
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 001-33202

UNDER ARMOUR, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

1020 Hull Street

Baltimore, Maryland 21230

(Address of principal executive offices) (Zip Code)

52-1990078

(I.R.S. Employer
Identification No.)

(410) 454-6428

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Class A Common Stock

(Title of each class)

New York Stock Exchange

(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 or Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 29, 2007, the last business day of our most recently completed second fiscal quarter, the aggregate market value of the registrant's Class A Common Stock held by non-affiliates was approximately \$1,316,284,210.

Class A Common Stock, \$.0003 1/3 par value, 36,253,711 shares outstanding as of January 31, 2008 and Class B Convertible Common Stock, \$.0003 1/3 par value, 12,500,000 shares outstanding as of January 31, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Under Armour, Inc.'s Proxy Statement for the Annual Meeting of Stockholders to be held on May 6, 2008 are incorporated by reference in Part III of this Form 10-K.

Table of Contents

UNDER ARMOUR, INC.
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

PART I.

Item 1.	<u>Business</u>	
	<u>General</u>	1
	<u>Products</u>	1
	<u>Marketing and Promotion</u>	2
	<u>Customers</u>	4
	<u>Product Licensing</u>	5
	<u>International Revenues</u>	5
	<u>Seasonality</u>	6
	<u>Product Design and Development</u>	6
	<u>Sourcing, Manufacturing and Quality Assurance</u>	6
	<u>Distribution and Inventory Management</u>	7
	<u>Intellectual Property</u>	8
	<u>Competition</u>	8
	<u>Employees</u>	9
	<u>Available Information</u>	9
Item 1A.	<u>Risk Factors</u>	10
Item 1B.	<u>Unresolved Staff Comments</u>	19
Item 2.	<u>Properties</u>	19
Item 3.	<u>Legal Proceedings</u>	20
Item 4.	<u>Submission of Matters to a Vote of Security Holders</u>	20
	<u>Executive Officers of the Registrant</u>	20

PART II.

Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	23
Item 6.	<u>Selected Financial Data</u>	26
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	42
Item 8.	<u>Financial Statements and Supplementary Data</u>	43
Item 9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	69
Item 9A.	<u>Controls and Procedures</u>	69
Item 9B.	<u>Other Information</u>	69

PART III.

Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	70
Item 11.	<u>Executive Compensation</u>	70
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	70
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	70
Item 14.	<u>Principal Accountant Fees and Services</u>	70

PART IV.

Item 15.	<u>Exhibits and Financial Statement Schedules</u>	71
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SIGNATURES

74

PART I

ITEM 1. BUSINESS

General

Our principal business activities are the development, marketing and distribution of branded performance apparel, footwear and accessories for men, women and youth. The brand's moisture-wicking synthetic fabrications are designed to keep perspiration away from the skin, help regulate body temperature, enhance comfort and mobility and improve performance regardless of weather conditions. Our products are engineered in many different designs and styles for wear in nearly every climate to provide a performance alternative to traditional natural fiber products. Our products are sold worldwide and are worn by consumers with active lifestyles and athletes at all levels, from youth to professional, on playing fields around the globe.

Our products are offered globally in approximately 15,000 retail stores and can be purchased primarily across the United States, Canada, Japan and Western Europe through large national and regional chains of retailers, as well as smaller, independent and specialty retailers. Virtually all of our products are manufactured by unaffiliated manufacturers operating in 15 countries outside of the United States.

Our revenues are generated primarily from wholesale distribution to retail stores. We also derive revenue from product licensing, the sale of our products direct to athletes and teams and direct to consumer sales through our own retail stores, website and toll-free call center. During 2007, our net revenues grew approximately 41% to \$606.6 million from \$430.7 million in 2006. Income from operations increased approximately 52% to \$86.3 million in 2007 from \$56.9 million in 2006. Our net income increased to \$52.6 million in 2007 from \$39.0 million in 2006.

We were incorporated as a Maryland corporation in 1996. As used in this report, the terms "we," "us," "Under Armour" and the "Company" refer to Under Armour, Inc. and its subsidiaries unless the context indicates otherwise. We have registered trademarks around the globe, including UNDER ARMOUR®, HEATGEAR®, COLDGEAR®, ALLSEASONGEAR®, LOOSEGEAR® and the Under Armour UA Logo, and we have applied to register many other trademarks. This Annual Report on Form 10-K also contains additional trademarks and tradenames of our Company and other companies. All trademark and tradenames appearing in this Annual Report on Form 10-K are the property of their respective holders.

Products

Our product offerings consist of apparel, footwear and accessories. Our products are offered in a variety of styles and fits intended to reduce friction, enhance comfort and keep the body cool and dry. We market our products at multiple price levels and seek to provide all consumers with what we believe to be a superior alternative to cotton and other traditional products. Performance product lines are offered for men, women and youth and extend across the sporting goods, outdoor and active lifestyle markets. In 2007, sales of men's, women's, and youth apparel products and footwear products represented approximately 57%, 19%, 8% and 7% of net revenues, respectively. In addition, the sale of accessories and our license revenues represented approximately 5% and 4% of net revenues, respectively.

Apparel

Our apparel products are engineered to replace cotton and other traditional non-performance fabrics in the world of athletics and fitness with performance alternatives designed and merchandised along gearlines. Our three primary apparel gearlines are marketed to tell a very simple story about our highly technical products. We market our products for consumers to choose HEATGEAR® when it is hot, COLDGEAR® when it is cold and ALLSEASONGEAR® between the extremes. Within each gearline our apparel comes in three fit types: compression (tight fitting), fitted (athletic cut) and loose (relaxed).

[Table of Contents](#)

HEATGEAR® is designed to be worn in warm to hot temperatures under equipment or as a single layer. Our first compression T-shirt was the original HEATGEAR® product and remains our signature style. While a sweat-soaked cotton T-shirt can weigh two to three pounds, HEATGEAR® is engineered with a microfiber blend designed to wick moisture from the body which helps the body stay cool, dry and light. We offer HEATGEAR® in a variety of tops and bottoms in a broad array of colors and styles for wear in the gym or outside in warm weather.

Because athletes sweat in cold weather as well as in the heat, COLDGEAR® is designed to wick moisture from the body while circulating body heat from hotspots to help maintain core body temperature. Our COLDGEAR® apparel provides both dryness and warmth in a single light layer that can be worn beneath a jersey, uniform, protective gear or ski-vest and our COLDGEAR® outerwear products protect the athlete (and the coach, fan and others) from the outside in. Our COLDGEAR® product offerings generally sell at higher prices than our other gearlines.

ALLSEASONGEAR® is designed to be worn in changing temperatures and uses technical fabrics to keep the wearer cool and dry in warmer temperatures while preventing a chill in cooler temperatures.

Footwear

We offer performance cleats primarily for use in football, baseball and softball. Our line of football cleats was first available for sale in retail stores in June 2006. We began shipping our line of baseball and softball cleats in the fourth quarter of 2006 for the spring 2007 season. Our footwear products are light, breathable and built to perform for the athlete. Our footwear is created with unique technologies including key traction elements and moisture management. Consistent with our performance apparel marketing and pricing strategy, we offer our cleated footwear at multiple price levels, thereby enabling us to reach a broader consumer base. New product offerings in 2008 will include non-cleated footwear, with the introduction of performance training footwear in May 2008.

Other Products

Our baseball batting, football, golf and running gloves are offered within our HEATGEAR® and COLDGEAR® lines and are designed with advanced fabrications to provide the same level of performance as our other products. Our gloves provide the athlete with moisture management, a secure fit, durability, protection and a tactified palm for better grip. Net revenues generated from the sale of baseball batting, football, golf and running gloves are included in our accessories product category.

Our bags, socks, headwear, eyewear and watches are designed to be used and worn before, during and after competition, and feature performance advantages and functionality similar to our other product offerings. We work with our licensees to develop these products. We currently have agreements with licensees, including JR286, which manufactures Under Armour hats, bags and wristbands; GoldToeMoretz, which manufactures performance socks; Eyeking LLC, which manufactures Under Armour eyewear; and Geneva Watch Group, which manufactures Under Armour watches. Under Armour product, marketing and sales teams are actively involved in all steps of the design process in order to maintain brand standards and consistency. Net revenues generated from the sale of performance bags, socks, headwear, eyewear and watches are primarily included in our license revenues.

Marketing and Promotion

We currently focus on marketing and selling our products to consumers for use in athletics and outdoor activities. We maintain strict control over our brand image with an in-house marketing and promotions department that designs and produces all of our advertising campaigns. We seek to drive consumer demand for our products by building brand identity and awareness as a leading performance alternative to cotton and non-performance apparel, footwear and other products.

Sports Marketing

Our global marketing and promotion efforts begin with a strategy of selling our products to high-performing athletes and teams on the collegiate and professional levels. We implement this strategy through professional and collegiate sponsorships, individual athlete agreements and by selling our products directly to team equipment managers and to individual athletes. As a result, our uniforms, gloves, socks, footwear and other items of apparel are seen on the field, giving our products exposure to various consumer audiences, through television, magazines and live at sporting events. This exposure to consumers helps us establish on-field authenticity as consumers can see our products being worn by high-performing athletes. We are the official outfitter of the Texas Tech University and University of South Carolina football teams, several teams at the University of Maryland and the Auburn University athletic program. We supply uniforms, sideline apparel and fan gear for these teams. Under Armour also signed an agreement in August 2006 to be an official supplier of footwear to the National Football League (“NFL”), a step we took to complete the circle of authenticity from the Friday night lights of high school to Saturday afternoon college game day to the marquee Sunday match-ups of the NFL. This agreement enables NFL players to wear Under Armour footwear on the field and enables Under Armour to reach fans at the highest level of competitive football.

We also have sponsorship agreements with individual athletes. While our roster of athletes has included established stars, like Vernon Davis, Alfonso Soriano and Heather Mitts, our strategy has been and continues to be to find the next generation of stars, like NFL player Bob Sanders, 2007 NFL Defensive Player of the Year, and Kimmie Meissner, a national women’s figure skating champion. In addition to individual athletes, we sell our products domestically to professional football teams and Division I men’s and women’s collegiate athletic teams, including many Division I college football programs.

Internationally, we are selling our products to European soccer and rugby teams. We are an official supplier of performance apparel to the Fulham Football Club of England and 1860 Munich of Germany’s Bundesliga, among others. In addition, we are an official supplier of performance apparel to Hockey Canada and have advertising rights throughout the Air Canada Center during the Toronto Maple Leafs’ home games. We have also been designated as the Official Sponsor of Athletic Performance Apparel of the Toronto Maple Leafs. We believe these relationships create significant on-field product and brand exposure that contributes to our on-field authenticity.

We seek to sponsor events to drive awareness and brand authenticity from a grassroots level. For example, we are a sponsor of the ESPY Awards Show each July and have used the national platform to launch our fall commercial campaigns. We also sponsor ESPN’s Bassmasters Classic to reach hunting and fishing enthusiasts. In keeping with our “next great athlete” strategy, we also sponsor events such as the College Football All Star Challenge, which is broadcast nationally within Super Bowl programming and features the country’s top players headed for the NFL. In addition, we are the title sponsor of The Under Armour (Baltimore) Marathon, we make a significant brand appearance at numerous other major races, and we are the title sponsor of The Under Armour Lacrosse Classic. We are the title sponsor of the Under Armour Senior Bowl, which is the annual competition between the top seniors in college football, and the Under Armour All-American Game, which is the annual competition between the top seniors in high school football. We partner with the Baseball Factory to outfit the nation’s top high school baseball athletes from head-to-toe and serve as the title sponsor for nationally-recognized tournaments and teams. We participate “on the mountain” at the ESPN Winter X Games where winter sport athletes, including skiers, snowboarders, and snowmobilers, gather for events.

Media and Promotion

We feature our men’s and women’s products in a variety of national publications such as *ESPN the Magazine*, *Maxim*, *Shape*, and *People Magazine*, and we also advertise regularly in several outdoor and sport-specific publications.

[Table of Contents](#)

Our signature “Protect this House” and “Click-Clack” television campaigns feature several NFL players. These campaigns run in a variety of lengths and formats, and our “Protect this House” campaign is used in several NFL and collegiate stadiums during games as a crowd prompt. During 2007, we executed a major campaign called “BoomBoom-TAP,” which targeted the “team girl” demographic in an effort to establish Under Armour as the authentic athletic brand for female athletes who play team sports. Additionally, we have developed co-branded commercials with retail partner Dick’s Sporting Goods to promote Under Armour around the holiday season. Our ability to secure product placement in movies, television shows and video games has allowed us to reinforce our authenticity as well as establish our brand with broader audiences who may not have been previously exposed to our advertising and brand efforts.

At the end of 2007, we launched the “teaser” phase of an integrated brand campaign that represents our entry into the non-cleated footwear business by way of Under Armour performance training footwear. This campaign carries the tagline “The New Prototype,” which speaks to athletes who train to compete at a higher level than the competition. We aired a 60-second “The New Prototype” commercial during the Super Bowl XLII in February 2008 to launch the year-long brand campaign to market our footwear products and introduce our brand and other products to additional consumers.

Retail Development and Product Presentation

The primary component of our retail brand strategy is to increase and brand the floor space dedicated to our products. The design and funding of Under Armour concept shops within our major retail accounts is a key initiative for securing prime floor space, educating the consumer and creating an exciting environment for the consumer to experience our brand. Under Armour concept shops enhance our brand’s presentation within our major retail accounts with a shop-in-shop approach, using dedicated floor space exclusively for our products, including flooring, lighting, walls, displays and images. During 2007, we reshaped or added over 250,000 square feet of space dedicated to our products within our major retail accounts.

Across our many retailers, we also use in-store fixtures and displays that highlight our logo and have a performance-oriented, athletic look. We provide retailers with what we believe are exciting and unique brand-building fixtures, such as our “Big E” mannequin, a life size mold of Eric Ogbogu, a 6’4”, 275 pound former NFL defensive end, a current employee and a featured athlete in many of our brand campaigns. To target women consumers, we use a complementary mannequin, the UA WOMAN, modeled after the star of our early women’s brand campaign, Heather Mitts. These displays provide an easily identifiable place for consumers to look for our products and are intended to reinforce the message that our brand is distinct from our competitors.

We work with our retailers to establish optimal placement for our products and to have the brand represented in the many departments of a traditional large national or regional chain. The fixtures and displays enable us to achieve placement of our products throughout stores by providing retailers with outposts to use in various store sections.

Customers

Our products are offered in approximately 15,000 retail stores worldwide, of which over 11,000 retail stores are in North America. We also sell our products directly to consumers through our own retail stores, website and toll-free call center. We rely on our distribution facilities in Glen Burnie, Maryland for substantially all of our product distribution for North America. In addition, we distribute our products in Europe through a third-party logistics provider based out of Tilburg, The Netherlands.

Wholesale Distribution

In 2007, approximately 84% of our net revenues were derived from wholesale distribution. Our principal customers include national and regional retail chains such as, in alphabetical order, Academy, Ltd., Dick’s Sporting Goods, Hibbett Sporting Goods, Modell’s Sporting Goods, and The Sports Authority; hunting and

[Table of Contents](#)

fishing, mountain sports and outdoor retailers such as Bass Pro Shops and Cabela's; and The Army and Air Force Exchange Service. In 2007, our two largest customers were, in alphabetical order, Dick's Sporting Goods and The Sports Authority. These two customers accounted for a total of approximately 33% of our net revenues in 2007, and each of these customers individually accounted for at least 10% of our net revenues in 2007.

In 2007, 74% of our wholesale distribution was derived from large format national and regional retail chains. Additional wholesale distribution in 2007 was derived from independent and specialty retailers, institutional athletic departments, leagues and teams. The independent and specialty retailers are serviced by a combination of in-house sales personnel and third-party commissioned manufacturer's representatives and continue to represent an important part of our product distribution strategy and help build on the authenticity of our products. Our independent sales include sales to military specialists, fitness specialists, outdoor retailers and other specialty channels.

Direct to Consumer Sales

Approximately 11% of our net revenues in 2007 were generated through direct to consumer sales. Direct to consumer sales include sales through our global website and toll-free call center, and discounted sales through our own retail outlet stores. In addition, in November 2007, we opened our first branded, full-price retail store located in Annapolis, Maryland.

Product Licensing

In addition to generating revenues through wholesale distribution and direct to consumer sales, we generate revenues from licensing arrangements to manufacture and distribute Under Armour branded products. In order to maintain consistent quality and performance, we pre-approve all products manufactured and sold by our product licensees, and our quality assurance team strives to ensure that the products meet the same quality and compliance standards as the products that we sell directly. We have formed product licensing relationships with several licensees for bags, socks, headwear, eyewear and watches, as well as the distribution of our products to college bookstores and golf pro shops. In addition, we have a relationship with one Japanese licensee that has the exclusive rights to distribute our products in Japan. In 2007, license revenues accounted for approximately 4% of our net revenues.

International Revenues

Our international revenues include net revenues generated in Western Europe, primarily in the United Kingdom, France and Germany. In addition, international revenues include net revenues generated through third-party distributors primarily in Australia, Benelux, Italy, New Zealand, Panama, Scandinavia and Spain, along with license revenues from our licensee in Japan. We believe that the trend toward performance products is global, and we intend to introduce our products and simple merchandising story to athletes throughout the world. We are introducing our performance apparel in international markets methodically, in a manner consistent with our past brand-building strategy including selling our products directly to teams and individual athletes in these markets, thereby providing us with product exposure to broad audiences of potential consumers in these markets.

We entered the Japanese market in 1999 through a distribution arrangement with Dome Corporation. In 2002, we entered into a license agreement with Dome, and it now produces, markets and sells our branded products in Japan. We work closely with this licensee to develop variations of our products for the different sizes, sports interests and preferences of the Japanese consumer. Our branded products are now sold in Japan to professional sports teams, including baseball and soccer teams, and to approximately 1,700 independent specialty stores and large sporting goods retailers, such as The Sports Authority, Alpen, Xebio and Sports Depot.

In 2005, we expanded our sales into Europe, beginning with the United Kingdom. We have sold our branded products to numerous players on European soccer teams; First Division Football clubs and multiple cricket clubs in the United Kingdom; soccer teams in Italy, Spain, Holland, Ireland and Germany as well as First Division

[Table of Contents](#)

Rugby clubs in the United Kingdom, France, Italy and Ireland. In addition, in January 2006, we opened our European headquarters in Amsterdam, The Netherlands from which our European sales, marketing and logistics functions are conducted (see Note 16 to the Consolidated Financial Statements for consolidated net revenues for each of the last three years attributed to the United States and to other foreign countries).

Seasonality

Historically, we have recognized a significant portion of our income from operations in the last two quarters of the year, driven by increased sales volume of our products during the fall selling season, reflecting our historical strength in fall sports, and the seasonality of our higher priced COLDGEAR® line. The majority of our net revenues were generated during the last two quarters of 2007, 2006 and 2005, respectively. The level of our working capital generally reflects the seasonality and growth in our business. We generally expect inventory, accounts payable and certain accrued expenses to be higher in the second and third quarters in preparation for the fall selling season. Nonetheless, the high percentage of income from operations and net revenues in the second half of the year may have been in part due to our significant growth in net revenues.

Product Design and Development

Our products are manufactured with technical fabrications produced by third parties and developed in collaboration with our product development team. This approach enables us to select and create superior, technically advanced fabrics, produced to our specifications, while focusing our product development efforts on design, fit, climate and product end use.

