

**Redacted version of the Settlement Agreement with
FUTEBOL CLUBE DO PORTO – FUTEBOL, SAD (the “Club”)¹**

During the 2016/17 monitoring process the Chief Investigator of the UEFA Club Financial Control Body (CFCB) assessed the Club’s compliance with the provisions of the *UEFA Club Licensing and Financial Fair Play Regulations - Edition 2015* (the “UEFA CLFFPR”). His assessment concluded that the Club failed to comply with the monitoring requirements set out in Articles 53 to 68 of the UEFA CLFFPR and, in particular, the break-even requirement set out in Articles 58 to 64 of the UEFA CLFFPR.

On 9 June 2017, in accordance with Articles 14 (1) (b) and 15 of the *Procedural rules governing the UEFA Club Financial Control Body (Edition 2015)* (the “Procedural Rules”), the CFCB Chief Investigator and the Club agreed to enter into a Settlement Agreement.

With regard to Article 15 (1) of the Procedural Rules, the CFCB Chief Investigator, having consulted with the other members of the CFCB Investigatory Chamber and taking into account the factors referred to in Annex XI of the UEFA CLFFPR, considers that the circumstances of the present case justify the conclusion of a settlement because:

- Requirements and obligations can be included in a settlement that will bring the Club into compliance with the UEFA CLFFPR in the near future;
- The Club has already taken steps to bring itself into compliance with the UEFA CLFFPR; and
- The Club has presented a reasonable and realistic financial and business plan, which should lead the Club to comply with the UEFA CLFFPR by no later than 2020.

Further, in light of these circumstances, the CFCB Chief Investigator considers the Settlement Agreement to be effective, equitable and dissuasive for the purposes of Article 15 (1) of the Procedural Rules because:

- The Club’s satisfaction of the requirements and obligations voluntarily accepted by it in the Settlement Agreement will be “effective” in bringing the Club into compliance with the UEFA CLFFPR in the near future, thereby pursuing the

¹ pursuant to Article 14 (5) of the *Procedural rules governing the UEFA Club Financial Control Body – Edition 2015*

objectives of the UEFA CLFFPR without referring the case to the CFCB Adjudicatory Chamber.

- In particular, the obligations set out in the Settlement Agreement require the Club to achieve defined break-even results, limit the aggregate cost of its employee benefits expenses, limit its finance costs and achieve defined result from transfer activities, meaning that, provided other factors remain constant, the Club will no longer be in breach of the break-even requirement by the monitoring period covering the reporting periods ending in 2018, 2019 and 2020. These obligations are individually tailored to the situation of the Club.
- Further, the obligations set out in the Settlement Agreement limit the Club's ability to register newly signed players in UEFA club competitions, thereby keeping down the Club's expenditure and leading the Club into compliance with the UEFA CLFFPR.
- In addition, the obligation set out in the Settlement Agreement which requires the Club to submit progress reports allows UEFA to regularly monitor the Club's performance.
- Further, the Club remains subject to the monitoring requirements set out in Articles 53 to 68 of the UEFA CLFFPR throughout the Settlement Period and must comply with the operational and financial measures under the Settlement Agreement even if it does not qualify for UEFA club competitions.
- The obligations and requirements set out in the Settlement Agreement are "equitable" and consistent with the objectives of the UEFA CLFFPR.
- In particular, the Settlement Agreement gives the Club the opportunity, within an acceptable timeframe and without the need for more severe measures, to voluntarily comply with the UEFA CLFFPR by following a structured set of financial and sporting obligations which have been individually tailored to the situation of the Club and which will be monitored by UEFA.
- Further, the Settlement Agreement recognises that the Club has not complied with the UEFA CLFFPR, in contrast to most of the other clubs participating in UEFA club competitions. In this regard, one of the obligations set out in the Settlement Agreement requires the Club to make a financial contribution, meaning that the Club will not get the full benefit of its participation in UEFA club competitions. In addition, the obligations set out in the Settlement Agreement, which impose a defined personnel costs to revenue ratio and a target for the net result from transfer activities, the number of players that the Club may register on the List A and the Club's ability to register newly signed players in UEFA club competitions, put the Club at a disadvantage to those clubs participating in UEFA club competitions that have complied with the UEFA CLFFPR.
- The Settlement Agreement is "dissuasive" in that it can reasonably be expected to deter the Club from failing to comply with the UEFA CLFFPR in the future.

- In particular, the obligations contained in the Settlement Agreement (including the limit on the Club's ability to register newly signed players in UEFA club competitions) require the Club to adapt its behaviour in a significant and meaningful way.

1. Subject and Purpose of this Settlement Agreement

- The Settlement Agreement covers the four sporting seasons 2017/18, 2018/19, 2019/20 and 2020/21. For the duration of the Settlement Agreement, the Club will be subject to on-going restrictions which have been agreed by it and which are summarised further below.
- The primary purpose of the Settlement Agreement is to ensure that the Club is break-even compliant within the meaning of the UEFA CLFFPR at the latest in the Monitoring Period 2020/21, i.e. the Club's aggregate Break-Even Result for the Reporting Periods 2018, 2019 and 2020 must be a surplus or a deficit within the acceptable deviation in accordance with Article 63 of the UEFA CLFFPR.

