criteria for a staging scheme of pathological severity, we have proposed criteria for the clinical diagnosis, we know what the earliest lesions of CTE are and how they affect the brains of young athletes, we know that inflammation plays a key role in the development of CTE and we have made significant inroads into diagnosing CTE in the living.

If you were to ask me how we limit risk for CTE in MMA, I would say:

1. Don't allow children and young adults to participate in full contact with head strikes
2. Educate fighters so they learn their greatest opportunity to limit exposure is to not allow head strikes in training and sparring exercises
3. Limit the number of head strikes in a match
4. Reduce the number of full-contact matches per season

CTE is a big problem for contact sports, and what we know today is very likely only the tip of the iceberg. While we recognize the importance of contact sports to an athlete's physical and

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psychological well-being, CTE is a known and preventable consequence. There is great urgency for more funding for research on CTE and the risks for CTE associated with sports like MMA, football, boxing, and ice hockey, and military service. We need to dedicate significantly more resources to understanding and treating this preventable disease. We need to bring hope to the players and Veterans who are in the beginning stages of this disease and showing signs of memory loss, behavioral changes and depression. We need to develop effective interventions and treatments so that all individuals can continue to participate in the sports they love, but also live long, healthy, productive lives.

Mr. BURGESS. The chair thanks the doctor.

Mr. Couture, you are recognized for 5 minutes for an opening statement, please.

STATEMENT OF RANDY COUTURE

Mr. COUTURE. Thank you, Mr. Chairman, and thank you to the members of the committee for having me here as a representative of Mixed Martial Arts Fighters Association, or fighters, and to give a mixed martial artist's perspective on a great sport.

I have been a combative sports athlete since the age of 10, for over 40 years. I wrestled at Oklahoma State University. I was a three-time All American there and received a degree, a Bachelor of Arts, in foreign language and literature.

I started my mixed martial arts career in 1997 as a wrestler, rolling years of wrestling experience into mixed martial arts. My first title fight was that year, in December of 1997. I am a six-time world champion in the sport of mixed martial arts through the UFC most of my career and fights took place.

As an athlete, I want to give our perspective on what is going on in the sport and the things that we are up against.

I think we fill out the same paperwork and are governed by the same regulatory committees in each state, the athletic commissions we fill out much of the same paperwork as boxers. There is one difference that is going on in mixed martial arts and a flaw in the structure, and that is that the regulatory promoter and the sanctioning body are one and the same person in mixed martial arts, which isn't the case in boxing.

Independent sanctioning bodies are formed in boxing and licensed by the athletic commission to create rankings and titles for boxing. In mixed martial arts, the promoter does both of those jobs. He promotes the fights; he also creates those rankings and those titles for those fighters. That gives him an unfair advantage and reduces the ability of the fighter to negotiate a fair value in the marketplace.

An obvious example of that is that recently the UFC, through Zuffa, sold for \$4.25 million. If you do the simple math of the 16 years that they owned the company and how much they put out to the fighters during that time period, it is literally less than 10 percent of that amount.

This is a significant problem. It creates a conflict of interest, where they create the titles and the rankings for us as fighters. If we want to participate, we have to sign a contract basically signing away a lot of our ancillary rights and abilities in sports that a lot of other athletes and the protections of the Ali Act give boxers.

So what we are trying to accomplish is to get the Ali Act amended simply by changing the definition of what a boxer is to a combative sports athlete. Under those provisions, it standardizes contracts across the board, creates a separate independent agency to determine rankings and titles, and it allows us a free and open market for the promoters then to bid on those top fights and gives us a chance to estimate our fair value in the market and get our fair share of the revenues that are generated.

Right now, the number-one promotion in the sport is the Ultimate Fighting Championship. They are garnering over 90 percent

of the income that comes from the sport. There are other promotions that are using this same, exact flawed model, creating their own titles and their own rankings, but obviously on a much smaller scale.

We obviously realize this is a process, but it is our hope that you will consider amending the Ali Act to encompass and incorporate mixed martial arts and other combative sports that fall under it, just like boxing.

Thank you guys very much for giving us a voice here.
[The prepared statement of Mr. Couture follows:]

US House of Representatives – Energy and Commerce
Subcommittee on Commerce, Manufacturing & Trade
Hearing entitled “Mixed Martial Arts: Issues and Perspectives”
Statement of Randy Couture
December 8, 2016

Mr. Chairman and Members of this Subcommittee:

My name is Randy Couture. I am very pleased to be invited to participate in this informational hearing in connection with the proposed bill to expand the Muhammad Ali Act (“*Ali Act*”) - to apply to mixed martial arts (“*MMA*”). The views herein focus on addressing some major issues in the sport of MMA, a sport that I have come to love so much and, unfortunately, parts of the business behind it that I have come to hate just as much.

Although my Bio was previously submitted to this subcommittee, a couple of specific references - I have over 25 years of training in freestyle and Greco-Roman wrestling. I was a 6-time World Champion and Hall of Famer in the sport of MMA and in the Ultimate Fighting Championship (“*UFC*”). I served 6 years in the U.S. Army (1982-1988) attaining the rank of Sergeant in the 101st Airborne (air assault qualified). I graduated from Oklahoma State University in 1992 with a BA in foreign language and literature. I became a three-time Olympic team alternate (1988, 1992 and 1996), a semifinalist at the 2000 Olympic Trials, a three-time NCAA Division I All-American and a two-time NCAA Division I runner-up (1991 and 1992) at Oklahoma State University.

The following is a brief summary of some of the major issues that I currently see in MMA:

I. Mixed Martial Arts-Industry Overview.

I believe that the Majority’s Memorandum has done a pretty good job of describing most of the history of modern MMA. However, to add just a bit, it is a sport that involves world-class and Olympic athletes involved in all disciplines of martial arts, including wrestling, judo, jiu-jitsu, muay-thai, karate and boxing. The UFC is the operating trade name of Zuffa, LLC, a Nevada limited liability company (“*Zuffa*”).¹ Over 90% of all revenue generated in MMA is captured by Zuffa. Zuffa is the only promoter in MMA that is broadcast on pay-per-view, where a substantial amount of event income is obtained. The UFC broadcasts approximately 13-16 PPV events per year, and consistently has 10 or more of the top 15 PPV events per year. The UFC also promotes approximately 24 additional events which are broadcast on the FOX family of networks and on its own streaming service, UFC Fightpass.

The UFC has over 500 fighters under contract at any given time. Once signed to a Zuffa promotional agreement, Zuffa retains sweeping ancillary rights to utilize the athlete’s likeness in perpetuity for all commercial purposes. The roster churns as fighters are released, injured or retire, and new fighters are signed. Worldwide, there are thousands of professional mixed martial artists. Coercive contractual

¹ Although this particular structure has now changed given the recent \$4.2B sale to WME/IMG.

practices crippling the natural growth of MMA include, but are not limited to: (i) the use of exclusive and non-public contracts; (ii) the assignment of ancillary rights from the athlete to the promoter far beyond the term of the promotional agreement; (iii) champions clauses that prevent champions from ever becoming freely marketable; and (iv) secret discretionary payments that are utilized to keep the athletes subservient and silent.

For 2015, Zuffa reported annual revenue in excess of \$600 million, with over 63% of revenue event related (gate/PPV sales). Zuffa has also entered into lucrative TV licensing deals including a 7 year, \$832 million deal with Fox Networks, and a 5-year, \$232 million deal for broadcast rights in Brazil. Zuffa also has ownership stakes in a variety of other businesses including apparel, equipment, energy drinks and gyms, the UFC magazine, the UFC Fan Expo, UFC Fightpass (the company's streaming service) and the UFC.com website and online store. Zuffa also has "partnership" arrangements with numerous "media" companies. Zuffa controls the likeness rights of its athletes for merchandizing purposes, and has the only MMA video game franchise in a partnership with EA Sports.

Recently, Zuffa sold to a group controlled by WME/IMG for a reported purchase price of \$4.2B. It is the single largest sports property in the history of sports. Although the purchase price is astounding given the requisite percentage share with the athletes, I can say based upon recent experience that things have not improved from the sale of the UFC to WME/IMG, in fact, things may have worsened. In particular, the debt load associated with this purchase is probably three (3) times the previous debt load – and to that end, Goldman Sachs (the lead banker in the sale) has been twice warned by federal regulators that the over-optimism in the projections of future income were far too speculative. Translation for the fighters, none of that purchase price will translate to your pocket as the company now carries a far greater debt load.

II. Competitive Architecture in Sport of MMA.

In sport, competition and result in competition determines merit. Unlike boxing, however, there is no competitive architecture for MMA. Amateur programs are largely nonexistent and unorganized. MMA is also not an Olympic sport. Thus, athletes entering MMA do not have the same "built-in" pedigree that boxers typically enjoy due to long-standing amateur programs and Olympic competition which serves to filter and test talent prior to turning professional. In MMA, outside of NCAA Division I and Olympic wrestlers, athletes turning professional in MMA have not been systematically ranked at any level.² In contrast, amateur boxing and wrestling establishes credentials and merit in athletes who through competition, ascend rankings.

Merit is essential to all combat sports athletes who through competition in sport, ascend rankings and establish notoriety with the viewing public. In combat sports, value to athletes competing is obtained by ascending in the rankings through competition and later, winning titles. Once notoriety has been obtained, the professional boxer or kick-boxer may then enter into the market of competing promotions that may bid for his or her services, or the athlete may choose to promote themselves and hire third parties on a contract basis. These athletes retain the rank and title they have already obtained, which are independent of promotion. In contrast, MMA athletes do not have an organized and respected amateur system to establish merit. Unlike in boxing and kick-boxing, MMA promoters do not, and have not been

² Division I and Olympic wrestling is extremely useful, but does not directly translate to success in MMA. It frequently takes years for these wrestlers to obtain other skills necessary for success in MMA.

required by the athletic commissions to utilize independent or objective rankings.³ In addition to the lack of independent rankings, MMA promoters also issue their own championship titles.

Further, to even be considered to compete for these promotional titles, athletes are required to sign exclusive, long-term contracts removing these athletes (and would be competitors) from the competitive marketplace.

III. MMA Utilizes No Independent or Objective Rankings Methodology to Determine Merit.

Zuffa operates without any objective rankings system to determine who is in line for a title shot, and even internally, Zuffa does not announce any rankings of fighters. Previously, according to White, "It's a total conflict of interest, and in my opinion, it's pretty easy to figure out who's next in line for title shots and things like that. . . But we don't make our own rankings. It wouldn't be right." Yet, the UFC awards titles and regularly states that in order to be considered the best, you must be in the UFC. However, after finalizing its television deal with Fox Sports, the UFC has recognized "rankings by FightMetric" who "will poll opinions" from 90 members of the media. Only fighters "currently active in the UFC" are included in the UFC rankings, the UFC is not obligated to follow the rankings in any manner, and the UFC alone selects who is included on the panel. Further, the rankings do not, at any time, dictate title bouts. The rankings, however, were required by Fox Sports as they are important to "sell" MMA to the general public.

Fighters are hamstrung in their ability to negotiate fight purses as promotions, unlike in boxing, are not required to disclose to fighters the revenues earned from such bouts. Fairly recently boxer Chris Algieri invoked the Ali Act to obtain financial disclosures from his promoter to assist him in negotiating his purse. For no seemingly logical reason or good reason, fighters in other combat sports are not provided the same disclosures.

IV. Due to Lack of Independent and Objective Rankings Methodology, Title Shots are Not Dictated by Merit.

In MMA, no merit based system dictates when elite athletes obtain title bouts, if at all. Vitor Belfort, a veteran star of the UFC, stated the following in regards to what qualifies a fighter for a title match: "There's not much I can say about what qualifies you for a shot at the title in the UFC. It hasn't been happening much by merit, but by politics." Similarly, after being passed over for a title match by Chael Sonnen, a fighter who had never competed as a light heavyweight, former champion and star Dan Henderson tweeted to Dana White: "I guess I should just quit training to win fights and to be exciting for the fans and just go to sh_t talking school." Henderson continued by stating that giving Sonnen the title match "degrades the sport of MMA." Ironically, Chael Sonnen himself recognizes that MMA as currently operated is not a legitimate sport. According to Sonnen, you can be the best fighter in the UFC, and never obtain a title match. Finally, Sonnen stated that in MMA, there is "no competitive architecture" to determine who is best. Perennial contender Jon Fitch echoed these sentiments, stating:

"It's impossible to tell. There's no system for picking number one contenders. There's no order, there's no lineup, there's no point system. It's just whoever they feel they're going to make the

³ Virtually all if not all individual sports, including golf, tennis, and NASCAR, recognize rankings methodologies that are independent of a particular event, promotion or venue.

most money off of. That's who gets the title shot. It kind of sucks, because in other sports there's kind of a clear path; you do this, this and this, and you get this."

V. Titles are Ceremonial and Require Strict Exclusivity.

Zuffa, by contract, deems its titles as "ceremonial" only. Thus, fighters have no property or "contractual" right to enforce their status as champions and may be stripped at any time. In fact, Dana White warns athletes frequently, "Remember, I cut a champion." Likewise, worthy challengers have no means to obtain title bouts that they may have earned on merit. In order to compete for the UFC title, athletes must also be under exclusive contract to the UFC, and agree to the insertion of the "champion's clause" which automatically extends the term of the promotional agreement for as long as a fighter holds the UFC title. Further, a fighter cannot retire or voluntarily sit out the remaining term of the promotional agreement as the UFC simply "tolls" the promotional agreement for the entire period of the "retirement" or refusal to compete. Zuffa champions (and all other athletes) will never compete in co-promoted events or in high profile matches promoted by a competing promoter. Zuffa systematically and intentionally operates a "closed" system by expressly prohibiting its champions (and virtually all other fighters) from competing for any other promotion. The Ali Act requires rankings to be based on merit, not contractual subservience. Standardized, objective rankings serve to increase public confidence in the sport, and means "new opportunities for honest boxers who are trying to fight their way up the rankings." Additionally, the sport achieves "more integrity and respect" since boxing fans "will know that championship matches are being fought by true champions." Indeed, the public would be outraged if Rob Manfred, the commissioner of baseball, simply replaced the Kansas City Royals in the World Series, or worse, kept them out of the playoffs because the New York Yankees bring higher ratings or more favorable contractual terms. A promoter's ability to write fighters in and out of rankings arbitrarily serves to drastically reduce a fighter's marketability and leverage. This practice is rampant in MMA, impugns the integrity of the sport, and serves to strip fighters of virtually all negotiating leverage at the time their marketability should be at its peak. As one observer testified before the United States Senate in connection with the regulation of boxing:

"This is akin to forcing a professional tennis player or golfer to sign an exclusive, long term contract with the promoter of whatever event they were seeking to win. The athlete would then only be able to compete when the promoter approved, against only those opponents who also were forced to agree to terms with that promoter. In well organized major sports such as tennis and golf such a business practice would be strongly challenged and criticized as an unreasonable restraint of trade."⁴

The effect of these contractual restraints is that champions are never free agents or open for bid while holding a title, and cannot voluntarily resign or relinquish the title. Athletes who do not agree to the UFC's terms are simply not signed, and then denigrated as inferior. Top-tier fighters who do not agree to Zuffa's contract terms are simply not provided title fights—regardless of merit. This model is intentionally utilized

⁴ In Tennis, if Wimbledon demanded exclusive contracts from all top tier tennis players early in the sport's history, all other tournaments would be driven out of business or forced to accept minor league status. That is exactly what has happened in MMA, with the tacit approval of the athletic commissions. As a promoter, Zuffa by law should be prohibited from issuing titles and requiring exclusivity. The same enabling statutes that govern boxing prohibit promoters from issuing titles. It should be noted, that just prior to purchasing the UFC, Lorenzo Fertitta was a commissioner of the Nevada State Athletic Commission, which also regulates boxing.

by the UFC for precisely this reason—it allows the UFC to solely determine merit which enables Zuffa to dictate terms and obtain contractual subservience. The UFC has used this structure to coerce, bully, and ensure that its brand remains paramount. In fact, the “promotional agreement” requires the athlete to provide promotional services to Zuffa, with no corresponding obligation of Zuffa to actually promote the athlete. Former UFC champion and prominent broadcaster Pat Miletich described these practices by stating:

“Coercive practices crippling the natural growth of mixed martial arts include, but are not limited to, (i) the use of exclusive and non-public contracts, (ii) the assignment of ancillary rights from the athlete to the promoter far beyond the term of the promotional agreement, (iii) champions clauses that prevent champions from ever becoming freely marketable, and (iv) overt threats and secret discretionary payments that are utilized to keep the athletes subservient and silent. Removal of these artificial and anti-competitive restraints will dramatically reshape the mixed martial arts industry. With the removal of these artificial restraints, substantial new investments from deep-pocketed investors will be made in this sport. These investors, currently sitting on the sidelines unable to effectively compete in a free-market system, will provide not only more opportunities and earnings power to the athletes, but also additional tax revenues and jobs to the citizens of the State of California. Such organic growth will benefit all stakeholders in the sport of mixed martial arts by increasing revenues in all industry segments.”