We seek to constantly upgrade and improve our gearlines and products with the latest in textile technology while broadening our product offerings. Our goal, to deliver superior performance in all Under Armour gearlines and products, provides our developers and licensees with a clear, overarching direction for the brand and helps them identify new opportunities to replace basic cotton products and create performance products that meet the changing needs of athletes. We design products with “visible technology,” utilizing color, texture and fabrication to enhance our customers’ perception and understanding of product use and benefits.

Our product development team has significant prior industry experience at leading fabric suppliers and branded athletic apparel and footwear companies throughout the world. This team works closely with our sports marketing and sales teams as well as professional and collegiate athletes to identify product trends and determine market needs. For example, these teams worked closely together to identify the opportunity and market for our Armour Fleece and our UA Tech-T, a synthetic stretch shirt that is intended to look and feel like cotton, but that also includes our performance product attributes in a synthetic textile.

Sourcing, Manufacturing and Quality Assurance

Many of the specialty fabrics used in our products are technically advanced textile products developed by third parties and may be available, in the short term, from a limited number of sources. The fabric used to manufacture our products is sourced by our manufacturers from a limited number of suppliers pre-approved by us. In 2007, based on estimates derived from our understanding of the sourcing practices of our third-party manufacturers, approximately 70% – 75% of the fabric used in our products came from six suppliers. The largest of those suppliers, representing approximately 15% – 20% of the total, is located in Taiwan. The other five fabric suppliers have locations in Mexico, Taiwan and the United States. We continue to seek to add new suppliers and believe, although there can be no assurance, that this concentration will decrease over time. The fabrics used by our suppliers and manufacturers are synthetic fabrics and involve raw materials, including petroleum based products, that may be subject to price fluctuations and shortages.

Substantially all of our products are manufactured by unaffiliated manufacturers and, in 2007, seven manufacturers produced approximately 55% of our products. In 2007, our products were manufactured by 19 primary manufacturers, operating in 15 countries. During 2007, approximately 53% of our products were

[Table of Contents](#)

manufactured in Asia, 25% in Central and South America and 19% in Mexico. All manufacturers are evaluated for quality systems, social compliance and financial strength by our quality assurance team prior to being selected and on an ongoing basis. We strive to qualify multiple manufacturers, where appropriate, for particular product types and fabrications. We also actively seek out vendors that can perform multiple manufacturing stages, such as procuring fabric and providing finished products, helping us to reduce the cost of goods sold. We enter into a variety of agreements with our manufacturers, including non-disclosure and confidentiality agreements, and we require that all of our manufacturers adhere to a code of conduct regarding quality of manufacturing and working conditions and other social concerns. We do not, however, have any long-term agreements requiring us to utilize any manufacturer, and no manufacturer is required to produce our products in the long-term. We have an office in Hong Kong to support our manufacturing, quality assurance and sourcing efforts for our apparel products and an office in Guangzhou, China to support our manufacturing, quality assurance and sourcing efforts for our footwear products.

We also manufacture a limited number of apparel products on-premises in our quick turn, Special Make-Up Shop located at our distribution facility in Glen Burnie, Maryland. This 17,000 square-foot shop is stocked with fabric in multiple colors to help us build and ship apparel products on tight deadlines for high-profile athletes, leagues and teams. While the apparel products manufactured in the quick turn, Special Make-Up Shop represent an immaterial portion of our total net revenues, we believe the facility helps us to provide superior service to select customers.

Distribution and Inventory Management

We package and distribute the majority of our products through two distribution facilities in Glen Burnie, Maryland, approximately 15 miles from our Baltimore, Maryland headquarters. The first facility is a high-bay facility built in 2000, in which we currently lease and occupy approximately 359,000 square feet. The lease term expires in September 2009, with three options to extend the lease term for up to six years in total. The second facility is a high-bay facility built in 2003, in which we lease and occupy approximately 200,000 square feet, with increasing requirements to lease up to a total of 308,000 square feet by May 2009. The lease term expires in April 2013, with one option to extend the lease term for an additional five years. This distribution facility became fully operational in the second quarter of 2007. We believe our distribution facilities, including the excess available space within those facilities, will be adequate to meet our short term needs. We expect to expand to additional facilities in the future.

In 2007, we successfully piloted a new warehouse management system. We expect it to be fully operational in the second quarter of 2008 for the distribution facilities described above.

We also distribute our products in Europe through a third-party logistics provider based out of Tilburg, The Netherlands. This agreement continues until June 2009.

Inventory management is important to the financial condition and operating results of our business. We manage our inventory levels based on any existing orders, anticipated sales and the rapid-delivery requirements of our customers. Our inventory strategy is focused on continuing to meet consumer demand while improving our inventory efficiency. We expect to achieve this by being in stock in core product offerings, which includes products that we plan to have available for sale over the next twelve months and beyond at full price. In addition, we expect to achieve our inventory strategy by shipping seasonal product at the start of the shipping window in order to maximize the productivity of our floor sets and earmarking any seasonal excess for our retail outlet stores.

Our practice, and the general practice in the apparel and footwear industries, is to offer retail customers the right to return defective or improperly shipped merchandise. Because of the relatively long lead-times for production and design of our products, from time to time we commence production of new products before we receive any orders for those products, which affects our inventory levels for new products.

Intellectual Property

We believe we own the material trademarks used in connection with the marketing, distribution and sale of all of our products, both domestically and internationally, where our products are currently either sold or manufactured. Our major trademarks include the UA Logo and UNDER ARMOUR®, both of which are registered in the United States, the European Union, Japan, Taiwan, China, Australia, New Zealand, South Africa and Canada, among other places. We also own trademark registrations for HEATGEAR®, COLDGEAR®, ALLSEASONGEAR®, PROTECT THIS HOUSE®, THE ADVANTAGE IS UNDENIABLE®, DUPLICITY®, MPZ® and I THINK YOU HEAR US COMING®. In addition, we have applied to register numerous other trademarks including: CLICK-CLACK™, BOOM-BOOM TAP™, ARMOUR™ and THE FUTURE IS OURS™. We also own domain names for our primary trademarks and hold copyrights for our *Good-Bye Girl*™ and *Protect this House*™ commercials. We intend to continue to strategically register, both domestically and internationally, trademarks and copyrights we utilize today and those we develop in the future. We will continue to aggressively police our trademarks and pursue those who infringe, both domestically and internationally.

We believe that the distinctive marks that we use in connection with our products are important in building our brand image and distinguishing our products from those of others. These marks are among our most valuable assets. In addition to our distinctive marks, we also place significant value on our trade dress, which is the overall image and appearance of our products, and we believe that our trade dress helps to distinguish our products in the marketplace.

The intellectual property rights in the technology, fabrics and processes used to manufacture our products generally are owned or controlled by our suppliers. As a result, our ability to obtain patent protection for our products is limited and we currently do not own any fabric or process patents. We focus our efforts on obtaining patent protection for what we believe to be strategic, new product applications in the marketplace. We have filed and will continue to file patent applications in connection with certain of our products that we believe offer a unique utility or function. In 2007, we were issued a utility patent for our DUPLICITY® Sports Bra and several design patents for our footwear. We will continue to file patent applications where we deem appropriate to protect our inventions and designs, and we expect the number of applications to grow as our business grows and as we continue to innovate in a range of product categories.

Competition

The market for performance athletic apparel and footwear is highly competitive and includes many new competitors as well as increased competition from established companies expanding their production and marketing of performance products. The fabrics and technology used in manufacturing our products are generally not unique to us, and we do not currently own any fabric or process patents. Many of our competitors are large apparel, footwear and sporting goods companies with strong worldwide brand recognition and significantly greater resources than us, such as Nike and adidas. We also compete with other manufacturers, including those specializing in outdoor apparel, and private label offerings of certain retailers, including some of our customers.

In addition, purchasing decisions by retailers and their decisions regarding the limited use of floor space in their stores means that we also must compete with others to develop relationships with retailers for their limited attention. We believe we have been successful in this area because of the good relationships we have developed and as a result of the strong sales of our products. However, if retailers earn greater margins from our competitors' products, they may favor the display and sale of those products.

We believe that we have been able to compete successfully because of our brand image and recognition, the performance and quality of our products and our selective distribution policies. We also believe that our focused gearline merchandising story differentiates us from our competition. In the future we expect to compete for consumer preferences and expect that we may face greater competition on pricing. This may favor larger competitors with lower costs per unit of product produced that can spread the effect of price discounts across a

[Table of Contents](#)

larger array of products and across a larger customer base than ours. The purchasing decisions of consumers for our products also often reflect highly subjective preferences that can be influenced by many factors, including advertising, media, product sponsorships, product improvements and changing styles.

Employees

As of December 31, 2007, we had approximately fourteen hundred employees including approximately four hundred each in distribution and in our retail stores. Most of our employees are located in the United States and none of our employees are currently covered by a collective bargaining agreement. We have had no labor-related work stoppages, and we believe our relations with our employees are good.

AVAILABLE INFORMATION

We will make available free of charge on or through our website at www.underarmour.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we file these materials with the Securities and Exchange Commission. We also post on this website our key corporate governance documents, including our board committee charters, our corporate governance guidelines and our ethics policy.

ITEM 1A. RISK FACTORS

Forward-Looking Statements

Some of the statements contained in this Form 10-K and the documents incorporated herein by reference constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the development and introduction of new products, and the implementation of our marketing and branding strategies. In many cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “predicts,” “potential” or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this Form 10-K and the documents incorporated herein by reference reflect our current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These factors include without limitation:

- our ability to manage our growth effectively;
- our ability to develop and introduce effectively new and updated products;
- our ability to accurately forecast consumer demand for our products;
- the availability, integration and effective operation of management information systems and other technology;
- increased competition causing us to reduce the prices of our products or to increase significantly our marketing efforts in order to avoid losing market share;
- changes in consumer preferences or the reduction in demand for performance apparel and other products;
- reduced demand for sporting goods and apparel generally;
- failure of our suppliers or manufacturers to produce or deliver our products in a timely or cost-effective manner;
- our ability to accurately anticipate and respond to seasonal or quarterly fluctuations in our operating results;
- our ability to effectively market and maintain a positive brand image;
- our ability to attract and maintain the services of our senior management and key employees;
- our ability to maintain effective internal controls; and
- changes in general economic or market conditions.

The forward-looking statements contained in this Form 10-K reflect our views and assumptions only as of the date of this Form 10-K. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Our results of operations and financial condition could be adversely affected by numerous risks. You should carefully consider the risk factors detailed below in conjunction with the other information contained in this Form 10-K. Should any of these risks actually materialize, our business, financial condition and future prospects could be negatively impacted.

If we continue to grow at a rapid pace, we may not be able to manage that growth effectively and our brand image, net revenues and profitability may decline.

We have expanded our operations rapidly since our inception and our net revenues have increased to \$606.6 million in 2007 from \$115.4 million in 2003. Continued rapid growth could place a significant strain on our management systems and resources. If our operations continue to grow, we could be required to continue to expand our sales and marketing, product development and distribution functions, to upgrade our management information systems, other processes and technology, and to obtain more space to support our expanding workforce. This expansion could increase the strain on these and other resources, and we could experience serious operating difficulties, including difficulties in hiring, training and managing an increasing number of employees, difficulties in obtaining sufficient raw materials and manufacturing capacity to produce our products, and delays in production and shipments. In addition, as we introduce more new products, such as footwear, and expand internationally, these operational strains and other difficulties could increase. These difficulties would likely result in the erosion of our brand image and a resulting decrease in net revenues and net income.

If we are unable to anticipate consumer preferences and successfully develop and introduce new and updated products, we may not be able to maintain or increase our net revenues and profitability.

Our success depends on our ability to identify, originate and define product trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. Our new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of performance or other sports products or away from these types of products altogether, and our future success depends in part on our ability to anticipate and respond to these changes. There can be no assurance that we will respond to changing preferences in a timely manner. Failure to anticipate and respond to changing consumer preferences could lead to, among other things, lower sales and excess inventory levels.

Even if we are successful in anticipating consumer preferences, our ability to adequately react to and address those preferences will in part depend upon our continued ability to develop and introduce innovative, high-quality products, and there can be no assurance of our ability to do so. In addition, there can be no assurance that our strategy of continuing to expand the range of performance athletic products that we offer into new product categories will be well received by consumers or will not dilute our brand image and result in a shift of consumer preferences away from our product lines. The failure to effectively introduce new products and enter into new product categories that are accepted by consumers could result in a decrease in net revenues and excess inventory levels, which could have a material adverse effect on our financial condition.

Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products.

To minimize purchasing costs and ensure supply, we generally place orders with our manufacturers at least 90-120 days prior to the time we need to deliver our products. However, we generally do not receive firm customer orders prior to 21 days before the date those orders are to be shipped. In addition, a significant portion of our net revenues are generated by at-once orders for immediate delivery to customers, particularly during our peak season from August through November. Because we place orders for products with our manufacturers before our customers' orders are firm and because we receive a significant volume of at-once orders, if we fail to accurately forecast customer demand we may experience excess inventory levels or a shortage of product to deliver to our customers.

Factors that could affect our ability to accurately forecast demand for our products include:

- an increase or decrease in consumer demand for our products or for products of our competitors;
- our failure to accurately forecast customer acceptance for our new products;
- product introductions by competitors;
- unanticipated changes in general market conditions or other factors, which may result in cancellations of advance orders or a reduction or increase in the rate of reorders placed by retailers;
- weakening of economic conditions or consumer confidence in future economic conditions, which could reduce demand for discretionary items, such as our products; and
- terrorism or acts of war, or the threat thereof, which could adversely affect consumer confidence and spending or interrupt production and distribution of product and raw materials.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would have an adverse effect on gross margin. In addition, if we underestimate the demand for our products, our manufacturers may not be able to produce products to meet our customer requirements, and this could result in delays in the shipment of our products and our ability to recognize revenue, as well as damage to our reputation and customer relationships. There can be no assurance that we will be able to successfully manage inventory demand in order to meet future order and reorder requirements.

The difficulty in forecasting demand also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products is likely to result in an unexpected adverse effect on our net revenues and net income, and we are unlikely to forecast such effects with any certainty in advance.

We operate in a highly competitive market and the size and resources of some of our competitors may allow them to compete more effectively than we can, resulting in a loss of our market share and a decrease in our revenues and gross profit.

The market for performance athletic apparel and footwear is highly competitive and includes many new competitors as well as increased competition from established companies expanding their production and marketing of performance products. Because we currently own no fabric or process patents, our current and future competitors are able to manufacture and sell products with performance characteristics and fabrications similar to our products. Many of our competitors are large apparel and footwear companies with strong worldwide brand recognition, such as Nike and adidas, which have significantly greater financial, distribution, marketing and other resources than we do. Because of the fragmented nature of the industry, we also compete with other manufacturers, including those specializing in outdoor apparel and private label offerings of certain retailers, including some of our retail customers. Many of our competitors have significant competitive advantages, including longer operating histories, larger sales forces, bigger advertising budgets, better brand recognition among consumers, greater economies of scale and long-term relationships with our key retail customers that are potentially more important to those customers because of the significantly larger volume and product mix that our competitors sell to them. As a result, these competitors may be better equipped than we are to influence consumer preferences or otherwise increase their market share by:

- quickly adapting to changes in customer requirements;
- readily taking advantage of acquisition and other opportunities;
- discounting excess inventory that has been written down or written off;
- devoting resources to the marketing and sale of their products, including significant advertising, media placement and product endorsement;
- adopting aggressive pricing policies; and
- engaging in lengthy and costly intellectual property and other disputes.

In addition, while a component of one of our key growth strategies is to increase floor space for our products in retail stores, retailers have limited resources and floor space and we must compete with others to develop relationships with them. Increased competition by existing and future competitors could result in reductions in floor space in retail locations, reductions in sales or reductions in the prices of our products, and if retailers earn greater margins from our competitors' products, they may favor the display and sale of those products. Our inability to compete successfully against our competitors and maintain our gross margin could have a material adverse effect on our business, financial condition and results of operations.

We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology could harm our ability to effectively operate our business.

Our ability to effectively manage and maintain our inventory and internal reports, and to ship products to customers and invoice them on a timely basis depends significantly on our enterprise resource planning, warehouse management, and other information systems. The failure of these systems to operate effectively or to integrate with other systems, or a breach in security of these systems could cause delays in product fulfillment and reduced efficiency of our operations, and it could require significant capital investments to remediate any such failure, problem or breach. We cannot assure you that such events will not occur.

Our profitability may decline as a result of increasing pressure on margins.

Our industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer demand. These factors may cause us to reduce our prices to retailers and consumers, which could cause our gross margin to decline if we are unable to offset price reductions with comparable reductions in our operating costs. If our gross margin declines and we fail to sufficiently reduce our cost of goods sold or grow our net revenues, our profitability will decline, and we could incur operating losses that we may be unable to fund or sustain for extended periods of time, if at all. This could have a material adverse effect on our results of operations, liquidity and financial condition.

A decline in sales to, or the loss of, one or more of our key customers could result in a material loss of revenues and negatively impact our prospects for growth.

In 2007, approximately 33% of our net revenues were generated from sales to our two largest customers in alphabetical order, Dick's Sporting Goods and The Sports Authority. We currently do not enter into long-term sales contracts with these or our other key customers, relying instead on our relationships with these customers and on our position in the marketplace. As a result, we face the risk that one or more of these key customers may not increase their business with us as we expect, or may significantly decrease their business with us or terminate their relationship with us. The failure to increase our sales to these customers as we anticipate would have a negative impact on our growth prospects and any decrease or loss of these key customers' business could result in a material decrease in our net revenues and net income.

Sales of performance athletic products may not continue to grow and this could adversely impact our ability to grow our business.

We believe that continued growth in industry-wide sales of performance athletic products will be largely dependent on consumers continuing to transition from traditional alternatives, such as basic cotton T-shirts, to performance athletic products. If consumers are not convinced that these athletic products are a better choice than traditional alternatives, growth in the industry and our business could be adversely affected. In addition, because performance athletic products are often more expensive than traditional alternatives, consumers who are convinced that these athletic products provide a better alternative may still not be convinced that they are worth the extra cost. If industry-wide sales of performance athletic products do not grow, our ability to continue to grow our business and our financial condition and results of operations could be materially adversely impacted.

If the financial condition of our retail customers declines, our financial condition and results of operations could be adversely impacted.

We extend credit to our customers based on an assessment of a customer's financial condition, generally without requiring collateral. We face increased risk of order reduction or cancellation when dealing with financially ailing customers or customers struggling with economic uncertainty. A slowing economy in our key markets or a continued decline in consumer purchases of sporting goods generally could have an adverse effect on the financial health of our retail customers, which could in turn have an adverse effect on our sales, our ability to collect on receivables, our ability to borrow under our revolving credit facility and our financial condition.

If we encounter problems with our distribution system, our ability to deliver our products to the market would be adversely affected.

We rely on our two distribution facilities in Glen Burnie, Maryland for the majority of our product distribution. Our distribution facilities include computer controlled and automated equipment, which means the operations are complicated and may be subject to a number of risks related to security or computer viruses, the proper operation of software and hardware, power interruptions or other system failures. In addition, because the majority of our products are distributed from two nearby locations, our operations could also be interrupted by floods, fires or other natural disasters near our distribution facilities, as well as labor difficulties. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could be caused by significant disruptions in our distribution facilities, such as the long-term loss of customers or an erosion of our brand image. In addition, our distribution capacity is dependent on the timely performance of services by third parties, including the shipping of product to and from our distribution facilities. If we encounter problems with our distribution facilities, our ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies could be materially adversely affected.

