

GLOBAL SPECIALTY RISK

CONTINGENCY CONTRACT #98-6001

CLIENT(S):
ADDRESS:

Montgomery Sports, Inc.
600 Montgomery Ave., Suite 2100
San Francisco, CA 94111

TYPE OF CONTEST:
EVENT:

Bicycling - Contract Incentive Bonus Awards
Lance Armstrong Incentive Bonus: August 1998 - 1999 Various Cycling Events

SCHEDULED DATE(S):

See Schedule A

CONTEST LOCATION(S):

See Schedule A

MAXIMUM PRIZE LIMITS:

See Exhibit A

CONTEST FEE:

\$130,911.00

1. This contract is issued to the above named Client for the sole benefit of said Client by Global Specialty Risk ("GSR"), 3838 Oak Lawn Avenue, Suite 200, Dallas, TX 75219. GSR's obligation pursuant to this contract is for reimbursement of Scheduled Contingent Prizes payable by Client(s) in the above named Contest(s). GSR's liability is limited to the amount(s) payable to the winner(s) of the Contest(s), provided that such winner(s) and the Client(s) have complied with the Terms and Conditions of this contract.
2. This contract is null and void unless the contest fee is received by GSR prior to commencement of the Contest(s).
3. The parties hereto acknowledge that the following terms are conditions precedent to payment by GSR and shall be a part of any rules promulgated for the Contest(s):
 - a. Employees of Client(s), its advertising agencies and promotional companies involved in the Contest(s) and their families, agents, successors, and assignees shall be ineligible to participate in said Contest(s) and shall not be eligible for any prize covered herein. The parties hereto acknowledge that GSR is not liable for any prize obligations to Contest participants who are in violation of these provisions.
 - b. Any claim must be reported to GSR within three (3) normal business days of the actual claim date.
 - c. The names and likeness of Contest Winners may be used by GSR for promotional purposes without further compensation to Client(s), Sponsor(s) or Winning Contestant(s).
4. Exhibit A (Terms and Conditions), attached herein, and the Official Contest Rules are a part of this Contract and both shall remain in effect in their entirety during the Term of this Contract.
5. If the actual conditions of the Contest(s) are materially changed or altered from those represented by the Client(s), this contract shall be null and void unless such changes or alterations are made with the express written consent of GSR.
6. GSR is not a party to the Contest(s) or conduct of the Contest(s) and Client(s) shall indemnify GSR from any claims made because of Client's implementation of the Contest(s). This Contract contains no provision for payment of prizes which may arise from any cause other than for reimbursement of the scheduled prizes.
7. All copyright, trademark and other intellectual property rights currently owned by the Client(s) or GSR shall remain the property of said owner, with each party to this contract giving due respect and notice to such ownership, and each party to the contract retaining all legal rights and enforcement powers inherent in the ownership of said intellectual property.
8. The aggregate liability of GSR shall be limited to the sums payable under the terms contained herein.
9. Resolution of all disputes hereunder shall be by binding arbitration pursuant to the Texas General Arbitration Act and the American Arbitration Association. The site of said arbitration shall be in Dallas, Texas.

Global Specialty Risk

BY: Clayton Kline

TITLE: Account Executive

Date Issued: September 2, 1998

Dallas, Texas

GSR Contact: Clayton Kline

CLIENT

BY: Mark B. Zosel

(Client Representative)

TITLE General Manager

DATE Sept. 8, 1998

EXHIBIT A - TERMS AND CONDITIONS

GSR agrees to reimburse the named Client for the value of scheduled prizes awarded in conjunction with Client's promotional contest. Participants designated by Client shall be eligible to receive prizes if the prize winning events specified by the conditions of the contest occur in the manner prescribed by the official rules, terms and conditions contained herein.

1. In order for a performance award to be payable, bicyclist must win or place in the tour events or event stages listed in Item #3 contained herein; or subsequently be so declared as winner or scheduled place finisher by the International Bicycling Federation.
2. Effective dates: August 8, 1998 through December 31, 1999.
3. **SCHEDULE OF AWARDS:**
Maximum Aggregate Liability: \$1,000,000.00

