

George - FW: USATF/Nike Conf. .et

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 Date: 6/17/2009 5:57 PM
 Subject: FW: USATF/Nike Contract
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Board of Directors
 USA Track & Field

June 17, 2009

Ladies and Gentlemen:

I am pleased to announce that we have reached an agreement with Nike for an extension of our partnership. This writing will give a short history of the negotiation, summarize the key elements and encourage you to adopt the attached Resolutions.

The current 8 year agreement with Nike terminates on August 31, 2009. That agreement was negotiated by Mr. Masback, assisted by Outagon, who received a substantial commission. Upon taking this job, I did an assessment of our assets and formed the following conclusions:

- The existing Nike deal was substantially undervalued
- An eight year deal that included the possibility of Chicago in 2016 should carry a premium
- We could find other assets to include in the deal to creatively extract value
- Nike would be receptive to our Project 30 Initiative and could be convinced to fund certain elements
- Given my personal relationship with their chief negotiator, John Slusher, I chose to conduct the bulk of the negotiations one-on-one
- We had to be prepared to walk away from the table

The discussions I began last fall in New York at the US Open, and truthfully nearly reached an impasse in late February. Don't ask me who blinked first. The economy was unraveling rapidly and Nike had just cut a number of sponsored athletes from their roster. The selling environment was as toxic as I have ever seen it and Nike was preparing for a major reduction in force [ultimately 6,000 employees]. However, we stuck to our position and reached a handshake agreement on the 18th of March. We memorialized the agreement with a binding term sheet which I executed the following week. A material element of that agreement was a confidentiality provision that extended until June 1, 2009, that allowed Nike to conduct its workforce reduction prior to the announcement.

While the attributes of this partnership are historic in both scale and remuneration, we are going to take a low-key approach in announcing it, particularly the financial aspects. This is not an economic climate to be bragging or posturing over success. However, you should be aware of the following:

- This is the largest NGB sponsorship deal in history
- This is the second largest sponsorship deal ever done by Nike; second only to the Brazil soccer National Team deal
- If Chicago wins the bid for 2016, the total projected value of this deal exceeds \$100,000,000 over eight years once Nike exercises their option
- If we do not sell another sponsorship, this deal more than finances all our existing programs in this quadrennium
- The base deal is for four years. The total value if options are not exercised is more than double our existing arrangements
- If Nike exercises their option for an extension to 2017 and Chicago is the host city in 2016, the total value of the deal is more than triple our existing arrangements. If they exercise the option, \$4,000,000 of the enhanced licensing and sponsorship fee is due upon the exercise

The arrangement includes some innovative elements that will grow our merchandising business. It has a creative new program that allows us to significantly fund assistance for post-collegiate emerging elite athletes. Nike also warrants that they will always have a minimum of 100 USATF athletes under endorsement contract for the duration of the partnership. We are finalizing details of an arrangement that include two post-competition internships per year that will complement Mr. Wickens' foundation program.

I can provide additional specifics of the arrangement to any of you, on a one and one basis, if you are interested. I kept Stephanie apprised of the negotiations as they took place and she and General Counsel for the Board are current with all relevant contract terms.

As I was negotiating this agreement, I became aware that our Governance Instruments and my employment contract were vague as to the limits to my authority to contract on behalf of the Board. I freely admit that I stretched my existing authority to the limit in executing the binding term sheet. I took this step based on the following factors:

- The fact that we were in a period "between" boards of directors
- My assessment that the economy was getting worse by the day and that I had created a unique deal

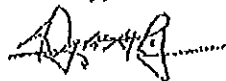
- Nike's insistence on confidentiality until the 1st of June included our Board members
- The vagueness in our Governance Instruments made an arguable case that I had the authority

I believe that we have a binding agreement with Nike. However, I respectfully request your vote for the attached resolution that ratifies my actions and empowers Stephanie and me to execute a long-form agreement, subject to the review of Board General Counsel.