VI. The MMA Market Given This Structure.

Given this marketplace, athletes entering into MMA typically compete first in small, local promotions and are paid small sums of cash or paid by being given tickets to sell and splitting proceeds with the promoter. Next, athletes compete in regional promotions which may or may not have a television deal. Currently, the only station that regularly broadcasts regional MMA promotions is Mark Cuban’s AXS (formerly HDNet) network. These athletes, at the high end, earn \$6,000, and as low as \$500 on the end of the pay scale. After 10 to 15 fights, successful athletes seek to be signed by the UFC. The first deal an athlete signs with the UFC is typically a four (4) fight deal, with a two (2) year term. Compensation for the vast majority of these athletes first entering the UFC is \$8,000 to “show,” and \$8,000 to win. To “show” means the athlete makes weight and competes. If the athlete wins the first 2 or 3 bouts on their UFC contract, the UFC will typically offer the second promotional deal (often right before a scheduled bout to maximize leverage) which will in essence extend the promotional deal to cover 6 fights (2-3 years), and increase purse levels to \$16,000-\$24,000 to show/win. If an athlete is highly successful and marketable over this time period, the UFC will offer the third promotional agreement which will include the “champion’s clause,” an increase in show/win pay, and a negotiated PPV split for title or main event matches broadcast on PPV. Failure to agree to this clause ensures that the athlete will not compete against current contenders or obtain a title match. UFC promotional contracts are essentially non-negotiable, and exclusivity is strictly mandated. The UFC publicly announces they simply will not sign or allow you to compete against UFC athletes if you refuse exclusivity.

Mr. BURGESS. The chair thanks the gentleman and thanks all of our witnesses for your testimony.

I was going to excuse Representative Denham, but he has already excused himself. So noted.

We will begin with the question-and-answer part of the hearing, and I am going to go first to Mr. Mullin of Oklahoma.

Five minutes for your questions, please.

Mr. MULLIN. Wow, I never get to go first.

Mr. BURGESS. It is my last chance to let you go first.

Mr. MULLIN. It is your last chance. Well, we are ending the year with a bang.

Hey, thank you, and thank for the witnesses for all showing up. I really do appreciate it.

Appreciate, Ms. Robertson, you coming in here on your on behalf and representing the entity that we are looking for to maybe help with the ranking system. So we appreciate that.

Dr. McKee, you are bringing a perspective that we all know about. We all know that the sport is violent, and it is a sport that we love, though, and why we look forward to working with you. We understand that, and that is part of what we are trying to do here. Because we feel like if we can negotiate better contracts, we don't have to fight as much.

Randy, I want to go back to your testimony that you just said. Can you explain a little bit more about how the ranking system works, how it currently works and how it manipulates the fighters into basically seeing a take-it-or-leave-it attitude when it comes to getting a chance to fight for the title?

Mr. COUTURE. Well, there is a definitely a take-it-or-leave-it attitude that comes from the promoters. And a perfect example of that is, as you mentioned, the first show in Madison Square Garden in New York. And the number-one fighter and probably the most popular fighter right now on that card was Connor McGregor. He was the 145-pound champion for the Ultimate Fighting Championship. He was in that particular fight fighting for the 155-pound title belt. He would be the first athlete to hold two belts at the same time. He also is interested in pursuing a match with Floyd Mayweather in boxing.

Because that kind of went against the grain with the Ultimate Fighting Championship, they stripped him of his belt at 145 pounds even though he had not been defeated in that weight class and hadn't actually competed in that weight class in a little while because he was attempting to do something historic in winning two championship belts at the same time. He was stripped of that title, and not only stripped of the title but dropped out of the top 10 rankings in that weight class even though he had not been defeated or competed there.

So they in essence used their rankings and their titles to manipulate the fighters to toe the line, to do the things that they want them to do. And there are other examples of that. I am living proof of a similar thing and the kind of closed market that exists in our sport right now. I pursued in the height of my career as what most people considered the number-two heavyweight in the world, I wanted to fight the number-one heavyweight in the world. How do you be considered the best in your sport? You fight the best guy

out there. I was unable to see that fight happen through the Ultimate Fighting Championship and pursued that fight myself outside of that contract and was prevented. In fact, injunctions were filed and everything else to keep me from making that fight happen.

At some point, I just had to recognize that I was in my forties and the clock was ticking and just went back and continued the rest of my career, but never got the chance to be considered the number-one fighter in the world based on the outcome of that fight.

That conflict of interest gives the promoter a ton of power to manipulate the fighters, to manipulate the rankings. For them, it is just business. They are trying to get the most pay-per-views sold and the most people to buy tickets, and they will do whatever they need to do to manipulate that ranking structure and those titles to do that.

Mr. MULLIN. Mr. Novitzky—did I say that last name right?

Mr. NOVITZKY. Correct.

Mr. MULLIN. You talk about the anti-doping program, thank you so much. When I was fighting, it was very rare that anyone got tested. How long has the UFC implemented these rules with the doping?

Mr. NOVITZKY. Our anti-doping policy went into effect last July 1, 2015.

Mr. MULLIN. 2015. And you guys are being real strong on that? You are not letting anything pass? I mean, you are making people make sure they test?

Mr. NOVITZKY. Yes, well, actually, we have the United States Anti-Doping Agency, which is the officially recognized anti-doping agency of the United States for Olympic and Paralympic sports, administer our program. So that is one of the beauties of our program. The, I think, pillar of strength of our program is that we don't police ourselves. We have an independent authority.

Mr. MULLIN. Then tell me, how did Brock Lesnar get a pass just this past July to not have to test before a fight? He was waived, a 4-month waiver that when you are coming out of retirement, you are supposed to test for 4 months before you are able to come out of retirement, take a fight. However, he was waived, he didn't have to.

Mr. NOVITZKY. Well, that is not accurate, that he had a pass in terms of testing.

Mr. MULLIN. Yes, I believe it is. And I can submit the article for the record, if you don't mind, Chairman.

Mr. NOVITZKY. I would be happy to clarify what the situation was.

Mr. MULLIN. OK. And maybe we can do that, because I am running out of time.

Before I run out of time, Mr. Chairman, I have a copy of the standard MMA fighter and promotional contract from the UFC that I would like to enter in the contract, just to make sure that the body understands what type of contracts our fighters are currently against and how three—being the promoter, being the contract holder, and being the person who controls the ranking is a direct conflict in interest for the fighters.

Mr. BURGESS. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. MULLIN. I yield back.

Mr. BURGESS. The gentleman yields back. The chair thanks the gentleman.

The chair recognizes the gentlelady from Illinois, Ms. Schakowsky, 5 minutes for your questions, please.

Ms. SCHAKOWSKY. Thank you.

I want to follow up on head injuries. And, of course, they are inherent in mixed martial arts. We have heard all the dangers of concussions, but I wanted to underscore the threat posed by repetitive hits to the head, known as subconcussive hits, that do not result in concussions and often show no symptoms. My understanding is that subconcussive hits can be quite dangerous, as has been discussed.

So, Dr. McKee, can you tell us what the evidence shows thus far in terms of the effect of the subconcussive hits on the brain? And have subconcussive hits, even in the absence of a concussion diagnosis, been linked to decreased cognitive functioning or changes in brain chemistry?

Dr. MCKEE. Oh, absolutely. Subconcussions or just exposure to repetitive impacts, that is usually measured in exposure years to the sport, so the length of the playing career of a football player, a hockey player, that has been significantly associated with long-term cognitive impairment, apathy, and depression, not CTE, because those are living individuals. But we have also seen it in our brain autopsy series, where the longer a football player plays, the higher the risk for CTE.

We know that in high school athletes, if you follow them for a single season in football, hockey, and soccer, even in the absence of a concussion, you will see MRI evidence of brain damage at the end of that season, not related to concussion, because none of those athletes had a concussion. So that is the subconcussive injury sustained by those amateur high school athletes in a single season showing up as brain damage on MRI and also some neuro-psych exams.

Ms. SCHAKOWSKY. Now, you said because the players were living that it is hard to find out if they have CTE. What is the status right now of being able to diagnose CTE in living people?

Dr. MCKEE. Well, there is a tremendous interest in that. Obviously, that is one of the stumbling blocks for really understanding how common the disease is. There is a tremendous interest.

Many academic centers, Mt. Sinai, Boston, Mass General, UCLA, many centers are looking at diagnosing CTE using what they call a PET tau ligand, or a way to image tau in the brain just with an injection. And that is looking very promising. There have been some case reports reported, and we are looking now for the big series of being able to confidently say this is CTE in living individuals.

There has also been a lot of advance in blood biomarkers, looking at things like ratio of hyperphosphorylated tau to tau in the blood and in the plasma; different biomarkers like something called neurofilaments.

So we are really on the verge, I think in the next 2 to 5 years we are going to nail this down. There have been tremendous, explosive advances.

Ms. SCHAKOWSKY. Well, I would suggest that Members of Congress who are really interested in these kinds of sports, and especially because of youth sports and the exposure of kids who see these athletes as role models, that we really push for that kind of research so that we could make sure that we know more before someone dies.

Dr. MCKEE. Yes, absolutely.

And I think we also need long-term perspective studies of thousands of amateur athletes, high school athletes, following them so that we can learn what those subtle symptoms are in the very beginnings of this disease so we know when to intervene, to maybe develop some therapies that would make it less likely that they would develop CTE.

Right now, we are really operating in the dark. We don't have any diagnosis except after death. There is a huge need to understand the effects of sports trauma. We know that sports are important; we don't want our kids to stop playing sports. But we have to understand the risks, and that is going to require funding for some of these long-term projects.

Ms. SCHAKOWSKY. Thank you.

Mr. Couture, we have heard that the structure of the MMA system does not give fighters sufficient bargaining power with regard to their contracts. I am concerned about the effect that has on the health and safety of fighters. If a fighter is hurt, does he have pressure to fight again instead of waiting to heal because he needs to fight to get paid?

We have talked that injuries can occur in the lead-up to the fight, but there is no compensation, there is no health insurance, there is no nothing until you actually fight. So are they pressured into the fight?

Mr. COUTURE. Well, there is certainly some pressure involved in that. You are not going to get paid for all the training and everything you did leading up to fight night. So if you were injured or any of those things in the course of that training, obviously, if you are unable to compete, you have done all that for nothing, you are not going to get paid.

So that is certainly, I don't know a single fight that I didn't walk into that I didn't have some nagging injuries, whether it be a sprained thumb from sparring or a sore ankle or whatever. But certainly something like a knockout or something like that is a rare occasion in fighting. That is why we have great teams, guys that we trust that we train with, and we train very, very hard. It is still a contact sport. But that is an important piece of the puzzle.

So I definitely think there is some pressure there. You want to get to fight night, and you are going to do whatever you need to do to get to go out there on your opportunity and show what you have trained to do.

I think we fall under the same guidelines as boxing, where CT scans and blood tests and all of the medical procedures to ensure that we are healthy going into that fight are taking place. We are getting the physicals the day of weigh-ins and all those things, just like boxers and other combative sports athletes.

And if you get knocked out in a fight or you are injured in a fight, the first place you go is to the hospital. You are getting a CT

scan to make sure there is nothing seriously wrong going in there that stemmed from that competition.

And then there are mandatory suspensions. Those things are a regular practice, mandatory. If you get knocked down or knocked out, you are going to get a 90-day suspension right off the top. And then, depending on the outcome of that CT scan from that night, they are going to determine if that needs to be a little longer, if it needs to be extended to give you more time to heal up before you even spar again, let alone compete again.

So I think there are safety procedures in place that are implemented and regulated by the athletic commissions that put on combative sports across the country. Do we need—

Ms. SCHAKOWSKY. But not in MMA, you are saying.

Mr. COUTURE. Well, those same things happen in MMA. The difference is, if I was Floyd Mayweather, making the kind of money he made as a boxer, he could fight one time a year. He is only in training camp for that 2- or 3-month period to fight that one time a year. And he may not have to fight for a year or two, until he wants to again, frankly. In mixed martial arts, I don't really have that luxury if I want to make a decent living in the sport that I love.

Ms. SCHAKOWSKY. Thank you.

I yield back.

Mr. BURGESS. The gentlelady yields back. The chair thanks the gentlelady.

The chair recognizes the gentleman from Massachusetts, Mr. Kennedy, 5 minutes for questions, please.

Mr. KENNEDY. Thank you, Dr. Burgess. I want to thank you for having this hearing, along with the ranking member as well.

I want to thank the witnesses for being here, particularly Dr. McKee and all the work that you do up back home for me at Boston University. Thank you. Thank you for being here.

And I know he has been recognized by a couple other of my colleagues here so far, but we wouldn't be here, obviously, if not for the efforts of Mr. Mullin. And I know his passion for this stems from his experience with it. So I want to thank my colleague from Oklahoma for his leadership on this.

MMA promoters have been criticized for imposing restrictive contracts and not allowing fighters the ability to negotiate terms of those contracts.

I want to start, Mr. Couture, with you. Can you expand on the issue? I know some of this has already been touched on; I know you have touched upon it a bit. But why don't fighters have more bargaining power when they enter contracts with promoters?

Mr. COUTURE. There is no transparency from the promoter in what is actually made off of the particular bout that you are in, so then you have no real way to judge what your true value is in that particular fight. And they control the rankings and who gets shots at the titles.

Mr. KENNEDY. So talk to me a little bit about that. What value would an independent ranking system have for you, and how would that help fighters gain bargaining power?

Mr. COUTURE. An independent ranking structure would create an open market where promoters across the board from whatever pro-

motion could then bid on making that independent rank and those top fights for those best athletes happen regardless. It would eliminate the exclusivity of the contracts.

Right now, every promotion is forcing athletes to sign a contract that is exclusive to that promotion. What if Wimbledon forced all the top tennis players to sign an exclusive contract to compete in Wimbledon for that title? That is in essence what the UFC does right now. They are that Wimbledon, the U.S. Open, the Australian Open, the French Open, they would all dwindle and go away, because they would no longer have access to those top athletes that are forced to sign that exclusive contract.

Mr. KENNEDY. And so, focusing on the ranking system there, can you also talk to me a little bit—and I heard a little bit about this yesterday, but the typical payment structure for MMA fighters. And I know you touched on this a little bit.

Mr. COUTURE. The payment structure?

Mr. KENNEDY. Yes.

Mr. COUTURE. Right now, it is something that your manager and you negotiate with a promoter to get. The top 5 percent of the athletes in our sport make a pretty decent living. Is it compared to what Floyd Mayweather and other boxers and other athletes in other sports make? Not even close.

Mr. KENNEDY. What about the 95 percent?

Mr. COUTURE. But there is 95 percent of the athletes in our sport that are struggling to make a living and can't—

Mr. KENNEDY. What is "struggling to make a living"?

Mr. COUTURE [continuing]. Can't compete. Well, the lower-tier fighters are making \$5,000 and \$5,000—\$5,000 to show up and fight, \$5,000 if they win that fight. How many times do you have to fight in a year, when a training process takes 10 to 12 weeks, to make a decent living when you are making \$10,000 off that fight?

Mr. KENNEDY. And how many fights does a typical MMA fighter go through, given what you know and—

Mr. COUTURE. In a given year?

Mr. KENNEDY. Yes.

Mr. COUTURE. I think between—

Mr. KENNEDY. And to do in a way that is safe for you and—

Mr. COUTURE. Well, I mean, it takes me 10 to 12 weeks to prepare for one fight. If I fought three or four times through the course that year, that is 48 weeks that I am in training, preparing, in a 52-week year. So there are some fighters that are more active than that and fight more than that, but that is a pretty good indication of—

Mr. KENNEDY. And talk to me a little bit about endorsements. How does the endorsement structure work?

Mr. COUTURE. Well, the endorsement structure has changed with that particular promotion to UFC. We used to be able to go out and develop relationships, and I had people that have sponsored me since I first started fighting, that grew with me through the exposure that they got from my success as a fighter. Much of that went away with the UFC and fighters that are under contract with the UFC when they forced the fighters under contract for them to wear uniforms made by Reebok. They signed a deal with Reebok for \$70

million, and that requires all athletes to wear that uniform, and no longer are they able to go out and garner their own sponsors in the various niche supporters of the sport.

Mr. KENNEDY. So that would be supplemental income that you had on top of the 5 and 5 that you said was the lower range.

Mr. COUTURE. Actually, many of those mid- and lower-tier fighters could make just as much from going out and garnering sponsorship for the exposure they are going to get in that particular fight as they were getting for their fight purse in the first place, and that went away for them.

Mr. KENNEDY. And that limited doing that.

I have about 30 seconds left. I want to build off of what Ms. Schakowsky touched on and you touched on. My understanding is that for injuries suffered during a fight, that that is covered from the health care that is provided from the league, if you will.

What about injuries suffered during training? What happens there? How does that work? I would imagine that, as you said, you often—if you are sparring for 10 to 12 weeks per fight, I imagine that is pretty physical.

Mr. COUTURE. Well, obviously, if you are injured during the course of the night, the insurance rider for that fight, for that competition, covers whatever happens.

Through my dealings with the UFC, because I have had several contract disputes over ancillary rights and other things with the company, out of that, one of my complaints was, what about these guys that get injured in the course of training getting ready for a fight? Now they can't fight. Not only do they not get paid because they couldn't make it to the fight, but now they are responsible, because of lack of insurance for most fighters, to take care of whatever that injury was.