Bicyclist: Lance Armstrong, USA

| EVENT | NUMBER OF EVENTS DURING COVERAGE | REQUIRED FINISH | PRIZE AWARD |
|--|----------------------------------|-----------------|-------------|
| 1999 Tour de France / | 1 | 1 st | \$500,000 |
| | | 2 nd | \$400,000 |
| | | 3 rd | \$300,000 |
| 1999 Tour de France: Any Stage ✓ | 22 | 1 st | \$75,000 |
| | | 2 nd | \$25,000 |
| | | 3 rd | \$10,000 |
| 1999 Tour de France: Winning Yellow Jersey ✓ | Stages 1-12 | | \$25,000 |
| | Stages 13-22 | | \$50,000 |
| 1999 Tour de France: Defending Yellow Jersey ✓ | Stages 1-12 | | \$15,000 |
| | Stages 13-22 | | \$25,000 |
| 1998 & 1999 Tour of Spain ✓ | 2 | 1 st | \$200,000 |
| | | 2 nd | \$100,000 |
| | | 3 rd | \$50,000 |
| 1998 & 1999 Tour of Spain: Any Stage ✓ | 44 | 1 st | \$30,000 |
| | | 2 nd | \$10,000 |
| | | 3 rd | \$5,000 |
| 1998 & 1999 Tour of Spain: Winning Yellow Jersey ✓ | Stages 1-12 | | \$15,000 |
| | Stages 13-22 | | \$25,000 |
| 1998 & 1999 Tour of Spain: Defending Yellow Jersey ✓ | Stages 1-12 | | \$10,000 |
| | Stages 13-22 | | \$15,000 |

| | | | |
|-------------------------------------|----|-----------------|-----------|
| 1998-1999 World Championships (CM) | 4 | 1 st | \$200,000 |
| | | 2 nd | \$100,000 |
| | | 3 rd | \$75,000 |
| 1998-1999 World Cup (WC) | 14 | 1 st | \$100,000 |
| | | 2 nd | \$50,000 |
| | | 3 rd | \$25,000 |
| 1999 Hors Category (HC): Any Race | 3 | 1 st | \$30,000 |
| 1999 Hors Category (HC): Any Stage | 30 | 1 st | \$15,000 |
| 1998-1999 UCI 2.1: Any Race | 5 | 1 st | \$20,000 |
| 1998-1999 UCI 2.1: Any Stage | 30 | 1 st | \$10,000 |
| 1998-1999 UCI 1.1: Any Race | 27 | 1 st | \$25,000 |
| 1999 United States Pro Championship | 1 | 1 st | \$35,000 |

4. This contract indemnifies the Sponsor for the assumed liability to award a bonus incentive, but only as it pertains to the specified bicyclist(s) and award amounts as scheduled and agreed upon.
5. GSR Fees are due according to the following schedule: \$23,000 due September 4, 1998 for the remainder of the 1998 season. A 30% deposit for the 1999 season is due on September 15, 1998. The remaining balance for the 1999 season will be due on December 15, 1998.
6. In order for prizes to be awarded race results must be consistent with UCI (Union Cycliste Internationale) results. If any of the said races are not UCI sanctioned then race results must be consistent with the official results of each race.
7. A 1999 race schedule will follow once it is made available. It will be attached as Addendum A.

I HAVE READ THE TERMS AND CONDITIONS FOR THIS CONTRACT AND AGREE TO ABIDE BY EACH ITEM CONTAINED HEREIN.

BY: Mark B. Gorski TITLE: General Manager

NAME Mark B. Gorski

DATE Sept. 8, 1998

Contract #98-6001

SCHEDULE A

Racing Calendar for the Remainder of 1998

Men's Road Schedule 1998

August

- 8 - Clasica San Sebastian - Spain WC No. 6
- 16 - HEW-Cyclissima Cup - Germany WC No. 7
- 19 - Tre Valle Varesino - Italy 1.1
- 23 - GP Suisse - Switzerland WC No. 8
- 25-29 - Ronde van Nederland - Netherlands 2.1
- 29 - Giro di Veneto - Italy 1.1
- 30 - GP Eddy Merckx - Belgium 1.1
- 30 - GP Plouay - France 1.1

September

- 5 - Coppa Placci - Italy 1.1
- 5-27 - Vuelta a Espana - Spain GT
- 12 - Paris - Bruxelles - Belgium 1.1
- 13 - GP Fournies - France 1.1
- 19 - Giro di Lazio - Italy 1.1
- 26 - Giro dell'Emilia - Italy 1.1

October

- 4 - Paris-Tours - France WC No. 9
- 8 - World Championship ITT - Netherlands CM
- 11 - World Championship - Netherlands CM
- 14 - Milano - Torino - Italy 1.1
- 17 - Giro di Lombardia - Italy WC No. 10

UCI Abbreviations:

- CM = World Championships
- GT = Grand Tour
- CC = Continental Championship