We rely on third-party suppliers and manufacturers to provide fabrics for and to produce our products, and we have limited control over these suppliers and manufacturers and may not be able to obtain quality products on a timely basis or in sufficient quantity.

Many of the specialty fabrics used in our products are technically advanced textile products developed by third parties and may be available, in the short-term, from a very limited number of sources. Substantially all of our products are manufactured by unaffiliated manufacturers, and, in 2007, seven manufacturers produced approximately 55% of our products. We have no long-term contracts with our suppliers or manufacturing sources, and we compete with other companies for fabrics, raw materials, production and import quota capacity.

There can be no assurance that there will not be a significant disruption in the supply of fabrics or raw materials from current sources or, in the event of a disruption, that we would be able to locate alternative suppliers of materials of comparable quality at an acceptable price, or at all. In addition, we cannot be certain that our unaffiliated manufacturers will be able to fill our orders in a timely manner. If we experience significant increased demand, or need to replace an existing manufacturer, there can be no assurance that additional supplies of fabrics or raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements. In addition, even if we are able to expand existing or find new manufacturing or fabric sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Any delays, interruption or increased costs in the supply of fabric or manufacture of our products could have an adverse effect on our ability to meet retail customer and consumer demand for our products and result in lower revenues and net income both in the short and long-term.

In addition, there can be no assurance that our suppliers and manufacturers will continue to provide fabrics and raw materials and to manufacture products that are consistent with our standards. We have occasionally received, and may in the future continue to receive, shipments of product that fail to conform to our quality

control standards. In that event, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenues resulting from the inability to sell those products and related increased administrative and shipping costs. In addition, because we do not control our manufacturers, products that fail to meet our standards or other unauthorized products could end up in the marketplace without our knowledge, which could harm our brand and our reputation in the marketplace.

Fluctuations in the cost of raw materials could negatively affect our operating results.

The fabrics used by our suppliers and manufacturers are synthetic fabrics and involve raw materials, including petroleum-based products. Significant price fluctuations or shortages in petroleum or other raw materials can materially adversely affect our cost of goods sold, results of operations and financial condition.

Sponsorships and designations as an official supplier may become more expensive and this could impact the value of our brand image.

A key element of our marketing strategy has been to create a link in the consumer market between our products and professional and collegiate athletes. We previously gained significant publicity and brand name recognition from the perceived sponsorships associated with professional and collegiate athletes and sports programs using our products. The use of our products by athletes and teams was frequently without our paying compensation or in exchange for our furnishing product at a reduced cost or without charge and without formal arrangements. We also have licensing agreements to be the official supplier of performance apparel and footwear to a variety of sports teams and leagues at the collegiate and professional level as well as Olympic teams. However, as competition in the performance apparel industry has increased, the costs associated with athlete sponsorships and official supplier licensing agreements have risen dramatically, including the costs associated with obtaining and retaining these sponsorships and agreements. There is no assurance that we will be able to retain existing or attract new athletes or sports programs to wear or endorse our products or retain official supplier agreements at a reasonable cost, or at all. If we are unable to maintain our current association with professional and collegiate athletes, teams and leagues, we could lose the on-field authenticity associated with our products and may be required to modify and substantially increase the cost of our marketing plan. As a result, our brand image, net revenues, expenses and profitability could be materially adversely affected.

We face ongoing costs and risks associated with complying with extensive corporate governance and disclosure standards.

We have spent and continue to spend a significant amount of management time and resources to comply with laws, regulations and standards relating to corporate governance and public disclosure, including under the Sarbanes-Oxley Act of 2002 (“SOX”), SEC regulations and stock exchange rules. Section 404 of SOX requires management’s annual review and evaluation of our internal control over financial reporting and attestations of the effectiveness of these controls by our management and by our independent registered public accounting firm. In early 2007, we completed our first Section 404 report for fiscal year 2006. We expect to continue to enhance our internal controls as our business grows. However, there is no guarantee that these efforts will result in management assurance or an attestation by our independent registered public accounting firm that internal control over financial reporting is adequate in future periods. In the event that our Chief Executive Officer, Chief Financial Officer or independent registered public accounting firm determines that our internal control over financial reporting is not effective as required by Section 404 of SOX, investor perceptions of us may be adversely affected. In addition, our overhead may increase and our net income may decline as a percentage of net revenues as a result of the additional costs associated with complying with the complex legal regime associated with being a public reporting company.

Our operating results are subject to seasonal and quarterly variations in our net revenues and net income, which could adversely affect the price of our Class A Common Stock.

We have experienced, and expect to continue to experience, seasonal and quarterly variations in our net revenues and net income. These variations are primarily related to increased sales of our products during the fall season, reflecting our historical strength in fall sports, and the seasonality of sales of our higher priced

COLDGEAR® line. The majority of our net revenues were generated during the last two quarters of 2007 and 2006, respectively.

Our quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of the introduction of and advertising for new products and changes in our product mix. Variations in weather conditions may also have an adverse effect on our quarterly results of operations. For example, warmer than normal weather conditions throughout the fall or winter may reduce sales of our COLDGEAR® line, leaving us with excess inventory and operating results below our expectations.

As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our operating results between different quarters within a single year are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. Any seasonal or quarterly fluctuations that we report in the future may not match the expectations of market analysts and investors. This could cause the price of our Class A Common Stock to fluctuate significantly.

Labor disruptions at ports or our suppliers or manufacturers may adversely affect our business.

Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports worldwide and on a consistent basis from our suppliers and manufacturers. Labor disputes at various ports, such as those experienced at western U.S. ports in 2002, or at our suppliers or manufacturers, create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes or other disruptions during our peak importing or manufacturing seasons, and could have an adverse effect on our business, potentially resulting in cancelled orders by customers, unanticipated inventory accumulation or shortages and reduced net revenues and net income.

The value of our brand and sales of our products could be diminished if we are associated with negative publicity.

We require that our suppliers, independent manufacturers and licensees of our products operate their businesses in compliance with the laws and regulations that apply to them as well as the social and other standards and policies we impose on them. We do not control these suppliers, manufacturers or licensees or their labor practices. A violation of our policies, labor laws or other laws by our suppliers, manufacturers or licensees could interrupt or otherwise disrupt our sourcing or damage our brand image. Negative publicity regarding the production methods of any of our suppliers, manufacturers or licensees could adversely affect our reputation and sales and force us to locate alternative suppliers, manufacturing sources or licensees.

In addition, we have sponsorship contracts with a variety of athletes and feature those athletes in our advertising and marketing efforts and many athletes and teams use our products, including those teams or leagues for which we are an official supplier. Actions taken by athletes, teams or leagues associated with our products that harm the reputations of those athletes, teams or leagues could also harm our brand image and result in a material decrease in our net revenues and net income, which could have a material adverse effect on our financial condition and liquidity.

Our international operations and the operations of many of our manufacturers are subject to additional risks that are beyond our control and that could harm our business.

In 2007, our apparel and footwear products were manufactured by 19 primary manufacturers, operating in 15 countries, seven of which manufactured approximately 55% of our products. These manufacturers are primarily located in China, Dominican Republic, Honduras and Mexico. In 2007, approximately 53% of our products were manufactured in Asia, with 25% manufactured in Central and South America and 19% manufactured in Mexico. In addition, approximately 7% of our 2007 net revenues were generated through

international sales and licensing fees. As a result of our international manufacturing and sales, we are subject to risks associated with doing business abroad, including:

- political unrest, terrorism and economic instability resulting in the disruption of trade from foreign countries in which our products are manufactured;
- currency exchange fluctuations;
- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, taxes and other charges on imports, as well as trade restrictions and restrictions on the transfer of funds;
- reduced protection for intellectual property rights in some countries;
- understanding foreign consumer tastes and preferences that may differ from those in the United States;
- complying with foreign laws and regulations that differ from country to country;
- disruptions or delays in shipments; and
- changes in local economic conditions in countries where our manufacturers, suppliers or customers are located.

Our senior secured credit facility provides our lenders with a first-priority lien against substantially all of our assets and contains financial covenants and other restrictions on our actions, and it could therefore limit our operational flexibility or otherwise adversely affect our financial condition.

We have, from time to time, financed our liquidity needs in part from borrowings made under our senior secured credit facility. The senior secured credit facility is a revolving facility of up to \$100.0 million (based on the value of our eligible domestic accounts receivable and inventory).

Our senior secured credit facility contains a number of significant restrictions that limit our ability, among other things, to:

- use our accounts receivable, inventory, trademarks and most of our other assets as security in other borrowings or transactions;
- pay dividends on stock or redeem or acquire any of our securities;
- sell certain assets;
- make certain investments;
- guaranty certain obligations of third parties;
- undergo a merger or consolidation; and
- engage in any activity materially different from those presently conducted by us.

The facility also provides the lenders with the ability to reduce the valuation of our inventory and receivables in certain circumstances and thereby reduce our ability to borrow under the facility even if we are in compliance with all of the conditions of the facility. In addition, we are required to comply with certain financial covenants in the event we fail to maintain a minimum borrowing availability. Failure to comply with these operating or financial covenants could result from, among other things, changes in our results of operations or general economic changes. These covenants may restrict our ability to engage in transactions that would otherwise be in our best interests. Failure to comply with any of the covenants under our senior secured credit facility could result in a default under the facility. This could cause the lenders to accelerate the timing of payments and exercise their lien on essentially all of our assets, which would have a material adverse effect on our business, operations, financial condition and liquidity. In addition, because our senior secured credit facility bears interest at variable interest rates, which we do not anticipate hedging against, increases in interest rates would increase our cost of borrowing, resulting in a decline in our net income and cash flow.

Our Chief Executive Officer controls the majority of the voting power of our common stock.

Our Class A Common Stock has one vote per share and our Class B Convertible Common Stock has 10 votes per share. Our Chief Executive Officer, Kevin A. Plank, beneficially owns all 12.5 million shares outstanding of Class B Convertible Common Stock. As a result, Mr. Plank has the majority voting control and is able to direct the election of all of the members of our Board of Directors and other matters we submit to a vote of our stockholders. This concentration of ownership may have various effects including, but not limited to, delaying or preventing a change of control.

Risks Related to Our Management

Our future success is substantially dependent on the continued service of our senior management and other key employees.

Our future success is substantially dependent on the continued service of our senior management and other key employees, particularly Kevin A. Plank, our founder and Chief Executive Officer. The loss of the services of our senior management or other key employees could make it more difficult to successfully operate our business and achieve our business goals.

We also may be unable to retain existing management, technical, sales and customer support personnel that are critical to our success, which could result in harm to key customer relationships, loss of key information, expertise or know-how and unanticipated recruitment and training costs.

If we are unable to attract and retain new team members, including senior management, we may not be able to achieve our business objectives.

Our growth has largely been the result of significant contributions by our current senior management and product design teams. However, to be successful in continuing to grow our business, we will need to continue to attract, retain and motivate highly talented employees with a range of skills and experience. Competition for employees in our industry is intense and we have experienced difficulty from time to time in attracting the personnel necessary to support the growth of our business, and we may experience similar difficulties in the future. With new additions to our senior management we may develop and implement changes in our product development, merchandising, marketing and operational strategies. There can be no assurance that we would successfully assimilate new senior management and make strategic modifications to our past operating policies in a timely and efficient manner, and if we are unable to attract, assimilate and retain additional senior management with the necessary skills, we may not be able to grow or successfully operate our business.

Risks Related to Proprietary Rights

Our fabrics and manufacturing technology are not patented and can be imitated by our competitors.

The intellectual property rights in the technology, fabrics and processes used to manufacture our products are generally owned or controlled by our suppliers and are generally not unique to us. Our ability to obtain patent protection for our products is limited and we currently own no fabric or process patents. As a result, our current and future competitors are able to manufacture and sell products with performance characteristics and fabrications similar to our products. Because many of our competitors, such as Nike and adidas, have significantly greater financial, distribution, marketing and other resources than we do, they may be able to manufacture and sell products based on our fabrics and manufacturing technology at lower prices than we can. If our competitors do sell similar products to ours at lower prices, our net revenues and profitability could be materially adversely affected.

Our trademark and other proprietary rights could potentially conflict with the rights of others and we may be prevented from selling some of our products.

Our success depends in large part on our brand image. We believe that our registered and common law trademarks have significant value and are important to identifying and differentiating our products from those of our competitors and creating and sustaining demand for our products. We cannot assure you that obstacles will not arise as we expand our product line and the geographic scope of our marketing. From time to time, we have received claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims against us, particularly as we expand our business and the number of products we offer. Any claim, regardless of its merit, could be expensive and time consuming to defend. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. In addition, resolution of claims may require us to redesign our products, license rights belonging to third parties or cease using those rights altogether. Any of these events could harm our business and have a material adverse effect on our results of operations, liquidity and financial condition.

Our failure to protect our intellectual property rights could diminish the value of our brand, weaken our competitive position and reduce our revenues.

We currently rely on a combination of copyright, trademark and trade dress laws, patent laws, unfair competition laws, confidentiality procedures and licensing arrangements to establish and protect our intellectual property rights. We cannot assure you that the steps taken by us to protect our proprietary rights will be adequate to prevent infringement of our trademarks and proprietary rights by others, including imitation of our products and misappropriation of our brand. In addition, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect our proprietary rights as fully as in the United States, and it may be more difficult for us to successfully challenge the use of our proprietary rights by other parties in these countries. If we fail to protect and maintain our intellectual property rights, the value of our brand could be diminished and our competitive position may suffer.

From time to time, we discover unauthorized products in the marketplace that are either counterfeit reproductions of our products or unauthorized irregulars that do not meet our quality control standards. If we are unsuccessful in challenging a third party's products on the basis of trademark infringement, continued sales of their products could adversely impact our brand, result in the shift of consumer preferences away from our products and adversely affect our business.

We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to third parties. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive and administrative offices are located at an office complex in Baltimore, Maryland. We believe that our current location and the additional planned approximate 140.0 thousand square feet of office space adjacent to our current location will be sufficient for the operation of our business over the next twelve months. We opened our primary distribution facility in Glen Burnie, Maryland in June 2004, and opened an additional distribution facility in Glen Burnie, Maryland during the second quarter of 2007. We believe our distribution facilities, including the excess available space within those facilities, will be adequate to meet our short term needs. We expect to expand to additional facilities in the future.

[Table of Contents](#)

The location, general use, approximate size and lease term of our properties as of December 31, 2007, none of which is owned by us, are set forth below:

<u>Location</u>	<u>Use</u>	<u>Approximate Gross Square Feet</u>	<u>Lease End Date</u>
Baltimore, MD	Corporate headquarters	119,215	(1)
Amsterdam, The Netherlands	European headquarters	1,000	January 2011
Glen Burnie, MD	Distribution facilities, 17,000 square foot quick-turn, Special Make-Up Shop manufacturing facility and 4,500 square foot retail outlet store	559,000	(2)
Denver, CO	Sales office	6,000	August 2009
Ontario, Canada	Sales office	10,000	October 2011
Guangzhou, China	Quality assurance & sourcing for footwear	1,400	December 2008
Hong Kong	Quality assurance & sourcing for apparel	4,500	March 2010
Various	Retail store space	64,200	(3)

- (1) Includes various lease obligations with options to renew beginning May 2010 through April 2012.
- (2) Includes a 359,000 square foot facility with an option to renew in September 2009 and a 200,000 square foot facility with an option to renew in April 2013 in which we are obligated to increase our leased space up to a total of 308,000 square feet by May 2009.
- (3) Includes eighteen retail stores located in the United States with lease end dates of December 2009 through June 2018. We also have an additional retail outlet store which is included in the Glen Burnie, Maryland location in the table above. We anticipate that we will be able to extend these leases that expire in the near future on satisfactory terms or relocate to other locations.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we have been involved in various legal proceedings. We believe that all such litigation is routine in nature and incidental to the conduct of our business, and we believe that no such litigation will have a material adverse effect on our financial condition, cash flows or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

Executive Officers of the Registrant

Our executive officers are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kevin A. Plank	35	President, Chief Executive Officer and Chairman of the Board of Directors
Wayne A. Marino	47	Executive Vice President and Chief Financial Officer
Stephen J. Battista	34	Vice President of Brand
James E. Calo	45	Chief Supply Chain Officer
Kip J. Fulks	35	Senior Vice President of Outdoor
Kevin M. Haley	39	Senior Vice President of Sports Marketing
Suzanne J. Karkus	50	Senior Vice President of Apparel
Peter Mahrer	48	President and Managing Director, Under Armour Europe B.V.
Matthew C. Mirchin	48	Vice President of North American Sales
Raphael J. Peck	38	Vice President of Footwear and Licensing
J. Scott Plank	42	Senior Vice President of Retail
Melissa A. Wallace	49	Vice President of Human Resources

[Table of Contents](#)

Kevin A. Plank has been our President, Chief Executive Officer and Chairman of the Board of Directors since our inception. Mr. Plank also is a member of the Board of Trustees of the University of Maryland College Park Foundation. Mr. Plank's brother is J. Scott Plank, our Senior Vice President of Retail.

Wayne A. Marino has been Executive Vice President and Chief Financial Officer since March 2006. Prior to that, Mr. Marino served as Senior Vice President and Chief Financial Officer from February 2005 to February 2006 and Vice President and Chief Financial Officer from January 2004 to January 2005. Prior to joining our Company, Mr. Marino served as Chief Financial Officer of Nautica Enterprises, Inc. from 2000 to 2003. From 1998 to 2000, Mr. Marino served as Chief Financial Officer for Hartstrings Inc. Prior thereto, Mr. Marino served in a variety of capacities, including Divisional Chief Financial Officer, for Polo Ralph Lauren Corporation.

Stephen J. Battista has been Vice President of Brand since January 2005. Prior to that, Mr. Battista served as our Director of Marketing from 2002 to 2004 and Director of Corporate Communications from 2000 to 2002.

James E. Calo has been the Chief Supply Chain Officer since October 2006. Prior to joining our Company, Mr. Calo served as Senior Vice President of Operations for VF Sportswear, Inc. (formerly Nautica Enterprises, Inc.) from October 2000 to September 2006 and Vice President of Operations for Polo Ralph Lauren Corporation from May 1994 to October 2000 and Divisional CFO and Director of Operations for Polo Clothing Company from November 1991 to May 1994.

Kip J. Fulks has been Senior Vice President of Outdoor since October 2007. Prior to that, Mr. Fulks served as the Senior Vice President of Sourcing, Quality Assurance and Product Development from March 2006 to September 2007 and Vice President of Sourcing and Quality Assurance from 1997 to February 2006.

Kevin M. Haley has been Senior Vice President of Sports Marketing since October 2007. Prior to that, Mr. Haley served as Vice President—House Counsel from September 2005 to September 2007. Prior to joining our Company, Mr. Haley served in various capacities in the Securities and Exchange Commission from 2000 to 2005, most recently as a Branch Chief in the Financial Fraud Task Force. From 1996 to 2000, Mr. Haley represented corporate clients as an attorney in private practice.

Suzanne J. Karkus has been Senior Vice President of Apparel since January 2008. Prior to joining our Company, she served as President of Izod Womenswear from 2003 to 2007, President of the Women's Division of Calvin Klein Jeanswear from September 1998 to January 2003, Vice President of the Women's Division of Calvin Klein Jeanswear from June 1997 to September 1998 and Senior Director of Calvin Klein Jeanswear from November 1994 to June 1997.

