



Sponsorship Agreement

102590-96-Z-0739

U.S. POSTAL SERVICE CYCLING TEAM

*Services Purchasing
Room 4541
475 L'Enfant Plaza SW
Washington DC 20260-6237*

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SPONSORSHIP AGREEMENT

THIS SPONSORSHIP AGREEMENT is entered into as of October 1, 1995, between Montgomery Sports, Inc., a California corporation (the "Company"), and the United States Postal Service (the "Sponsor").

RECITALS

- A. The Company, among other things, owns and manages a professional bicycle racing team (the "Team") which competes in professional national and international cycling events; and
- B. The Sponsor offers mail delivery services throughout the world and wishes to be the sole title sponsor of the Team.

Now, therefore, the parties agree as follows:

AGREEMENT

1. The Sponsor's Duties.

- (a) The Company grants to the Sponsor the sponsorship rights set forth on Exhibit A during the Term of this Agreement.
- (b) The Sponsor will have no obligation to perform and/or pay any sums to secure the performance of any of the foregoing except as otherwise provided in this Agreement.
- (c) The Company shall perform the duties specifically listed on Exhibit A.

2. **Sponsorship Rights.** The Company has, subject to the terms of this Agreement, the authority to grant, and it hereby grants to the Sponsor, the promotional rights listed on Exhibit A during the Term of this Agreement. In consideration of the grant of such promotional rights, the Sponsor agrees to pay the sponsorship fee set forth in Section 3 below and to be responsible for the specific obligations set forth on Exhibit B.

3. **Sponsorship Fee.** The Sponsor agrees that it will pay the sum, according to the terms, if any, set forth on Exhibit B to the Company in consideration for the benefits listed on Exhibit A.

4. **Term.** This Agreement shall be effective for a period (the "Contract Term" or the "Term") commencing on the date hereof and continuing through December 31, 1996, unless terminated earlier as set forth in this Agreement. Further, it is the intention of the Company and the Sponsor to enter into a long term relationship. Therefore, on each July 1 hereafter the Contract Term shall be automatically extended for an additional period of one calendar year (i.e., from the following January 1 through December 31), unless terminated earlier as set forth in this agreement, until such time as the Sponsor provides prior notice to

the Company that the Contract Term will not be further extended, which notice shall be provided to the Company on or before such July 1.

5. **Indemnification.** The Company agrees to indemnify, defend and hold the Sponsor, its subsidiaries and the affiliates of each such entity, as well as each officer, agent, distributor, employee, attorney, dealer, consultant, representative, contractor, successor and assign of any of the above, harmless from and against any and all expenses, damages, claims, suits, losses, actions, judgments, liabilities and costs whatsoever (including, without limitation, attorneys' fees) arising out of: (i) the Company's breach, misrepresentation or non-performance under this Agreement; and (ii) any claim or action for personal injury, death, bodily injury, property damage or otherwise, suffered by participants, patrons or others at the Company; other than as a result of the Sponsor's actions or negligence.

6. **Insurance.** The Company agrees to carry full insurance coverage (including comprehensive general liability) for all activities reasonably connected with this Agreement naming the Sponsor as an additional insured.

7. **Trademark.**

(a) The Sponsor hereby grants to the Company the right to use such trademarks, trade names, service marks or logos owned by the Sponsor in connection with the implementation of this Agreement, as may be agreed to in writing from time to time by Sponsor and the Company. The Company shall have no interest in or right to the use of such names, marks or logos, except for any limited right of usage which the Sponsor may grant in writing pursuant to this Agreement. Any such limited right shall, in any event, be expressly limited to any activities or promotions reasonably incident to this agreement.

(b) The limited license granted hereunder is nonassignable and does not inure to the benefit of the Company's assigns and successors, except as permitted by this Agreement. In the event the Company or any affiliate or agent attempts to transfer or assign this limited license, except as permitted by this Agreement, such limited license shall terminate immediately without further action from the Sponsor.

