

CONFIDENTIAL FACTS FOR CLAYTON KERSHAW'S AGENTS/LAWYERS

While Kershaw has been in the Major Leagues, he has been approached by numerous companies about becoming an endorser for their products. The majority of these endorsement offers have come from baseball related companies such as glove and equipment manufacturers. However, Kershaw and his advisors are looking to expand his profile beyond baseball products in order to increase that profile in the mainstream public to those who may not know who Clayton Kershaw is. This strategy has been implemented in order to increase the public awareness of Kershaw as he approaches free agency after the 2013 season.

Kershaw has played his entire professional baseball career in the Los Angeles Dodgers organization. He likes the coaching staff and the organization as a whole, but he is looking to move to a market where he has a better chance of winning on a regular basis, as well as a team with stable ownership, that can afford to pay him the higher salary he will command in free agency. During the 2011 season, attendance at Dodger Stadium fell drastically as news broke that Dodgers ownership may not be able to meet payroll; safety concerns over the Brian Stow beating were heightened; and dislike of owner Frank McCourt increased after he had the Dodgers file for bankruptcy. With fewer fans at Dodgers home games, come less people who recognize the Kershaw as a Dodger's star in his own home area. Despite this, Kershaw has been a bright spot in a season filled with bad news.

Kershaw is being aggressive and marketing himself to a young crowd who may not necessarily watch baseball, but would want to see him play in their city because of his celebrity status. He looked at other successful strategies that have been employed by athletes that have accomplished this goal, such as Chris Bosh in the NBA and "He Hate Me" from the defunct XFL, but he is traditional with his marketing approach and would rather make a deal with a company than brand himself through self-promotion.

During the course of prior discussions with FRS, the company has made it clear it wants to team up with athletes that like and utilize FRS products in their everyday lives. Kershaw has used FRS products for the past three seasons, but he has found it difficult to locate the products in stores. In his travels, he has found the products are noticeably absent in the Northeastern United States and the upper Midwest. However, he believes FRS has been an effective part of his diet and training program, but he has not yet told FRS he regularly uses FRS products. He is open to using more of the products, but does not want to be caught in a situation where he could be embarrassed if the products are found to contain some harmful or illegal substance in the future. While he has never had a problem with any part of the MLB Drug Testing program, he is well aware of the stringent testing and the public backlash of other players (some former teammates) that have tested positive for performance enhancing substances.

With free agency approaching after the 2013 season, Kershaw wants to begin an endorsement deal quickly, so he can get the maximum exposure before entering the free agent

market. He believes that the quicker he increases his national profile, the larger his public awareness will be when he begins the free agent process. Because of this, it is critical that if he signs with FRS, he will have assurances from the company that FRS products will be easily accessible in all parts of the country, especially in the major media markets.

More than just increasing product availability, Kershaw desires for his advertisements to be seen by as many people as possible. Kershaw will not accept a deal where his face, name, or video of him on the field is not utilized in a manner that features him and he would like exposure on a national basis. Exposure on a national basis will give him name recognition during the free agency process. This will also benefit FRS because Kershaw's name recognition during this process will make his image more recognizable on advertisements for FRS products that have Kershaw involved. This deal should allow Kershaw to be featured in promotional material across the country that covers at least the five major media markets and baseball cities (New York, Boston, Los Angeles, Philadelphia, and Chicago).

Kershaw has an offer from Gatorade that will pay him \$2 million a year for three years and feature Kershaw in advertisements alongside Gatorade's other baseball endorser, Derek Jeter. Part of Kershaw's draw to Gatorade is that he was named Gatorade's National Baseball Player of the Year in 2005-06. Kershaw likes Gatorade and has had some preliminary discussions regarding endorsing Gatorade products previously, but the context of those discussions are Kershaw would not be utilized in advertisements and would not gain anything other than those promotional dollars from the deal. Kershaw also does not use Gatorade products on a regular basis, limiting his use to only when on road trips in locker rooms where Gatorade is provided by the home team.

Kershaw's team has convinced him that a deal involving a small ownership stake in a company (at least 0.5%, with a possible option to increase his ownership as the contract length increases), could be worth the risk if it provides the exposure he is looking for going into free agency. Kershaw wants the opportunity for a large paycheck if FRS grows as other companies have in the past, such as Vitamin Water. Another aspect of this type of deal that interests Kershaw's team is that an ownership share in a private company, such as FRS, would allow Kershaw to have an investment in a company outside of baseball.

In order to reach a deal, Kershaw is looking for nothing longer than a three-year endorsement deal with FRS, unless he receives significant compensation or the opportunity for a big payday after the third year. Kershaw wants to receive compensation similar to what other athletes have recently received for endorsement deals of energy drinks. He wants to receive at least \$2.5 million per year from FRS for each year he is an endorser or the value of that amount of money in company ownership and/or high marketability, which will lead to a large free agent contract when Kershaw enters free agency for the 2013-2014 season. He also wants some assurance in the contract that his name will be immediately deleted and recalled from all FRS products, or some sort of contingency plan to limit bad press, and that the FRS product will not be tied to him as a representative, if something in FRS products in the future is found to be

harmful or illegal. Additionally, Kershaw wants reasonable assurances in the contract that the marketing program will reach people in major markets outside of the West Coast that will provide him name recognition in major markets as he approaches free agency. He also wants assurances in the contract that FRS products will be available in stores across the country by the time the marketing efforts featuring him have begun.