Peter Mahrer has been President and Managing Director of Under Armour Europe, B.V., since July 2007. Prior to joining our Company, Mr. Mahrer served as Head of International Sales and General Manager, Central Europe for Puma AG from February 2001 to June 2007. A member of Puma's Group Executive Committee, he was responsible for the Company's global sales strategy. Prior to his tenure at Puma, Mr. Mahrer held executive positions at adidas AG from 1994 to 2000, including head of the Global Football unit from 1994 to 1999 where he was responsible for development and implementation of all product categories and sports marketing. In addition, Mr. Mahrer previously held a senior position at Intersport International Corp.

Matthew C. Mirchin has been Vice President of North American Sales since March 2006. Prior to that, Mr. Mirchin served as Vice President of U.S. Sales from May 2005 to February 2006. Prior to joining our Company, Mr. Mirchin served as President of Retail and Bookstores from 2004 to 2005 and President of Team Sports from 2001 to 2004 for Russell Athletic. Prior to joining Russell Athletic, Mr. Mirchin served in various capacities at the Champion Division of Sara Lee Corporation from 1994 to 2001.

Raphael J. Peck has been the Vice President of Footwear and Licensing since January 2008. Prior to that, Mr. Peck served as Vice President of Product Creation and Merchandising from October 2003 to

[Table of Contents](#)

December 2007 and Director of Global Apparel and Licensing from May 2002 to September 2003. Prior to joining our Company, Mr. Peck served as the Global Product Line Manager from 2000 to 2002 and SMU Product Line Manager from 1999 to 2000 of adidas AG.

J. Scott Plank has been Senior Vice President of Retail of Under Armour since March 2006. Prior to that, Mr. Plank served as Chief Administrative Officer from January 2004 to February 2006 and Vice President of Finance from 2000 to December 2003 with operational and strategic responsibilities. Mr. Plank was a director of the Company from 2001 until July 2005. Mr. Plank is the brother of Kevin A. Plank, our President, Chief Executive Officer, and Chairman of the Board of Directors.

Melissa A. Wallace has been Vice President of Human Resources since January 2007. Prior to joining our Company, Ms. Wallace served as Vice President of Human Resources for Party City Corporation from March 2002 to December 2006, Senior Vice President of Human Resources for Ann Taylor Stores Corporation from July 2001 to February 2002 and Vice President of Human Resources for Liz Claiborne Inc. from September 1996 to July 2001. Prior thereto, she served as Director of Human Resources for Liz Claiborne Inc., United Retail Group Inc. and Mande and Annie Sez Stores.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Under Armour’s Class A Common Stock was traded on the NASDAQ National Market under the symbol “UARM” from November 18, 2005 until December 18, 2006. Since December 18, 2006, Under Armour’s Class A Common Stock has been traded on the New York Stock Exchange (“NYSE”) under the symbol “UA”. As of January 31, 2008, there were 621 record holders of our Class A Common Stock and 3 record holders of Class B Convertible Common Stock which are beneficially owned by our President and Chief Executive Officer, Kevin A. Plank. The following table sets forth by quarter the high and low sale prices of our Class A Common Stock on the NASDAQ National Market and NYSE during 2007 and 2006.

	<u>High</u>	<u>Low</u>
2007		
First Quarter (January 1 – March 31)	\$ 52.30	\$ 43.34
Second Quarter (April 1 – June 30)	\$ 53.23	\$ 41.37
Third Quarter (July 1 – September 30)	\$ 73.40	\$ 45.66
Fourth Quarter (October 1 – December 31)	\$ 63.90	\$ 41.51
2006		
First Quarter (January 1 – March 31)	\$ 41.90	\$ 25.85
Second Quarter (April 1 – June 30)	\$ 43.50	\$ 30.75
Third Quarter (July 1 – September 30)	\$ 43.50	\$ 32.20
Fourth Quarter (October 1 – December 31)	\$ 54.00	\$ 39.33

Dividends

No cash dividends were declared or paid during 2007 or 2006 on any class of our common stock. We currently anticipate that we will retain any future earnings for use in our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future. In addition, our revolving credit facility limits our ability to pay dividends to our stockholders. See “Financial Position, Capital Resources and Liquidity” within Management’s Discussion and Analysis for further discussion of our revolving credit facility.

Stock Compensation Plans

The following table contains certain information regarding our equity compensation plans.

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options and warrants <u>(a)</u>	Weighted-average exercise price of outstanding options and warrants <u>(b)</u>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <u>(c)</u>
Equity Compensation plans approved by security holders	2,125,711	\$ 8.23	2,824,897
Equity Compensation plans not approved by security holders	480,000	\$ 36.99	—

The number of securities remaining available for future issuance includes 1,863,929 shares of our Class A Common Stock under our 2005 Omnibus Long-Term Incentive Plan (2005 Stock Plan) and 960,968 shares of our Class A Common Stock under our Employee Stock Purchase Plan. In addition to securities issued upon the

[Table of Contents](#)

exercise of stock options, the 2005 Stock Plan authorizes the issuance of restricted and unrestricted shares of our Class A Common Stock, restricted stock units and other equity awards (see Note 12 to the Consolidated Financial Statements for information required by this Item regarding the material features of each such plan).

The number of securities issued under equity compensation plans not approved by security holders includes 480,000 fully vested and non-forfeitable warrants granted in 2006 to NFL Properties LLC as partial consideration for footwear promotional rights (see Note 12 to the Consolidated Financial Statements for a further discussion on the warrants).

Recent Sales of Unregistered Equity Securities

From October 24, 2007 through January 25, 2008, we issued 66,625 shares of Class A Common Stock upon the exercise of previously granted stock options to employees under our 2000 Stock Plan at a weighted average exercise price of \$3.12 per share, for an aggregate amount of consideration of \$0.2 million. The following issuances of Class A Common Stock were made on the dates indicated at exercise prices totaling the aggregate amount of consideration set forth in the following table:

<u>Date</u>	<u>Number of Shares Issued</u>	<u>Aggregate Amount of Exercise Price</u>
October 24, 2007	2,500	\$ 417
November 1, 2007	250	662
November 2, 2007	750	1,988
November 6, 2007	1,200	3,180
November 7, 2007	300	795
November 12, 2007	5,000	833
November 13, 2007	5,000	833
November 16, 2007	650	1,723
November 30, 2007	3,000	7,950
December 11, 2007	30,000	63,300
January 18, 2008	10,000	107,700
January 22, 2008	1,000	2,650
January 24, 2008	1,975	5,234
January 25, 2008	5,000	10,550
	<u>66,625</u>	<u>\$ 207,815</u>

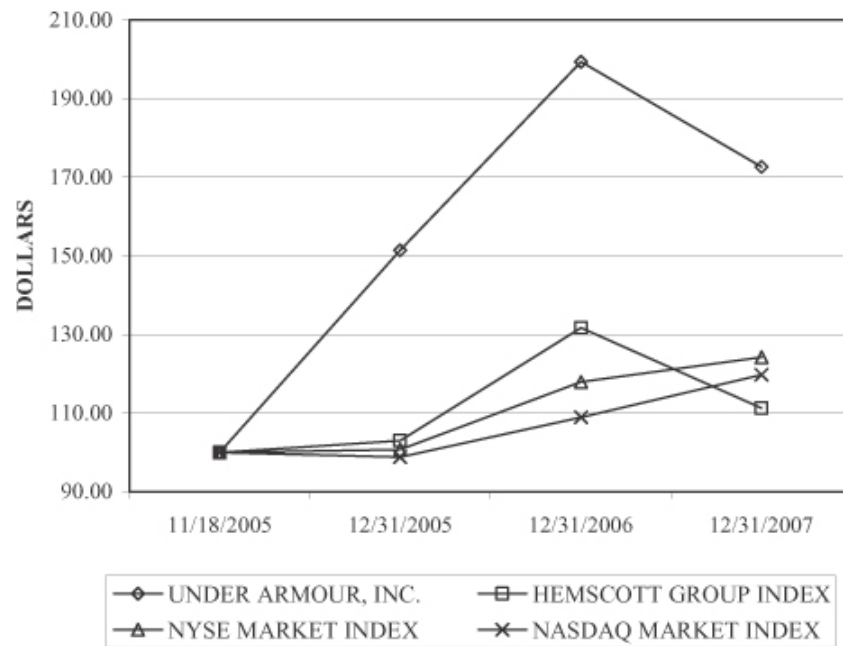
The issuances of securities described above were made in reliance upon Section 4(2) under the Securities Act in that any issuance did not involve a public offering or under Rule 701 promulgated under the Securities Act, in that they were offered and sold either pursuant to written compensatory plans or pursuant to a written contract relating to compensation, as provided by Rule 701.

Stock Performance Graph

The stock performance graph below compares cumulative total return on Under Armour, Inc. Class A Common Stock from November 18, 2005 (the date of Under Armour's initial public offering) through December 31, 2007 to the cumulative total return of the NASDAQ Market Index, NYSE Market Index and the Hemscott Group Textile-Apparel Clothing Index for the same period. As the Company began listing its Class A Common Stock on the NYSE beginning on December 18, 2006, the Company has changed its comparative market index to the NYSE Market Index. Both market indices have been included below pursuant to Securities and Exchange Commission rules. The graph assumes an initial investment of \$100 in Under Armour and each index as of November 18, 2005 and reinvestment of any dividends. The graph assumes the initial value of Under Armour's Class A Common Stock on November 18, 2005 of \$25.30, which was the closing price on its first day

[Table of Contents](#)

of trading. If the initial value in Under Armour Class A Common Stock was the initial public offering price of \$13.00, the cumulative total return of the initial investment of \$100 on November 18, 2005 would be \$294.69, \$388.08 and \$335.92 as of December 31, 2005, 2006 and 2007, respectively. The performance shown on the graph below is not intended to forecast or be indicative of possible future performance of our common stock.



	11/18/2005	12/31/2005	12/31/2006	12/31/2007
Under Armour, Inc.	\$ 100.00	\$ 151.42	\$ 199.41	\$ 172.61
NYSE Market Index	\$ 100.00	\$ 100.66	\$ 117.93	\$ 124.24
NASDAQ Market Index	\$ 100.00	\$ 98.78	\$ 108.92	\$ 119.74
Hemscott Group Textile—Apparel Clothing Index	\$ 100.00	\$ 103.00	\$ 131.72	\$ 111.27

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is qualified by reference to, and should be read in conjunction with, the consolidated financial statements, including the notes thereto, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Form 10-K.

<i>(In thousands, except per share amounts)</i>	Year Ended December 31,				
	2007	2006	2005	2004	2003
Statements of Income data:					
Net revenues	\$ 606,561	\$ 430,689	\$ 281,053	\$ 205,181	\$ 115,419
Cost of goods sold	301,517	215,089	145,203	109,748	64,757
Gross profit	305,044	215,600	135,850	95,433	50,662
Operating expenses					
Selling, general and administrative expenses	218,779	158,682	100,040	70,280	40,709
Income from operations	86,265	56,918	35,810	25,153	9,953
Other income (expense), net	2,778	2,169	(2,836)	(1,057)	(2,214)
Income before income taxes	89,043	59,087	32,974	24,096	7,739
Provision for income taxes	36,485	20,108	13,255	7,774	1,991
Net income	52,558	38,979	19,719	16,322	5,748
Accretion of and cumulative preferred dividends on Series A preferred stock	—	—	5,307	1,994	475
Net income available to common stockholders	<u>\$ 52,558</u>	<u>\$ 38,979</u>	<u>\$ 14,412</u>	<u>\$ 14,328</u>	<u>\$ 5,273</u>
Net income available per common share:					
Basic	\$ 1.09	\$ 0.83	\$ 0.39	\$ 0.41	\$ 0.16
Diluted	\$ 1.05	\$ 0.79	\$ 0.36	\$ 0.39	\$ 0.15
Weighted average common shares outstanding:					
Basic	48,021	46,983	37,199	35,124	32,106
Diluted	49,959	49,587	39,686	36,774	34,146
Dividends declared	\$ —	\$ —	\$ —	\$ 5,000	\$ 3,640
<i>(In thousands)</i>	At December 31,				
	2007	2006	2005	2004	2003
Balance Sheet data:					
Cash & cash equivalents	\$ 40,588	\$ 70,655	\$ 62,977	\$ 1,085	\$ 667
Working capital(1)	226,546	173,389	134,118	16,690	13,822
Inventories	166,082	81,031	53,607	48,055	21,849
Total assets	390,613	289,368	203,687	110,977	54,725
Total debt and capital lease obligations, including current maturities	14,332	6,257	8,391	45,133	22,018
Mandatorily Redeemable Series A Preferred Stock	—	—	—	6,692	4,698
Total stockholders’ equity	\$ 280,485	\$ 214,388	\$ 150,830	\$ 21,237	\$ 11,865

(1) Working capital is defined as current assets minus current liabilities.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with our consolidated financial statements and related notes and the information contained elsewhere in this Form 10-K under the captions "Risk Factors," "Selected Financial Data," and "Business."

Overview

We are a leading developer, marketer and distributor of branded performance apparel, footwear and accessories for men, women and youth. Since our incorporation in 1996, we have grown and reinforced our brand name and image through sales to athletes and teams at all levels, from youth to professional, as well as through sales to consumers with active lifestyles around the globe. We believe that Under Armour is a widely recognized athletic brand known as a performance alternative to traditional natural fiber products.

Our net revenues have grown to \$606.6 million in 2007 from \$115.4 million in 2003. We believe that our growth in net revenues has been driven by a growing interest in performance products and the strength of the Under Armour brand in the marketplace relative to our competitors, as evidenced by the increases in sales of our men's, women's and youth apparel products, footwear and accessories.

We plan to continue to increase our net revenues by building upon our relationships with existing customers, expanding our product offerings in new and existing retail stores, offering new products and building our brand internationally. In recent years, we expanded our product offerings to include cleated footwear and additional men's and women's performance products as well as additional products for off-field outdoor sports, including hunting, fishing, running, mountain sports, skiing and golf. New product offerings in 2008 will include non-cleated footwear, with the introduction of performance training footwear in May 2008. As we have expanded into new product lines, sales of our existing product lines have continued to grow.

To date, a large majority of our products have been sold in North America; however we believe that our products appeal to athletes and consumers with active lifestyles around the globe. As early as 1999, the Under Armour brand has been sold in the Japanese market place through a third-party. Our products are also offered in the United Kingdom, France and Germany. Overall, our products are offered in approximately 15,000 retail stores worldwide. In addition, we have signed strategic distribution agreements to sell our products in Australia, Benelux, Italy, New Zealand, Panama, Scandinavia and Spain. We plan to increase net revenues internationally by adding product offerings through our Japanese licensee and by expanding our European distribution. In order to support this initiative, during 2006 we opened a European Headquarters in Amsterdam, The Netherlands that houses our European sales, marketing and logistics functions.

Our license revenues have grown to \$24.0 million in 2007 from \$1.7 million in 2003. We have entered into licensing agreements with established, high-quality manufacturers to produce and distribute Under Armour branded products to further reinforce our brand identity and increase our net revenues and gross profit. In exchange for the use of our trademarks, our licensees pay us license revenues based on their net sales of core products of socks, hats, bags, watches, eyewear, and other accessories. We seek to continue to grow our license revenues by working with our existing licensees to offer additional products and increase their distribution, and by selectively entering into new licensing agreements.

We believe there is an increasing recognition of the health benefits of an active lifestyle. We believe this trend provides us with an expanding consumer base for our products. We also believe there is a continuing shift in consumer demand from basic cotton products to performance products such as those we offer, which are intended to provide better performance by wicking perspiration away from the skin, helping to regulate body temperature and enhancing comfort. We believe that these shifts in consumer preferences and lifestyles are not unique to the United States, but are occurring in a number of markets globally, thereby increasing our opportunities to introduce our performance products to new consumers.

Although we believe these trends will facilitate our growth, we also face potential challenges that could limit our ability to take advantage of these opportunities, including, among others, the risk that we may not be able to manage our rapid growth effectively. In addition, we may not consistently be able to anticipate consumer preferences and develop new products that meet changing preferences in a timely manner. Furthermore, our industry is very competitive. Our profitability may decline if we experience increasing pressure on margins, if we lose one or more of our key customers or if our competitors establish the brand loyalty of our current or potential consumers. While we seek to diversify to minimize the risk of interruptions in the supply of raw materials for our products and have what we believe is a diverse manufacturing base globally, we may still be susceptible to general economic changes such as increases in the costs of raw materials, including petroleum, which is a significant component of many of our products, or other disruptions in the economy or in international trade. For a more complete discussion of the risks facing our business, see “Risk Factors.”

General

Net revenues comprise both net sales and license revenues. Net sales comprise our five primary product categories, which are men’s, women’s and youth apparel, footwear and accessories.

Cost of goods sold consists primarily of product costs, inbound freight and duty costs, handling costs to make products floor-ready to customer specifications, and write downs for inventory obsolescence. In addition, cost of goods sold includes overhead costs associated with our Special Make-Up Shop located at one of our distribution facilities where we manufacture a limited number of products, and costs relating to our Hong Kong and Guangzhou, China offices which help support manufacturing, quality assurance and sourcing efforts. No cost of goods sold is associated with license revenues. We include a majority of our outbound shipping and handling costs as a component of selling, general and administrative expenses. As a result, our gross profit may not be comparable to that of other companies that include outbound shipping and handling costs in the calculation of their cost of goods sold. Outbound shipping and handling costs include costs associated with shipping goods to customers and certain costs to operate our distribution facilities. These costs were \$13.7 million, \$10.5 million and \$7.8 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Our selling, general and administrative expenses consist of costs related to marketing, selling, product innovation and supply chain and corporate services. Our marketing costs are an important driver of our growth. For the full year 2007, our marketing investments were 11.7% of net revenues, within our historical range of 10% to 12% of net revenues. For the full year 2008, we expect to increase our investments in marketing to the range of 12% to 13% of net revenues. Marketing costs consist primarily of commercials, print ads, league, team and player sponsorships, amortization of footwear promotional rights, depreciation expense specific to our in-store fixture program and marketing related payroll. Selling costs consist primarily of related payroll, commissions paid to third parties and the selling costs relating to our direct to consumer sales, which includes our website, catalog and retail stores. Product innovation and supply chain costs include our apparel and footwear product creation and development costs, distribution facility operating costs, and related payroll. Corporate services primarily consist of corporate facility operating costs, company-wide administrative expenses, and related payroll.

Other income (expense), net consists primarily of interest income, interest expense, both unrealized and realized gains and losses on our derivative financial instruments, and both unrealized and realized gains and losses on adjustments that arise from foreign currency exchange rate changes on transactions.

For 2007, our effective tax rate was 41.0%. In 2006, we earned and recognized a state income tax credit which reduced our effective tax rate to 34.0%. We expect our 2008 effective tax rate to approximate 41.6%.

Results of Operations

The following table sets forth key components of our results of operations for the periods indicated, both in dollars and as a percentage of net revenues.