(c) The Company hereby grants to the Sponsor the right to use any trademark, tradename or other name or logo which is an integral part of the name of the Company and the Team in advertising and promotional materials. The Sponsor shall have no other right to or interest in any such name, mark or logo and this license shall be expressly limited to the activities or promotions reasonably incident to this agreement.

8. **Prior Approval.** Any advertising or other material prepared by the Company which contains the Sponsor's name or logo or which otherwise utilizes any trademark, trade name, service mark or logo owned by the Sponsor shall be provided to the Sponsor in advance of publication for its review. All such materials must receive the written approval of the Sponsor prior to any publication thereof, such approval not to be

unreasonably withheld. Any advertising or other material prepared by the Sponsor which contains the Company's or the Team's name or logo or which otherwise utilizes any trademark, trade name, service mark or logo owned by the Company shall be provided to the Company in advance of publication for its review. All such materials must receive the written approval of the Company prior to any publication thereof, such approval not to be unreasonably withheld.

9. **Default; Remedies; Changed Circumstances.**

- (a) The following events shall constitute an event of default ("Event of Default") under this Agreement regardless of whether any such event shall be voluntary or involuntary or shall result from the operation of applicable laws, rules or regulations or shall be pursuant to or in compliance with any judgment, decree or order of any court of competent jurisdiction:
- (i) Either party shall make any material misrepresentation or shall materially breach any warranty made herein;
 - (ii) Either party shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or similar law, or shall make a general assignment for the benefit of creditors, or shall have any involuntary case or other proceeding instituted against it seeking similar relief; or
 - (iii) Either party shall otherwise fail to perform or observe any other covenant or condition set forth herein and such failure shall continue unremedied for a period of thirty (30) days after the receipt of written notice thereof from the nondefaulting party.
- (b) Upon the occurrence of an Event of Default, and at any time thereafter so long as the same shall be continuing, the nondefaulting party may declare, at its option, this Agreement to be in default and: (1) may immediately terminate this Agreement without any liability whatsoever; (2) may seek enforcement by appropriate court action of the terms hereof and recover damages for the breach hereof; (3) may exercise any other right or remedy available to it under law or in equity; or (4) may seek any permitted combination of such remedies. No remedy is intended to be exclusive, but each shall be cumulative and the exercise of any such remedy shall not preclude the simultaneous or later exercise of any other remedy.
- (c) In the event there are changed circumstances that do not constitute an Event of Default but which in the reasonable opinion of Sponsor materially reduce the anticipated benefits of the Team sponsorship to Sponsor as set forth on Exhibits A and D, then Sponsor will have the right, upon 30 days' prior written notice to the Company, to a reasonable proportionate reduction in the amount of the sponsorship fee to be paid by Sponsor hereunder. By way of example, such changed circumstances would include: (i) beginning in 1996 the Team fails to recruit at least 2 proven European riders, such as Ekimov, Jaskula, Boardman, Veenstra or other riders of similar ability; (ii)

in 1996 the Team fails to compete in twenty total races, 10 races in Europe, 1 race in China and 1 race in Japan; (iii) in 1997 the Team fails to recruit riders with sufficient points to rank as one of the top 20 UCI teams, which the Company and Sponsor anticipate will allow the Team to qualify for the 1997 Tour de France and other major races in Europe, America, Asia and Classic races in 1997; or (iv) the total amount of documented media exposure is less than the ad equivalency of \$10 million per year (domestically and internationally).

10. **Representations, Warranties and Covenants of the Parties.** Each party represents and warrants to the other party that: (1) the execution, delivery and performance of this Agreement have been duly authorized by all necessary actions; (2) this Agreement is a valid and binding obligation of such party enforceable against it in accordance with its terms; (3) there are no pending actions or proceedings, or threatened actions or proceedings, which if adversely determined would impair either party's right to perform its obligations hereunder; and (4) each party has authority, subject to the terms of this Agreement, to grant the promotional rights to the other party which are the subject of this Agreement.

