

## SPONSORSHIP AGREEMENT

This Sponsorship Agreement ("Agreement"), dated as of June 28, 2007 is hereby entered into between adidas Promotional Retail Operations, Inc. ("adidas"), an Oregon corporation with its principal place of business at 5055 N. Greeley Avenue, Portland, Oregon 97217, and The Regents of the University of Michigan, a constitutional corporation ("University").

WHEREAS, the University operates an intercollegiate athletics program involving several sports.

WHEREAS, adidas wishes to supply adidas Products, as defined below, to the University's athletic programs; to acquire the designation for certain adidas Products as the official Products of the University in the designated categories; to acquire certain rights from University; and to support and promote Company's products.

WHEREAS, University wishes to grant such rights and accept such benefits.

NOW, THEREFORE, in consideration of the premises and representation made herein, the parties agree as follows:

1. Definitions.

The terms below are defined as follows:

A. "adidas" means adidas Promotional Retail Operations, Inc., its Affiliates (defined below), and any successor company.

B. "adidas Products" means Products (defined below) which bear any adidas Trademarks (defined below).

C. "adidas Trademarks" shall mean any name, logo, symbol, trademark or service mark, or brand licensed, owned or controlled (at any time) by adidas, including but not limited to the adidas name, Trefoil, 3-Stripes mark, Sport Heritage logo, Sport Performance logo, Sport Style Logo, and Sport Point.

D. "Affiliate" means any corporation, partnership, company or any other entity or person which controls, is controlled by, or is under common control with a party to this Agreement.

E. "Athletic Program Staff" means any and all individuals employed by or directed to act on behalf of the University's Athletic Programs (defined below), included but not limited to, coaches, trainers, and strength and conditioning employees.

F. "Authentic Competition Apparel" shall mean all on-field, on-court, sideline, courtside, competition or practice apparel that is worn or used by Athletic Program Staff, Coaches or Teams, including but not limited to uniforms, courtside jackets and sweaters, game-day warm-ups, basketball shooting shirts, football player capes, headwear (including wool and fitted caps), windsuits, rainsuits, and sideline or courtside pants, shorts or shirts.

G. "Coach(es)" means the individual(s) employed by the University during the Term to act as head coach or assistant coach of each University Athletic Program (defined below).

H. "Coach Marks" means the right to use the name, nickname, initials, autographs, voice, facsimile signature, photograph, likeness, character, image or facsimile image, video and film portrayals of Coach, and other similar means of promotion which are considered standard in the sports marketing industry.

I. "Contract Territory" means the entire world.

J. "Contract Year" means any twelve month period from August 1 to July 31 during the Term (defined below).

K. "Net Sales" means the total gross invoice prices (in U.S. dollars) less any reasonable and normal quantity discounts allowed and taken, actual returns, freight (if invoiced separately) and applicable sales taxes.

L. "Products" means all apparel, footwear and accessories of an athletic or athleisure nature, including but not limited to Authentic Competition Apparel, all sports equipment adidas currently produces or licenses including, but not limited to, protective eyewear, sunglasses, eyewear with performance attributes, watches, and sports timing devices.

M. "Team" means that group of students that comprises the eligible playing personnel of each University Athlete Program (defined below).

N. "University Athletic Program(s)" means and includes the following organized intercollegiate men's and women's team and individual sports sponsored by the University: Baseball/Softball, Football, Basketball, Tennis, Volleyball, Track & Field, Soccer, Golf, Crew, and Cheerleading/Pom Squad and all other NCAA sponsored sports and any varsity sports University may add.

O. "University Marks" means the names "The University of Michigan," "Michigan," "Wolverines" and all other names, logos, trademarks, depictions, and/or symbols associated with the University.