The UFC right now is the only promotion that does this, but they have implemented an accident insurance policy. So if there is an accident, now, if you are sick or got the flu or whatever, you are still on your own. But if there is an accident in training, that accident policy is in place. It is not a great policy, but at least it is better than nothing.

Mr. KENNEDY. What is an accident? Like, you would break my rib?

Mr. COUTURE. Something like that.

Mr. KENNEDY. I would imagine.

Mr. COUTURE. It is a contact sport. Sometimes those types of things happen. You get cut. Sometimes you get cut.

Mr. KENNEDY. So is that covered?

Mr. COUTURE [continuing]. A head clash, you might need stitches. Who is going to pay for those stitches?

Mr. KENNEDY. I don't normally head-butt all that often in my business here. I try not to, anyway.

Mr. COUTURE. But as a sport, on the whole, that is the only accident policy that is in place. Fighters, on the whole, across the board, are on their own.

Mr. KENNEDY. Sounds like a strong endorsement for ObamaCare, Mr. Chairman.

Thank you very much.

Mr. BURGESS. I have a different interpretation.

The chair would recognize Mr. Rush for 5 minutes for questions, please.

Mr. RUSH. I certainly want to thank you, Mr. Chairman.

And I want to thank all the witnesses who are before us today. I want to direct my questions to Ms. Robertson.

You are the treasurer of the Association of Boxing Commissions, plural. Tell me a little bit about the boxing commissions. I want to know, what is that?

Ms. ROBERTSON. Those are the regulatory bodies spread across the Nation, almost always a state agency. My personal state is housed under the Arkansas Department of Health. Some are under Commerce, some are under Licensing and Regulation.

And each state has created a commission so that they can have a department that enforces the Muhammad Ali Professional Boxing Act. And that includes tribal governments as well. Not every tribal government promotes or hosts MMA or boxing, but if they do, there is a real push for them to be part of our training symposiums, our officials' training.

Mr. RUSH. So, in terms of governance, do they have any teeth, power in terms of governance? Do they really call the shots?

Ms. ROBERTSON. I can't speak for every state, but, yes, the ones that I am familiar with. California has an excellent program, and they control every item of it. In my home State of Arkansas, no matter what violation, the way the law is written in Arkansas, nothing that a licensee does is a felony, but they are very fineable misdemeanors.

So, yes, to the best of my knowledge, all of them have a hammer that they can require enforcement of the minimum standard rules.

Mr. RUSH. Yes. I was a proponent and worked on the Muhammad Ali Act, and I certainly am supportive of it. And I am supportive of expanding these protections.

In your testimony, you mentioned MMA fighter exploitation. And I think that we heard some testimony today that would bring attention to fighter exploitation. Is that a pervasive problem now in the industry?

Ms. ROBERTSON. I think that if you talked to the participants, the answer is: Most definitely. I think that if you speak to various other components, they would say: Not so much. It is really a question, whatever legislation is passed will be enforced on a local level for a small promoter just as it would be enforced all the way up the chain to whatever major promotion there is.

In my State of Arkansas, we have never had the benefit of one of the major MMA shows, so I have never actually held a contract in my hand. I would like to be able to speak first-person on that, so I really can't address that. The fighters that I hear from, they do talk about exploitation.

Mr. RUSH. Does anybody else on the panel have more of a direct experience with exploitation that you want to highlight here before this committee?

OK. Well, moving on, because my time is running out, this Congress is like a 10,000-pound elephant, moves around quite slowly. How can we help you? What do you suggest? What are you thinking? How can we be of assistance to you?

Ms. ROBERTSON. The Association of Boxing Commissions and Combative Sports welcomes the idea of having more authority or aiding in the enforcement of proper regulations. We already have passed minimum standard rules for MMA. We have fouls, we have training, we are there. We just don't have any teeth to do any other kind of enforcement.

In boxing, as I think Representative Denham alluded to, in boxing, when it comes down to making the contract, the ABC actually recognizes the sanctioning bodies. They have to make application; that has to be published. The fighters know what the standards are. And we don't have those kind of teeth in the MMA industry.

So we even expanded our name this year so that we could make sure everyone knows, we are here for all combative sports. So it is the Association of Boxing Commissions and Combative Sports.

Mr. RUSH. Thank you, Mr. Chairman. I yield back.

Mr. BURGESS. The chair thanks the gentleman.

The chair does wish to recognize that, in a true sense of harmony in the season, and I allowed every other member to go first because I wasn't sure when we were going to call votes. So I will recognize myself, 5 minutes for questions.

Ms. Robertson, first, it is an unrelated question, but you are a graduate of Arkansas Tech. Is that correct?

Ms. ROBERTSON. I am.

Mr. BURGESS. My wife graduated from Arkansas Tech.

Ms. ROBERTSON. Go, Wonder Boys.

Mr. BURGESS. There you go.

Let me just ask you and Mr. Novitzky, Dr. McKee provided us in her testimony four items, and I would just like to go through those individually and have both of you respond to whether or not these are something that could possibly happen with whatever regulation occurs through UFC and through the commissioners.

Don't allow children and young adults to participate in full contact with head strikes. Mr. Novitzky, is that something that UFC could live with?

Mr. NOVITZKY. Absolutely, we would be in favor and we are favorable of that.

Mr. BURGESS. Ms. Robertson?

Ms. ROBERTSON. Generally, the Association of Boxing Commissions has taken a position against youth pankration. Manipulating joints is also very dangerous. And we also are concerned right now about the cultism of weight loss, which has been proven to contribute to the head injuries.

Mr. BURGESS. Yes, we might get into that a little bit more, with the trickle-down effect of role models.

The second item was to educate fighters so that they learn the greatest opportunity to limit exposure and not allow head strikes in training and sparring exercises.

Mr. Novitzky?

Mr. NOVITZKY. Absolutely. And I think we are seeing a lot more of that in training techniques and definitely with our UFC fighters.

And that is one of the things, as I talked about in my opening statement, with the under-construction Athlete Health and Performance Center, where the idea is we would bring in athletes, free of charge, to come in and learn training techniques and be edu-

cated in areas about avoiding subconcussive hits during training and then be able to take that back out to their gyms, not only in the United States but throughout the world, and educate and allow fighters to train in a much smarter level and safer level.

Mr. BURGESS. Very good.

Ms. Robertson, from the commissioners' standpoint?

Ms. ROBERTSON. To the best of my knowledge, very few states in America have the resources to foray into regulation of boxing or MMA gyms. I know in my home state that is out of the purview of the law.

Mr. BURGESS. Let me just interrupt for a second, because I don't think she was asking for a regulation, just educating fighters to learn the greatest opportunity to limit exposure as to not allow head strikes.

That seems fairly straightforward. Would the commissioners be in favor of that?

Ms. ROBERTSON. Yes, the ABC would be in favor of that.

Mr. BURGESS. Her third recommendation is to limit the number of head strikes in a match.

Mr. Novitzky, you are probably the best person to speak to that. Is that done now, or is that possible?

Mr. NOVITZKY. Yes. We have some of the best referees in the world in MMA, which, their job within the octagon is to look out for the fighter. And so you regularly see fights stopped when there are multiple head hits on a fighter.

Mr. BURGESS. What is the magic number?

Mr. NOVITZKY. I don't know if there is a magic number.

Mr. BURGESS. OK.

And then the fourth item is to reduce the number of full-contact matches per season, which Mr. Couture already spoke to that, of course, is an income-limiting event.

But just in general, UFC would be OK with that?

Mr. NOVITZKY. Yes. And Mr. Couture also spoke about mandatory medical suspensions, and that is something that MMA has, I think, better than any other sport. Somebody who is concussed in a match can get up to 6 months' mandatory medical suspension, where they can't have any contact for that period of time. So, depending on the damage that a fighter takes——

Mr. BURGESS. Well, let me just interrupt you for a second because I am going to run out of time too, and I hate to cut myself off.

But, Dr. McKee, you said this is not necessarily related to a concussion. It is the repetitive small-volume injuries or small percussive injuries that occur. Is that correct?

Dr. MCKEE. I did, but I didn't want to minimize the fact of concussion as a brain injury as well. So I do think they should be removed from the sport if they have a concussion and not allowed to return until they are fully recovered. I am just trying to eliminate these smaller asymptomatic hits that we know accumulate over time.

Mr. BURGESS. And do you have a quantitative number for us on the number of head strikes that should be allowed with any given match or any given year or any given career?

Dr. MCKEE. No.

Mr. BURGESS. Well, I appreciate all of your answers on that.

Dr. McKee and Mr. Couture, my understanding, and I realize it is fairly rudimentary of the sport, but my understanding is the specific equipment required of the athlete is fairly minimal. Is that correct, Mr. Couture?

Mr. COUTURE. The equipment required at the professional level is a cup and gloves. Obviously, the gloves are for us to allow grip and grappling. But I don't think those are really the issue.

Mr. BURGESS. So there is no helmet involved in this sport?

Mr. COUTURE. Well, we wear headgear.

Mr. BURGESS. Oh, you do.

Mr. COUTURE. In training, not in competition. It is a professional sport like boxing. And the diversion of amateur boxing versus professional boxing, amateur boxers wear headgear when they compete, professionals do not. Same thing is true in our sport.

Mr. BURGESS. Oh, I didn't know that. That is interesting.

Dr. McKee, do you have an opinion as to whether or not that would make a difference?

Dr. McKEE. Well, I think improvements can always be made with headgear. It won't eliminate the problem, but we can certainly mitigate it or reduce the injury with headgear.

Mr. BURGESS. OK.

And I know my time has run out, and I want to be respectful of everyone else's time. But, Ms. Robertson, I just need to ask you on this whole notion of the independent sanctioning, is that something that the commissioners have looked at, that the person who promotes the boxer shouldn't be the one who is, or not the boxer, but the athlete should not be the one who is then controlling the endorsements and the number of matches and whether or not they are on a card?

Ms. ROBERTSON. That was set forth in the Muhammad Ali Act, and it did not require input from me. Is it something that we favor? I believe, personally, I am not speaking for the association, I believe that the Muhammad Ali Act did enhance anti-exploitation of their contract, but it also greatly reduced the number of events.

Mr. BURGESS. Right, which gets to the difficulty that Mr. Couture talked about, the difficulty in earning a living when your number of events are restricted.

Mr. COUTURE. Yes, sir.

Mr. BURGESS. But the limitation on your endorsements, that is also a significant impediment to income. Is that correct?

Mr. COUTURE. Some of that goes hand-in-hand with the power and basic monopoly that that particular promotion has in the sport, because they are allowed to set their own rankings and create their own titles, which isn't done in boxing and which is governed by the Muhammad Ali Act, which is why we are seeking to get the act expanded to include mixed martial artists and combative sports athletes from other sports.

Mr. BURGESS. OK. And I do, of course, acknowledge this is not a legislative hearing; this is an informational exercise. But Mr. Mullin's language is language that is favorable to what you seek?

Mr. COUTURE. Yes, sir.

Mr. BURGESS. Does anyone have a different opinion, the language in Mr. Mullin's bill would be detrimental to the sport or to the athlete?

Mr. NOVITZKY. I have a concern about the open ranking system that involves other promotions as it relates to health and safety, in that if a UFC fighter who is under the most stringent, comprehensive, robust anti-doping program in professional sports in the world is forced to fight a fighter from another promotion that may not have any out-of-competition anti-doping program, that is clearly a health and safety risk to our fighter.

Mr. BURGESS. And a competitive disadvantage.

Mr. NOVITZKY. Correct.

Mr. BURGESS. So recognized, which you alluded to, I think, in one of your statements. People who do use performance-enhancing drugs do so because they see it as a defensive posture, because, doggone it, everybody else is doing it, and if I don't, I will get hurt.

Mr. NOVITZKY. Absolutely.

Mr. BURGESS. Well, I want to thank everybody. Seeing no other members wishing to ask questions, I do want to thank our panel. It has been an illuminating discussion this morning.

Before we conclude, I would like to include the following documents to be submitted for the record by unanimous consent: a fighter contract submitted by Mr. Mullin; an article explaining the contract; a letter from the ABC.

[The information appears at the conclusion of the hearing.]

Mr. BURGESS. And pursuant to committee rules, I remind members that they have 10 business days to submit additional questions for the record. I ask the witnesses to submit their responses to those questions within 10 business days upon receipt of the question.

And, without objection, the subcommittee is adjourned. Thank you all.

[Whereupon, at 12:12 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF HON. FRED UPTON

Many of us remember the major boxing matches of the century. Ali v. Frasier and Tyson v. Holyfield immediately spring to mind and were two of the most talked-about sporting events of their time.

Soon, we may be looking back on major mixed martial arts contests and trading stories about where we were when a heavyweight MMA title went down.

But right now, we are in a transition. MMA has not surpassed major boxing events in ratings, but looks to one day be a contender. Some state regulators know as much about MMA already as they do about boxing. Others are catching up.

When a phenomenon goes mainstream, Congress needs to be informed, especially when health and safety are involved. So I'm happy to kick this off and set the table for next Congress.

As a die-hard fan of the Chicago Cubs, I understand the importance of competition. On the field or in the ring, sports bring us together and bring out the best in us. They have an extraordinary impact on our lives from childhood through adulthood and represent many threads in the fabric of American life.

This is why it's so important to ensure the safety of competitors, whether they're fighters or players. If Congress is to play a role in MMA, we must understand the industry. We must understand the politics and we must understand the sport itself.

We must begin to answer the questions around MMA. What lessons did we learn from boxing that can be applied to MMA? Are states adequately equipped to regulate the sport or is there a federal role? What are the problems plaguing various players in the industry and are policymakers well equipped to solve those problems?

I think the witnesses for their participation today and look forward to working through these and other questions.

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**PROMOTIONAL AND ANCILLARY
RIGHTS AGREEMENT**

THIS PROMOTIONAL AND ANCILLARY RIGHTS AGREEMENT (the "**Agreement**") is made as of the date set forth below (the "**Effective Date**") by and between ZUFFA, LLC, a Nevada limited liability company d/b/a Ultimate Fighting Championship® with offices at 2960 W. Sahara Avenue, Las Vegas, NV 89102 ("**ZUFFA**") and Eddie Alvarez ("**Fighter**").

RECITALS

A. ZUFFA is in the business of, among other things, promoting mixed martial arts fighting competitions throughout the world under the trade name of Ultimate Fighting Championship® ("**UFC**") and desires to serve as the promoter for Fighter's future bouts for a period of time, provided that Fighter grants to ZUFFA certain promotional rights and ancillary rights, with such ancillary rights being granted to ZUFFA in perpetuity, as set forth herein; and

B. Fighter is a professional mixed martial arts fighter and desires to obtain the promotional services of ZUFFA for Fighter's future bouts for a period of time, and Fighter is willing to grant to ZUFFA certain promotional rights and ancillary rights, with such ancillary rights being granted to ZUFFA in perpetuity, as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the agreements and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ZUFFA and Fighter agree as follows:

**ARTICLE I
GRANT OF PROMOTIONAL RIGHTS**

1. The Fighter hereby grants to ZUFFA the exclusive unrestricted worldwide right to secure, promote, arrange and present any and all mixed martial arts contests (individually, a "**Bout**" and collectively, the "**Bouts**") to be engaged in by Fighter during the Term (as defined herein) and any Extension Term (as defined herein), including all rights to stage each Bout and to sell tickets of admission thereto (the "**Promotional Rights**") and to exploit the Ancillary Rights (as defined herein) to each Bout in all media, now known or hereafter devised throughout the world in perpetuity.

**ARTICLE II
GRANT OF ANCILLARY RIGHTS**

2.1 Fighter hereby grants to ZUFFA the exclusive worldwide right to use, display, disseminate, edit, reproduce, print, publish and make any other use of the name, sobriquet, image, likeness, voice, persona, signature, and biographical material of Fighter and all persons associated with Fighter (collectively, the "**Identity**"), in any medium in connection with advertising, marketing, exploiting and promoting the UFC brand and each Bout and the exploitation of all rights pertaining thereto as provided herein and all rights to each Bout electronic and other (the "**Ancillary Rights**" and, collectively with the Promotional Rights, the "**Rights**").

2.2 The Promotional Rights and Ancillary Rights shall be the sole property of ZUFFA throughout the world, which property ZUFFA shall hold free and clear from any and all claims of Fighter

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or anyone claiming through Fighter. For the avoidance of doubt, ZUFFA shall hold the Ancillary Rights described herein in perpetuity, which rights shall survive even the death of the Fighter.

