

## **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.

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, 2018 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, 2015 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 \$8.86 million; calculated by adding the annual cash compensation - \$3.8 million + annual wholesale product allowance - \$2.2 million + amortized initial

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

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 B.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.

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

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 48108-2201

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

  
ELP