2. Break-even Status Today

- The Club acknowledges that it has an aggregate Break-even deficit – in excess of the acceptable deviation – and therefore it has failed to fulfil the break-even requirement for the Monitoring Period 2016/17.

3. Operational and Financial Measures

- The Club undertakes to have a maximum Break-even deficit of EUR 30 Mio for the Reporting Period ending in 2017, of EUR 20 Mio for the Reporting Period ending in 2018, and of EUR 10 Mio for the Reporting Period ending in 2019.
- Additionally, the Club agrees that for the Reporting Period ending in 2018 and for the Reporting Period ending in 2019, the employee benefit expenses to revenue ratio and finance costs are restricted, and the net result from transfer activities is defined.

4. Financial Contribution and Withholding of Prize Money

- The Club agrees that a financial contribution of up to EUR 2.2 Mio may be withheld by UEFA from any money due to the Club from participating in UEFA competitions commencing in the season 2016/17 in the manner set out below:
 - The Club agrees that an unconditional amount of EUR 0.7 Mio is withheld by UEFA from any prize money due to the Club, irrespective of any early exit from the Settlement Regime, in one installment.
 - Furthermore, the Club agrees that a conditional amount totalling EUR 1.5 Mio may be withheld by UEFA from any prize money due to the Club in

certain circumstances depending on the Club's compliance with the operational and financial measures of the Settlement Agreement.

- For the purposes of the Break-even calculation, the amounts paid or effectively withheld by UEFA will not be considered as a relevant cost for the purpose of the Break-even calculation of the respective year.

5. Sporting Measures

- The Club agrees to limitations on the total number of players that it may include on the List A for the purposes of participation in UEFA club competitions.
 - For the season 2017/18, the Club may only register a maximum of 22 players on the List A, instead of the maximum of 25 as foreseen in the relevant competitions regulations.
 - For the season 2018/19, the Club may only register a maximum of 23 players on the List A, instead of the maximum of 25 as foreseen in the relevant competitions regulations.
 - For the seasons 2019/20 and 2020/21, unless it complies with certain conditions, the Club may only register a maximum of 23 players on the List A, instead of the maximum of 25 as foreseen in the relevant competitions regulations.
- Furthermore, the Club agrees to significantly limit its spending on the transfer market.
 - For the seasons 2017/18 and 2018/19, the Club accepts a calculated restriction on the number of new registrations it may include within its List A for the purposes of participation in UEFA club competitions. This calculation is based on the Club's net transfer position in each respective registration period covered by the Settlement Agreement.
 - For the seasons 2019/20 and 2020/21, the limitation is conditional and will only apply if the Club does not comply with the operational and financial measures of the Settlement Agreement.

6. Progress Reports

- Compliance with the Settlement Agreement will be subject to on-going and in-depth monitoring, in accordance with the applicable rules. In this regard, the Club also undertakes to provide the CFCB with progress reports evidencing its compliance with all relevant conditions agreed.

7. Consequence of Coming into Compliance with the Break-even Requirement

- If the Club fulfils the primary purpose of the Settlement Agreement and becomes Break-even compliant, then the Club shall exit the Settlement Regime and all of

the operational, financial and sporting measures shall cease to apply as from the start of the following sporting season.

8. Consequences of Non-compliance with the Settlement Agreement

- If the Club fails to comply with any provision of the Settlement Agreement and the Settlement Agreement does not already expressly provide for the consequence of such failure to comply, the CFCB Chief Investigator shall refer the case to the CFCB Adjudicatory Chamber in accordance with Article 15 (4) of the Procedural Rules.
- The CFCB Adjudicatory Chamber may take any of the decisions and measures indicated in Article 27 of the Procedural Rules, including imposing a disciplinary measure as foreseen in Article 29 (1) of the Procedural Rules.

9. Varia

- For the avoidance of doubt, the Club remains under monitoring of the Settlement Agreement even if it fails to qualify for a UEFA club competition during the Settlement Regime.
- All terms used in the Settlement Agreement shall have the same meaning as defined in the applicable UEFA rules, in particular the UEFA CLFFPR. All calculations and all reporting measures under the Settlement Agreement shall be made in accordance with the applicable UEFA rules, in particular the UEFA CLFFPR. For the avoidance of doubt, this includes for instance the calculation of the Break-even results.
- The Settlement Agreement shall expire at the end of the Settlement Regime, unless the Club has reached full compliance with the Break-even requirement at an earlier stage or UEFA has taken new measures because of a breach by the Club of the Settlement Agreement.
- The Club is aware that the decision of the CFCB Chief Investigator to conclude the Settlement Agreement may be reviewed by the CFCB Adjudicatory Chamber in accordance with Article 16 of the Procedural Rules.
- The Club is further aware that final decisions of the CFCB may only be appealed before the Court of Arbitration for Sport ("CAS"), with its seat in Lausanne, Switzerland, in accordance with the relevant provisions of the UEFA Statutes, pursuant to Article 34 (2) of the Procedural Rules.
- Any dispute relating to the Settlement Agreement, including to its validity, its compliance and its interpretation shall be decided by the CFCB. When all legal remedies within UEFA have been exhausted, the CAS has exclusive jurisdiction to decide.
- Publication of the Settlement Agreement is regulated in accordance with the Procedural Rules with due respect for confidentiality of information.