2.3 The Rights include the following:

a. The right to receive and retain all site fees, live-gate ticket and other revenues, subscription revenues, advertising fees, sponsorship fees, and the like.

b. All media, including, but not limited to, motion picture, radio, television (which term whenever referred to herein shall include, without limitation, live or delayed, interactive, home or theater, over-the-air broadcast, pay, pay-per-view, satellite, closed circuit, cable, subscription, Video On Demand, Near Video On Demand, Subscription Video On Demand, multi-point, master antenna, or other), telephone, wireless, computer, CD-ROM, DVD, any and all Internet applications (including, without limitation, netcasting, podcasting, direct download, streamed webcasting, internet channels (e.g., Youtube) or any other form of digital media download or web syndication), films and tapes for exhibition in any and all media and all gauges, including but not limited to video and audio cassettes and disks, home video and computer games, arcade video games, hand-held versions of video games, video slot machines, photographs (including raw footage, out-takes and negatives), merchandising and program rights, in connection with or based upon the UFC brand, the Bouts or activities pertaining to the Bouts, including but not limited to, training, interviews, press conferences, weigh-ins and behind-the-scenes footage for the Bouts (the "Pre-Bout Events"), post-fight interviews and press conferences (the "Post-Bout Events") and any parts thereof on a commercial, sustaining, theatrical or other basis, and by any and all means, methods and devices whatsoever, now existing or hereafter devised.

c. The right to sell, assign, lease, license, sublease, use or otherwise dispose of any and all of the Rights and the results of the exercise thereof, and to authorize, license and grant the right to exercise any of the Rights and to retain the proceeds therefrom.

d. The right to do all things necessary for the full and complete use, exploitation and exercise of the Rights, including the right to promote and exploit all rights granted hereunder and receive and retain the results of the exercise thereof, and the right to negotiate, enter into and perform any and all agreements relating to the Rights for the proper production and promotion of radio and television advertisements, publicity, and broadcasts relating to the UFC brand, the Bouts, the Pre-Bout Events and the Post-Bout Events.

e. All right, title and interest in and to any and all recordings, including without limitation, television, radio, Internet, wireless and motion picture films, and the video and audio cassettes of, or based upon the UFC brand, the Bouts, the Pre-Bout Events and the Post-Bout Events, and the right to secure in the name of ZUFFA (or that of its nominee) copyright and other protection to the fullest extent available in the United States and all other countries of the world where such protection is available.

f. The unrestricted right to use, edit, disseminate, display, reproduce, print or publish in any media the Identity of Fighter for the purpose of advertising, promotion, publicity, merchandising and exploitation of the UFC brand, the Bouts, the Pre-Bout Events and Post-Bout Events, including the use of the Identity of Fighter to advertise any commercial product or service of a ZUFFA sponsor or any network, station or other exhibitor, for which activities Fighter hereby waives his personal

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right of privacy; provided, that ZUFFA agrees that it shall not authorize or permit the Identity of Fighter to be used as a direct or implied endorsement of any product, service, sponsor or commodity.

g. The unrestricted right to use, edit, disseminate, display, reproduce, print, publish and make any other uses of the Identity of Fighter in connection with the development, manufacturing, distribution, marketing or sale of any and all interactive devices, home video and computer games, arcade video games, hand held versions of video games, video slot machines, CD-ROMS, DVDs, Internet applications, wireless, video and audio cassettes and disks, apparel (such as t-shirts, hats and jackets), banners, buttons, posters, jewelry, photographs, souvenirs, programs, toys, merchandising tie-ups and advertisements, and any and all other similar type products, including the sleeves, jackets and packaging for such products, hereunder made by any method now known or hereafter devised. Additionally, Fighter acknowledges the existence of UFC Video Games (as defined herein) developed, being developed or to be developed by various companies, including, but not limited to, Electronic Arts Inc. Fighter further acknowledges that the Rights granted herein to ZUFFA shall be exclusive with respect to any UFC Video Game, and any derivatives of such video games created by ZUFFA or its licensees. "UFC Video Game" shall mean any video game created by Zuffa or its licensees and branded with UFC, Pride, WEC, Strikeforce or any brand subsequently developed, owned or acquired by ZUFFA or any of its agents or subsidiaries. ZUFFA acknowledges and agrees that Fighter shall be paid a bonus, as determined in the sole discretion of ZUFFA, for each console version of a UFC Video Game in which Fighter appears. Notwithstanding the immediately preceding sentence, ZUFFA agrees that if it does not utilize the Identity of Fighter in a UFC Video Game within three (3) years of the Effective Date, that the Rights granted by Fighter to ZUFFA pursuant to this Section 2.3(g) shall become non-exclusive and Fighter shall have right to exploit his Identity in video games that are not UFC Video Games.

h. The non-exclusive right to use a three minute excerpt clip of the recording of any bout, including any non-ZUFFA/UFC bout, in which Fighter was a participant (to the extent that Fighter possesses the rights thereto or can reasonably obtain such rights), for the purpose of publicizing a Bout, which clip shall be provided to ZUFFA upon request therefore.

i. To the extent Fighter owns or controls, in whole or in part, the copyrights and other right, title and interest in and to any tattoos etched or otherwise displayed on the bodies of Fighter and any persons associated with Fighter, the irrevocable, perpetual non-exclusive, transferrable, assignable and sub-licensable right and license throughout the world, to use, publish, reproduce, distribute, display and exhibit such tattoos in any manner and on or through any media, in connection with ZUFFA's exercise of any of its other Rights hereunder.

2.4 To the extent that Fighter is deemed to have, retain or otherwise possess any right, title or interest in or to all or any portion of the UFC brand, any Bouts, any Pre-Bout Events or Post-Bout Events, or any works created or produced pursuant to or in connection with this Agreement (collectively, the "ZUFFA IP"), then for the consideration set forth herein, Fighter hereby transfers, conveys and assigns same to ZUFFA and shall execute all documents and undertake all actions necessary to effect the clarification of ownership of all right, title and interest in and to such ZUFFA IP to ZUFFA and to allow ZUFFA to apply for and maintain any copyright and trademark registrations and other intellectual property registrations or issuances with respect to the ZUFFA IP and any renewals or extensions thereof, Fighter hereby irrevocably designates and appoints ZUFFA and ZUFFA's employees, agents, representatives, affiliates, licensees, designees, successors and assigns ("ZUFFA's Representatives") as Fighter's agent and attorney-in-fact to act for and on Fighter's behalf and to execute and file all such documents consistent herewith (that ZUFFA is unable after reasonable efforts to obtain Fighter's

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signature on) and to do all other lawfully permitted acts necessary to carry out the provisions of this Agreement.

2.5 Fighter waives, discharges and releases ZUFFA and ZUFFA's Representatives from any and all claims; (i) of infringement of any right of Fighter in, to or respecting the ZUFFA IP and (ii) arising from ZUFFA or ZUFFA's Representatives' use of the Identity of Fighter or another exploitation of the Rights in any manner contemplated or set forth herein (including, without limitation, any claims based on Fighter's moral rights in the ZUFFA IP or for inspection, approval, damages for libel, intellectual property infringement or violation of Fighter's rights of privacy or publicity).

2.6 Fighter acknowledges and agrees that Fighter shall have no right of approval or consultation with respect ZUFFA's exercise of any Rights granted or assigned to it hereunder and nothing in this Agreement shall obligate ZUFFA to exercise any of its Ancillary Rights.

ARTICLE III
PROMOTION

3.1 Each Bout shall be a mixed martial arts contest, one-on-one fight between Fighter and an opponent designated by ZUFFA, subject to Fighter approval not to be unreasonably withheld, delayed or conditioned, conducted pursuant to the rules and regulations of the athletic commission, federation or official authority having jurisdiction over the Bout or ZUFFA pursuant to Section 3.7 (the "Athletic Commission"). Fighter and ZUFFA shall comply with and be bound by the rules and regulations of the Athletic Commission. For Bouts that occur in a jurisdiction or country without an Athletic Commission, the provisions of Section 3.7 shall control. In the event that Fighter does not approve of an opponent designated by ZUFFA, ZUFFA may, at its election and in accordance with the terms and conditions of Section 4.3 of this Agreement, extend the Term of this Agreement for the period required to designate another opponent for Fighter or six (6) months, whichever is longer.

3.2 ZUFFA shall promote and Fighter shall participate in the minimum number of Bouts set forth in Article IV below. For purposes hereof, ZUFFA shall be deemed to have complied with its obligations to promote any Bout if ZUFFA shall have made an offer to Fighter to promote a Bout in accordance with the provisions hereof and Fighter shall have refused to participate. If a Bout is the undercard to a main event and the main event is canceled or postponed for any reason, the failure of such Bout to take place shall not be deemed non-performance by ZUFFA and ZUFFA shall not be liable for Fighter's Purse associated therewith (as defined herein).

3.3 Fighter shall cooperate and assist in the advertising, publicity, and promotion of (i) the Bouts, (ii) any and all rebroadcast of the Bouts in any media whatsoever, (iii) other UFC bouts, (iv) other UFC events and broadcasts, and (v) the sale of UFC merchandise, including making appearances at a reasonable number of press conferences, interviews and other sponsorship and promotional activities (any of which may be telecast, broadcast, recorded or filmed) at times and places reasonably designated by ZUFFA, without additional compensation therefore. For such promotional activities, ZUFFA will arrange and pay for Fighter's reasonable travel, hotel and meal accommodations.

3.4 All Bouts shall be on dates and at sites to be designated by ZUFFA, in its sole and absolute discretion. If any Bout is postponed for any reason except ZUFFA's non-performance, the Bout Agreement applicable to such Bout shall determine the rights of the parties and in addition thereto, the

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Term shall be extended, at ZUFFA's election, by a number of days equal to the number of days between the date originally scheduled for the Bout and the date on which the Bout occurs.

3.5 During the Term, ZUFFA shall have the exclusive right to promote all of Fighter's bouts and Fighter shall not participate in or render his services as a professional fighter or in any other capacity to any other mixed martial art, martial art, boxing, professional wrestling, or any other fighting competition or exhibition, except as otherwise expressly permitted by this Agreement.

3.6 Notwithstanding the foregoing, in the event Fighter is not then a UFC champion, Fighter is permitted, subject to the prior written consent of ZUFFA, which consent may be granted or withheld in ZUFFA's sole discretion, to contract with other promoters or to engage in any mixed martial arts bout or fighting competition or exhibition promoted by other promoters (an "Other Bout") during the Term provided (i) such Other Bout is not televised by any domestic or international television network, station, cable system, satellite or other provider or via Internet or wireless exhibition; (ii) such Other Bout is scheduled for and takes place on a date which is more than sixty (60) days before or more than thirty (30) days after any non-championship Bout and more than ninety (90) days before or more than thirty (30) days after any championship Bout; (iii) a copy of any agreement for any Other Bout shall have been furnished to ZUFFA at least one (1) week prior to its execution by Fighter; and (iv) a fully executed copy of any such agreement is provided to ZUFFA within five (5) days of execution by Fighter. Except in compliance with the foregoing limited exception, Fighter shall not, during the Term, grant promotional or other rights which conflict with the Rights. Furthermore, Fighter expressly agrees that this Agreement shall be automatically extended for an additional one hundred twenty (120) days for each non-UFC promoted mixed martial arts competition or exhibition that Fighter participates in, and any reference to the Term herein shall be deemed to include any such extension(s).

3.7 Any and all Bouts that occur in a jurisdiction without an Athletic Commission shall be conducted pursuant to the statutes, rules and regulations of the State of Nevada in effect at the time of the Bout, including, but not limited to, the Unified Rules of Mixed Martial Arts (the "Nevada Rules"); for the protection of the health and safety of the Fighter, to promote fairness in the administration of the Bout, and to preserve the integrity of the sport of mixed martial arts. Fighter may appeal any advisory opinion by ZUFFA regarding any application of the Nevada Rules relating to Bouts that occur in a jurisdiction without an official government mandated Athletic Commission to an independent third-party arbitrator or arbitration panel selected pursuant to the guidelines developed by Judicial Arbitration and Mediation Services, Inc. All costs and fees associated with an appeal taken pursuant to this Section shall be the exclusive responsibility of the Fighter. Regardless of where a Bout occurs, in no event shall a Fighter have any right to appeal a decision by ZUFFA relating to the UFC Title or the UFC Championship belts.

3.8 Additionally, ZUFFA agrees to utilize Fighter in a Bout that broadcast on Fox Network Television during the Term.

3.9 ZUFFA also agrees to utilize Fighter on no less than three (3) occasions, during the Term, as "on-air" talent to provide commentating services for other UFC branded events in which Fighter is not then participating the date, timing and location of which shall be at ZUFFA's discretion.

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ARTICLE IV
TERM

4.1 The duration of the Promotional Rights provided herein (the "**Term**") shall commence on the Effective Date and end on the earlier of (i) forty (40) months after the first bout promoted by ZUFFA involving Fighter under this Agreement; or (ii) the date on which Fighter has participated in at least eight (8) Bouts promoted by ZUFFA pursuant to this Agreement (the "**Termination Date**"), unless terminated sooner or extended further pursuant to the provisions of this Agreement.

4.2 If, at the expiration of the Term, Fighter is then a UFC champion, the Term shall automatically be extended for the period commencing on the Termination Date and ending on the later of (i) one (1) year from the Termination Date; or (ii) the date on which Fighter has participated in three (3) bouts promoted by ZUFFA, regardless of weight class or title, following the Termination Date ("**Extension Term**"). Any reference to the Term herein shall be deemed to include a reference to the Extension Term, where applicable.

4.3 The length of time for ZUFFA to provide Fighter with the minimum number of Bouts enumerated in this Article IV shall be extended for six (6) months or any period of time that Fighter is unable or unwilling to compete, whichever is greater. Such extension shall include, without limitation, any time periods when Fighter is disabled, sick or injured for any reason; incarcerated; suspended or revoked by an Athletic Commission; has his ability to travel restricted by a governmental agency or is otherwise unable, unwilling or refuses to compete or train for a Bout for any reason whatsoever, including, without limitation, not approving of an opponent designated by ZUFFA pursuant to Section 3.1 of this Agreement. Additionally, the length of time for ZUFFA to provide Fighter with the minimum number of Bouts enumerated in this Article IV shall also be extended for any length of time that Fighter serves as a coach on the "*The Ultimate Fighter*"[®] reality television series or six (6) months whichever is longer.

4.4 The expiration or earlier termination of the Term, any Acceleration (as defined herein), or the death or incapacity of the Fighter, shall not affect or terminate the grant of the Ancillary Rights or any of the other general or specific provisions of this Agreement, all of which shall survive any such expiration, termination, Acceleration, death or incapacity.

4.5 ZUFFA shall not be deemed in default of this Agreement to the extent that performance of its obligations are delayed or prevented by reason of any act of God, fire, natural disaster, war, riots, civil unrest, strike or labor difficulties, terrorism, power failure, other calamity or acts constituting force majeure, or any governmental or Athletic Commission enactment, determination or action, regulation or order. If there is an occurrence of a force majeure event or other bona fide action, ZUFFA may elect to suspend this Agreement for a period equal to the duration of the occurrence, and no compensation shall be paid or become due to Fighter during such suspension period.

ARTICLE V
BOUT AGREEMENT AND STANDARD FIGHTER CONTRACT

5. For each Bout, Fighter shall execute and comply with the terms of a Bout Agreement ("**Bout Agreement**"), which shall be either the standard fighter contract required by the applicable Athletic Commission or pursuant to the Nevada Rules, as applicable (the "**Standard Fighter Contract**"), and any other contract required to be executed by law, the terms of which shall be consistent with the

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terms of this Agreement. To the extent of any conflict between this Agreement and a Bout Agreement with respect to a Bout, the Bout Agreement shall control.

ARTICLE VI
COMPENSATION

6.1 Subject in all events to Section 10.1(d), the Compensation to Fighter shall take the form of a "Fighter's Purse" and, if and only if Fighter is declared the winner of a Bout by the Athletic Commission, a "Win Bonus," each in the amount as set forth below.

a. Fighter's Purse for the first Bout shall be Seventy Thousand Dollars (US \$70,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout by the Athletic Commission, the Win Bonus for the first Bout shall be Seventy Thousand Dollars (US \$70,000.00), less all permissible or required deductions.

b. If and only if Fighter is declared the winner of the first Bout by the applicable Athletic Commission, Fighter's Purse for the second Bout shall be Seventy-Five Thousand Dollars (US \$75,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout and the second Bout by the Athletic Commission, the Win Bonus for the second Bout shall be Seventy-Five Thousand Dollars (US \$75,000.00), less all permissible or required deductions. If Fighter is not declared the winner of the first Bout (and there is no Acceleration), Fighter's Purse and Win Bonus for the second Bout shall be as set forth in subsection (a) above.

c. If and only if Fighter is declared the winner of the first Bout and the second Bout by the applicable Athletic Commission, Fighter's Purse for the third Bout shall be Eighty Thousand Dollars (US \$80,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout, the second Bout, and the third Bout by the applicable Athletic Commission, the Win Bonus for the third Bout shall be Eighty Thousand Dollars (US \$80,000.00), less all permissible or required deductions. If Fighter is not declared the winner of the first Bout and the second Bout by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the third Bout shall be the same as set forth in subsection (a) above. If Fighter is declared the winner of either the first Bout or the second Bout by the applicable Athletic Commission, but not both (and if there is no Acceleration) Fighter's Purse and Win Bonus for the third Bout shall be as set forth in subsection (b) above.

d. If and only if Fighter is declared the winner of the first Bout, second Bout and third Bout by the applicable Athletic Commission, Fighter's Purse for the fourth Bout shall be Eighty-Five Thousand Dollars (US \$85,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout, the second Bout, the third Bout, and the fourth Bout by the applicable Athletic Commission, the Win Bonus for the fourth Bout shall be Eighty-Five Thousand Dollars (US \$85,000.00), less all permissible or required deductions. If Fighter is not declared the winner of the first Bout, second Bout and third Bout (and if there is no Acceleration), Fighter's Purse and Win Bonus for the fourth Bout shall be as set forth in subsection (a) above. If Fighter is declared the winner of only one of the first three Bouts by the applicable Athletic Commission (and if there is no Acceleration) Fighter's Purse and Win Bonus for the fourth Bout shall be as set forth in subsection (b) above. If Fighter is declared the winner of only two of the first three Bouts by the applicable Athletic Commission (and if there is no Acceleration) Fighter's Purse and Win Bonus for the fourth Bout shall be as set forth in subsection (c) above.