2. Term. This Agreement shall remain in full force and effect from August 1, 2008 through July 31, 2016, unless sooner terminated or extended in accordance with the

terms and conditions of this Agreement (the "Term"). This Agreement shall be interpreted in its entirety and not as a series of one-year agreements. University shall have the option to extend the Term for five (5) additional Contract Years (i.e., August 1, 2016 through July 31, 2021) under the same terms and conditions by providing written notice to adidas at any time prior to July 31, 2015. If University does not extend this Agreement prior to July 1, 2015, then adidas shall notify University of such failure to extend and that University has an additional thirty (30) days to extend the Term for five (5) additional Contract Years (i.e., August 1, 2016 through July 31, 2021) under the same terms and conditions by providing written notice to adidas at any time prior to August 31, 2015.

**3. Initial and Base Consideration.**

A. Within thirty days of full execution of this Agreement, adidas shall make to University an initial payment of six million five hundred thousand dollars (\$6,500,000).

B. Subject to subsection 3.C below and University's fulfillment of its obligations hereunder, adidas shall annually pay to University base consideration of three million eight hundred thousand dollars (\$3,800,000) ("Base Consideration"). Each Contract Year's Base Consideration shall be payable on September 1 of each Contract Year.

C. The annual Base Consideration payments due under this Agreement shall be adjusted annually at the beginning of the second Contract Year and each succeeding Contract Year during the Term and any extension or renewals thereof by the percentage increase, if any, in the Consumer Price Index (as hereinafter defined) in the calendar year immediately preceding the Contract Year in which such adjustment is to take effect; the annual installment shall be rounded to the nearest whole dollar. Notwithstanding the foregoing, in no event shall the annual Base Consideration payment hereunder decrease from one Contract Year to the next. As used herein, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, 1982-84 = 100, as issued by the Bureau of Labor Statistics, United States Department of Labor. If at any time during the Term the United States Bureau of Labor Statistics shall discontinue the issuance of the CPI, then the parties agree to use any other standard, nationally recognized cost of living index then issued and available, which is published by the United States Government, and if no governmental index is then published, then by any generally recognized privately published index of the cost of living.

D. If during the Term, adidas grants to or contracts with any college or university (whether a currently existing relationship or future relationship) that provides for more favorable average annual value (sponsorship payments, including signing bonuses, plus product provided) than the current University average annual value specified in this Agreement (the average annual payment in this Agreement excluding paragraph 3C is \$6.85 million; calculated by adding the annual cash compensation - \$3.8 million + annual wholesale product allowance - \$2.2 million + amortized initial

payment - \$6.8 million/8), then adidas agrees to make a written offer to grant to the University that same more favorable average annual value on the same terms and conditions that were offered to the other college or university within thirty (30) days of the execution of such other agreement. Within sixty (60) days of its receipt of adidas' written offer of a more favorable average annual value, the University will inform adidas in writing whether or not it accepts adidas' offer. If the University accepts adidas' offer, then the parties agree to amend this Agreement to reflect the agreed-upon new terms and conditions.

4. Payments for Rights to be Exclusive Supplier/Services Rendered.

The initial and base consideration paid to the University (referenced in Section 3) represents royalty payments for the rights to be the exclusive supplier and to use University and Coach marks, and represents payments for services rendered with respect to personal appearances.

5. Product Support/On-Site Support.

A. Subject to subsection 5.B below and University's fulfillment of its obligations hereunder, adidas agrees to annually supply University, at no expense, two million two hundred thousand dollars (\$2,200,000) worth of adidas Products (at wholesale prices) for University athletic department activities (at University's discretion), including but not limited to "club-varsity" sports, personal merchandising allowances, and for the University Athletic Programs ("Product Allowance"). Notwithstanding the foregoing discretion, the parties agree that: (i) the Product Allowance shall be enough to completely outfit the University Athletic Programs; and (ii) University may require certain products which are not part of the existing adidas product line (e.g., hockey, baseball, softball equipment) and that adidas will reimburse the University for payments to third party suppliers for such product and deduct it from the annual Product Allowance. University understands and agrees that it shall not resell any Products supplied to University by adidas.