<i>(In thousands)</i>	Year Ended December 31,		
	2007	2006	2005
Net revenues	\$ 606,561	\$ 430,689	\$ 281,053
Cost of goods sold	301,517	215,089	145,203
Gross profit	305,044	215,600	135,850
Selling, general and administrative expenses	218,779	158,682	100,040
Income from operations	86,265	56,918	35,810
Other income (expense), net	2,778	2,169	(2,836)
Income before income taxes	89,043	59,087	32,974
Provision for income taxes	36,485	20,108	13,255
Net income	<u>\$ 52,558</u>	<u>\$ 38,979</u>	<u>\$ 19,719</u>

<i>(As a percentage of net revenues)</i>	Year Ended December 31,		
	2007	2006	2005
Net revenues	100.0%	100.0%	100.0%
Cost of goods sold	49.7%	49.9%	51.7%
Gross profit	50.3%	50.1%	48.3%
Selling, general and administrative expenses	36.1%	36.9%	35.6%
Income from operations	14.2%	13.2%	12.7%
Other income (expense), net	0.5%	0.5%	-1.0%
Income before income taxes	14.7%	13.7%	11.7%
Provision for income taxes	6.0%	4.6%	4.7%
Net income	<u>8.7%</u>	<u>9.1%</u>	<u>7.0%</u>

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Net revenues increased \$175.9 million, or 40.8%, to \$606.6 million for the year ended December 31, 2007 from \$430.7 million for the same period in 2006. This increase was the result of increases in both our net sales and license revenues as noted in the product category table below.

<i>(In thousands)</i>	Year Ended December 31,			
	2007	2006	\$ Change	% Change
Men's	\$ 348,150	\$ 255,681	\$ 92,469	36.2%
Women's	115,867	85,695	30,172	35.2%
Youth	48,596	31,845	16,751	52.6%
Apparel	512,613	373,221	139,392	37.3%
Footwear	40,878	26,874	14,004	52.1%
Accessories	29,054	14,897	14,157	95.0%
Total net sales	582,545	414,992	167,553	40.4%
License revenues	24,016	15,697	8,319	53.0%
Total net revenues	<u>\$ 606,561</u>	<u>\$ 430,689</u>	<u>\$ 175,872</u>	<u>40.8%</u>

[Table of Contents](#)

Net sales increased \$167.5 million, or 40.4%, to \$582.5 million for the year ended December 31, 2007 from \$415.0 million during the same period in 2006 as noted in the table above. The increase in net sales primarily reflects:

- continued unit volume growth of our existing apparel products, such as compression, training and golf products, primarily sold to existing retail customers due to additional retail stores and expanded floor space, while pricing of existing apparel products remained relatively unchanged;
- increased average selling prices driven primarily by substantial growth in direct to consumer sales;
- \$14.0 million increase in footwear product sales, primarily football and baseball cleats, which were introduced in the second and fourth quarter of 2006, respectively; and
- new products introduced during 2007 within all product categories, most significantly in our golf, training and mountain categories.

License revenues increased \$8.3 million, or 53.0%, to \$24.0 million for the year ended December 31, 2007 from \$15.7 million during the same period in 2006. License revenues increased due to additional sales by our licensees as a result of their increased distribution, continued unit volume growth, new product offerings and new licensing agreements, which includes distribution of products to college bookstores and golf pro shops, along with performance eyewear.

Gross profit increased \$89.4 million to \$305.0 million for the year ended December 31, 2007 from \$215.6 million for the same period in 2007. Gross profit as a percentage of net revenues, or gross margin, increased approximately 20 basis points to 50.3% for the year ended December 31, 2007 from 50.1% during the same period in 2006. This increase in gross margin percentage was primarily driven by the following:

- lower customer incentives as a percentage of net revenues, primarily driven by changes to certain customer agreements which decreased discounts while increasing certain customer marketing expenditures recorded in selling, general and administrative expenses, accounting for an approximate 80 basis point increase;
- increased direct to consumer higher margin sales, along with increased license revenues, accounting for an approximate 60 basis point increase, partially offset by;
- increased reserves, primarily for sales returns and allowances, accounting for an approximate 50 basis point decrease; and
- higher product and inbound logistics costs, accounting for an approximate 50 basis point decrease.

Selling, general and administrative expenses increased \$60.1 million to \$218.8 million for the year ended December 31, 2007 from \$158.7 million in 2006. As a percentage of net revenues, selling, general and administrative expenses decreased to 36.1% for the year ended December 31, 2007 from 36.9% in 2006. These changes were primarily attributable to the following:

- Marketing costs increased \$22.9 million to \$71.2 million for the year ended December 31, 2007 from \$48.3 million in 2006 primarily due to sponsorship of new teams and athletes on the collegiate and professional levels, continued investment in our international growth initiatives, increased marketing costs for specific customers and footwear promotional rights for the National Football League ("NFL"). As a percentage of net revenues, marketing costs increased to 11.7% for the year ended December 31, 2007 from 11.2% in 2006 primarily due to continued investment in our international growth initiatives.
- Selling costs increased \$10.1 million to \$43.0 million for the year ended December 31, 2007 from \$32.9 million in 2006. This increase was primarily due to costs incurred for the continued development of our retail stores and website. As a percentage of net revenues, selling costs decreased to 7.1% for the year ended December 31, 2007 from 7.6% in 2006 as we were able to achieve leverage from our sales

force through our growth in net revenues, which was partially offset by costs incurred for the continued development of our retail stores and website.

- Product innovation and supply chain costs increased \$13.8 million to \$49.6 million for the year ended December 31, 2007 from \$35.8 million in 2006. This increase was primarily due to higher distribution facilities personnel and operating costs incurred to support our growth in net revenues and higher personnel costs for the sourcing and design of our expanding footwear and apparel lines. As a percentage of net revenues, product innovation and supply chain costs decreased to 8.2% for the year ended December 31, 2007 from 8.3% in 2006 primarily due to lower distribution facilities personnel and operating costs as a percentage of net revenues, partially offset by higher personnel costs for the sourcing and production planning of our expanding footwear and apparel lines.
- Corporate services increased \$13.3 million to \$55.0 million for the year ended December 31, 2007 from \$41.7 million in 2006. This increase was attributable primarily to additional corporate facility personnel and operating costs to support our growth, increased corporate costs relating to the continued development of our European, retail stores and website initiatives, as well as higher stock-based compensation and bonus expense during 2007 as compared to 2006. These increases were partially offset by lower Sarbanes Oxley Act of 2002 Section 404 ("SOX") compliance costs. As a percentage of net revenues, corporate services costs decreased to 9.1% for the year ended December 31, 2007 from 9.7% in 2006 due to lower SOX compliance costs, consulting expenses relating to our Enterprise Resource Planning ("ERP") system and legal expenses. These decreases were partially offset by increased corporate costs relating to the continued development of our European, retail stores and website initiatives as a percentage of net revenues.

Income from operations increased \$29.4 million, or 51.6%, to \$86.3 million for the year ended December 31, 2007 from \$56.9 million for the same period in 2006. Income from operations as a percentage of net revenues increased to 14.2% for the year ended December 31, 2007 from 13.2% for the same period in 2006. This increase was a result of a decrease in selling, general and administrative expenses and an increase to gross profit as a percentage of net revenues as discussed above.

Other income, net increased \$0.6 million to \$2.8 million for the year ended December 31, 2007 from \$2.2 million for the same period in 2006. This increase was primarily due to gains on foreign currency exchange rate changes on transactions, partially offset by losses on derivative financial instruments and lower interest income earned on short-term investments and cash and cash equivalents.

Provision for income taxes increased \$16.4 million to \$36.5 million for the year ended December 31, 2007 from \$20.1 million for the same period in 2006. For the year ended December 31, 2007, our effective tax rate was 41.0% compared to 34.0% for the same period in 2006. Our annual 2007 effective tax rate is higher than our 2006 annual effective tax rate primarily due to the impact of 2006 state tax credits.

Net income increased \$13.6 million to \$52.6 million for the year ended December 31, 2007 from \$39.0 million for the same period in 2006, as a result of the factors described above.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Net revenues increased \$149.6 million, or 53.2%, to \$430.7 million in 2006 from \$281.1 million in 2005. This increase was the result of increases in both our net sales and license revenues as noted in the product category table below.

(In thousands)	Year Ended December 31,			
	2006	2005	\$ Change	% Change
Men's	\$255,681	\$189,596	\$ 66,085	34.9%
Women's	85,695	53,500	32,195	60.2%
Youth	31,845	18,784	13,061	69.5%
Apparel	373,221	261,880	111,341	42.5%
Footwear	26,874	—	26,874	—
Accessories	14,897	9,409	5,488	58.3%
Total net sales	414,992	271,289	143,703	53.0%
License revenues	15,697	9,764	5,933	60.8%
Total net revenues	\$430,689	\$281,053	\$149,636	53.2%

Net sales increased \$143.7 million, or 53.0%, to \$415.0 million for the year ended December 31, 2006 from \$271.3 million during the same period in 2005 as noted in the table above. The increase in net sales primarily reflects:

- \$26.9 million of footwear product sales, primarily football cleats introduced in the second quarter of 2006, and baseball cleats introduced in the fourth quarter of 2006;
- continued unit volume growth of our existing products, such as COLDFEAR® compression products, primarily sold to existing retail customers due to additional retail stores and expanded floor space;
- growth in the average selling price of apparel products within all categories;
- increased women's and youth market penetration by leveraging current customer relationships; and
- product introductions subsequent to December 31, 2005 within all product categories, most significantly in our compression and training products.

License revenues increased \$5.9 million, or 60.8%, to \$15.7 million for the year ended December 31, 2006 from \$9.8 million during the same period in 2005. This increase in license revenues was a result of increased sales by our licensees due to increased distribution, continued unit volume growth, new product offerings and new licensing agreements, which included distribution of products to college bookstores and golf pro shops.

Gross profit increased \$79.7 million to \$215.6 million in 2006 from \$135.9 million in 2005. Gross profit as a percentage of net revenues, or gross margin, increased approximately 180 basis points to 50.1% in 2006 from 48.3% in 2005. This increase in gross margin was primarily driven by the following:

- lower product costs as a result of variations in product mix and greater supplier discounts for increased volume and lower cost sourcing arrangements, accounting for an approximate 170 basis point increase;
- decreased close-out sales in the 2006 period compared to the 2005 period, accounting for an approximate 70 basis point increase;
- lower customer incentives as a percentage of net revenues, primarily driven by changes to certain customer agreements which decreased discounts while increasing certain customer marketing expenditures recorded in selling, general and administrative expenses, accounting for an approximate 70 basis point increase;

[Table of Contents](#)

- increased direct to consumer higher margin sales, accounting for an approximate 50 basis point increase; partially offset by
- increased sales returns and allowances, accounting for an approximate 70 basis point decrease; and
- lower gross margin attributable to the introduction of our footwear products which had lower profit margins than our apparel products, accounting for an approximate 120 basis point decrease.

Selling, general and administrative expenses increased \$58.7 million, or 58.6%, to \$158.7 million in 2006 from \$100.0 million in 2005. As a percentage of net revenues, selling, general and administrative expenses increased to 36.9% in 2006 from 35.6% in 2005. These changes were primarily attributable to the following:

- Marketing costs increased \$17.8 million to \$48.3 million in 2006 from \$30.5 million in 2005 primarily due to the footwear promotional rights for the NFL and sponsorship of new teams on the collegiate level, increased in-store marketing signage and fixtures, film and print advertising campaigns, increased costs to support the development of our website and catalog initiatives, and marketing payroll. As a percentage of net revenues, marketing costs increased to 11.2% in 2006 from 10.8% in 2005 due primarily to the items described above.
- Selling costs increased \$14.5 million to \$32.9 million in 2006 from \$18.4 million in 2005. This increase was primarily due to the continued investment in our international growth initiatives, including the establishment of our European distribution, the continued development of our retail outlet stores, increased headcount in our sales force, and additional trade show and sales meeting expenditures. As a percentage of net revenues, selling costs increased to 7.6% in 2006 from 6.6% in 2005 primarily due to our international growth initiatives and the continued development of our retail outlet stores.
- Product innovation and supply chain costs increased \$10.3 million to \$35.8 million in 2006 from \$25.5 million in 2005. The increase was primarily due to higher personnel costs for the design and sourcing of our expanding footwear and apparel lines and higher distribution facilities personnel and operating costs to support our growth in net revenues. As a percentage of net revenues, product innovation and supply chain costs decreased to 8.3% in 2006 from 9.1% in 2005 primarily due to lower distribution facility personnel and operating costs as a percentage of net revenues.
- Corporate services increased \$16.0 million to \$41.7 million in 2006 from \$25.7 million in 2005. This increase was primarily attributable to increased corporate costs relating to the continued development of our retail stores and website, additional corporate facility personnel and operating costs to support our growth, post-implementation consulting costs and depreciation expense related to our new ERP system, as well as increased audit fees, insurance and SOX compliance costs. These increases were partially offset by lower bonus expense in 2006. As a percentage of net revenues, corporate services increased to 9.7% in 2006 from 9.1% in 2005 due to the items noted above.

Income from operations increased \$21.1 million, or 58.9%, to \$56.9 million in 2006 from \$35.8 million in 2005. Income from operations as a percentage of net revenues increased to 13.2% in 2006 from 12.7% in 2005. This increase was a result of an increase in gross margin partially offset by an increase in selling, general and administrative expenses as a percentage of net revenues.

Other income (expense), net increased \$5.0 million to \$2.2 million in other income, net in 2006 from \$2.8 million in other expense, net in 2005. This increase was primarily due to the decrease in interest expense due to the repayment of our credit facility in November 2005, along with interest income earned on a portion of the proceeds from our initial public offering.

Provision for income taxes increased \$6.8 million to \$20.1 million in 2006 from \$13.3 million in 2005. In 2006, we adjusted our projected annual effective tax rate for the year downward to reflect the impact of a new state tax credit earned. As a result, our effective tax rate was 34.0% for 2006 compared to 40.2% for 2005.

[Table of Contents](#)

Net income increased \$19.3 million to \$39.0 million in 2006 from \$19.7 million in 2005, as a result of the factors described above.

Seasonality

Historically, we have recognized a significant portion of our income from operations in the last two quarters of the year, driven by increased sales volume of our products during the fall selling season, reflecting our historical strength in fall sports, and the seasonality of our higher priced COLDFEAR® line. The majority of our net revenues were generated during the last two quarters of 2007, 2006 and 2005. The level of our working capital generally reflects the seasonality and growth in our business. We generally expect inventory, accounts payable and certain accrued expenses to be higher in the second and third quarters in preparation for the fall selling season. Nonetheless, the high percentage of income from operations and net revenues in the second half of the year may have been in part due to our significant growth in net revenues.

The following table sets forth certain unaudited financial information for the periods indicated. The data is prepared on the same basis as the audited consolidated financial statements included elsewhere in this Form 10-K. All recurring, necessary adjustments are reflected in the data below.

(In thousands)	Quarter Ended (unaudited)							
	Mar 31, 2007	Jun 30, 2007	Sep 30, 2007	Dec 31, 2007	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Dec 31, 2006
Net revenues	\$124,329	\$120,531	\$186,863	\$174,838	\$87,696	\$79,965	\$127,745	\$135,283
Gross profit	60,581	59,099	94,517	90,847	44,312	38,207	64,675	68,406
Marketing SG&A expenses	13,830	16,283	21,502	19,605	7,507	10,561	13,175	17,076
Other SG&A expenses	30,714	34,651	39,206	42,988	22,625	24,636	29,517	33,585
Income from operations	16,037	8,165	33,809	28,254	14,180	3,010	21,983	17,745
(As a percentage of annual totals)								
Net revenues	20.5%	19.9%	30.8%	28.8%	20.4%	18.6%	29.6%	31.4%
Gross profit	19.9%	19.3%	31.0%	29.8%	20.6%	17.7%	30.0%	31.7%
Marketing SG&A expenses	19.4%	22.9%	30.2%	27.5%	15.5%	21.9%	27.3%	35.3%
Other SG&A expenses	20.8%	23.5%	26.6%	29.1%	20.5%	22.3%	26.8%	30.4%
Income from operations	18.6%	9.5%	39.1%	32.8%	24.9%	5.3%	38.6%	31.2%

Financial Position, Capital Resources and Liquidity

Our cash requirements have principally been for working capital and capital expenditures. Working capital is primarily funded from cash flows provided by operating activities and cash and cash equivalents on hand. Our working capital requirements generally reflect the seasonality and growth in our business as we recognize a significant increase in sales leading up to the fall selling season. Prior to 2006, cash requirements for capital investments needed to grow our business were primarily funded through subordinated debt and capital lease obligations. During 2007, we funded a portion of our working capital (primarily inventory) and capital investments from cash and cash equivalents on hand and borrowings available under our revolving credit and subordinated debt facility. Our capital investments have included expanding our in-store fixture program, improvements and expansion of our distribution and corporate facilities to support our growth, leasehold improvements to our new retail stores, the investment in a company-wide ERP system and our new warehouse management system implementation.

Cash and cash equivalents decreased to \$40.6 million at December 31, 2007 compared to \$70.7 million at December 31, 2006 and our working capital increased to \$226.5 million at December 31, 2007 compared to \$173.4 million at December 31, 2006. This increase in our working capital is primarily the result of increased levels of inventory and accounts receivable due to the 40.8% growth in net revenues. Our inventory levels also increased due to our planned inventory strategy to meet the anticipated consumer demand for our products which

[Table of Contents](#)

included being in stock in core product offerings, which are products that we plan to have available for sale over the next twelve months and beyond at full price. In addition, our inventory strategy included shipping seasonal product at the start of the shipping window in order to maximize the productivity of our floor sets and earmarking any seasonal excess for our retail outlet stores. In 2008, we plan to continue to focus on meeting consumer demand while improving our inventory efficiency.

We believe that our cash and cash equivalents on hand, cash from operations and borrowings available to us under our revolving credit and subordinated debt facilities will be adequate to meet our liquidity needs and capital expenditure requirements for at least the next twelve months. As our business continues to grow, we may consider additional funding sources to meet our liquidity and capital needs.

Cash Flows

The following table presents the major components of net cash flows used in and provided by operating, investing and financing activities for the years presented:

(In thousands)	Year Ended December 31,		
	2007	2006	2005
Net cash (used in) provided by:			
Operating activities	\$ (14,628)	\$ 10,701	\$ 15,795
Investing activities	(34,084)	(15,115)	(10,833)
Financing activities	18,148	12,579	56,989
Effect of exchange rate changes on cash and cash equivalents	497	(487)	(59)
Net (decrease) increase in cash and cash equivalents	<u>\$ (30,067)</u>	<u>\$ 7,678</u>	<u>\$ 61,892</u>

Operating Activities

Operating activities consist primarily of net income adjusted for certain non-cash items. Non-cash items include depreciation and amortization, unrealized foreign currency transaction gains and losses, stock-based compensation, deferred income taxes and changes in reserves for doubtful accounts, returns, discounts and inventories. In addition, operating cash flows include the effect of changes in operating assets and liabilities, principally accounts receivable, inventories, accounts payable, accrued expenses and income taxes payable and receivable.

Cash used in operating activities was \$14.6 million for the year ended December 31, 2007 compared to cash provided by operating activities of \$10.7 million during the same period in 2006. The \$25.3 million additional net use of cash in operating activities was due to increased cash outflows from operating assets and liabilities of \$45.6 million, partially offset by increased non-cash items of \$6.7 million and an increase in net income of \$13.6 million year-over-year. The increase in cash outflows related to changes in operating assets and liabilities period-over-period was primarily due to the following:

- a larger increase in inventory levels of \$57.5 million, primarily due to our planned strategy for additional core inventory needed to support the anticipated consumer demand for our products, higher average cost per unit due to product mix and increased in-transit inventory as a result of increased sourcing from Asia;
- increased accounts receivable driven by a 29.0% increase in net sales for the three months ended December 31, 2007 compared to the same period of the prior year; partially offset by
- lower income taxes receivable in 2007 compared to 2006.