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e. If and only if Fighter is declared the winner of the first Bout, second Bout, third Bout and the fourth Bout by the applicable Athletic Commission, Fighter's Purse for the fifth Bout shall be Ninety Thousand Dollars (US \$90,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout, the second Bout, the third Bout and the fourth Bout by the applicable Athletic Commission, the Win Bonus for the fifth Bout shall be Ninety Thousand Dollars (US \$90,000.00), less all permissible or required deductions. If Fighter is not declared the winner of the first Bout, the second Bout, the third Bout and the fourth Bout by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the third Bout shall be the same as set forth in subsection (a) above. If Fighter is declared the winner of one the first four Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the third Bout shall be the same as set forth in subsection (b) above. If Fighter is declared the winner of two of the first four Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighters Purse and Win Bonus for the fifth Bout shall be the same as set forth in subsection (c) above. If Fighter is declared the winner of three of the first of the first four Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighters Purse and Win Bonus for the fifth Bout shall be the same as set forth in subsection (d) above.

f. If and only if Fighter is declared the winner of the first Bout, second Bout, third Bout, the fourth Bout and the fifth Bout by the applicable Athletic Commission, Fighter's Purse for the sixth Bout shall be Ninety-Five Thousand Dollars (US \$95,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout, the second Bout, the third Bout, the fourth Bout, the fifth Bout and the sixth Bout by the applicable Athletic Commission, the Win Bonus for the sixth Bout shall be Ninety-Five Thousand Dollars (US \$95,000.00), less all permissible or required deductions. If Fighter is not declared the winner of the first Bout, the second Bout, the third Bout, the fourth Bout, and the fifth Bout by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the sixth Bout shall be the same as set forth in subsection (a) above. If Fighter is declared the winner of one of the first five Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the sixth Bout shall be the same as set forth in subsection (b) above. If Fighter is declared the winner of two of the first five Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the sixth Bout shall be the same as set forth in subsection (c) above. If Fighter is declared the winner of three of the first five Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the sixth Bout shall be the same as set forth in subsection (d) above. If Fighter is declared the winner of four of the first five Bouts by the applicable Athletic Commission (and if there is no Acceleration), Fighter's Purse and Win Bonus for the sixth Bout shall be the same as set forth in subsection (e) above.

g. If and only if Fighter is declared the winner of the first Bout, second Bout, third Bout, the fourth Bout the fifth Bout, and the sixth Bout, Fighter's Purse for the seventh Bout shall be One Hundred Thousand Dollars (US \$100,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout, the second Bout, the third Bout, the fourth Bout, the fifth Bout, the sixth Bout, and the seventh Bout by the Athletic Commission, the Win Bonus for the seventh Bout shall be One Hundred Thousand Dollars (US \$100,000.00), less all permissible or required deductions. If Fighter is declared the loser of the first Bout, the second Bout, the third Bout, the fourth Bout, the fifth Bout and the sixth Bout (and if there is no Acceleration) Fighter's Purse and Win Bonus for the seventh Bout shall be the same as set forth in subsection (a) above. If Fighter is declared the winner of one of the first six Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the seventh Bout shall be the same as set forth in subsection (b) above. If Fighter is declared the winner of

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two of the first six Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the seventh Bout shall be the same as set forth in subsection (c) above. If Fighter is declared the winner of three of the first six Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the seventh Bout shall be the same as set forth in subsection (d) above. If Fighter is declared the winner of four of the first six Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the seventh Bout shall be the same as set forth in subsection (e) above. If Fighter is declared the winner of five of the first six Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the seventh Bout shall be the same as set forth in subsection (f) above.

h. If and only if Fighter is declared the winner of the first Bout, second Bout, third Bout, the fourth Bout the fifth Bout, the sixth Bout, and the seventh Bout, Fighter's Purse for the eighth Bout shall be One Hundred Five Thousand Dollars (US \$105,000.00), less all permissible or required deductions. If and only if Fighter is declared the winner of the first Bout, the second Bout, the third Bout, the fourth Bout, the fifth Bout, the sixth Bout, the seventh Bout, and the eighth Bout by the Athletic Commission, the Win Bonus for the eighth Bout shall be One Hundred Five Thousand Dollars (US \$105,000.00), less all permissible or required deductions. If Fighter is declared the loser of the first Bout, the second Bout, the third Bout, the fourth Bout, the fifth Bout, the sixth Bout, and the seventh Bout (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (a) above. If Fighter is declared the winner of one of the first seven Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (b) above. If Fighter is declared the winner of two of the first seven Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (c) above. If Fighter is declared the winner of three of the first seven Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (d) above. If Fighter is declared the winner of four of the first seven Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (e) above. If Fighter is declared the winner of five of the first seven Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (f) above. If Fighter is declared the winner of six of the first seven Bouts (and if there is no Acceleration) Fighter's Purse and Win Bonus for the eighth Bout shall be the same as set forth in subsection (g) above.

6.2 ZUFFA and Fighter intend for Fighter's first Bout, under this Agreement, to be for the UFC lightweight title and for said lightweight title Bout to occur before the end of March of 2013 so long as Fighter and the then current UFC lightweight champion is medically and/or otherwise able to compete by such date. For the avoidance of doubt, however, regardless of whether Fighter's first Bout is for the lightweight title Bout and occurs on or before the end of March of 2013, in addition to the Fighter's Purse, (i) for Fighter's first Bout under this Agreement; and (ii) for any subsequent Bout thereafter in which Fighter participates in a Bout and is defending a UFC Championship belt, so long as such applicable UFC event is broadly distributed in the United States and/or Canada, or any other territory, including via the internet, and so long as the rates charged in said territories, or on the internet, are comparable to those charged in the United States or Canada, on residential pay-per-view on IN DEMAND, DirecTV, Echostar, or similar pay-per-view provider as utilized by ZUFFA ("Pay-Per-View Providers"), then Fighter has the potential to receive a pay-per-view bonus. If such UFC event exceeds specified buy rates of combined sales through Pay-Per-View Providers, Fighter shall receive a Pay-Per-View Bonus as follows:

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For combined Pay-Per-View Provider buys purchased within thirty (30) days of the live event, Fighter shall receive One dollar (\$1.00) for each pay-per-view buy between 200,000 buys and 400,000 buys; and Two dollars (\$2.00) for each pay-per-view buy between 400,000 buys and 600,000 buys; and Two dollars and Fifty Cents (\$2.50) for each pay-per-view buy over 600,000 buys.

*By way of example only, if such an applicable event were to generate 900,000 combined iN DEMAND, DirecTV, and Echostar, pay-per-view buys, Fighter would receive a pay-per-view Bonus of \$1,350,000, which would represent \$200,000 for applicable buys between 200,000 and 400,000 (\$1 x 200,000 buys), \$400,000 for applicable buys between 400,000 and 600,000 (\$2.00 x 200,000 buys) and \$750,000 for applicable buys between 600,000 and 900,000 (\$2.50 x 300,000).

6.3 In order to verify ZUFFA's compliance with the potential pay-per-view bonus, Fighter is entitled, upon written notice of at least thirty (30) business days, to review, at ZUFFA's offices, all applicable pay-per-view reports that ZUFFA has received from iN DEMAND, DirecTV, Echostar and Canadian pay-per-view providers. Fighter may exercise this right no more than once each calendar year, for each Bout in which he participates, for up to two (2) years after the date of the applicable Bout. Pay-per-view bonus to be paid on an ongoing monthly basis subsequent to ZUFFA's receipt of payment from the pay-per-view providers and only if the aggregate amount owed to Fighter is in excess of \$500.00. Fighter agrees to treat any such of review under this section as confidential and agree not to disclose any information reviewed hereunder except as required by law or pursuant to a valid Court order. Additionally, Fighter agrees to refund and reimburse ZUFFA for any overpayments in the event and to the extent iN DEMAND, DirecTV, Echostar and/or Canadian providers adjust the pay-per-view buys for any of Fighter's bouts retroactively. ZUFFA shall have the right to deduct any overpayment adjustments from future payments to Fighter. ZUFFA reserves the right to reduce payments related to Canadian or other non-US pay-per-view buys in the event of an adverse currency exchange rate at the time of the payment to Fighter.

6.4 ZUFFA shall pay Fighter's Purse and the Win Bonus, if applicable, within twenty-four (24) hours of the completion of each Bout, except that if Fighter tests positive for any Controlled Substance (defined below) in a post-fight drug test, payment will be subject to the authority of and ZUFFA shall make payments only in accordance with the recommendations of the Athletic Commission. ZUFFA may deduct or withhold from compensation any applicable tax (whether domestic or foreign), fee, or sum required or permitted to be deducted or withheld by law, and may offset against any such compensation any sums advanced to Fighter by ZUFFA or otherwise due from Fighter to ZUFFA.

6.5 The Fighter's Purse and Win Bonus, and, if applicable pay-per-view bonus, together with the Incidentals (defined below) shall be the sole compensation due to or claimed by Fighter on account of this Agreement, the Rights, and Fighter's participation in any Bout or any activity related thereto.

6.6 Any and all potential Fighter's Purses and, if applicable, Win Bonuses and/or pay-per-view bonuses capable of being earned during the Extension Term shall be negotiated in good faith between the parties. However, the parties expressly agree that such potential amounts are quantifiable and definite terms to this Agreement because each such Fighter's Purse and, if applicable, Win Bonus shall, at a minimum, be no less than the last Fighter's Purse and, if applicable, Win Bonus received by Fighter during the standard Term of this Agreement.

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6.7 Any advances shall be made in the sole discretion of ZUFFA, and may be subject to the prior approval of the Athletic Commission.

6.8 Fighter shall operate within the requirements of all tax laws and regulations, and interpretations thereof, and be solely responsible for reporting the entire compensation paid under this Agreement and any corresponding agreements and ensure timely settlement of all taxes and other similar deductions. ZUFFA shall provide Fighter with a Form 1099 within ninety (90) days following the close of its fiscal year.

ARTICLE VII
INCIDENTALS

7.1 In addition to the Fighter's Purse and, if applicable, the Win Bonus, as provided for above, Fighter shall be entitled to the transportation, lodging, meals or meal allowances, and Bout tickets (collectively, the "Incidentals") identified in the Bout Agreement. Such Incidentals shall not be less than the Incidentals set forth herein.

a. For each non-championship Bout hereunder which Fighter participates in, ZUFFA shall provide a total of one (1) hotel or motel room and two (2) round-trip economy class airline tickets from the airport servicing Fighter's hometown to the site of the Bout for use by and transportation of Fighter and one (1) of Fighter's Affiliates (the "Fighter's Affiliates"). Fighter's Affiliates shall include, but not be limited to, his manager, agent, trainer, seconds, sparring partners and other persons associated with Fighter who are connected with the Bouts.

b. For each championship Bout hereunder which Fighter participates in as the champion or the challenger for the championship, ZUFFA shall provide a total of two (2) hotel or motel rooms and three (3) round-trip economy class airline tickets from the airport servicing Fighter's hometown to the site of the Bout for use by and transportation of Fighter and two (2) of Fighter's Affiliates.

c. For all Bouts hereunder, Fighter shall arrive and check in to the lodging provided by ZUFFA on the date specified in the Bout Agreement, which shall be any time up to eight (8) days prior to the date of the Bout (the "Training Commencement Date"), and shall check-out and depart from the lodging provided prior to the designated check-out time on the day after the Bout (the "Departure Date").

d. From the Training Commencement Date through the Departure Date, Fighter and one (1) of Fighter's Affiliates shall each be provided with either Fifty Dollars (US \$50.00) cash *per diem* for meals, or at ZUFFA's discretion, meal vouchers for three (3) meals per day. Food and beverage allowances shall be non-cumulative from day to day.

e. Lodging shall be provided only from the Training Commencement Date through the Departure Date. Fighter and Fighter's Affiliates shall be required to present a valid credit card upon registering at the hotel or motel, which card shall be charged for any and all expenses and damages beyond the cost of the room, and ZUFFA shall have no obligation for such additional expenses.

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f. Fighter shall also be provided with four (4) tickets to each Bout hereunder, the selection and location of which shall be determined by ZUFFA. If Fighter's Bout is the main event, Fighter shall receive tickets for seats located within ten (10) rows of the Octagon.

7.2 No other benefits, charges, expenses, or other incidentals of any kind (e.g., telephone charges, beverages, entertainment, gift shop items or other such benefits, charges and expenses) shall be provided by ZUFFA to Fighter or anyone associated with Fighter, and Fighter shall not be entitled to receive compensation in lieu of any unused or undesired incidental.

ARTICLE VIII
FIGHTER'S CONDUCT

8.1 Fighter shall conduct himself in accordance with commonly accepted standards of decency, social conventions and morals, and Fighter will not commit any act or become involved in any situation or occurrence or make any statement which will reflect negatively upon or bring disrepute, contempt, scandal, ridicule, or disdain to Fighter, the Identity of Fighter or any of Fighter's Affiliates, ZUFFA or any of its officers, managers, members, employees, or agents. Fighter's conduct shall not be such as to shock, insult or offend the public or any organized group therein, or reflect unfavorably upon any current or proposed arena, site hotel, sponsor or such sponsor's advertising agency, or any network or station over which a Bout is to be broadcast. In addition, Fighter agrees that during a Bout, or while training for a Bout, as well as during any Pre-Bout Events or Post-Bout Events, neither Fighter nor any of his managers, trainers and assistants shall wear any clothing or ornamentation, including, but not limited to, permanent or temporary tattoos or body art, that is lewd, obscene, offensive, defamatory, discriminatory on the basis of age, sex, race, color, creed, national origin, political belief, religious belief or sexual orientation or otherwise inappropriate as determined by ZUFFA in its sole discretion or which conflicts with a ZUFFA sponsor, the arena or telecaster.

8.2 Fighter and Fighter's Affiliates shall maintain a high standard of sportsmanship and conduct themselves in a professional manner prior to, during, and following each Bout.

8.3 Fighter shall not authorize or be involved with any advertising material or publicity materials that contain language or material which is generally considered to be obscene, libelous, slanderous or defamatory and will not violate or infringe upon, or give rise to any adverse claim with respect to, any common-law or other right whatsoever (including, but not limited to, any copyright, trademark, service mark, literary, dramatic, music or motion picture right, right of privacy or publicity, contract or moral rights of authors) of any person or entity.

8.4 Fighter shall maintain his eligibility and keep in good standing any license required to participate in any Bout.

8.5 Fighter shall not use any controlled or banned substance, including but not limited to marijuana, cocaine, methamphetamine, steroids, human growth hormone or any similar drugs or blood doping techniques (each a "Controlled Substance"). Fighter agrees that an Athletic Commission may test Fighter for Controlled Substances, and Fighter agrees to submit to any pre-Bout or post-Bout drug test as requested by an Athletic Commission. Fighter shall be deemed to be in breach of this Section if Fighter tests positive for any Controlled Substance in any pre-Bout or post-Bout drug test.

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8.6 Fighter acknowledges that an Athletic Commission may fine, suspend or impose other penalties, including but not limited to removing recognition from Fighter of any Championship title, status or belt if Fighter tests positive for a Controlled Substance.

ARTICLE IX INJURY OR
RETIREMENT

9.1 If at any time during the Term, ZUFFA offers to promote a Bout for Fighter and Fighter refuses to participate in or attempts to cancel or postpone such Bout for reason of a claimed injury or other medical disability, ZUFFA shall have the right, but not the obligation, to have Fighter examined by a medical doctor of its choice at ZUFFA's expense, and, if ZUFFA so elects, Fighter shall appear for such examination on one (1) day's notice.

9.2 If at any time during the Term, Fighter claims to be injured or temporarily disabled, ZUFFA may, at its election, for each such injury or disability claimed by Fighter, (i) extend the Term for the period of such injury or disability or for the period of six (6) months, whichever is longer; (ii) declare that ZUFFA has satisfied its obligation to promote one (1) of the Bouts to be promoted by ZUFFA hereunder, without any compensation due to Fighter for said Bout; or (iii) provide Fighter with notice of an Acceleration as defined herein.

9.3 If at any time during the Term, Fighter decides to retire from mixed martial arts or other professional fighting competition or is permanently disabled, then ZUFFA may, at its election, (i) suspend the Term for the period of such retirement or disability; (ii) declare that ZUFFA has satisfied its obligation to promote all future Bouts to be promoted by ZUFFA hereunder, without any compensation due to Fighter therefor; or (iii) elect to provide Fighter with notice of an Acceleration.