11. **Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and permitted assigns to the extent assignment is permitted. Neither party shall assign its rights under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, that either party shall have the right without the consent of the other party to assign this Agreement in connection with the sale of all or substantially all of its assets.

12. **Independence.** The parties shall at all times act independently. Nothing contained in this Agreement shall be construed to make one party the partner, joint venturer, principal, agent or employee of the other party hereto. Specifically, neither party shall have the express or implied authority to act for or on behalf of the other party.

13. **Governing Law and Rules.** The validity, interpretation and construction of this Agreement, and all other matters related to this Agreement, shall be interpreted and governed by the federal laws of the United States of America. The performance of the obligations of the parties under this Agreement shall at all times and in all events be subject to compliance with all applicable rules of the *Union Cycliste Internationale*, the *Federation Internationale du Cyclisme Professionel*; the United States Professional Cycling Federation, Inc., the International Olympic Committee, the United States Olympic Committee, the International Amateur Cycling Federation, the United States Cycling Federation and all other governing organizations.

14. **Entire Agreement.** This Agreement, together with the Exhibits hereto and any extensions or renewals hereof, constitutes the parties entire agreement with respect to the subject matter hereof and supersedes all prior statements or agreements, both written and oral. This Agreement may be amended only by a writing signed by the Company and the Sponsor.

15. **Notices.** All notices shall be sent or delivered in writing to the parties at the following addresses or at such other address as may have been furnished by such party in writing to the other party:

Montgomery Sports, Inc.
600 Montgomery Street, Suite 2100
San Francisco, CA 94111
Attention: Thomas W. Weisel, President

United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260
Attention: Susan M. Brownell
Contracting Officer, Services Purchasing

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date first above written.

MONTGOMERY SPORTS, INC.

By: Ex 6
Thomas W. Weisel, President

UNITED STATES POSTAL SERVICE

By: Ex 6
Susan M. Brownell
Contracting Officer, Services Purchasing

**EXHIBIT A
TO
SPONSORSHIP AGREEMENT**

PROMOTIONAL RIGHTS AND ACTIVITIES

1. Promotional rights granted to the Sponsor by the Company during the Term of this Agreement:

Sponsor shall be the sole title sponsor of the Team. The Team will be known as the U.S. Postal Service Cycling Team. Sponsor will be entitled to have its logo displayed on the Team jersey (see Exhibit C), shorts, cycling caps, gloves, team leisure wear, and helmets as well as on the official Team motor vehicles. Sponsor's name and/or logo will appear on Team press releases, promotional materials (posters, media guides, etc.) and advertisements. Sponsor understands that other Team sponsors will also be entitled to have their names and logo displayed, but in a less prominent position than Sponsor.

The Company shall enter into agreements with each of the Team riders which grant Sponsor the right to use the Team riders collectively and individually in advertising, promotions and publicity and for personal appearances for no additional fee. Sponsor will pay the costs and expenses related to its use of this right, except for costs and expenses which would otherwise have been incurred by the Team and costs and expenses for which the company is responsible as set forth below in Item 2.

Sponsor shall be the exclusive mail service and overnight courier sponsor of the Company during the Term. The Company shall exclusively use Sponsor's mail service and overnight courier system for all of its mailing needs during the term of this Agreement. In addition, the Company will use its best efforts to have Montgomery Securities use Sponsor's services to the extent reasonably practical and to introduce Sponsor to other potential customers.


2. Promotional activities to be performed by the Company during the Term of this Agreement:

The promotional activities that the Company will exercise its best efforts to perform for Sponsor during the term of this Agreement are described in the Sponsorship Proposal attached as Exhibit D. All requests for services of Team riders by Sponsor will be made to the Company, which will coordinate such services.