B. The annual Product Allowance provided under this Agreement shall be adjusted annually at the beginning of the second Contract Year and each succeeding Contract Year during the Term and any extension or renewals thereof by the percentage increase, if any, in the Consumer Price Index (as hereinafter defined) in the calendar year immediately preceding the Contract Year in which such adjustment is to take effect; the annual installment shall be rounded to the nearest whole dollar. Notwithstanding the foregoing, in no event shall the annual Product Allowance hereunder decrease from one Contract Year to the next. As used herein, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, 1982-84 = 100, as issued by the Bureau of Labor Statistics, United States Department of Labor. If at any time during the Term the United States Bureau of Labor Statistics shall discontinue the issuance of the CPI, then the parties agree to use any other standard, nationally recognized cost of living index then issued and available, which is published by the United States Government, and if no governmental index is

then published, then by any generally recognized privately published index of the cost of living.

C. adidas agrees that all Products supplied hereunder for use by University Athletic Programs will comply with the provisions of NCAA regulations 12.5.4 of the then current NCAA Manual and any subsequent versions regarding manufacturer's logos and trademarks. Notwithstanding the foregoing, if any governing body that has jurisdiction over University, including the NCAA or governing athletic conference of which University is a member, enacts, replaces or amends any regulations, rules or restrictions applicable to manufacturer's logos or trademarks (including but not limited to NCAA Regulation 12.5.4) and adidas' logo or trademark display rights are adversely diminished, restricted or limited by such regulation, rule or restriction, then adidas shall have the right to equitably reduce the Base Consideration paid to University under this Agreement based on the extent of such diminishment, restriction or limitation.

D. adidas agrees to consult with University in the design of certain items that adidas will supply to University, including Authentic Competition Apparel, for purposes of ensuring that quality, color, and style of the apparel items are unique to the University and consistent with the University's traditions.

E. adidas agrees to provide two (2) full-time adidas employees, at no cost to University, to be located on the University campus each Contract Year. The job duties of these employees will include without limitation, provision of administrative support for implementation of adidas' responsibilities under this Agreement. One (1) employee will focus on the men's and one (1) employee will focus on the women's Athletic Programs.

#### 6. Use of adidas Products.

A. University shall make available to each Team the Products supplied by adidas, and shall require that each Team wear and/or use exclusively such adidas Products whenever participating in Team activities, including practices, games, clinics, and other University functions for which University ordinarily and usually supplies Products to the Teams. At all such functions, University shall prohibit the Team members from wearing Products manufactured by companies other than adidas, or any such Products which have been altered to resemble adidas Products.

B. University acknowledges that "spatting," taping, or otherwise covering up any portions of any adidas logo or trademark on athletic footwear supplied by adidas is inconsistent with the purpose and terms of this Agreement. University agrees that it will not permit such "spatting" or taping unless it has been medically prescribed and adidas has been so advised.

C. adidas agrees to work with any Team member experiencing problems in connection with the fit or performance of adidas shoes. In the event any Team member shall at any time suffer any physical injury, pain, or discomfort attributed to the use of adidas shoes which is serious enough to affect the athlete's performance or poses a

medically verified (by an independent doctor) safety risk, or if any Team member has not received adidas shoes which fit properly, then University shall so advise adidas and afford adidas the opportunity to remedy the problem. If adidas is unable to provide such Team member with adidas shoes that can be worn satisfactorily, then adidas shall waive the exclusivity requirement of this Section 6 in such a specific case until adidas can remedy the problem, provided however, that such Team member shall completely cover all non-adidas logos, trademarks and brand indicia of any non-adidas shoes while wearing such non-adidas shoes. adidas further acknowledges that regardless of its efforts to provide Team members with suitable adidas shoes, it may be medically necessary in certain circumstances for a player to "spat" or tape his feet and/or ankles to allow such player to remain in competition, without opportunity for such notice to adidas. Such medically necessary procedure, should it occur, shall not constitute a breach of this Section 6. University agrees that University and its Coaches shall work with adidas to eliminate the need for any unauthorized spatting or taping in the event it occurs during the term of this Agreement. Notwithstanding the foregoing, adidas agrees that it will not terminate this Agreement or reduce any amounts paid or provided hereunder in the event of any incident, pattern or practice of spatting or taping.