ARTICLE X
TERMINATION/REMEDIES

10.1 ZUFFA shall have the right, but not the obligation, upon notice to Fighter, to accelerate the Term and thereby terminate ZUFFA'S promotional and other obligations hereunder and under any Bout Agreement then in effect (an "Acceleration") and to terminate Fighter's participation in any Bout, with Acceleration effective as of the date of notice, and to withdraw recognition from Fighter of any Championship Title, Status and Belt, if:

a. Fighter fails, for any reason whatsoever (other than the injury or physical disability of Fighter or any act of God as provided in Section 4.5) to engage in the minimum number of Bouts as offered by ZUFFA;

b. Fighter or any of Fighter's Affiliates materially breach, violate or are in default of any provision of this Agreement or any other agreement hereafter entered into between Fighter and ZUFFA;

c. any of the representations or warranties of Fighter contained herein were false when made or are no longer true and correct;

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d. Fighter is not declared the winner of any mixed martial arts bout (whether promoted by ZUFFA or not) by the Athletic Commission or official authority having jurisdiction over the bout; or

e. Fighter's license to participate in bouts is suspended or revoked by an Athletic Commission.

f. Fighter is unable to obtain the necessary documentation, including any work visas, to lawfully permit Fighter or Fighter's Affiliates to participate in any Bout as provided for in Section 23.2 of this Agreement.

g. Fighter is charged with a misdemeanor (other than a minor traffic offense) or a felony.

h. Fighter should commit any act which would permit any arena, event site or television broadcaster, distributor or exhibitor to cancel its contract with ZUFFA for a particular Bout in which Fighter was to participate.

10.2 Acceleration shall be without further liability or obligation from ZUFFA to Fighter, except for the payment of any Fighter's Purse or Win Bonus, if applicable, or other amounts due for Bouts that have been completed prior to Acceleration.

10.3 Acceleration shall not serve to affect or terminate any of the Ancillary Rights, and this Agreement shall survive an Acceleration and remain in full force and effect with respect to the Ancillary Rights. ZUFFA's failure to accelerate in any particular case shall not constitute a waiver for future such cases.

10.4 Fighter acknowledges that his services as a professional fighter and the Ancillary Rights granted to ZUFFA herein are special, unique, extraordinary, irreplaceable and of peculiar value, and that in the event of Fighter's breach or threatened breach of this Agreement or any Bout Agreement, ZUFFA would suffer irreparable damage which could not be reasonably or adequately compensated by an award of damages. In the event of such breach or threatened breach, ZUFFA shall be entitled, in addition to any other available remedy, to obtain equitable relief, including, but not limited to, an injunction against such breach and Fighter waives the right to assert as a defense in any such action that ZUFFA has an adequate remedy at law. To the extent that a bond is necessary to obtain an injunction, Fighter agrees that the bond shall not exceed Five Hundred Dollars (US \$500.00).

10.5 If Fighter believes in good faith that ZUFFA has materially breached any material provision of this Agreement, or has unreasonably failed or refused to perform its obligations hereunder, Fighter shall provide ZUFFA with written notice of such alleged breach and shall provide ZUFFA with at least ten (10) business days to cure such alleged breach. If ZUFFA fails to cure the alleged material breach within ten (10) business days of receipt of Fighter's written notice, then and only then may Fighter seek to terminate this Agreement and seek redress for any outstanding compensation owed to Fighter hereunder. Fighter expressly understands and agrees that his sole remedy for any alleged breach by ZUFFA shall be to seek payment for any remaining compensation due to Fighter under Article VI, exclusive of any potentially applicable Win Bonuses, and in no event shall Fighter be entitled to any consequential, incidental, or punitive damages of any sort.

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ARTICLE XI
INSURANCE

11.1 ZUFFA will provide health and accidental death insurance as required by the applicable Athletic Commission. Fighter hereby acknowledges that professional unarmed combat has the significant potential for serious injuries, and Fighter is knowingly and voluntarily assuming all such risks. Accordingly, except for the insurance benefits being provided by ZUFFA as described in this Article 11, Fighter, for himself, his heirs, assigns, executors, and administrators agrees to be solely liable for and will bear the full and complete cost of any and all medical treatment or disability and all other costs associated with any injuries resulting from any and all Fighter's services under this agreement. Furthermore, Fighter assumes all risks of injuries sustained outside of a Bout.

11.2 ZUFFA shall have the right, at its election, to obtain, at ZUFFA's cost and expense, life or other insurance upon Fighter, including, but not limited to, insurance against the failure of Fighter to appear and to participate in any Bout and insurance to cover injuries sustained by Fighter in training and preparation for a Bout, in such amounts or type of coverage as ZUFFA may determine, and, if applicable, for the benefit of ZUFFA. Except as expressly consented to in writing by ZUFFA, neither Fighter nor any of Fighter's Affiliates shall have any right, title or interest in such insurance. Fighter and Fighter's Affiliates shall, at the request of ZUFFA, cooperate with and assist ZUFFA - or its agent (as directed by ZUFFA), - in obtaining and maintaining any such coverage, including submitting to physical or other examinations of Fighter and furnishing such information and medical records as may be required by any existing or proposed insurer and performing all further acts and things, and executing any and all additional documents or instruments necessary for ZUFFA to obtain any such insurance contemplated by this Section 11.2.

ARTICLE XII
RIGHT TO MATCH

12.1 During the one (1) year period after conclusion of the Term for any reason whatsoever (the "Matching Period"), ZUFFA shall have the option to match the financial terms and conditions of any offer made to Fighter for an Other Bout as defined in Section 3.6 of this Agreement. Fighter shall not accept any offer or enter into a contract or agreement with any other promotional entity during the Matching Period without complying with this Section 12.1. Prior to acceptance of any Offer made during the Matching Period, Fighter shall first deliver to ZUFFA a written notice of all material financial terms and conditions of the offer, including, but not limited to, the identity of the promotional entity making the offer. Such notice shall constitute an exclusive, irrevocable offer (the "Fighter Offer") to contract with ZUFFA on the same financial terms and conditions. ZUFFA shall have fifteen (15) business days following receipt of the Fighter Offer in which to accept the financial terms of the Fighter Offer. If ZUFFA does not accept the Fighter Offer, Fighter may then accept the offer without modification during the ten (10) business day period following expiration of the Fighter Offer (the "Contract Period"). If the offer is modified in any material way, such modification shall give rise to another Fighter Offer on such modified terms and conditions and ZUFFA shall have the option to match the terms of the offer, as modified in accordance with the terms and conditions of this Section 12.1. If Fighter has not contracted with a third party on or before the conclusion of the Contract Period, then all rights granted to ZUFFA pursuant to this Section 12.1 shall be automatically reinstated.

12.2 The provisions of Section 12.1 above shall survive termination or expiration of this Agreement.

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ARTICLE XIII
REPRESENTATIONS AND WARRANTIES

13.1. Fighter represents and warrants to ZUFFA that:

- a. Fighter shall prepare and honestly compete to the best of Fighter's ability in the Bout and that there is no impairment to Fighter doing so;
- b. Fighter is free to enter into this Agreement and has not heretofore and will not hereafter enter into any contract, option, agreement or understanding, whether oral or written, which conflicts with the provisions hereof or the grant of Rights contained herein or which would or could interfere with Fighter's full and complete performance hereunder or the free and unimpaired exercise by ZUFFA of any of the Rights;
- c. There are no claims or arbitration, mediation, or litigation pending or threatened affecting Fighter that would or could interfere with Fighter's full and complete performance hereunder or the free and unimpaired exercise by ZUFFA of any of the Rights;
- d. Fighter is entering into this Agreement of his own free will, is not subject to duress of any kind, and is not under the influence of any Controlled Substance and Fighter knows of no disability, whether physical or mental, which would or could prevent Fighter from the full and complete performance of his obligations hereunder; and
- e. Fighter has had the opportunity to consult an attorney or other representative regarding this Agreement, and he appreciates the legal significance and consequences of signing this Agreement; and
- f. Fighter is either (i) a citizen of the United States and is not otherwise subject to any "backup" or other withholding of taxes or compensation specially applicable to those who are not citizens of the United States, or (ii) is not a citizen of the United States but has provided to ZUFFA in writing all information necessary to enable ZUFFA to comply with any such applicable withholding or other payment requirement.
- g. Fighter has obtained, and ZUFFA shall not be responsible to pay for in any way whatsoever, all clearances, licenses, uses, reuse fees, license fees, relating to the use and appearance of any creative expression, clothing apparel, sportswear and equipment, included but not limited to, trunks, robes, shoes, or any other part of the costume, electronic information, digital information, wording, phrases, symbols, pictures, designs, print materials or other materials or information (including, without limitation, the trademarks, copyrights, personal privacy, property rights, names, voices, and likenesses of all and any persons, properties and businesses appearing therein (if any), and all components and elements thereof) displayed and exhibited by Fighter or any of Fighter's Affiliates during or at any Bouts, Pre-Bout Events or Post-Bout Events.
- h. Fighter has the full power to expressly and irrevocably transfer said rights described in Paragraph 13.1(g) above to ZUFFA, or ZUFFA's respective sponsors, successors, assigns, agents, directors, members, managers, officers, employees, co-producers and licensees, and warrants that

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the exercise of the rights granted herein will not infringe on any rights of any third party, including but not limited to copyright, trademark, unfair competition, contract, defamation, privacy or publicity rights.

13.2. ZUFFA represents and warrants to Fighter that:

a. ZUFFA is a limited liability company duly formed under the laws of the State of Nevada; and that the person executing this Agreement on behalf of ZUFFA is authorized to do so; and

b. ZUFFA is able to perform its promotional and payment obligations arising hereunder, and there are no claims or arbitration, mediation, or litigation pending or threatened affecting ZUFFA that would prevent ZUFFA from performing hereunder.

ARTICLE XIV
ASSUMPTION OF THE RISK/WAIVER OF ALL CLAIMS

14.1 Fighter fully understands and agrees that the professional sport of mixed martial arts is an inherently and abnormally dangerous activity that can result in severe and permanent physical injury, including but not limited to irreversible neurological trauma, disability, or death. Fighter represents that he is a seasoned professional in the sport of mixed martial arts, and Fighter has knowingly evaluated the inherent risks, foreseen and unforeseen, in this dangerous sport and represents and declares that he is physically, mentally, emotionally and intellectually willing and able to accept, and does hereby clearly, unambiguously and explicitly accept, all risks, foreseen and unforeseen, associated with participating in the sport and the Bouts.

14.2 In consideration for the opportunity to participate in the Bouts, and with full knowledge and complete assumption of all the risks, Fighter, for himself, his heirs, assigns, executors and administrators ("**Releasing Parties**") hereby irrevocably agrees that the Releasing Parties will not sue or claim against ZUFFA or any of its parents, subsidiary entities, affiliates, sponsors, successors and assigns, and the respective directors, officers, members, managers, employees, agents, contractors, partners, shareholders and representatives, in their individual, personal and representative capacities for each of the foregoing entities ("**Released Parties**") for any injury, illness, damage, loss or harm to Fighter or Fighter's property, or Fighter's death or disability, howsoever caused, resulting or arising out of or in connection with Fighter's preparation for, travel for, participation and appearance in, any UFC promotional events, the Bouts, the Pre-Bout Events and the Post-bout Events or any activities associated therewith.

14.3 In consideration for the opportunity to participate in the Bouts, and with full knowledge and complete assumption of all risks, the Releasing Parties hereby forever voluntarily release, discharge, waive and relinquish any and all, past, present and future, claims and causes of action, specifically including any claims based on negligence or gross negligence, that they may have against the Released Parties, as the result of any injury, illness, damage, loss or harm to Fighter or Fighter's property, or Fighter's death or disability, howsoever caused, resulting or arising out of or in connection with Fighter's preparation for, travel for, participation and appearance in any UFC promotional events, the Bouts, the Pre-Bout Events and the Post-Bout Events or any activities associated therewith. Furthermore, the Releasing Parties hereby irrevocably and unconditionally consent and agree that any insurance proceeds and benefits provided by ZUFFA hereunder shall be the only benefits the Releasing Parties may claim or

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receive from Released Parties for any injury, including death, relating to any and all of Fighter's services under this Agreement.

ARTICLE XV
INDEMNIFICATION

15. Fighter shall indemnify, defend and hold harmless ZUFFA, its subsidiaries, affiliates and sponsors, and each of their members, managers, directors, officers, employees, representatives, agents and contractors from and against any claims, actions, proceedings, expenses (including attorneys' fees of counsel of indemnified party's choice, as and when incurred) and damages arising from or relating to any negligent or intentional acts or omissions by Fighter or any of Fighter's Affiliates or the breach of any of Fighter's representations, warranties or covenants contained herein or within any Bout Agreement.

ARTICLE XVI PROHIBITION ON USE
OF INTELLECTUAL PROPERTY
RIGHTS

16.1 Unless Fighter receives prior written approval from ZUFFA, Fighter shall not utilize any of ZUFFA's intellectual property rights, including, but not limited to, the names and marks "Ultimate Fighting Championship," "UFC," the "Octagon," "Ultimate Fighting," "Ultimate Fighter," and any logos, pictures or other representations of ZUFFA's intellectual property. Without limiting the scope of this prohibition, Fighter expressly agrees that he may not refer to himself as a "UFC Champion"; "former UFC Champion"; "UFC Star"; "UFC Superstar"; "UFC Fighter" or utilize any of ZUFFA's intellectual property in describing or referring to himself without the express written consent of ZUFFA. Further, Fighter expressly agrees not to use a UFC championship belt without the prior written approval of ZUFFA, and further agrees that any such belt he obtains is on loan and will at all times remain the property of ZUFFA. Upon ZUFFA's written request, the belt must be returned within forty-eight (48) hours to ZUFFA at Fighter's expense. Additionally, Fighter expressly acknowledges and agrees that ZUFFA is not a sanctioning organization and Fighter does not possess and cannot assert any property right or similar legal interest in the UFC Title or in being a UFC Champion.

16.2 Fighter shall not utilize the intellectual property rights of any of ZUFFA's sponsors, including, without limitation, any logos, pictures or other representations of such intellectual property.

ARTICLE XVII
ASSIGNMENT

17.1 ZUFFA shall have the absolute right to assign, license, or transfer any or all of the rights granted to it hereunder, including, but not limited to, the right to co-promote any Bout in association with any one or more persons or entities of its choosing. ZUFFA may assign any of its respective obligations hereunder without Fighter's consent.

17.2 The rights and obligations of Fighter arising from this Agreement and any Bout Agreement are personal to Fighter and the benefits and the duties of Fighter hereunder may not be assigned, pledged or transferred for any reason.

ARTICLE XVIII
OTHER ACTIVITIES OF ZUFFA

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18.1 Nothing herein shall prevent ZUFFA from engaging in promotional activities for any other professional fighter, including others in the same weight class as Fighter, or any other activities, whether related or unrelated to the subject matter of this Agreement.

18.2 Nothing herein shall prevent Fighter from engaging in any other business, trade, profession or other activity; provided that such other business, trade, profession or other activity does not involve the Fighter engaging in mixed martial arts contests or any other activity prohibited under this Agreement, and does not interfere with the Fighter's training or performance.

ARTICLE XIX
INTENT IN SIGNING

19. Fighter acknowledges that his execution of this Agreement is for the purpose of obtaining the promotional services of ZUFFA upon the terms and conditions of this Agreement and that Fighter has not been required to sign this Agreement or to grant any of the Rights as a condition precedent to Fighter's participation in any professional mixed martial arts contest against another fighter who has granted promotional or ancillary rights to ZUFFA.

ARTICLE XX INDEPENDENT
CONTRACTOR STATUS

20.1 Nothing contained in this Agreement shall be construed to make Fighter an employee of ZUFFA or to appoint ZUFFA as Fighter's agent, and ZUFFA shall have no financial interest (other than offset rights) in compensation payable to Fighter for engaging in any Bout hereunder. It is intended that Fighter shall remain an independent contractor, responsible for his own actions, expenses and any local, state, federal or international taxes, including, but not limited to, the engagement, discharge, benefits and costs of all of Fighter's Affiliates, and training facilities, equipment, professional memberships, sanctioning fees, medical expenses, social security taxes, Federal Insurance Contributions Act (FICA) taxes, and Federal Unemployment Tax Act (FUTA) taxes.

20.2 Fighter shall not be eligible under this Agreement to participate in any vacation, group medical or life insurance, disability, profit sharing or retirement benefits or any other fringe benefits or benefit plans offered by ZUFFA to its employees and ZUFFA shall not be responsible for withholding or paying any income, payroll, Social Security or other federal, state or local taxes, making any insurance contributions (except as provided herein) including unemployment or disability, or obtaining workers' compensation insurance on Fighter's behalf. Fighter shall be responsible for, and shall indemnify ZUFFA against, all such taxes or contributions, including penalties and interest. Any persons employed by Fighter in connection with the performance of the services provided by Fighter hereunder shall be employees of Fighter and Fighter shall be fully responsible for such persons.