Both parties recognize the fact that there will be additional costs incurred in carrying out the promotional activities described in Exhibit D, as well as other promotional concepts which may be developed by both parties in the future. Unless otherwise agreed upon by both parties, Company shall be responsible for all costs associated with producing Sponsor's identification on all Team-related items, including, but not limited to, jerseys, media, print and advertising materials, team vehicles, press releases and team posters (2,000 per year); other costs incurred to produce any of the agreed upon promotions (such as, but not limited to, travel expenses of team

members and staff, costs to secure local media celebrities, and giveaway items) and to secure exhibit and hospitality areas at cycling competitions. In addition, unless otherwise agreed upon by both parties, Sponsor shall be responsible, as the sponsor agrees to, for any catering costs associated with on-site hospitality; travel costs for USPS staff; the cost to deliver Company kiosks to cycling competitions and staff such kiosks; cost to produce USPS sales and promotional materials; reproduction costs associated with items such as the U.S. Postal Safety manual; and any local advertising to support such promotions.

Company and Sponsor agree to meet within 60 days prior to the start of each calendar year to determine which promotions will be undertaken for the forthcoming year and mutually agree upon the allocation of various responsibilities required to carry out such promotions as well as the parties responsible for any incidental costs associated with such promotions.

 **Insider**
THE FILE

**EXHIBIT B
TO
SPONSORSHIP AGREEMENT
OBLIGATIONS OF SPONSOR**

1. The Sponsor shall pay for all sales and promotional literature which may be distributed by its representatives or at its request at events.
2. The Sponsor shall provide such camera-ready art, related to Sponsor's marks and logos as the Company shall reasonably request for inclusion in Company-related and Team-related media and print materials or advertisements.
3. Unless the Agreement has terminated earlier in accordance with its terms, the Sponsor shall pay the Company the net Sponsorship Fee of \$1,000,000 in 1996, \$1,500,000 in 1997 and \$2,000,000 in 1998, payable as follows:

\$250,000 on January 1, 1996
\$250,000 on March 1, 1996
\$250,000 on June 1, 1996
\$250,000 on September 1, 1996
\$375,000 on January 1, 1997
\$375,000 on March 1, 1997
\$375,000 on June 1, 1997
\$375,000 on September 1, 1997
\$500,000 on January 1, 1998
\$500,000 on March 1, 1998
\$500,000 on June 1, 1998
\$500,000 on September 1, 1998

For each subsequent year the Sponsor and the Company shall agree upon the net Sponsorship Fee on or before July 1 of the preceding year. Payment of that fee shall be made in four equal installments payable on January 1, March 1, June 1 and September 1 of the subsequent year.

The Company's address for receipt of payments is:

Montgomery Sports, Inc.
600 Montgomery Street, Suite 2100
San Francisco, CA 94111
Attention: Diana Sangston, CFO

EXHIBIT C
TO
SPONSORSHIP AGREEMENT

TEAM JERSEY

 Insider
THE FILE





**UNITED STATES
POSTAL SERVICE**

**UNITED STATES
POSTAL SERVICE**

**UNITED STATES
POSTAL SERVICE**

(c) IN CONSIDERATION OF THESE FACTS, THE PARTIES HEREBY AGREE THAT:

- (1) The transferor confirms the transfer to the transferee, and waives any claims and rights it now has or may have in the future against the Postal Service in connection with the contracts.
- (2) The transferee agrees to be bound by and to perform each contract in accordance with the conditions contained in the contracts. The transferee also assumes all obligations and liabilities of and all claims against the transferor under the contracts as if the transferee were the original party to the contracts.
- (3) The transferee ratifies all previous actions taken by the transferor with respect to the contracts, with the same force and effect as if the action had been taken by the transferee.
- (4) The Postal Service recognizes the transferee as the transferor's successor in interest in and to the contracts. The transferee by this agreement becomes entitled to all rights, titles and interests of the transferor in and to the contracts as if the transferee were the original party to the contracts. Following the effective date of this agreement, the term "contractor" as used in the contract shall refer to the transferee.
- (5) Except as expressly provided in this agreement, nothing in it shall be construed as a waiver of any rights of the Postal Service against the transferor.
- (6) All payments and reimbursements previously made by the Postal Service to the transferor, and all other previous actions taken by the Postal Service under the contracts, shall be considered to have discharged those parts of the Postal Service's obligations under the contracts. All payments and reimbursements made by the Postal Service in the name of the transferor after the date of this agreement shall have the same force and effect as if made to the transferee and shall constitute a complete discharge of the Postal Service's obligations under the contracts, to the extent of the amounts paid or reimbursed.
- (7) The transferor and the transferee agree that the Postal Service is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this agreement, other than those that the Postal Service in the absence of this transfer or agreement would have been obligated to pay or reimburse under the terms of the contracts.
- (8) The transferor guarantees payments of all liabilities and the performance of all obligations that the transferee (i) assumes under this agreement or (ii) may undertake in the future, should these contracts be modified under their terms and conditions. The transferor waives notice of, and consents to, any such future modifications.

(9) The contracts shall remain in full force and effect, except as modified by this agreement.

THE U.S. POSTAL SERVICE

By Ex 6

Title: submitting offers, Services Purchasing

DFP CYCLING LLC

By Ex 6

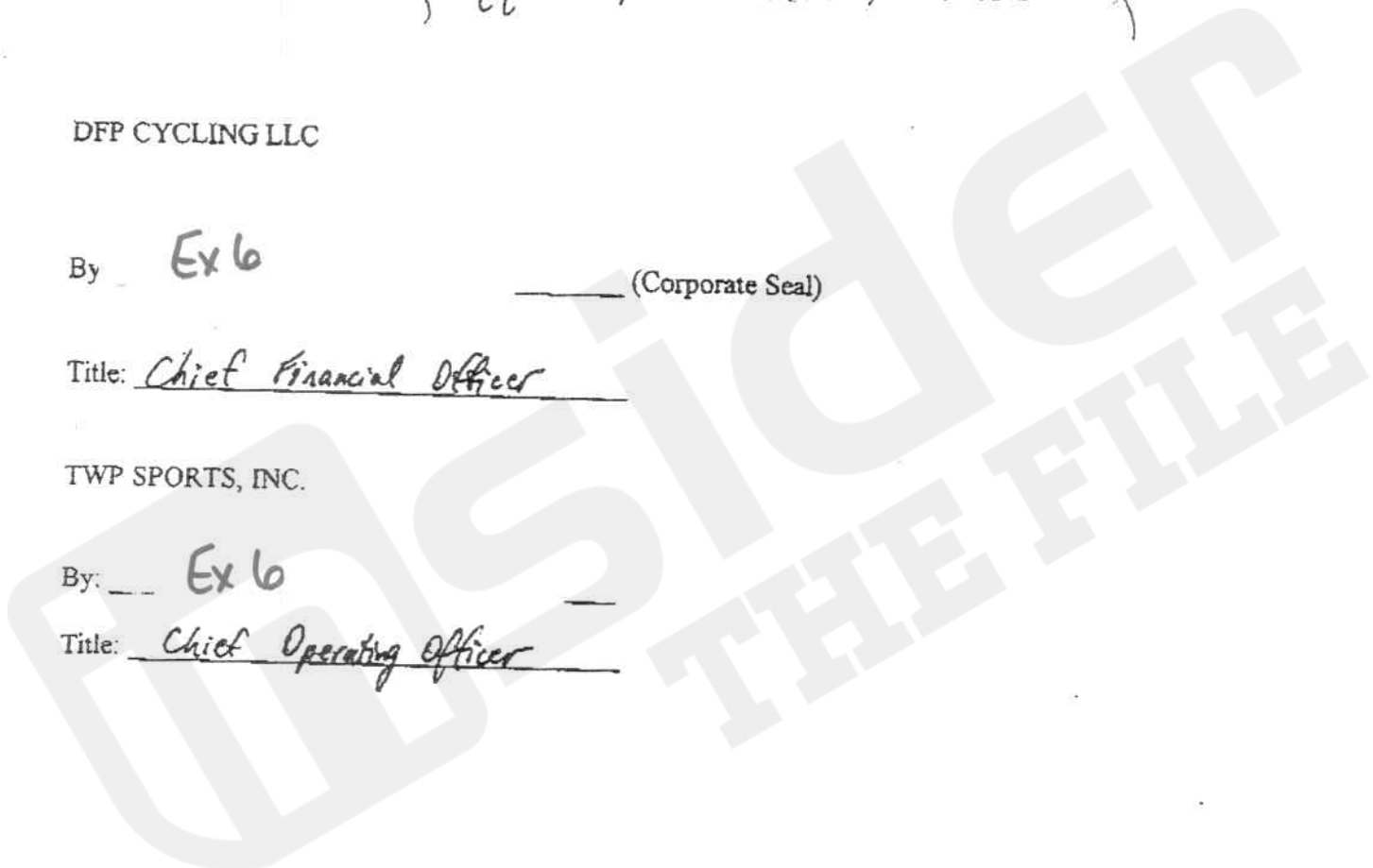
(Corporate Seal)