D. University agrees to require its Athletic Program Staff to wear adidas Products exclusively during the Term when acting in their official capacities as Coach or staff in activities where athletic or athleisure attire is appropriate, including but not limited to, practices and games, sports camps, being filmed on motion picture or video tape, and posing for photographs. The Athletic Program Staff shall not, during the course of its employment responsibilities, wear, use or in any way promote Products manufactured by or identifiable with any competitor of adidas. adidas hereby acknowledges that the wearing of other than athletic or athleisure shoes and apparel by any coach or staff in connection with their official duties as coach or staff of a University Athletic Program shall not constitute a breach of this Section 6. It is agreed and recognized that in certain circumstances, Athletic Program Staff are expected to wear business or casual attire when appearing in public for presentation, dinners, speeches. Certain coaches (e.g. basketball, volleyball, among others) normally do not wear athletic or athleisure attire in the course of coaching at competition. In these settings described and others where it is not customary for the Athletic Program Staff to wear athletic or athleisure attire, the Athletic Program Staff shall be under no obligation to wear adidas Products but in no event shall Athletic Program Staff wear or use Products which are not adidas Products. University shall not enter into or approve any endorsement contract between a member of the Athletic Program Staff and a competitor of adidas, and shall exercise its best efforts to prevent any member of the Athletic Program Staff from entering into such a contract.

E. University agrees that it shall not permit the trade name, trademark, logo, or any other identification of any person, company, or business entity other than adidas, University, or, subject to adidas' reasonable right of approval, any recognized governing athletic conference of which University is a member, to appear on adidas Products worn or used by Coaches, Staff or Team members. University agrees that in no event shall

the trade name, trademark, logo, or other identification of any manufacturer or seller of Products other than adidas be permitted to appear on any such adidas Products.

F. University agrees that at any sports camp or clinic it conducts or sponsors under the direction and supervision of any Coach, it will not sponsor, co-sponsor, or endorse Products manufactured or sold by any branded athletic footwear or apparel manufacturer other than adidas.

G. adidas shall not be liable to University for any injury or damage suffered from wearing or using adidas Products, except injury or damage resulting from adidas' negligent or willful acts.

H. Notwithstanding the foregoing, University is allowed to use aquatic apparel (for water polo and men's and women's swimming and diving) and competitive footballs and basketballs from other manufacturers and may renew the sponsor relationship with Speedo. In addition, to the extent that adidas does not provide comparable product, other varsity sports teams (such as baseball, softball and hockey) are allowed to use equipment and enter in sponsor arrangements from other manufacturers. Notwithstanding the above, University shall be able to secure a third-party bat and glove relationship. With respect to all non-adidas products used pursuant to this subsection 6.H, University agrees that such products from other manufacturers shall not be from Nike or Under Armour, or any of their respective subsidiaries or affiliates.

#### 7. University Marks.

A. University grants to adidas the right and license during the Term to use the University Marks within the Contract Territory in connection with the advertisement, promotion, and sale of adidas Products as limited and provided by this Agreement. Except as otherwise provided herein, University shall retain all rights in and to University's marks including all rights with respect to the names "University of Michigan", "Michigan", "Wolverines" and all other names, logos, trademarks, depictions, and/or symbols associated with the University not specifically granted to adidas hereunder. Without limiting the generality of the foregoing, University may use or grant licenses to others to use the trademarks, logos, and tradenames and other indicia in any other manner or in connection with any goods or services University deemed appropriate and may sublicense others to do so, without restriction or limitation, other than University may not enter into an agreement with another supplier of athletic or athleisure products during the term of this Agreement. Any rights to use the University Endorsement shall terminate immediately upon termination of this Agreement for any reason.

B. adidas shall have the exclusive right throughout the Term to advertise, publicly represent, market, and otherwise promote the fact that it is the exclusive supplier to University of the designated Products, including by identifying or referring to its Products as the "official [designated Product(s)] of the University of Michigan" or similar representations.