ARTICLE XXI COMMERCIAL
IDENTIFICATION

21.1 Fighter covenants and agrees that no wording, symbols, pictures, designs, names or other advertising or informational material (i) for any beer, alcohol, beverage company, tobacco, casino or gaming company, media company (including, but not limited to, HBO, ABC, SNI, ESPN, Spike, any Viacom owned network and any Internet related company); (ii) of any sponsor in conflict or competition

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with ZUFFA or any of ZUFFA's sponsors; (iii) of any sponsor causing injury to the reputation of ZUFFA or ZUFFA's sponsors or their respective officers and owners; or (iv) which has not been pre-approved in writing by ZUFFA shall appear on the trunks, gloves, robe, shoes or any other part of the costume or the body (including by use of temporary or henna tattoos) of Fighter or any of Fighter's Affiliates during or at any Bouts, Pre-Bout Events or Post-Bout Events. For the avoidance of doubt, all sponsorship and endorsement approvals shall be at ZUFFA's sole discretion. Fighter further covenants and agrees to only use the gloves approved and supplied by ZUFFA.

21.2 Notwithstanding the foregoing, ZUFFA shall have the right to include any advertising or other informational material of ZUFFA, ZUFFA's sponsors or other entities designated by ZUFFA on the trunks, gloves, robe, shoes, regalia or any other part of the costume of Fighter or any of Fighter's Affiliates during or at any Bouts, Pre-Bout Events or Post-Bout Events.

21.3 For television purposes, Fighter must be clearly distinguishable. Therefore, Fighter shall provide one (1) pair of dark-colored trunks and one (1) pair of light-colored trunks for each Bout. If it is necessary to distinguish Fighter from his opponent, ZUFFA shall have sole discretion to require Fighter to wear either the dark-colored or light-colored trunks.

ARTICLE XXII
CONFIDENTIALITY

22.1 Fighter shall not disclose to any third party (other than his agents and professional advisors, in their capacity as such, on a need-to-know basis), any information with respect to the terms and provisions of this Agreement or any Bout Agreement except: (i) to the extent necessary to comply with law or the valid order of a court of competent jurisdiction, in which event Fighter shall notify ZUFFA as promptly as practicable (if possible, prior to making such disclosure) and shall seek confidential treatment of such information, (ii) as part of normal reporting or review procedure to Fighter's lenders, auditors, attorneys and similar professionals, provided that such lenders, auditors and attorneys and similar professionals agree to be bound by the provisions of this section; and (iii) in order to enforce Fighter's rights pursuant to this Agreement or any Bout Agreement, in which case Fighter agrees to enter into a confidentiality agreement for all such proceedings.

22.2 ZUFFA shall have the sole right to determine the timing and content of and to make any press announcements and other public statements regarding this Agreement.

22.3 ZUFFA shall have the sole right to file this Agreement with any applicable athletic or fighting commission and world sanctioning bodies.

ARTICLE XXIII
FURTHER ASSURANCES

23.1 Fighter shall execute any and all additional documents or instruments necessary or desirable to effectuate the provisions of this Agreement, including, but not limited to, Bout Agreements and Standard Fighter Contracts or any other document required by ZUFFA, the Athletic Commission, any local governmental authority with jurisdiction over any Bout and the world organization(s) sanctioning any Bout, if applicable. No party hereto shall take any action or fail to take any action which action or failure shall frustrate the purposes of this Agreement and the benefits contemplated hereby.

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23.2 Fighter shall be solely responsible for obtaining all necessary documentation, including any work visas, to lawfully permit Fighter and Fighter's Affiliates to participate in all Bouts. Fighter shall provide copies of all such documentation to ZUFFA no less than thirty (30) days prior to any Bout. Fighter's failure to obtain or provide such documentation shall constitute grounds for ZUFFA, at its election, to (i) obtain the required documentation and deduct the costs thereof from Fighter's Purse, (ii) cancel Fighter's participation in the Bout, without any compensation due to Fighter for said Bout, and extend the Term for a period four (4) months; (iii) declare that ZUFFA has satisfied its obligation to promote one (1) of the Bouts to be promoted by ZUFFA hereunder, without any compensation due to Fighter for said Bout; or (iv) provide Fighter with notice of an Acceleration.

ARTICLE XXIV
NOTICES

24.1 Any notice or other communications given or sent pursuant to this Agreement shall be in writing and shall be deemed given when (i) personally delivered; (ii) delivered by confirmed facsimile transmission; (iii) three (3) days following the date such notice is mailed postage paid by registered or certified mail, return receipt requested; or (iv) to Fighter, delivered by confirmed electronic means (electronic mail), to the respective addresses indicated below or any address subsequently provided to ZUFFA:

To ZUFFA:
Dana White, President
ZUFFA, LLC
2960 W. Sahara Ave.
Las Vegas, Nevada 89102
Fax: (702) 221-4703

To Fighter:
Eddie Alvarez

Email:

With a copy to:
Kirk D. Hendrick, Chief Legal Officer
ZUFFA, LLC
2960 W. Sahara Ave.
Las Vegas, Nevada 89102
Fax: (702) 914-0200

With a copy to:

Email:

24.2 Any party may change its address for notice purposes by providing notice of such change of address in accordance with this section.

ARTICLE XXV
CHOICE OF LAW/EXCLUSIVE JURISDICTION AND VENUE

25.1 This Agreement has been delivered at and shall be deemed to have been made at Las Vegas, Nevada, and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the State of Nevada.

25.2 ZUFFA and Fighter hereby (a) expressly consent to the exclusive personal jurisdiction and venue of the state and federal courts located in Clark County, Nevada for any action brought by either party to interpret or enforce any provision of this Agreement and (b) agree not to assert (by way of

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motion, as a defense or otherwise) that such legal proceeding has been brought in an inconvenient forum. The undersigned, by execution and delivery of this Agreement, expressly and irrevocably consent to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to such party by hand or by certified mail, delivered or addressed to the address set forth in this Agreement.

ARTICLE XXVI
 MISCELLANEOUS PROVISIONS

26.1 If any provision of this Agreement is found to be illegal, invalid, or unenforceable as to any circumstance, such finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. Rather, the offending provision shall be considered modified so that it becomes legal, valid and enforceable, or, if not capable of such modification, shall be considered deleted. The illegality, invalidity, or unenforceability of any provision shall not affect the legality, validity, or enforceability of any other provision of this Agreement.

26.2 No waiver by any party of any breach or default hereunder shall be deemed to be a waiver of any preceding or subsequent breach or default. All waivers must be in writing, specify the breach or default concerned and be signed by the party against whom the waiver is sought to be enforced.

26.3 In the event either party engages counsel in connection with the enforcement or interpretation of this Agreement or any provision hereof or the resolution of any dispute arising from or related to this Agreement, the prevailing party shall be entitled to recover from the other party its attorneys' fees and costs, regardless of whether or not an action is filed.

26.4 The provisions of this Agreement are for the exclusive benefit of the parties hereto and their permitted successors and assigns, and no third party shall be a beneficiary of or have any rights under this Agreement, regardless of whether or not such third party is referred to herein.

26.5 Other than any Bout Agreement or Standard Fighter Contract which may be entered into by the parties pursuant to the terms of this Agreement, this Agreement sets forth and integrates the entire understanding between Fighter and ZUFFA, and supersedes any and all prior or contemporaneous written or oral agreements or representations between the parties with respect to the subject matter hereof.

26.6 This Agreement may not be altered, amended or discharged, except by a subsequent writing signed by the parties hereto.

26.7 This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument. Facsimile signatures shall be as effective as originals.

26.8 Descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement and shall not be considered for purposes of its interpretation. The parties agree that they have equally participated in the negotiation of the terms and conditions in this Agreement, and therefore any ambiguities shall be resolved without reference to which party may have drafted all or any provision herein.

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ARTICLE XXVII
MEDICAL TESTING

27. FIGHTER SHALL COMPLETE A FULL PHYSICAL MEDICAL EXAMINATION AND UNDERGO TESTING AND RECEIVE AFFIRMATIVE CLEARANCE THEREFROM PRIOR TO EACH BOUT INCLUDING, BUT NOT LIMITED TO THE FOLLOWING: CBC, HEPATITIS B, HEPATITIS C, HIV, RH AND BLOOD TYPE, RPR, PT, PTT, URINALYSIS WITH DRUG SCREENING, EKG, CT SCAN, MRI, DIALATED OPHTHALMOLOGICAL EXAM, AND SUCH OTHER TESTING AS ZUFFA OR THE ATHLETIC COMMISSION MAY REQUIRE. THE MEDICAL EXAMINATION SHALL BE PERFORMED BY A NEUTRAL MEDICAL SERVICE PROVIDER DURING THE THIRTY (30) DAY PERIOD IMMEDIATELY PRECEDING THE DATE OF EACH BOUT. THE REPORT OF THE MEDICAL EXAMINATION OF FIGHTER CONTAINING THE RESULTS OF THE EXAMINATION AND TESTS SHALL BE DELIVERED TO ZUFFA NO LESS THAN TWENTY-ONE (21) DAYS PRIOR TO ANY BOUT AND MUST NOT CONTAIN ANY RESTRICTIONS ON FIGHTER'S ABILITY TO COMPETE. ALL COSTS ASSOCIATED WITH THE MEDICAL EXAMINATION AND TESTS SHALL BE PAID BY FIGHTER.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below, the later of which shall be the Effective Date of this Agreement.

ZUFFA, LLC

FIGHTER

Signature: _____

Signature: _____

Printed Name: Dana White

Printed Name: Eddie Alvarez

Title: President

Social Security No.: _____

Date: _____

Date: _____

Passport No.: _____

Passport Expiration Date: _____

APPROVED BY:

Signature: _____
Kirk D. Hendrick
Chief Legal Officer



November 14, 2012

CONFIDENTIAL

Eddie Alvarez

RE: SIGNING BONUS

Dear Eddie:

Upon execution of the Promotional and Ancillary Rights Agreement (the "Agreement") between Zuffa, LLC ("Zuffa") and yourself ("Fighter") and the promotional and sponsorship activities to be performed as well as the grant of ancillary rights identified in the Agreement, Zuffa shall pay to you Two Hundred Fifty Thousand Dollars (US \$250,000.00), payable, via check, in the amount of Eighty-Five Thousand Dollars (US \$85,000.00), less all permissible or required deductions, following the completion of each of the first two (2) Bouts and Eighty Thousand Dollars (US\$80,000.00), less all permissible or required deductions, following the completion of the third Bout, during the term of the Agreement.

It is agreed and understood that in the event of an Acceleration, as defined in the Agreement, prior to the completion of the fourth Bout, as contemplated by the Agreement, Zuffa shall pay Fighter the remainder of this signing bonus owed hereunder.

Sincerely,

Dana White
President

ACKNOWLEDGED AND ACCEPTED BY:

Eddie Alvarez

UFC.COM

1157644.1

ZUFFA, LLC. P.O. BOX 26959 LAS VEGAS, NV 89126-0959



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UFC NEWS UFC EDITORIAL MMA EDITORIAL

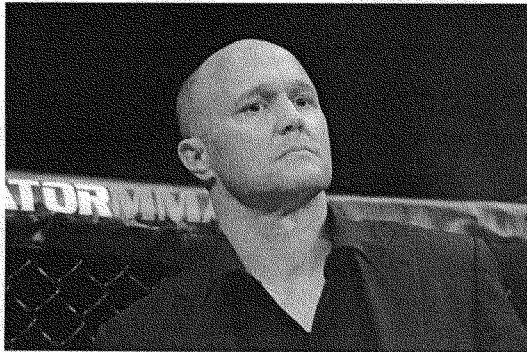
UFC antitrust lawsuit: Inside Bellator's contracts and the effect on plaintiff fighters

51

Bloody Elbow's resident economist and former antitrust practitioner shares Eddie Alvarez's Bellator and UFC contracts, and takes readers through some comparisons plaintiffs and the defense will likely make in the antitrust lawsuit.

by Paul Gift | @MMAanalytics | Mar 4, 2015, 12:00pm EST

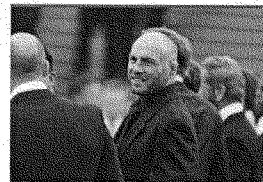
TWEET SHARE PIN REC



Jayne Kamin-Oncea-USA TODAY Sports

Many media and fight fans know that **Eddie Alvarez's** 2012 UFC contract is in the public domain as part of Bellator's lawsuit against him in January 2013. Bellator's contractual match is effectively public as well, since its attorney admitted in an e-mail, "...we copied the Zuffa contract..." There are even court filings of a draft contract with "UFC" and "Zuffa" simply crossed out at every occurrence and replaced by "Bellator."

TRENDING



Congressman: UFC tried to influence witness list, threatened to walk if Couture speaks

Bellator's initial complaint contained Alvarez's complete UFC contract and, for obvious reasons, only limited excerpts of his Bellator contract. But only a few short weeks later Bellator needed to prevent Alvarez from obtaining an injunction which would free him to fight for the UFC that coming April. Bellator filed a brief and, low and behold, one of the appendices contained Alvarez's complete 2008 contract.

Why does this matter? First, to my knowledge it's the first time a complete Bellator fighter contract has been made public. It didn't get picked up by the media a couple years ago like Alvarez's UFC contract, I'm guessing, because the filing was somewhat under the radar and not central to the case.

Second, the UFC is presently being sued by current and former fighters for anticompetitive practices via "**an illegal scheme** to eliminate competition from would-be rival MMA Promoters by systematically preventing them from gaining access to resources critical to successful MMA Promotions, including by imposing extreme restrictions on UFC Fighters' ability to fight for would-be rivals during and after their tenure with the UFC." Put in English, they claim strict UFC contract terms keep fighters away from rival MMA promotions, thereby foreclosing other promoters and enabling the UFC to maintain and enhance its monopoly/monopsony power.

As someone who's provided expert witness support for antitrust cases before (including what was at the time the largest antitrust case in U.S. history), one of the things we often see in these situations is the two sides checking if other competitors have undertaken similar actions to the ones that are allegedly anticompetitive.

If competitors consistently use similar strategies, the defense will argue this is evidence the actions in question aren't monopolistic, but competitive. If they don't, plaintiffs will argue this supports the notion the actions were anticompetitive.

Another defense tactic is to look back at what was being done at times when most would agree the market was competitive. If all players were using allegedly anticompetitive tactics when the market was competitive, there must be strong legitimate business reasons for the tactics beyond just monopolization.

In the present UFC antitrust lawsuit, the plaintiff fighters almost as much as admitted the **MMA output and input markets were competitive in 2006** in their complaint. The UFC owns the contracts of Pride, Strikeforce, EliteXC and others from around that time and you can be sure its legal team (and eventually the fighters' legal team through discovery) will review them to gather evidence on the contractual terminology used by competing promotions.

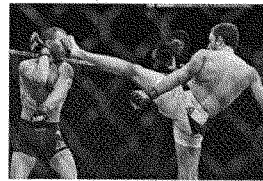
If we try to walk into the UFC's corporate offices to examine the contracts ourselves, we'll get **tased bro** faster than **Ronda Rousey** can rip off **Cat Zingano's** arm. Thanks to Eddie Alvarez, we at least have one real contract from Bellator and the UFC to compare. It would be nice to have numerous



Nick Diaz: Nate was smoking kush, not CBD oil at UFC 202 presser



Paulie Malignaggi tells McGregor 'You are going to be apologizing'



Ryan Hall's UFC performance frustrates and amazes simultaneously



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contracts from 2006 and earlier as well as from the 2010-2014 class period, but that's not the world we live in. We'll scour through both contracts to see if the UFC was the only MMA promotion using the contractual language to which the fighters object or if competitors employed the same or similar language. It's a good bet this same exercise will be done in the future by both sides.

We won't touch on pay issues as **MMA Payout covered pay in the standard Bellator contract in 2009**. But it should be noted Alvarez had two special addenda in his contract relating to pay: a \$150,000 signing bonus and PPV points of \$1 over 80,000 buys and \$2 over 150,000.

If you'd like to follow along yourself or search for anything I might miss, here are PDFs of Alvarez's **2008 Bellator contract** and **2012 UFC contract**. Both were obtained from PACER. If you find any meaningful differences or similarities not mentioned below, share them in the comments.

For a refresher on the key elements of the fighters' case, see the **complaint itself**, my **detailed dissection** of the complaint or the **UFC's motion to dismiss**. In what follows, I'm simply ticking down the items listed in page 35-37 of the fighters' complaint.

Exclusivity Clause

The plaintiffs take issue with the restrictive provision of exclusivity "which binds UFC Fighters into a restricted relationship with the UFC and prohibits them from appearing in bouts televised or organized by actual or potential rival promotions." Here are the UFC and Bellator clauses:

UFC

The Fighter hereby grants to ZUFFA the exclusive unrestricted worldwide right to secure, promote, arrange and present any and all mixed martial arts contests to be engaged in by Fighter during the Term and any Extension Term...

During the Term, ZUFFA shall have the exclusive right to promote all of Fighter's bouts and Fighter shall not participate in or render his services as a professional fighter or in any other capacity to any other mixed martial art, martial art, boxing, professional wrestling, or any other fighting competition or exhibition, except as otherwise expressly permitted by this Agreement.