Title: Chief Financial Officer

TWP SPORTS, INC.

By Ex 6

Title: Chief Operating Officer



CERTIFICATE

I, Mark B. Gorski, certify that I am the Secretary of the DFP Cycling LLC; that Allen S. Furst, who signed this agreement for this limited liability company, was then of this limited liability company; and that this agreement was duly signed for and on behalf of the limited liability company by authority of its governing body and within the scope of its corporate powers.

Witness my hand and the seal of this corporation this 1 day of Sept., 1999.

By: Ex 6 (Corporate Seal)

CERTIFICATE

I, Mark B. Gorski, certify that I am the Secretary of the TWP Sports, Inc.; that Allen S. Furst, who signed this agreement for this corporation, was then of this corporation; and that this agreement was duly signed for and on behalf of the corporation by authority of its governing body and within the scope of its corporate powers.

Witness my hand and the seal of this corporation this 7th day of Sept, 1999.

By: Ex 6 (Corporate Seal)

1. MODIFICATION NO.: M0

TO CONTRACT/ORDER NO. 102590-96-Z-0739

2. a. DATE ISSUED: 07/24/98

b. REQUEST NO.: 98-08874

c. Finance No.: [REDACTED]

3. CONTRACTOR:
MONTGOMERY SPORTS, INC
SUITE 2100
600 MONTGOMERY STREET
SAN FRANCISCO, CA 94111-2723
ATTENTION:
MARK GORSKI

4. ISSUED BY:
U.S. Postal Service
Services Purchasing, Room 4541
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-6237

FOR INFORMATION CALL:
Lynda Zelmick
202/268-3157
ACO CODE: 102592

5. The above numbered contract/order is modified as set forth in Block 6, by administrative change (such as changes in paying office or accounting and fiscal data).

6. DESCRIPTION OF MODIFICATION:

The purpose of this modification is to correct the typographical error on in the total contract amount reflected on modification M06. The correct total should read \$5,194,125.

The corrected information is set forth in block 7 below.

Except as provided herein, all terms and conditions of the document referenced in Block 1, as heretofore changed, remain unchanged in full force and effect.

7. ACCOUNTS PAYABLE DATA IS CORRECTED TO READ AS FOLLOWS:

Previous Grand Total	:	\$5,094,125.
Value of M06	:	100,000.
Corrected New Grand Total:		\$5,194,125.

8. SIGNATURE:
U.S. POSTAL SERVICE

Ex 6
LYNDA ZELNICK
Contracting Officer