Non-cash items primarily increased in 2007 as a result of higher depreciation and amortization expense relating to the expansion of our distribution and corporate facilities and our footwear promotional rights, higher

stock-based compensation expense and increased deferred income tax assets. The increase in non-cash items was partially offset by increased unrealized foreign currency exchanges rate gains on transactions.

Cash provided by operating activities decreased \$5.1 million to \$10.7 million in 2006 compared to \$15.8 million in 2005. This decrease was due to higher cash outflows from operating assets and liabilities of \$22.9 million and an increase in non-cash items of \$1.4 million, offset by an increase in net income of \$19.3 million period-over-period. The increase in cash outflows from operating assets and liabilities period-over period was primarily due to an increase in inventory levels of \$20.8 million to support our 53.2% sales growth and a \$3.5 million increase in income taxes receivable due to higher federal and state income tax payments made during 2006 compared to tax payments made during 2005.

Non-cash items decreased in 2006 primarily as a result of decreased cash outflows relating to deferred income tax assets due to increased state tax credits earned in 2006. In addition, depreciation and amortization increased period-over-period primarily due to the implementation of our new ERP system, acquisition of additional assets and retail outlet store leasehold improvements.

Investing Activities

Cash used in investing activities, which includes capital expenditures, increased \$19.0 million to \$34.1 million in 2007 from \$15.1 million in 2006. This increase in cash used in investing activities primarily represents the costs to improve and to expand our distribution and corporate facilities, along with continued investment in our new warehouse management system implementation, continued investments in our in-store fixture program, including our concept shops, investments in our direct to consumer initiatives and other information technology initiatives.

Cash used in investing activities increased \$4.3 million to \$15.1 million in 2006 from \$10.8 million in 2005. This increase in cash used in investing activities primarily represents the additional costs to implement our new ERP system, the continued investment in our in-store fixture program including our branded concept shops, enhancements to the distribution facility and leasehold improvement to our new retail outlet stores. The new ERP system became operational in April 2006.

From time to time, we invest a portion of our available cash and cash equivalents in short-term investments, which consist of auction rate municipal bonds. These investments have stated maturities of 14 to 42 years and have variable interest rates, which typically reset at regular auctions every 7 to 35 days. Despite the long-term nature of their stated contractual maturities, we have the ability to liquidate these securities primarily through the auction process. The income generated from these short-term investments is tax exempt and recorded as interest income. At December 31, 2007, all investments had been sold and the proceeds were invested in highly liquid investments with an original maturity of three months or less.

Total capital investments were \$35.1 million, \$18.2 million and \$13.0 million in 2007, 2006 and 2005, respectively. Total capital investments in 2007, 2006 and 2005 included non-cash transactions of \$1.1 million, \$3.1 million and \$2.1 million, respectively (see non-cash investing activities included on the consolidated statements of cash flows). Because we finance some capital investments through capital leases and other types of obligations, total capital investments exceed capital expenditures as described above. Capital investments for 2008 are anticipated to be in the range of \$40.0 to \$42.0 million, which will include investments in our branded concept shops and in-store fixtures, upgrades and improvements to our information technology infrastructure, including additional investments to our website, additional full-price retail stores, upgrades and improvements to our existing distribution facilities, and additional general corporate improvements to support our growth.

Financing Activities

Cash provided by financing activities increased \$5.5 million to \$18.1 million in 2007 from \$12.6 million in 2006. This increase was primarily due to higher proceeds received from long-term debt, partially offset by lower excess tax benefits from stock-based compensation arrangements.

Cash provided by financing activities decreased \$44.4 million to \$12.6 million in 2006 from \$57.0 million in 2005. This decrease was primarily due to proceeds received from our initial public offering during November 2005. Through this initial public offering, we issued an additional 9.5 million shares of Class A Common Stock and received \$112.7 million in proceeds net of \$10.8 million in stock issue costs. Proceeds from our initial public offering were used to repay a \$25.0 million term note, to repay the balance outstanding under the revolving credit facility of \$12.2 million, and to redeem the Series A Preferred Stock for an aggregate of \$12.0 million. This decrease in cash provided by financing activities was partially offset by the \$11.3 million excess tax benefits from stock-based compensation arrangements received in 2006.

Revolving Credit Facility Agreement

In December 2006, we entered into an amended and restated financing agreement with a lending institution. This financing agreement has a term of five years and provides for a revolving credit line of up to \$100.0 million based on our domestic inventory and accounts receivable balances and may be used for working capital and general corporate purposes. This financing agreement is collateralized by substantially all of our domestic assets, other than our trademarks. Up to \$10.0 million of the facility may be used to support letters of credit, which if utilized would reduce the availability under the revolving credit line. As of December 31, 2007, no balance was outstanding under our revolving credit facility and our availability was \$100.0 million based on our domestic inventory and accounts receivable balances.

The revolving credit facility bears interest based on the daily balance outstanding at our choice of LIBOR plus an applicable margin (varying from 1.0% to 2.0%) or the JP Morgan Chase Bank prime rate plus an applicable margin (varying from 0.0% to 0.5%). The applicable margin is calculated quarterly and varies based on our pricing leverage ratio as defined in the agreement. The revolving credit facility also carries a line of credit fee varying from 0.1% to 0.5% of the available but unused borrowings.

This financing agreement contains a number of restrictions that limit our ability, among other things, to pledge our accounts receivable, inventory, trademarks and most of our other assets as security in our borrowings or transactions; pay dividends on stock; redeem or acquire any of our securities; sell certain assets; make certain investments; guaranty certain obligations of third parties; undergo a merger or consolidation; or engage in any activity materially different from those presently conducted by us.

If net availability under the financing agreement falls below certain thresholds as defined in the agreement, we would be required to maintain a certain leverage ratio and fixed charge coverage ratio as defined in the agreement. This financing agreement also provides the lenders with the ability to reduce the available revolving credit line amount under certain conditions even if we are in compliance with all conditions of the agreement. We were in compliance with these covenants as of December 31, 2007.

Subordinated Debt and Lease Obligations

In March 2005, we entered into a loan and security agreement with a lending institution to finance the acquisition of qualifying capital investments. The Company has up to \$17.0 million available under this loan and security agreement. This agreement is collateralized by a first lien on these assets and is otherwise subordinate to the revolving credit facility. At December 31, 2007, the outstanding principal balance was \$13.4 million under this agreement. The weighted average interest rate on outstanding borrowings was 6.5%, 6.3% and 5.7% for the years ended December 31, 2007, 2006 and 2005, respectively.

Contractual Commitments and Contingencies

We lease warehouse space, office facilities, space for our retail stores and certain equipment under non-cancelable capital and operating leases. The leases expire at various dates through 2018, excluding extensions at our option, and contain various provisions for rental adjustments. The operating leases generally contain renewal provisions for varying periods of time. Our significant contractual obligations and commitments as of December 31, 2007 are summarized in the following table:

(In thousands)	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Contractual obligations					
Subordinated debt obligations(1)	\$ 15,117	\$ 4,841	\$ 6,895	\$ 3,381	\$ —
Capital lease obligations	985	508	477	—	—
Operating lease obligations(2)	60,062	9,697	21,465	16,515	12,385
Sponsorships and other(3)	53,584	14,684	27,770	10,927	203
Total(4)	<u>\$129,748</u>	<u>\$ 29,730</u>	<u>\$56,607</u>	<u>\$30,823</u>	<u>\$ 12,588</u>

(1) Includes a total of \$1.7 million in interest payments on subordinated debt obligations.

(2) Includes the minimum payments for operating lease obligations.

(3) Includes footwear promotional rights fees, sponsorships of individual athletes, sports teams and athletic events and other marketing commitments in order to promote our brand. Some of these sponsorship agreements provide for additional incentives based on performance achievements while wearing or using our products. It is not possible to determine the amounts we may be required to pay under these agreements as they are primarily subject to certain performance based variables. The amounts listed above are the fixed minimum amounts required to be paid under these agreements.

(4) The table above excludes a \$2.6 million liability for uncertain tax positions, including the related interest and penalties, in accordance with FASB Interpretation (“FIN”) No. 48 “*Accounting for Uncertainty in Income Taxes*,” (“FIN 48”) as we are unable to reasonably estimate the timing of settlement (see Note 11 to the Consolidated Financial Statements for a further discussion on FIN 48).

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements or financing activities with special-purpose entities.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. To prepare these financial statements, we must make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates also affect our reported revenues and expenses. Judgments must be made about the disclosure of contingent liabilities as well. Actual results could be significantly different from these estimates. We believe that the following discussion addresses the critical accounting policies that are necessary to understand and evaluate our reported financial results.

Revenue Recognition

Net revenues consist of both net sales and license revenues. Net sales are recognized upon transfer of ownership, including passage of title to the customer and transfer of risk of loss related to those goods. Transfer of title and risk of loss is based upon shipment under free on board shipping point for most goods or upon receipt by the customer depending on the country of the sale and the agreement with the customer. In some instances,

transfer of title and risk of loss takes place at the point of sale (e.g. at our retail stores). We may also ship product directly from our supplier to the customer and recognize revenue when the product is delivered to and accepted by the customer.

Net sales are recorded net of reserves for returns and certain sales allowances. Such returns and allowances are estimated at the time of sale based primarily on historical experience and recent trends. License revenues are recognized based upon shipment of licensed products sold by our licensees.

Sales Returns, Allowances and Discounts

We record reductions to revenue for estimated customer returns, allowances and discounts. We base our estimates on historical rates of customer returns and allowances as well as the specific identification of outstanding returns and allowances that have not yet been received by us. We base our estimates for customer returns and allowances primarily on anticipated sales volume throughout the year. The actual amount of customer returns and allowances, which is inherently uncertain, may differ from our estimates. If we determined that actual or expected returns or allowances were significantly greater or lower than the reserves we had established, we would record a reduction or increase, as appropriate, to net sales in the period in which we made such a determination. Provisions for customer specific discounts based on contractual obligations with certain major customers are recorded as reductions to net sales.

Reserve for Uncollectible Accounts Receivable

We make ongoing estimates relating to the collectibility of our accounts receivable and maintain a reserve for estimated losses resulting from the inability of our customers to make required payments. In determining the amount of the reserve, we consider our historical level of credit losses and make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. Because we cannot predict future changes in the financial stability of our customers, actual future losses from uncollectible accounts may differ from our estimates. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, a larger reserve might be required. In the event we determine that a smaller or larger reserve was appropriate, we would record a benefit or charge to selling, general and administrative expense in the period in which we made such a determination.

Inventory Valuation and Reserves

We value our inventory at standard costs which approximates our landed cost, using the first-in, first-out method of cost determination. Market value is estimated based upon assumptions made about future demand and retail market conditions. If we determine that the estimated market value of our inventory is less than the carrying value of such inventory, we provide a reserve for such difference as a charge to cost of goods sold to reflect the lower of cost or market. If actual market conditions are more or less favorable than those projected by us, further adjustments may be required that would decrease or increase our cost of goods sold in the period in which we made such a determination.

Long-Lived Assets

The acquisition of long-lived assets, including furniture, office equipment, plant equipment, leasehold improvements, computer hardware and software and in-store fixtures and displays, is recorded at cost and this cost is depreciated over the asset's estimated useful life. We continually evaluate whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. These factors may include a significant deterioration of operating results, changes in business plans or changes in anticipated cash flows. When factors indicate that an asset should be evaluated for possible impairment, we review long-lived assets to assess recoverability from future operations using undiscounted cash flows. Impairments are recognized in earnings to the extent that the carrying value exceeds fair value.

[Table of Contents](#)

Intangible Assets

Intangible assets that are determined to have a definite life are amortized over the asset's estimated useful life and are evaluated and measured for impairment in accordance with our *Long-Lived Assets* critical accounting policy discussed above.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled. Deferred income tax assets are reduced by a valuation allowance if, in the judgment of our management, it is more likely than not that such assets will not be realized.

Income taxes include the largest amount of tax benefit for an uncertain tax position that is more likely than not to be sustained upon audit based on the technical merits of the tax position. Settlements with tax authorities, the expiration of statutes of limitations for particular tax positions, or obtaining new information on particular tax positions may cause a change to the effective tax rate.

Stock-Based Compensation

Compensation expense is recognized in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 123R, *Share-Based Payment (revised 2004)* ("SFAS 123R"). Compensation expense under SFAS 123R includes the expense of stock-based compensation awards granted on and subsequent to January 1, 2006 and the expense for the remaining vesting term of stock-based compensation awards issued subsequent to our initial filing of the S-1 Registration Statement with the SEC on August 26, 2005. Stock-based compensation awards granted prior to our initial filing of the S-1 Registration Statement are excluded from SFAS 123R and will continue to be accounted for in accordance with Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25") and Financial Interpretation ("FIN") No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*, until fully amortized through 2010. With the adoption of SFAS 123R, no material cumulative adjustments were recorded. As of December 31, 2007, we had \$16.2 million of unrecognized compensation expense expected to be recognized over a weighted average period of 4.0 years.

Determining the appropriate fair value model and calculating the fair value of stock-based compensation awards require the input of highly subjective assumptions, including the expected life of the stock-based compensation awards and stock price volatility. We use the Black-Scholes option-pricing model to determine the fair value of stock-based compensation awards. The assumptions used in calculating the fair value of stock-based compensation awards represent management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future (see Note 2 to the Consolidated Financial Statements for a further discussion on stock-based compensation).

New Accounting Pronouncements

In December 2007, the Securities and Exchange Commission issued SAB No. 110, *Share-Based Payment* ("SAB 110"). SAB 110 amends SAB 107, and allows for the continued use, under certain circumstances, of the "simplified method" in developing an estimate of the expected term on stock options accounted for under SFAS 123R. SAB 110 is effective for stock options granted after December 31, 2007. We are currently evaluating the impact of the new provisions of SAB 110 for stock option awards granted in the future.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("SFAS 159"). SFAS 159 permits

entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We do not believe that the adoption of SFAS 159 will have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, however the FASB has delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and nonfinancial liabilities, except those items recognized or disclosed at fair value on an annual or more frequently occurring basis. We do not believe that the adoption of SFAS 157 will have a material impact on our consolidated financial statements.

In June 2006, the FASB issued FIN 48, which provides additional guidance and clarifies the accounting for uncertainty in income tax positions. FIN 48 defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. FIN 48 also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. FIN 48 was effective for the first reporting period beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the beginning balance of retained earnings in the period of adoption. Upon adoption of FIN 48 as of January 1, 2007, we recorded a \$1.2 million decrease to the beginning balance of retained earnings (see Note 11 to the Consolidated Financial Statements for a further discussion on FIN 48).

Quantitative and Qualitative Disclosure about Market Risk

Foreign Currency Exchange and Foreign Currency Risk Management and Derivatives

We currently generate a small amount of our consolidated net revenues in Canada and Europe. The reporting currency for our consolidated financial statements is the U.S. dollar. To date, net revenues generated outside of the United States have not been significant. As a result, we have not been impacted materially by changes in foreign currency exchange rates and do not expect to be impacted materially for the foreseeable future. However, as our net revenues generated outside of the United States increase, our results of operations could be adversely impacted by changes in foreign currency exchange rates. For example, if we recognize international sales in local foreign currencies (as we currently do in Canada and Europe) and if the U.S. dollar strengthens, it could have a negative impact on our international results upon translation of those results into the U.S. dollar upon consolidation of our financial statements.

Adjustments that arise from foreign currency exchange rate changes on transactions denominated in a currency other than the local currency are included in other income (expense), net on the consolidated statements of income. We recorded unrealized foreign currency transaction gains of \$2.6 million for the year ended December 31, 2007, and unrealized foreign currency transaction losses of \$0.2 million for the year ended December 31, 2006. We recorded realized foreign currency transaction gains of \$0.2 million, \$0.5 million and \$0.1 million for the years ended December 31, 2007, 2006 and 2005, respectively.

In August 2007, we began using foreign currency forward contracts to minimize some of the impact of foreign currency exchange rate fluctuations on future cash flows. We currently use foreign currency forward contracts to reduce the risk from exchange rate fluctuations on projected inventory purchases, inter-company payments and other working capital requirements for our Canadian subsidiary. We do not enter into derivative financial instruments for speculative or trading purposes. Based on the foreign currency forward contracts outstanding as of December 31, 2007, we receive US Dollars in exchange for Canadian Dollars at a weighted average contractual foreign currency exchange rate of 1.04 CAD per \$1.00. As of December 31, 2007, the notional value of our outstanding forward contracts was approximately \$6.5 million with maturities of 1 to 12 months. The foreign currency forward contracts are not designated as cash flow hedges, and accordingly, changes in their fair value are recorded in earnings. The unrealized derivative losses of \$0.2 million related to

[Table of Contents](#)

outstanding foreign currency forward contracts were included in liabilities on the balance sheet as of December 31, 2007 and were recognized in other income (expense), net on the consolidated statements of income during the year ended December 31, 2007. In addition, we recorded \$0.5 million of realized derivative losses related to the settlement of foreign currency forward contracts within other income (expense), net during the year ended December 31, 2007.

Although we have entered into foreign currency forward contracts to minimize some of the impact of foreign currency exchange rate fluctuations on future cash flows, we cannot be assured that foreign currency exchange rate fluctuations will not have a material adverse impact on our financial condition and results of operations.

Inflation

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase with these increased costs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

See “Quantitative and Qualitative Disclosure about Market Risk” under Item 7. “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and Item 1A. “Risk Factors” of this Form 10-K for information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Management on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on our evaluation, we have concluded that our internal control over financial reporting was effective as of December 31, 2007.