That being said, Stephanie, Larry and I all believe we should cure this ambiguity. We have come to an agreement with regard to the appropriate authority and limitations of that authority for the CEO to contract on behalf of the Board. That is the subject matter of the second attached Resolution. If you adopt this resolution, we will place the appropriate by-law changes that codify this protocol before you at the July Board meeting. It will also require the re-opening of my employment contract.

Upon your favorable consideration of the attached resolutions, we anticipate announcing this agreement next Friday in Eugene at the 'Track Writers' breakfast. A draft copy of the press release is attached.

Sincerely,



Douglas G. Logan
Chief Executive Officer

USATF extends partnership with Nike; Elite Athletes to receive unprecedented support

EUGENE, Ore. -- USA Track & Field and Nike will extend their partnership under a new agreement that provides innovative support for professional and emerging elite athletes, USATF CEO Doug Logan announced Friday.

Nike has been USATF's National Team Sponsor since 1991, but the new contract, which extends through 2013 with an option to renew through 2017, broadens Nike's support beyond the competitive arena.

Most significantly, it establishes a "Project 30 Fund" to aid up-and-coming athletes. Taking its name from USATF's Project 30 Task Force, which called for greater support for post-college athletes, the fund will be administered by USATF for athletes who lack shoe-company sponsorship but who have medal-winning potential, particularly in traditionally under-funded event groups.

USATF's High Performance Department, headed by Chief of Sport Performance Benita Fitzgerald Mosley, will oversee distribution of support, which may range from compensation for personal coaches and support staff to sponsorship of athletes at USATF High Performance Training Centers, among other possibilities.

USATF's contract with Nike also provides a guarantee of Nike sponsorship to a minimum of 100 professional athletes annually.

"We worked together with Nike to craft something that reflects the fair market value of our brand while being much more than just a boilerplate sponsorship," USATF CEO Doug Logan said. "Thanks to Nike's support, USA Track & Field will be able to enact many of the key recommendations of the Project 30 Task Force, and to provide a safety net of support that so many post-collegiate athletes are currently lacking. With more of their necessities taken care of, athletes can focus on training, and performing, to their full potential."

"Track and field was the cornerstone of Nike's founding, and we remain committed to being a partner in the future of the sport," said John Capriotti, Nike Global Director of Athletics Sport Marketing. "We are excited to add this new component of athlete-centered funding to our sponsorship of USA Track & Field."

As USATF National Team Sponsor and the world's leading creator of authentic athletic footwear, apparel, equipment and accessories, Nike has specially designed uniforms for the last five Olympic Games. Under the new agreement with USATF, Nike maintains its status as exclusive sponsor and supplier of products to the World's #1 Track and Field Team while being USATF's official sponsor in the footwear, apparel and retail categories.

Nike will be a major sponsor of the USA vs. Jamaica Challenge meets in 2010 and will continue to sponsor USA Track & Field's Indoor and Outdoor Track & Field Championships. Nike will

outfit all USATF teams in international competitions, including the Olympic Games, World Championships, World Cup, Pan American Games and World Junior Championships, among other meets. The agreement also continues Nike's sponsorship of USA vs. The World, first held in 2000, and of key stops on the Visa Championship Series, USATF's signature series of indoor and outdoor track and field meets.

About USA Track & Field

USA Track & Field (USATF) is the National Governing Body for track and field, long-distance running and race walking in the United States. USATF encompasses the world's oldest organized sports, some of the most-watched events of Olympic broadcasts, the #1 high school and junior high school participatory sport and more than 30 million adult runners in the United States. For more information on USATF, visit www.usatf.org. For more on the Project 30 Task Force, visit http://www.usatf.org/news/view.aspx?DUID=USATF_2009_02_09_07_03_07

About NIKE, Inc.

NIKE, Inc. based near Beaverton, Oregon, is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. Wholly-owned Nike subsidiaries include Cole Haan, which designs, markets and distributes luxury shoes, handbags, accessories and coats; Converse Inc., which designs, markets and distributes athletic footwear, apparel and accessories; Hurley International LLC, which designs, markets and distributes action sports and youth lifestyle footwear, apparel and accessories; and Umbro Ltd., a leading United Kingdom-based global football (soccer) brand. For more information, visit www.nikebiz.com.