



TO: ALL PLAYERS

FROM: DEREK FISHER & BILLY HUNTER

DATE: October 05, 2011

RE: YESTERDAY'S BARGAINING SESSION

You likely have seen reports about yesterday's collective bargaining session and we wanted you to hear directly from us a brief account of what transpired and what we expect lies immediately ahead.

We were thankful to be joined yesterday by ten other players including Board members Matt Bonner, Keyon Dooling, Maurice Evans, Roger Mason Jr., and Theo Ratliff, together with Kobe Bryant, Kevin Garnett, Ben Gordon, Paul Pierce, and Amar'e Stoudemire. Before meeting with the group of 12 owners, we had a very spirited discussion in our own room as we reflected on the lessons learned over the past several years while preparing the players for this labor struggle. The overwhelming feeling was that the players are prepared to sacrifice and stand for what we believe is fair. The clear message we have received from the players, and the one we will heed, is not to back down.

Yesterday, the owners gave us an opportunity to back down. We refused.

As you know, we have two main issues in this negotiation: the system and the split. On

the system, we have fought to preserve our soft cap structure. After two years of hard cap proposals, the owners recently agreed to consider retaining a soft cap system. They have asked us to address their concerns that we (1) help to better match pay for performance and (2) improve competitive balance among the teams. We have discussed different ways to accomplish these objectives, and while we still maintain significant differences on these points, we believe that with some hard work and fresh thinking, our differences can be bridged. We will communicate more specifics on these points when we meet in our next player meeting.

Yesterday, however, was about the revenue split. The owners have long been pushing for significant economic relief and we have differences about the extent of the owners' losses. There have been numerous proposals to shift more dollars to the owners' side and help cover the increased cost of running this business. In our last formal proposal, we offered to reduce our share of BRI to 52.4%, and then gradually increase that percentage over the course of a six-year deal to 54%, yielding an average of 53%. This offer -- measured against our current system which guarantees us 57% of BRI -- shifts an average of \$185 million per year to the owners' side, for a total of \$1.1 billion over six years. We feel this offer -- which would involve no rollbacks of existing contracts and maintain the current Salary Cap and Luxury Tax levels -- is fair and addresses the owners' complaints.

The owners, on the other hand, have been in a far different place. Prior to yesterday, they had stood on an offer averaging 46% of BRI, rolling back this year's salaries and benefits to \$2 billion flat and growing very slowly over ten years. Yesterday, they hoped to exchange back and forth offers in an effort to bring our proposal as far down as possible. They began the day offering an increase of just over one point -- to an average of 47%. (They characterized the proposal as a 50-50 split, but with a new \$350 million expense deduction, their offer would actually result in the players receiving only 47% of current BRI.) This proposal would reduce our salaries and benefits in each of the next two seasons before allowing salaries to grow modestly over the next 10 years. We informed them, in no uncertain terms, that such an offer was unacceptable, and that we would not engage in this type of horse trading. We reminded them that we had already moved a significant way from our current 57% and would take a stand until they agreed to a fair deal.

As the day progressed, no further formal proposals were made. We held several small group sessions, in which we each explored different scenarios that we thought our respective sides might consider. During those talks, the owners suggested that they might consider a BRI split likely to yield the players 50% of current BRI. After seriously considering whether we should proceed down this path, our group determined not to do so. Recognizing all the owners' arguments about the state of the business and the condition of the economy, in our view, the owners can and should share more of the record revenues our players generate. Reducing our share of BRI by 7 points to 50% -- a level we have not received since the early 1990's -- is simply not a fair split. We refused to back down. As we have done since the beginning, we again indicated a willingness to compromise, and asked the owners to do the same. They refused.

As the day ended, each side felt that they had gone as far as they could. We will continue to review the numbers and assess the various proposals, but we will hold firm until we can get a fair deal. While this negotiation is far from over, we cannot now say when it will resume again in earnest. For today, the players made a stand. It was the right stand to make, for ourselves and for the generations of players to follow. Hard work and sacrifice by both sides will hopefully end this soon, and the owners will open the doors and let us come to work. In the meantime, we ask you to maintain the same strength and focus you have exhibited since the beginning. We must demonstrate our unity, especially as we expect the league to announce the cancellation of the first two weeks of the season next Monday if no further progress is made. The owners must know that the players are firm, educated and resolved to getting a fair deal.

We will continue to update you regularly. Tomorrow, we will send out word about a player meeting we are looking to schedule within the next week. Thank you for your support and best regards.

D.F. & G.W.H.

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