The effectiveness of our internal control over financial reporting as of December 31, 2007, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ KEVIN A. PLANK

Kevin A. Plank

President, Chief Executive Officer and
Chairman of the Board of Directors

/s/ WAYNE A. MARINO

Wayne A. Marino

Executive Vice President and Chief Financial Officer

Dated: February 22, 2008

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Under Armour, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under item 15(a)(1) present fairly, in all material respects, the financial position of Under Armour, Inc. and its subsidiaries (the Company) at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our audits (which were integrated audits in 2007 and 2006). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for share based compensation as of January 1, 2006. As discussed in Note 11 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
February 21, 2008

Under Armour, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share data)

	December 31,	
	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 40,588	\$ 70,655
Accounts receivable, net of allowance for doubtful accounts of \$1,112 and \$884 as of December 31, 2007 and 2006, respectively	93,515	71,867
Inventories	166,082	81,031
Income taxes receivable	614	4,310
Prepaid expenses and other current assets	11,028	8,944
Deferred income taxes	10,418	8,145
Total current assets	322,245	244,952
Property and equipment, net	52,332	29,923
Intangible assets, net	6,470	7,875
Deferred income taxes	8,173	5,180
Other non-current assets	1,393	1,438
Total assets	<u>\$390,613</u>	<u>\$289,368</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 55,012	\$ 42,718
Accrued expenses	36,111	25,403
Current maturities of long term debt	4,111	2,648
Current maturities of capital lease obligations	465	794
Total current liabilities	95,699	71,563
Long term debt, net of current maturities	9,298	1,893
Capital lease obligations, net of current maturities	458	922
Other long term liabilities	4,673	602
Total liabilities	<u>110,128</u>	<u>74,980</u>
Commitments and contingencies (see Note 7)		
Stockholders' equity		
Class A Common Stock, \$.0003 1/3 par value; 100,000,000 shares authorized as of December 31, 2007 and 2006; 36,189,564 shares issued and outstanding as of December 31, 2007, 34,555,907 shares issued and outstanding as of December 31, 2006	12	12
Class B Convertible Common Stock, \$.0003 1/3 par value; 12,500,000 shares authorized, issued and outstanding as of December 31, 2007 and 13,250,000 shares authorized, issued and outstanding as of December 31, 2006	4	4
Additional paid-in capital	162,362	148,562
Retained earnings	117,782	66,376
Unearned compensation	(182)	(463)
Accumulated other comprehensive income (loss)	507	(103)
Total stockholders' equity	<u>280,485</u>	<u>214,388</u>
Total liabilities and stockholders' equity	<u>\$390,613</u>	<u>\$289,368</u>

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Consolidated Statements of Income
(In thousands, except per share amounts)

	Year Ended December 31,		
	2007	2006	2005
Net revenues	\$ 606,561	\$ 430,689	\$ 281,053
Cost of goods sold	301,517	215,089	145,203
Gross profit	305,044	215,600	135,850
Operating expenses			
Selling, general and administrative expenses	218,779	158,682	100,040
Income from operations	86,265	56,918	35,810
Other income (expense), net	2,778	2,169	(2,836)
Income before income taxes	89,043	59,087	32,974
Provision for income taxes	36,485	20,108	13,255
Net income	52,558	38,979	19,719
Accretion of and cumulative preferred dividends on Series A Preferred Stock	—	—	5,307
Net income available to common stockholders	\$ 52,558	\$ 38,979	\$ 14,412
Net income available per common share			
Basic	\$ 1.09	\$ 0.83	\$ 0.39
Diluted	\$ 1.05	\$ 0.79	\$ 0.36
Weighted average common shares outstanding			
Basic	48,021	46,983	37,199
Diluted	49,959	49,587	39,686

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity and Comprehensive Income
(In thousands)

	Class A Common Stock		Class B Convertible Common Stock		Convertible Common Stock Held by Rosewood Entities		Additional Paid-In Capital	Retained Earnings	Unearned Compensation	Notes Receivable from Stockholders	Accumulated Other Comprehensive (Loss)	Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount							
Balance as of December 31, 2004	31,890	\$ 11	—	\$ —	1,208	\$ 1	\$ 7,733	\$ 13,655	\$ —	\$ (118)	\$ (45)		\$ 21,237
Issuance of Class A Common Stock, net of issuance costs of \$10,824	9,500	3	—	—	—	—	112,673	—	—	—	—		112,676
Convertible Common Stock held by Rosewood entities converted to Class A Common Stock	3,624	1	—	—	(1,208)	(1)	—	—	—	—	—		—
Class A Common Stock converted to Class B Common Stock	(15,200)	(5)	15,200	5	—	—	—	—	—	—	—		—
Accretion of and cumulative preferred dividends on Series A Preferred Stock	—	—	—	—	—	—	—	(5,307)	—	—	—		(5,307)
Exercise of stock options	1,139	—	—	—	—	—	754	—	—	(262)	—		492
Issuance of Class A Common Stock, net of forfeitures	270	—	—	—	—	—	2,291	—	(1,793)	—	—		498
Stock options granted	—	—	—	—	—	—	1,273	—	(951)	—	—		322
Amortization of unearned compensation	—	—	—	—	—	—	—	—	855	—	—		855
Excess tax benefits from stock-based compensation arrangements	—	—	—	—	—	—	79	—	—	—	—		79
Payments received on notes from stockholders	—	—	—	—	—	—	—	—	—	229	—		229
Interest earned on notes receivable from stockholders	—	—	—	—	—	—	—	—	—	(12)	—		(12)
Comprehensive income :													
Net income	—	—	—	—	—	—	—	19,719	—	—	—	\$ 19,719	
Foreign currency translation adjustment, net of tax \$2	—	—	—	—	—	—	—	—	—	—	42	42	
Comprehensive income												19,761	19,761
Balance as of December 31, 2005	31,223	10	15,200	5	—	—	124,803	28,067	(1,889)	(163)	(3)		150,830
Class B Common Stock converted to Class A Common Stock	1,950	1	(1,950)	(1)	—	—	—	—	—	—	—		—
Exercise of stock options	1,292	1	—	—	—	—	2,955	—	—	—	—		2,956
Issuance of fully vested warrants	—	—	—	—	—	—	8,500	—	—	—	—		8,500
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	(25)	—	—	—	—	—	(64)	(670)	—	—	—		(734)
Issuance of Class A Common Stock, net of forfeitures	116	—	—	—	—	—	588	—	—	—	—		588
Stock-based compensation expense	—	—	—	—	—	—	1,235	—	711	—	—		1,946
Excess tax benefits from stock-based compensation arrangements	—	—	—	—	—	—	11,260	—	—	—	—		11,260
Reversal of unearned compensation and additional paid-in capital due to the adoption of SFAS 123R	—	—	—	—	—	—	(715)	—	715	—	—		—
Payments received on notes from stockholders	—	—	—	—	—	—	—	—	—	169	—		169
Interest earned on notes receivable from stockholders	—	—	—	—	—	—	—	—	—	(6)	—		(6)
Comprehensive income :													
Net income	—	—	—	—	—	—	—	38,979	—	—	—	38,979	
Foreign currency translation adjustment, net of tax (\$63).	—	—	—	—	—	—	—	—	—	—	(100)	(100)	
Comprehensive income												38,879	38,879
Balance as of December 31, 2006	34,556	12	13,250	4	—	—	148,562	66,376	(463)	—	(103)		214,388
Class B Common Stock converted to Class A Common Stock	750	—	(750)	—	—	—	—	—	—	—	—		—
Exercise of stock options	660	—	—	—	—	—	2,206	—	—	—	—		2,206
Issuance of Class A Common Stock, net of forfeitures	224	—	—	—	—	—	976	—	—	—	—		976
Stock-based compensation expense	—	—	—	—	—	—	3,901	—	281	—	—		4,182
Excess tax benefits from stock-based compensation arrangements	—	—	—	—	—	—	6,717	—	—	—	—		6,717
Effect of adoption of FIN 48	—	—	—	—	—	—	—	(1,152)	—	—	—		(1,152)
Comprehensive income :													
Net income	—	—	—	—	—	—	—	52,558	—	—	—	52,558	
Foreign currency translation adjustment, net of tax \$201.	—	—	—	—	—	—	—	—	—	—	610	610	
Comprehensive income												\$ 53,168	53,168
Balance as of December 31, 2007	<u>36,190</u>	<u>\$ 12</u>	<u>12,500</u>	<u>\$ 4</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 162,362</u>	<u>\$ 117,782</u>	<u>\$ (182)</u>	<u>\$ —</u>	<u>\$ 507</u>		<u>\$ 280,485</u>

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2007	2006	2005
Cash flows from operating activities			
Net income	\$ 52,558	\$ 38,979	\$ 19,719
Adjustments to reconcile net income to net cash (used in) provided by operating activities			
Depreciation and amortization	14,622	9,824	6,546
Unrealized foreign currency exchange rate (gains) losses	(2,567)	161	—
Loss on disposal of fixed assets	—	115	58
Stock-based compensation	4,182	1,982	1,177
Deferred income taxes	(4,909)	(6,721)	(331)
Changes in reserves for doubtful accounts, returns, discounts and inventories	4,551	3,832	3,150
Changes in operating assets and liabilities:			
Accounts receivable	(24,222)	(20,828)	(17,552)
Inventories	(83,966)	(26,504)	(5,669)
Prepaid expenses and other assets	(2,067)	(3,997)	(2,880)
Accounts payable	11,873	8,203	11,074
Accrued expenses and other liabilities	11,825	10,681	1,990
Income taxes payable and receivable	3,492	(5,026)	(1,487)
Net cash (used in) provided by operating activities	<u>(14,628)</u>	<u>10,701</u>	<u>15,795</u>
Cash flows from investing activities			
Purchase of property and equipment	(33,959)	(15,115)	(10,887)
Purchase of intangible asset	(125)	—	—
Proceeds from sale of property and equipment	—	—	54
Purchases of short-term investments	(62,860)	(89,650)	—
Proceeds from sales of short-term investments	<u>62,860</u>	<u>89,650</u>	<u>—</u>
Net cash used in investing activities	<u>(34,084)</u>	<u>(15,115)</u>	<u>(10,833)</u>
Cash flows from financing activities			
Proceeds from long-term debt	11,841	2,119	3,944
Payments on long-term debt	(2,973)	(2,413)	(26,711)
Payments on capital lease obligations	(794)	(1,840)	(2,330)
Net payments from revolving credit facility	—	—	(13,748)
Payments of common stock dividends	—	—	(5,000)
Excess tax benefits from stock-based compensation arrangements	6,892	11,260	—
Proceeds from exercise of stock options and other stock issuances	3,182	3,544	990
Payments of debt financing costs	—	(260)	(1,061)
Payments received on notes from stockholders	—	169	229
Proceeds from sale of Class A Common Stock	—	—	123,500
Payments of stock issue costs	—	—	(10,824)
Redemption of Series A Preferred Stock	—	—	(12,000)
Net cash provided by financing activities	<u>18,148</u>	<u>12,579</u>	<u>56,989</u>
Effect of exchange rate changes on cash and cash equivalents	<u>497</u>	<u>(487)</u>	<u>(59)</u>
Net (decrease) increase in cash and cash equivalents	<u>(30,067)</u>	<u>7,678</u>	<u>61,892</u>
Cash and cash equivalents			
Beginning of year	<u>70,655</u>	<u>62,977</u>	<u>1,085</u>
End of year	<u>\$ 40,588</u>	<u>\$ 70,655</u>	<u>\$ 62,977</u>
Non-cash financing and investing activities			
Fair market value of shares withheld in consideration of employee tax obligations relative to stock-based compensation	\$ —	\$ 734	\$ —
Accretion of and cumulative preferred dividends on Series A Preferred Stock	—	—	5,307
Purchase of property and equipment through debt obligations	1,110	2,700	2,103
Issuance of warrants in partial consideration for intangible asset	—	8,500	—
Settlement of outstanding accounts receivable with property and equipment	—	350	—
Reversal of unearned compensation and additional paid in capital due to adoption of SFAS 123R	—	715	—
Exercise of stock-based compensation arrangements through stockholders' notes receivable	—	—	262
Transfer of revolving credit facility to term debt	—	—	25,000
Other supplemental information			
Cash paid for income taxes	30,502	20,522	15,204
Cash paid for interest	525	531	2,866

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

1. Description of the Business

Under Armour, Inc. is a developer, marketer and distributor of branded performance apparel, footwear and accessories for men, women and youth. Sales are targeted to athletes and teams at all levels, from youth to professional, as well as to consumers with active lifestyles around the globe.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Under Armour, Inc. and its wholly owned subsidiaries (the “Company”). All inter-company balances and transactions have been eliminated. The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at date of inception to be cash equivalents.

Concentration of Credit Risk

Financial instruments that subject the Company to significant concentration of credit risk consist primarily of accounts receivable. The majority of the Company’s accounts receivable is due from large sporting goods retailers. Credit is extended based on an evaluation of the customer’s financial condition and collateral is not required. The most significant customers that accounted for a large portion of net revenues and accounts receivable are as follows:

	Customer A	Customer B	Customer C
Net revenues			
2007	19.9%	13.0%	4.5%
2006	22.2%	14.4%	3.6%
2005	18.5%	15.4%	3.3%
Accounts receivable			
2007	27.0%	15.9%	3.6%
2006	28.4%	15.8%	4.8%
2005	28.7%	19.5%	4.5%

Short-Term Investments

From time to time, the Company purchases and sells short-term investments consisting of auction rate municipal bonds. All of these short-term investments are classified as available-for-sale securities. These auction rate securities are recorded at cost, which approximates fair market value due to their variable interest rates, which typically reset at the regular auctions every 7 to 35 days. Despite the long-term nature of their stated contractual maturities, the Company has the ability to liquidate these securities primarily through the auction process. As a result, the Company has no unrealized gains or losses from its investments in these securities. All income generated from these short-term investments is tax exempt and recorded as interest income. At December 31, 2007, all of these securities had been sold and the proceeds had been invested in highly liquid investments with an original maturity of three months or less.

[Table of Contents](#)

Accounts Receivable

Accounts receivable are recorded at the invoice price net of an allowance for doubtful accounts and reserves for returns and certain sales allowances, and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in accounts receivable. The Company reviews the allowance for doubtful accounts monthly. Receivable balances are written off against the allowance when management believes it is probable the receivable will not be recovered. The majority of discounts earned by customers in the period are recorded as liabilities within accrued expenses as they stipulate settlements to be made through Company cash disbursements. The Company does not have any off-balance-sheet credit exposure related to its customers.

Inventories

Inventories consist of finished goods, raw materials and work-in-process, and are valued at standard costs which approximate the Company's landed cost, using the first-in, first-out method of cost determination. Costs of finished goods inventories include all costs incurred to bring inventory to its current condition, including inbound freight, duties and other costs.

The Company periodically reviews its inventories and makes provisions as necessary for estimated obsolescence or damaged goods to ensure values approximate lower of cost or market. The amount of such markdowns is equal to the difference between cost of inventory and the estimated market value based upon assumptions about future demands, selling prices, and market conditions.

Intangible Assets

Intangible assets that are determined to have a definite life are amortized over the asset's estimated useful life and are evaluated and measured for impairment in accordance with our Impairment of Long-Lived Assets significant accounting policy discussed below. No impairments relating to intangible assets have been recognized for the years ended December 31, 2007, 2006, and 2005.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled. Deferred income tax assets are reduced by a valuation allowance if, in the judgment of the Company's management, it is more likely than not that such assets will not be realized.

Income taxes include the largest amount of tax benefit for an uncertain tax position that is more likely than not to be sustained upon audit based on the technical merits of the tax position. Settlements with tax authorities, the expiration of statutes of limitations for particular tax positions, or obtaining new information on particular tax positions may cause a change to the effective tax rate. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes on the consolidated statements of income.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets: 3 to 7 years for furniture and fixtures, office equipment and software, and plant equipment. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. The cost of in-store apparel and footwear fixtures and displays are capitalized, included in furniture and fixtures, and depreciated over 3 to 5 years.

[Table of Contents](#)

Upon retirement or disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in selling, general and administrative expenses for that period. Major additions and betterments are capitalized to the asset accounts while maintenance and repairs, which do not improve or extend the lives of assets, are expensed as incurred.

Impairment of Long-Lived Assets

The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. These factors may include a significant deterioration of operating results, changes in business plans, or changes in anticipated cash flows. When factors indicate that an asset should be evaluated for possible impairment, the Company reviews long-lived assets to assess recoverability from future operations using undiscounted cash flows. Impairments are recognized in earnings to the extent that the carrying value exceeds fair value.

Accrued Expenses

At December 31, 2007, accrued expenses primarily included \$16.3 million, \$7.3 million and \$5.8 million of accrued compensation and benefits, marketing expense and customer discounts, respectively. At December 31, 2006, accrued expenses primarily included \$8.4 million and \$6.9 million of accrued compensation and benefits and customer discounts, respectively.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income or loss includes foreign currency translation adjustments, net of tax.

Foreign Currency Translation and Transactions

The functional currency for each of the Company's wholly owned foreign subsidiaries is the applicable local currency. The translation of foreign currencies into U.S. dollars is performed for assets and liabilities using current foreign currency exchange rates in effect at the balance sheet date and for revenue and expense accounts using average foreign currency exchange rates during the period. Capital accounts are translated at historical foreign currency exchange rates. Translation gains and losses are included in stockholders' equity as a component of accumulated other comprehensive income or loss. Adjustments that arise from foreign currency exchange rate changes on transactions denominated in a currency other than the local currency are included in other income (expense), net on the consolidated statements of income.

Derivatives

The Company uses derivative financial instruments in the form of foreign currency forward contracts to minimize the risk associated with foreign currency exchange rate fluctuations. The Company accounts for derivative financial instruments pursuant to the Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted ("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative financial instruments and requires all derivatives to be recognized as either assets or liabilities on the balance sheet and to be measured at fair value. Unrealized derivative gain positions are recorded as other current assets or other non-current assets, and unrealized derivative loss positions are recorded as accrued expenses or other long term liabilities, depending on the derivative financial instrument's maturity date.

Currently, the Company's foreign currency forward contracts are not designated as cash flow hedges, and accordingly, changes in their fair value are recorded to other income (expense), net on the consolidated statements of income. The Company does not enter into derivative financial instruments for speculative or trading purposes.

Revenue Recognition

The Company recognizes revenue pursuant to applicable accounting standards, including the SEC Staff Accounting Bulletin (“SAB”) No. 104, *Revenue Recognition*, which summarizes certain of the SEC staff’s views in applying generally accepted accounting principles to revenue recognition in financial statements and provides guidance on revenue recognition issues in the absence of authoritative literature addressing a specific arrangement or a specific industry.

Net revenues consist of both net sales and license revenues. Net sales are recognized upon transfer of ownership, including passage of title to the customer and transfer of risk of loss related to those goods. Transfer of title and risk of loss is based upon shipment under free on board shipping point for most goods or upon receipt by the customer depending on the country of the sale and the agreement with the customer. In some instances, transfer of title and risk of loss takes place at the point of sale (e.g. at the Company’s retail stores). The Company may also ship product directly from its supplier to the customer and recognize revenue when the product is delivered to and accepted by the customer.

Net sales are recorded net of reserves for returns and certain sales allowances. Provisions for customer specific discounts based on contractual obligations with certain major customers are recorded as reductions to net sales. Returns and sales allowances are estimated at the time of sale based primarily on historical experience. License revenues are recognized based upon shipment of licensed products sold by our licensees. Sales taxes imposed on our revenues from product sales are presented on a net basis on the consolidated statements of income and therefore do not impact net revenues or cost of goods sold.

Advertising Costs

Advertising costs are charged to selling, general and administrative expenses. Advertising production costs are expensed the first time an advertisement related to such production costs is run. Media (television, print and radio) placement costs are expensed the month the advertisement appears. In addition, advertising costs include sponsorship expenses. Accounting for sponsorship payments is based upon specific contract provisions. Generally, sponsorship payments are expensed uniformly over the term of the contract after giving recognition to periodic performance compliance provisions of the contracts. Prepayments made under contracts are included in prepaid expenses and other current assets. Advertising expense, including amortization of in-store marketing fixtures and displays, was \$71.2 million, \$48.3 million and \$30.5 million for the years ended December 31, 2007, 2006 and 2005, respectively. At December 31, 2007 and 2006, prepaid advertising costs were \$0.8 million and \$0.1 million, respectively.