Bellator

...FIGHTER hereby grants to PROMOTER the exclusive unrestricted worldwide rights to secure, promote, arrange, present, coordinate, create and produce all MMA, martial arts and unarmed combat contests to be engaged in by FIGHTER during the term of this Agreement and any extensions thereof.

During the term, PROMOTER shall have the exclusive right to promote all of FIGHTER's bouts and Fighter shall not participate in or render his services as a professional fighter or in any other capacity to any MMA, boxing, martial art, professional wrestling, or any other fighter competition or exhibition, except as otherwise expressly permitted by PROMOTER.

These clauses are almost verbatim identical. Initially, it seemed Bellator's could be more restrictive as they forbid fighters from martial arts competitions in the first paragraph, but the UFC has the same restriction, just moved to the second paragraph.

Exclusivity would appear to be a wash between the UFC and Bellator, except Alvarez negotiated a contractual addendum for the ability to participate in three bouts outside of the agreement, two with Dream and one with **Extreme Challenge**. The exception was limited in that the Extreme Challenge bout had to occur within three months and both Dream bouts were subject to Bellator's pre-approval which could be withheld at Bellator's discretion. This led to bouts with **Shinya Aoki** and **Katsunori Kikuno** while Alvarez was under contract with Bellator.

So we're left with exclusivity being a wash in the *standard* contract language of the UFC and Bellator. The size and scope of any exceptions would be examined in any thorough analysis by either side.

Another point the UFC might raise is that competing MMA promotions don't only sign exclusives with fighters but also with other independent contractors such as television producers. This is from the Bellator contract of Eric Talent in *Bellator Sport Worldwide v. Eric Talent (2012)*.

(a) Title: Senior Coordinating Producer

(b) Exclusivity: Eric shall be permitted to work for third parties during all periods of service defined herein, except that Eric shall be exclusive to Bellator for "combat sports."

Champion's Clause

The fighters claim the Champion's clause "allows the UFC to extend a UFC Fighter's contract for as long as the athlete is a 'champion' in his or her weight class, preventing the Fighter from financially benefiting from his or her 'championship' status by soliciting competing bids from other MMA Promotions even after the end of his or her original UFC contract term." Here are the UFC and Bellator clauses:

UFC

If, at the expiration of the Term, Fighter is then a UFC champion, the Term shall automatically be extended for the period commencing on the Termination Date and ending on the later of (i) one (1) year from the Termination Date; or (ii) the date on which Fighter has participated in three (3) bouts promoted by ZUFFA, regardless of weight class or title...

Bellator

If, at any time during the Term, FIGHTER is declared the champion of his weight class, a Tournament winner, or a Tournament runner-up, the Term shall be automatically extended for a period commencing on the Termination Date and ending on the earlier of (i) eighteen (18) months from the Termination Date, or (ii) the date in which FIGHTER has participated in three (3) bouts promoted by PROMOTER following the Termination Date...

Bloody Elbow's John Nash reported last year that at some point Bellator also added an **option clause** allowing them to tack on an additional bout if a fighter is champion at the end of his contract. Option bouts for champions could potentially be added five or more times.

We're left with a UFC extension being triggered for one year or three fights upon being a champion at the end of one's contract. A Bellator extension was triggered for eighteen months or three fights for being a champion, tournament winner or tournament runner-up at *any time during one's contract*. Bellator seems to be more restrictive than the UFC, and this is the type of evidence wouldn't do the plaintiffs any favors in their lawsuit. But we could also be in for a legal word-parsing battle here about whether certain extensions can be triggered only once or multiple times.

Right to Match

Plaintiffs argue Right to Match clauses "...grant the UFC the option to match the financial terms and conditions of any offer made to a UFC Fighter for an MMA bout even after the Fighter's contract has expired." They go on to claim any offer would be artificially suppressed since fighters don't own their ancillary rights, but ancillary rights are a separate issue. Here are the UFC and Bellator Right to Match clauses:

UFC

During the one (1) year period after conclusion of the Term for any reason whatsoever

(the "Matching Period"), ZUFFA shall have the option to match the financial terms and conditions of any offer made to Fighter for an Other Bout as defined in Section 3.6 of this Agreement...Prior to acceptance of any Offer made during the Matching Period, Fighter shall first deliver to

ZUFFA a written notice of all material financial terms and conditions of the offer, including, but not limited to, the identity of the promotional entity making the offer. Such notice shall constitute an exclusive, irrevocable offer (the "Fighter Offer") to contract with ZUFFA on the same financial terms and conditions.

Bellator

Upon expiration of the Term, FIGHTER agrees to negotiate exclusively and in good faith with PROMOTER regarding the extension or renewal of the Term for a period of ninety (90) days following the expiration of the Term.

In the event no such agreement is reached between FIGHTER and PROMOTER during the aforementioned ninety (90) day period, FIGHTER may negotiate with other promotional entities, subject to PROMOTER's right to match the terms of any agreement offered to FIGHTER by such other promotional entity. PROMOTER's right to match shall begin at the end of the ninety (90) day period and last for one (1) year.

FIGHTER shall provide PROMOTER with prompt written notice of any such offer, containing full details in regards thereof. Such notice shall constitute an exclusive, irrevocable offer to contract with PROMOTER on the same terms and conditions.

What do you think? They look pretty similar except Bellator's are again more restrictive. Both promotions have one-year matching periods but Bellator first has 90 days of exclusive negotiation. Remember, these are sample contracts so it's possible the UFC typically includes an exclusive negotiation period but chose not to do so this time.

Things that could hurt the plaintiffs even more are documented statements under oath from other fight promoters. The Bellator/Alvarez case alone produced two statements on the legitimate business justifications of rights to match.

Bjorn Rebney (CEO of Bellator):

Provisions of this nature are very common in the field of Combat Sports. Promoters at the level of Bellator (and for that matter, its competitor, Zuffa) often spend a great deal of money promoting fighters and in building their careers. MMA Promoters not only promote events; they promote fighters. As noted, and only as an example, Mr. Alvarez has been paid approximately Eight Hundred Thirty-Five Thousand Dollars (\$835,000.00) by Bellator, and the public relations capital Mr. Alvarez has received from his time with Bellator has both a monetary component (which I cannot at this time estimate but is very significant) and a

reputational component which is very important from a promotional perspective.

Clauses in promotional agreements such as [right of first refusal] are a common compromise between the option of forging a longer promotional contract with a fighter and executing a shorter contract that allows fighters to simply leave at the end of specified term to the detriment of the promoters who effectively built their careers.

Kathryn Duva (CEO of Main Events Promotions):

"Right to match" clauses are standard in the contracts of fight promoters. Promoters, often expend a great deal of money to develop fighters' careers and the purpose of a "right to match" clause is to protect the promoter from losing the services of the fighter it has expended resources to develop if material terms are matched.

Ancillary Rights Clause

The plaintiffs claim Zuffa's Ancillary Rights Clause "grants the UFC exclusive and perpetual worldwide personality and Identity rights not only of the UFC Fighter, but of 'all persons associated with' the athlete in any medium...and for all other commercial purposes, thus preventing MMA Fighters from financially benefiting from the reputations that they built during their MMA careers even after death, and locking UFC Fighters out of revenues generated by the exploitation of their Identities, including after the term of the contract."

This section's a bit more difficult as ancillary rights clauses are long and convoluted. There eventually will be legal wrangling as to their meaning. I'll try to summarize as best I can without being overwhelming. Those who are particularly interested should read the contracts themselves.

UFC

Fighter hereby grants to ZUFFA the exclusive worldwide right to use, display...the name, sobriquet, image, likeness...material of Fighter and all persons associated with Fighter, in any medium in connection with...the UFC brand and each Bout...

The expiration or earlier termination of the Term...or the death or incapacity of the Fighter, shall not affect or terminate the grant of the Ancillary Rights or any of the other general or specific provisions of this Agreement, all of which shall survive any such expiration, termination, Acceleration, death or incapacity.

Bellator

FIGHTER hereby grants to PROMOTER the exclusive unrestricted worldwide rights to the following ancillary rights...which shall include the unrestricted right to fully exploit, use, profit, disseminate...FIGHTER's names, images, likenesses...and shall include all persons associated or affiliated with FIGHTER, including FIGHTER's trainers and seconds.

The expiration of the Term shall not affect or terminate the grant of Ancillary Rights or any of the general or specific provision of this Agreement which shall survive any such expiration or termination...The termination of this Agreement or the expiration of the Term shall not serve to affect or terminate the Ancillary Rights granted under this Agreement, as they shall survive any such termination, expiration or acceleration and this Agreement shall remain in full force and effect with respect thereto.

I've only pulled a little from each section, trying to focus on the heart of the fighters' allegation above. The wording isn't the same but both promotions appeared to have worldwide exclusivity with rights lasting past expiration of the Term. The UFC also threw in death and incapacity for good measure. This whole section is another area where lawyers will parse words and meaning.

Bellator had two other clauses that may not end up relevant to the case but stand out as markedly different. It had the right to register the fighter "as one or more domain names" and utilize and own them during the term of the contract without restriction, and the right to register a trademark for a fighter's "name, stage name, Identity, or any other feature of FIGHTER..."

Promotion Clause

Fighters claim Zuffa "...requires UFC Fighters to attend, cooperate and assist in the promotion of bouts in which they fight and, as required by the UFC, any other bouts, events, broadcasts, press conferences and sale of merchandise, for no additional compensation." Here are the UFC and Bellator clauses:

UFC

Fighter shall cooperate and assist in the advertising, publicity, and promotion of (i) the Bouts, (ii) any and all rebroadcast of the Bouts in any media whatsoever, (iii) other UFC bouts, (iv) other UFC events and broadcasts, and (v) the sale of UFC merchandise, including making appearances at a reasonable number of press conferences, interviews and other sponsorship and promotional activities (any of which may be telecast, broadcast, recorded or filmed) at times and places reasonably designated by ZUFFA, without additional compensation therefore.

Bellator

FIGHTER shall cooperate and assist in the advertising, publicity, and promotion of (i) the Bouts and/or Tournaments, (ii) any and all rebroadcast of the Bouts and/or Tournaments in any media whatsoever, (iii) other bouts of PROMOTER, (iv) any other exploitation by PROMOTER resulting from the grant of Promotional Rights and Ancillary Rights.

FIGHTER's cooperation and assistance shall include but not be limited to making appearances at such reasonable number of press conferences, interviews, appearances, and other sponsorship and promotional activities...as PROMOTER may designate, without additional compensation therefore.

In both companies, fighters were expected to cooperate with publicity for no additional compensation (other than travel, hotel and meal expenses). The UFC expected fighters to cooperate with the sale of UFC merchandise but that might also be captured as "any other exploitation by PROMOTER" in Bellator's contract. Overall, the clauses look very similar.

Retirement Clause

The fighters claim the Retirement Clause "...gives the UFC the power 'to retain the rights to a retired fighter in perpetuity.'" Here are the UFC and Bellator clauses:

UFC

If at any time during the Term, Fighter decides to retire from mixed martial arts or other professional fighting competition or is permanently disabled, then ZUFFA may, at its election, (i) suspend the Term for the period of such retirement or disability; (ii) declare that ZUFFA has satisfied its obligation to promote all future Bouts to be promoted by ZUFFA hereunder, without any compensation due to Fighter therefor; or (iii) elect to provide Fighter with notice of an Acceleration.

Bellator

If at any time during the Term, FIGHTER decides to retire, PROMOTER may, at its election, suspend the Term for the period of such retirement.

Both promotions could suspend a fighter's contract due to retirement. The UFC could also terminate or accelerate the contract, but with regard to the fighters' stated concern of retaining rights in perpetuity, both promotions had that ability.

Tolling Provisions

The plaintiffs argue Zuffa had the ability to "...extend the term of the UFC Fighter's contract during periods when he or she is injured, retired, or otherwise declines to compete, thus virtually prohibiting even disgruntled athletes from sitting out the term and signing with a would be rival promoter." Now, I'm pretty sure that's exactly the point of such contract terms, but let's see what each promotion did in this regard.

UFC

The length of time for ZUFFA to provide Fighter with the minimum number of Bouts...shall be extended for six (6) months or any period of time that Fighter is unable or unwilling to compete, whichever is greater. Such extension shall include, without limitation, any time periods when Fighter is disabled, sick or injured for any reason; incarcerated; suspended or revoked by an Athletic Commission; has his ability to travel restricted by a governmental agency or is otherwise unable, unwilling or refuses to compete or train for a Bout for any reason whatsoever, including, without limitation, not approving of an opponent designated by ZUFFA...

Bellator

The respective lengths of time to provide FIGHTER with the minimum number of Bouts shall be extended, (i) that period of time that FIGHTER is unable or unwilling to compete, or (ii) for a period of six (6) months, whichever is longer. Such extension shall include without limitation, any time periods when FIGHTER is disabled, sick or injured for any reason, incarcerated, suspended or revoked by a Commission, has his ability to travel restricted by a recognized governmental agency or is otherwise unable, unwilling or refuses to compete or train for a Bout for any reason whatsoever.

These look mighty similar. The only additional provision on the UFC side is a contract extension for the length of time a fighter serves as coach on *The Ultimate Fighter*.

Sponsorship and Endorsement Clause

The Fighters claim Zuffa has "...sole discretion over all sponsorship and endorsement approvals. In effect, the Sponsorship and Endorsement Clause requires the approval of the UFC before an entity can contract with a UFC Fighter to sponsor or endorse the entity's product or service during any UFC events."

UFC sponsorship restrictions will obviously change with the Reebok exclusive partnership set to begin this July. But the contractual language during the 2010-2014 class period and earlier is what will be relevant to this case. Here are the UFC and Bellator clauses:

UFC

Fighter covenants and agrees that no wording, symbols, pictures, designs...(i) for any beer, alcohol, beverage company, tobacco, casino or gaming company, media company (including, but not limited to, HBO, ABC, SNI, ESPN, Spike, any Viacom owned network and any Internet related company); (ii) of any sponsor in conflict or competition with ZUFFA or any of ZUFFA's sponsors; (iii) of any sponsor causing injury to the reputation of ZUFFA or ZUFFA's sponsors or their respective officers and owners; or (iv) which has not been pre-approved in writing by ZUFFA shall appear on the trunks, gloves, robe, shoes or any other part of the costume or the body (including by use of temporary or henna tattoos) of Fighter or any of Fighter's Affiliates during or at any Bouts, Pre-Bout Events or Post-Bout Events. For the avoidance of doubt, all sponsorship and endorsement approvals shall be at ZUFFA's sole discretion.

Bellator

FIGHTER agrees that no wording, symbol, picture, design...shall appear on his person, or upon trunks, robe, shoes, or other clothing worn by FIGHTER, his trainers, seconds or assistants during any Bout hereunder, without prior written approval of PROMOTER.

...FIGHTER shall not display any wording, symbol, picture design...during any Bout hereunder or at any activity sponsored by PROMOTER which; (i) is in conflict or competition with PROMOTER or any of PROMOTER's sponsors, (ii) is in conflict or competition with the requirements of any telecaster, (iii) represents any beer, alcohol, beverage, tobacco, casino, gaming or media company, (iv) may cause injury to the reputation of PROMOTER or its sponsors, or (v) is considered by PROMOTER, in its sole discretion, to be in bad taste.

Essentially, all sponsorship logos and designs must be pre-approved in writing by both promotions and each can approve or deny at its sole discretion. The UFC extends these restrictions to pre- and post-bout events.

I obtained a sample Strikeforce contract shortly before final submission of this piece. A cursory review revealed similar contractual exclusivity, a one-year extension if the fighter becomes champion at any point during the term, a 90-day exclusive negotiation period at contract expiration with a subsequent 180-day matching period, exclusive name, image and likeness rights in any medium in connection with Strikeforce in perpetuity, publicizing events with no additional compensation, the right to suspend or extend the term of the contract (for a maximum of five years) for fighter injury, retirement, refusal to fight an opponent or being unwilling to participate in unarmed combat, and written

approval of commercial endorsements that Strikeforce may withhold at its sole discretion.

There will probably end up being word-parsing battles, but one thing is clear. In these sample contracts, the UFC did not, on its face, have markedly different contractual language than Bellator and Strikeforce in the areas examined (except maybe Strikeforce's 180-day matching period). If this holds more broadly, expect the UFC defense team to latch on and not let go.

This is a small taste of what the legal teams and expert witnesses on both sides will try to do regarding the fighter contracts of different MMA promotions. Both sides should have the funding and the manpower to do a much more thorough job than this. Exhibits will be made regarding the number and percentage of competitor contracts that were fully exclusive, partially exclusive and non-exclusive. Similar work will likely be done regarding the Champion's Clause, ancillary rights, and all other pertinent clauses. This is legal and economic warfare, and we're just getting started.

Scott Coker's running the show now at Bellator and some of their business practices have changed, but remember the relevant contract analysis will cover the 2010-2014 class period and prior times when MMA markets were more uniformly agreed to be competitive.

Paul is an economics professor, former provider of expert witness support in antitrust cases and Bloody Elbow's analytics writer. Follow him @MMAanalytics.

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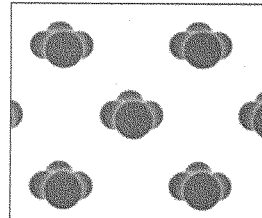
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