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#### 7. -- SPONSORSHIP AGREEMENT

C. University, on behalf of the Coach of each University Athletic Program, grants to adidas the exclusive right and license during the Term and within the Contract Territory to use the Coach Marks in connection with the advertisement, promotion and sale of Products. adidas agrees that the Coach Marks shall not be used in connection with any advertisement, whether in electronic or print media, that requires the Coach to make an express personal recommendation that consumers purchase or use adidas Products. Except as provided above with respect to Products, each Coach shall retain all other rights in and to his or her name and endorsement, and neither University nor any Coach shall be prevented from using, permitting, or licensing others to use his or her name or endorsement in connection with the advertisement, promotion, or sale of any product or service.

D. Any use by adidas of the University Marks or the Coach Marks must be approved in advance by University, which approval shall not be unreasonably withheld.

8. **Licensed Products.** University shall enter into or shall cause its licensing agent(s) to enter into and maintain in full force and effect during the Term, a retail license(s) granting adidas: (i) the exclusive right throughout the Contract Territory to manufacture and sell Authentic Competition Apparel that features the University Marks through any channel of retail distribution; and (ii) the non-exclusive right to manufacture and sell throughout the Contract Territory Products (other than Authentic Competition Apparel) that feature the University Marks through any channel of retail distribution. Each Contract Year, adidas agrees to pay University a guaranteed minimum royalty of six hundred thousand dollars (\$600,000). The royalty owed by adidas to University pursuant to this Section 8 shall be at the University's standard royalty rate of ten percent (10%) and applied against the above guaranteed minimum royalty amounts. Throughout the Term, adidas agrees to comply with labor code and monitoring requirements established by the University and as set forth in The Collegiate Licensing Company Special Agreement Regarding Labor Codes of Conduct. adidas also agrees to provide access to a designated University official to archived and contemporary inspection and monitoring reports for all facilities producing goods for the University (whether logo'd or blanks). Such access shall be on a confidential basis, provided the University official may share the content of the inspection and monitoring reports solely and exclusively with the executive officers of the University (subject to open records laws with the State of Michigan). University shall be entitled to terminate the retail license granted by the retail license agreement(s) if this Agreement is terminated for any reason or expires.

9. **Disparagement of Products.** University shall not, during the Term and for a period of two (2) years following the termination or expiration of this Agreement, disparage the adidas brand name, adidas Products, or adidas. This paragraph shall survive the termination or expiration of this Agreement.

10. **Sponsorship Elements/Benefits.** adidas agrees that it will not receive any complimentary sponsorship elements/benefits (e.g., tickets, hospitality, venue signage, publications ads).



11. Rights of Termination.

A. adidas shall have the right to terminate this Agreement immediately upon written notice to University in the event that:

1. University fails to perform any material obligations provided for in this Agreement, provided, however, that adidas shall have first issued written notice to University of any such violation, which violation shall then recur during the same Contract Year; or

2. The NCAA, or any other governing body of intercollegiate sports, prohibits the football or men's or women's basketball team members from wearing adidas athletic footwear displaying the adidas name or any adidas trademark or logo.

B. The University shall have the right to terminate this Agreement immediately upon written notice to adidas in the event that:

1. adidas is adjudicated insolvent or declares bankruptcy; or

2. adidas breaches any material terms of this Agreement (other than monetary) and fails to cure such breach within thirty (30) days of written notice from University; or

3. adidas fails to make payment to the University of any sum due to this Agreement within ten (10) days following adidas' receipt of such written notice from the University that such payment is due.

C. In the event of any termination by adidas pursuant to this Section 12, University shall not be entitled to any further consideration hereunder, except any unpaid Base Consideration earned prior to the effective date of termination, pro-rated and calculated to the effective date of termination. Alternatively, adidas shall have the right to receive from University reimbursement for Base Consideration, if any, paid in excess of the amount to which University would be entitled if the Base Consideration were pro-rated over the Contract Year, calculated to the effective date of termination. Any such payment shall be due within thirty (30) days of the date of termination.

12. Assignability. Neither party may assign this Agreement without the express written approval of the other party; provided, however, that adidas may assign its rights under this Agreement to any corporation, partnership or other entity or person which controls, is controlled by, or is under common control with adidas.

13. Confidentiality. University acknowledges that the contents of this Agreement contain certain confidential matters, including proprietary and commercial information belong to adidas. University shall not disclose the terms of this Agreement to any third

party without adidas' prior written consent, unless University is required by law to do so by Michigan open records laws. Notwithstanding the foregoing, University may disclose the terms hereof to its professional, financial and similar advisors provided that such other persons or firms are bound by agreement or law not to further disclose such information to any third party.

14. **Dispute Resolution.** The parties agree that any dispute concerning the interpretation, construction, or breach of this Agreement shall be submitted to a mediator agreed upon by the parties for nonbinding confidential mediation in Ann Arbor, Michigan. Unless otherwise required by law, neither party shall disclose any aspect of the dispute or the mediation without the other party's prior written consent. If the parties fail to resolve their dispute through mediation, then the parties agree that the dispute shall be submitted to final and binding confidential arbitration before the American Arbitration Association in Ann Arbor, Michigan pursuant to the then-prevailing Commercial Arbitration Rules of the Association or any successor thereto, by one arbitrator appointed in accordance with such rules. Any award of the arbitrator shall be in writing. The arbitration award shall be binding upon the parties and may be entered and enforced in any court of competent jurisdiction. Subject to the right of enforcement provided by the foregoing sentence and unless otherwise required by law, neither party shall disclose any aspect of the dispute or the arbitration without the other party's prior written consent.

This Agreement shall be governed by the laws of the State of Michigan. Any claims, demands, or actions asserted against the University shall be brought in the Michigan Court of Claims, as it is the court with exclusive jurisdiction over claims against the University of Michigan, a Michigan constitutional corporation.

15. **University/adidas Relationship.** Each party's performance of services hereunder is in its capacity as an independent contractor. Accordingly, nothing contained in this Agreement shall be construed as establishing an employer/employee, partnership or joint venture relationship between University and adidas. University shall be solely responsible for the payment of all taxes on any consideration received under this Agreement. Provided, however, the University shall only be responsible for taxes imposed directly upon it.

16. **Waiver.** Failure of either party to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or otherwise limit the parties' right to subsequently enforce such provision.

17. **Right of First Dealing.** Beginning September 1, 2014 (2020, if this Agreement is extended as provided above) and for a period of ninety (90) days thereafter (the "First Dealing Period"), University shall meet with adidas to negotiate in good faith the renewal of this Agreement. If University and adidas are unable to reach agreement with respect to the renewal of this Agreement by the expiration of the First Dealing Period, then University may enter into negotiations and contract with a third party competitor. Except as expressly provided in Section 8, University shall not (nor shall University permit its

agents, attorneys, accountants, representatives or employees to) engage in discussions or negotiations with any third party regarding University wearing, sponsoring, promoting, advertising or endorsing, or providing consulting or similar services with respect to, any Products at any time up to and during the First Dealing Period.

18. Notices. All notices and statements provided for herein shall be in writing and shall be given in writing by overnight delivery (e.g., Fed Ex or UPS) and shall be deemed given upon receipt. A party may change its address by giving notice thereof to the other party as provided herein.

To University: Athletic Director  
University of Michigan  
1000 South State Street  
Ann Arbor, MI 48109-2201

to adidas: adidas Promotional Retail Operations, Inc.  
5055 N. Greeley Avenue  
Portland, OR 97217  
Attn: Legal Department



19. Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and cannot be amended or modified except by an agreement in writing, signed by each of the parties. All previous understandings or agreements between the parties shall have no further force and effect.

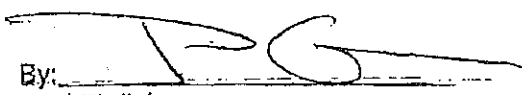
20. Severability. Every provision of this Agreement is severable. If any term or provision hereof is held to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not effect the validity of the remainder of this Agreement or any other provision.

IN WITNESS WHEREOF, the undersigned authorized representatives of the parties have duly executed this Agreement as of the date first above written.

adidas Promotional Retail  
Operations, Inc.:

The University of Michigan:

By:    
William C. Martin  
Athletic Director

By:   
Paul Ehrlich,  
General Counsel

By:   
Timothy Slottow  
AVP, Chief Financial Officer