Shipping and Handling Costs

The Company charges certain customers shipping and handling fees. These revenues are recorded in net revenues. The Company includes the majority of outbound shipping and handling costs as a component of selling, general and administrative expenses. Outbound shipping and handling costs include costs associated with shipping goods to customers and certain costs to operate the Company’s distribution facilities. These costs included within selling, general and administrative expenses were \$13.7 million, \$10.5 million and \$7.8 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Earnings per Share

Basic earnings per common share is computed by dividing net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed by dividing net income available to common stockholders for the period by the diluted weighted average common shares outstanding during the period. Diluted earnings per share reflects the potential dilution from common shares issuable through stock options, warrants, restricted stock and other equity awards. In accordance with Emerging Issues Task Force (“EITF”) Issue No. 03-6: *Participating Securities and the Two Class Method Under FASB Statement No. 128*, the Convertible Common Stock outstanding prior to our

[Table of Contents](#)

initial public offering has been included in the basic and diluted earnings per share for the year ended December 31, 2005, as if the shares were converted into Class A Common Stock on a three for one basis. The following represents a reconciliation from basic earnings per share to diluted earnings per share:

(In thousands, except per share amounts)	Year Ended December 31,		
	2007	2006	2005
Numerator			
Net income, as reported	\$ 52,558	\$ 38,979	\$ 19,719
Accretion of and cumulative preferred dividends on Series A Preferred Stock	—	—	5,307
Net income available to common stockholders	<u>\$ 52,558</u>	<u>\$ 38,979</u>	<u>\$ 14,412</u>
Denominator			
Weighted average common shares outstanding	48,021	46,983	37,199
Effect of dilutive securities	<u>1,938</u>	<u>2,604</u>	<u>2,487</u>
Weighted average common shares and dilutive securities outstanding	<u>49,959</u>	<u>49,587</u>	<u>39,686</u>
Earnings per share—basic	\$ 1.09	\$ 0.83	\$ 0.39
Earnings per share—diluted	\$ 1.05	\$ 0.79	\$ 0.36

Effects of potentially dilutive securities are presented only in periods in which they are dilutive. Options to purchase approximately 0.1 million shares of common stock were outstanding for each of the years ended December 31, 2007, 2006 and 2005 but were excluded from the computation of diluted earnings per share because their effect would be anti-dilutive.

Stock-Based Compensation

The Company has two equity incentive plans under which it has granted or may grant non-qualified stock options, incentive stock options, restricted stock, restricted stock units and other equity awards (see Note 12 for further details on these plans). The Company generally issues new common shares of Class A Common Stock upon exercise of stock options, grant of restricted stock or share unit conversion.

Prior to January 1, 2006, the Company accounted for grants of stock-based compensation awards to employees and directors using the intrinsic value method prescribed in Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees* (“APB 25”), and related interpretations. Under the intrinsic value method, unearned compensation was recorded equal to the fair market value of the stock underlying the award on the date of grant less any exercise price. Compensation expense was amortized over the vesting period in accordance with Financial Interpretation Number (“FIN”) 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans* (“FIN 28”).

Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123R, *Share-Based Payment (revised 2004)* (“SFAS 123R”). SFAS 123R supersedes APB 25, and requires that all stock-based compensation awards granted to employees and directors be measured at the fair value of the award and recognized as an expense in the financial statements. SFAS 123R also requires that excess tax benefits related to stock option exercises be reflected as financing cash flows instead of operating cash flows.

The Company adopted SFAS 123R using the modified prospective method of application, which requires the Company to recognize compensation expense for grants of stock-based compensation awards to employees and directors on a prospective basis; therefore, prior period financial statements have not been restated. Compensation expense under SFAS 123R includes the expense of stock-based compensation awards granted subsequent to January 1, 2006 and the expense for the remaining vesting term of stock-based compensation awards granted subsequent to the Company’s initial filing of the S-1 Registration Statement with the Securities

[Table of Contents](#)

and Exchange Commission (“SEC”) on August 26, 2005. Stock-based compensation awards granted to employees and directors prior to the Company’s initial filing of the S-1 Registration Statement are specifically excluded from SFAS 123R and will continue to be accounted for in accordance with APB 25 and FIN 28 until unearned compensation of \$0.2 million as of December 31, 2007 is fully amortized through 2010.

In addition, as of the January 1, 2006 adoption date, the Company reversed \$0.7 million in unearned compensation and the related additional paid-in capital due to unvested equity awards granted between the initial filing of the Company’s S-1 Registration Statement and the January 1, 2006 SFAS 123R adoption date. For the years ended December 31, 2007, 2006 and 2005, the Company recognized \$0.3 million, \$0.4 million and \$0.9 million, respectively, in amortization of unearned compensation in accordance with APB 25 and FIN 28.

The Company uses the Black-Scholes option-pricing model to estimate the fair market value of stock-based compensation awards granted under SFAS 123R. As permitted by SAB No. 107, *Share-Based Payment* (“SAB 107”), the expected life of stock options granted is calculated using an expected life equal to the time from grant to the midpoint between the vesting date and the contractual term, while considering the vesting tranches. The risk-free interest rate is based on the yield for the U.S. Treasury bill with a maturity equal to the expected stock option life. Expected volatility is based on an average for a peer group of companies similar in terms of type of business, industry, stage of life cycle and size. Compensation expense is recognized on a straight-line basis over the total vesting period, which is the implied requisite service period and net of forfeitures which are estimated at the date of grant based on historical rates. The Company recognized \$3.9 million and \$1.5 million in stock-based compensation expense in selling, general and administrative expenses for the year ended December 31, 2007 and 2006 in accordance with SFAS 123R.

Total stock-based compensation expense for the years ended December 31, 2007, 2006 and 2005 was \$4.2 million, \$2.0 million and \$1.2 million, respectively. As of December 31, 2007, the Company had \$16.2 million of unrecognized compensation expense expected to be recognized over a weighted average period of 4.0 years.

Had the Company elected to account for all stock-based compensation awards granted to employees and directors at fair value in accordance with SFAS 123 as amended by SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure* (“SFAS 148”), net income and earnings per share for the years ended December 31, 2007, 2006 and 2005 would have been reported as set forth in the following table:

(In thousands, except per share amounts)	Year Ended December 31,		
	2007	2006	2005
Net income, as reported	\$52,558	\$38,979	\$19,719
Accretion of and cumulative preferred dividends on Series A Preferred Stock	—	—	5,307
Net income available to common stockholders	52,558	38,979	14,412
Add: stock-based compensation expense included in reported net income, net of taxes	2,468	1,298	512
Deduct: stock-based compensation expense determined under fair value based methods for all awards, net of taxes	(2,628)	(1,452)	(266)
Pro forma net income	<u>\$52,398</u>	<u>\$38,825</u>	<u>\$14,658</u>
Earnings per share including SFAS 123 compensation expense			
Basic, pro forma	\$ 1.09	\$ 0.83	\$ 0.39
Diluted, pro forma	\$ 1.05	\$ 0.78	\$ 0.37
Basic, as reported	\$ 1.09	\$ 0.83	\$ 0.39
Diluted, as reported	\$ 1.05	\$ 0.79	\$ 0.36

[Table of Contents](#)

The weighted average fair value of a stock option granted for the years ended December 31, 2007, 2006, and 2005 was \$22.88, \$17.14, and \$1.57, respectively. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2007	2006	2005
Risk-free interest rate	4.5% – 4.6%	4.6% – 5.0%	3.9% – 4.4%
Average expected life in years	5.5 – 6.5	5.5 – 6.5	5.0
Expected volatility	44.4%	44.6% – 46.1%	0% – 48.1%
Expected dividend yield	0%	0%	0%

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The carrying amounts shown for the Company's cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short term maturity of those instruments. The fair value of the long term debt approximates its carrying value based on the variable nature of interest rates and current market rates available to the Company.

Guarantees and Indemnifications

In the ordinary course of business, the Company may enter into service agreements with service providers in which it agrees to indemnify the service provider against certain losses and liabilities arising from the service provider's performance under the agreement. Generally, such indemnification obligations do not apply in situations in which the service provider is grossly negligent, engages in willful misconduct, or acts in bad faith. The Company was not aware of any material indemnification liability under such service agreements for the years ended December 31, 2007 and 2006.

Recently Issued Accounting Standards

In December 2007, the SEC issued SAB No. 110, *Share-Based Payment* ("SAB 110"). SAB 110 amends SAB 107, and allows for the continued use, under certain circumstances, of the "simplified method" in developing an estimate of the expected term on stock options accounted for under SFAS 123R. SAB 110 is effective for stock options granted after December 31, 2007. The Company is currently evaluating the impact of the new provisions of SAB 110 for stock option awards granted in the future.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company does not believe that the adoption of SFAS 159 will have a material impact on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal

[Table of Contents](#)

years beginning after November 15, 2007, however the FASB has delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and nonfinancial liabilities, except those items recognized or disclosed at fair value on an annual or more frequently occurring basis. The Company does not believe that the adoption of SFAS 157 will have a material impact on its consolidated financial statements.

In June 2006, the FASB issued FIN No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* (“FIN 48”), which provides additional guidance and clarifies the accounting for uncertainty in income tax positions. FIN 48 defines the threshold for recognizing tax return positions in the financial statements as “more likely than not” that the position is sustainable, based on its technical merits. FIN 48 also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. FIN 48 was effective for the first reporting period beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to the beginning balance of retained earnings in the period of adoption. Upon adoption of FIN 48 as of January 1, 2007, the Company recorded a \$1.2 million decrease to the beginning balance of retained earnings (see Note 11).

Reclassifications

Certain balances in 2006 and 2005 have been reclassified to conform to the current year presentation. These changes had no impact on previously reported net income or stockholders’ equity.

3. Inventories

Inventories consisted of the following:

<i>(In thousands)</i>	December 31,	
	2007	2006
Finished goods	\$ 169,560	\$83,618
Raw materials	1,180	1,321
Work-in-process	208	133
Subtotal inventories	170,948	85,072
Inventories reserve	(4,866)	(4,041)
Total inventories	<u>\$ 166,082</u>	<u>\$81,031</u>

4. Property and Equipment

Property and equipment consisted of the following:

<i>(In thousands)</i>	December 31,	
	2007	2006
Furniture, fixtures and displays	\$ 25,853	\$ 17,178
Office equipment	11,295	6,639
Software	9,849	4,928
Plant equipment	13,867	5,401
Leasehold improvements	11,598	6,700
Construction in progress	10,411	8,346
Other	814	24
Subtotal property and equipment	83,687	49,216
Accumulated depreciation and amortization	(31,355)	(19,293)
Property and equipment, net	<u>\$ 52,332</u>	<u>\$ 29,923</u>

[Table of Contents](#)

Construction in progress primarily includes software costs relative to systems not yet placed in use and in-store fixtures and displays not yet placed in service.

Depreciation and amortization expense related to property and equipment was \$12.9 million, \$9.0 million and \$6.2 million for the years ended December 31, 2007, 2006 and 2005, respectively.

5. Intangible Assets, Net

In August 2006, the Company and NFL Properties LLC (“NFL Properties”) entered into a Promotional Rights Agreement (the “NFL Agreement”) in which the Company became an authorized supplier of footwear to the National Football League. As partial consideration for the NFL Agreement, which expires in March 2012, the Company issued to NFL Properties fully vested and non-forfeitable warrants to purchase 480.0 thousand shares of the Company’s Class A Common Stock. The resulting \$8.5 million intangible asset was determined based on the fair value of the warrants.

The following table summarizes the Company’s intangible assets as of the periods indicated:

(In thousands)	December 31, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Footwear promotional rights	\$ 8,500	\$ (2,125)	\$ 6,375	\$ 8,500	\$ (625)	\$ 7,875
Other	125	(30)	95	—	—	—
Total	<u>\$ 8,625</u>	<u>\$ (2,155)</u>	<u>\$ 6,470</u>	<u>\$ 8,500</u>	<u>\$ (625)</u>	<u>\$ 7,875</u>

Intangible assets are amortized using estimated useful lives of 33 months to 68 months with no residual value. Amortization expense, which is included in selling, general and administrative expenses, was \$1.5 million and \$0.6 million for the years ended December 31, 2007 and 2006, respectively. The estimated amortization expense of the Company’s intangible assets is \$1.5 million for each of the years ended December 31, 2008 through 2011, and \$0.4 million for the year ended December 31, 2012.

6. Revolving Credit Facility and Long Term Debt

Revolving Credit Facility

In December 2006, the Company entered into a third amended and restated financing agreement with a lending institution. This financing agreement has a term of five years and provides for a revolving credit line of up to \$100.0 million based on the Company’s eligible domestic inventory and accounts receivable balances and may be used for working capital and general corporate purposes. This financing agreement is collateralized by substantially all of the assets of the Company and its domestic subsidiaries, other than their trademarks. Up to \$10.0 million of the facility may be used to support letters of credit. The Company incurred \$0.3 million in deferred financing costs in connection with the financing agreement. In accordance with EITF Issue No. 98-14, “*Debtor’s Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements*,” unamortized deferred financing costs of \$0.6 million relating to the Company’s old revolving credit facility were added to the deferred financing costs of the new revolving credit facility and will be amortized over the remaining life of the new facility.

The revolving credit facility bears interest based on the daily balance outstanding at the Company’s choice of LIBOR plus an applicable margin (varying from 1.0% to 2.0%) or the JP Morgan Chase Bank prime rate plus an applicable margin (varying from 0.0% to 0.5%). The applicable margin is calculated quarterly and varies based on the Company’s pricing leverage ratio as defined in the agreement. The revolving credit facility also

carries a line of credit fee equal to the available but unused borrowings which can vary from 0.1% to 0.5%. As of December 31, 2007, the Company's availability was \$100.0 million based on its domestic inventory and accounts receivable balances.

This financing agreement contains a number of restrictions that limit the Company's ability, among other things, to pledge its accounts receivable, inventory, trademarks and most of its other assets as security in its borrowings or transactions; pay dividends on stock; redeem or acquire any of its securities; sell certain assets; make certain investments; guaranty certain obligations of third parties; undergo a merger or consolidation; or engage in any activity materially different from those presently conducted by the Company.

If net availability under the financing agreement falls below a certain threshold as defined in the agreement, the Company would be required to maintain a certain leverage ratio and fixed charge coverage ratio as defined in the agreement. This financing agreement also provides the lenders with the ability to reduce the available revolving credit line amount under certain conditions even if the Company is in compliance with all conditions of the agreement. The Company's net availability as of December 31, 2007 was above the threshold for compliance with the financial covenants and the Company was in compliance with all covenants as of December 31, 2007.

In September 2005, the Company entered into a second amended and restated financing agreement with a lending institution that was to terminate in 2010. Under this financing agreement, the Company was required to maintain prescribed levels of tangible net worth as defined in the agreement and was collateralized by substantially all of the assets of the Company. The Company paid and recorded \$1.1 million in deferred financing costs as part of the financing agreement which was comprised of both a \$25.0 million term note and a \$75.0 million revolving credit facility. In November 2005, the Company repaid the \$25.0 million term note plus interest and the balance outstanding under the revolving credit facility of \$12.2 million with proceeds from the initial public offering (see Note 8). The term note portion of the financing agreement was then terminated and as such the Company expensed \$0.3 million of deferred financing costs within interest expense. With the termination of the term note, the Company's trademarks and other intellectual property were released as a component of the collateral. The weighted average interest rate on the term note was 9.4%.

The weighted average interest rate on the revolving credit facilities for the years ended December 31, 2007 and 2005 was 6.3% and 5.5%, respectively. During the year ended December 31, 2006, no balance was outstanding.

Long Term Debt

In March 2005, the Company entered into a loan and security agreement to finance the acquisition of qualifying capital investments. The Company has up to \$17.0 million available under this loan and security agreement. This agreement is collateralized by a first lien on these assets and is otherwise subordinate to the revolving credit facility. At December 31, 2007, the outstanding principal balance was \$13.4 million under this agreement. The weighted average interest rate on outstanding borrowings was 6.5%, 6.3% and 5.7% for the years ended December 31, 2007, 2006 and 2005, respectively.

In December 2003, the Company entered into a master loan and security agreement that was subordinate to the revolving credit facilities. Under this agreement the Company borrowed \$1.3 million for the purchase of qualifying furniture and fixtures. The interest rate was 7.0% annually, and principal and interest payments were due monthly through February 2006. The outstanding principal balance was repaid during February 2006.

[Table of Contents](#)

The following is a schedule of future principal and interest payments on long term debt as of December 31, 2007:

<i>(In thousands)</i>	December 31, 2007
2008	\$ 4,841
2009	3,600
2010	3,295
2011	1,911
2012 and thereafter	1,470
Total future payments on long term debt	15,117
Less amount representing interest	(1,708)
Total principal payments on long term debt	13,409
Less current maturities of long term debt	(4,111)
Long term debt obligations	<u>\$ 9,298</u>

7. Commitments and Contingencies

Obligations Under Operating and Capital Leases

The Company leases warehouse space, office facilities, space for our retail stores and certain equipment under non-cancelable operating and capital leases. The leases expire at various dates through 2018, excluding extensions at our option, and include provisions for rental adjustments. The following is a schedule of future minimum lease payments for capital and non-cancelable operating leases as of December 31, 2007:

<i>(In thousands)</i>	Operating	Capital
2008	\$ 9,697	\$ 508
2009	11,774	378
2010	9,691	99
2011	8,923	—
2012 and thereafter	19,977	—
Total future minimum lease payments	<u>\$ 60,062</u>	985
Less amount representing interest		(62)
Present value of future minimum capital lease payments		923
Less current maturities of obligations under capital leases		(465)
Long term capital lease obligations		<u>\$ 458</u>

Rent expense for the years ended December 31, 2007, 2006 and 2005 was \$8.5 million, \$5.4 million and \$3.2 million, respectively, under the operating lease agreements.

The following summarizes the Company's assets under capital lease agreements:

<i>(In thousands)</i>	December 31,	
	2007	2006
Office equipment	\$ 20	\$ 1,494
Furniture and fixtures	—	29
Leasehold improvements	401	520
Plant equipment	1,755	1,934
	2,176	3,977
Accumulated depreciation and amortization	(1,134)	(2,292)
Property and equipment, net	<u>\$ 1,042</u>	<u>\$ 1,685</u>

[Table of Contents](#)

For the years ended December 31, 2007, 2006 and 2005, \$0.5 million, \$0.8 million and \$1.4 million, respectively, of depreciation and amortization on assets under capital leases was included in depreciation and amortization expense.

Sponsorships and Other Marketing Commitments

Within the normal course of business, the Company enters into contractual commitments in order to promote the Company's brand and products. These commitments include sponsorship agreements with teams and athletes on the collegiate and professional levels, official supplier agreements, athletic event sponsorships and other marketing commitments. The following is a schedule of the Company's future minimum payments under its sponsorship and other marketing agreements as of December 31, 2007:

<i>(In thousands)</i>	December 31, 2007
2008	\$ 14,684
2009	14,660
2010	13,110
2011	10,125
2012 and thereafter	1,005
Total future minimum sponsorship and other marketing payments	\$ 53,584

The amounts listed above are the minimum obligations required to be paid under the Company's sponsorship and other marketing agreements. Some of these agreements provide for additional incentives based on performance achievements while wearing or using the Company's products and may also include product supply obligations over the terms of the agreements.

Other

The Company is, from time to time, involved in routine legal matters incidental to its business. Management believes that the ultimate resolution of any such current proceedings and claims will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Certain key executives are party to agreements with the Company that include severance benefits upon involuntary termination or change in ownership of the Company.

8. Stockholders' Equity

In November 2005, the Company completed an initial public offering and issued an additional 9.5 million shares of common stock. As part of the initial public offering, 1.2 million outstanding shares of Convertible Common Stock held by Rosewood entities were converted to Class A Common Stock on a three-for-one basis. The Company received proceeds of \$112.7 million net of \$10.8 million in stock issue costs, which it used to repay the \$25.0 million term note, the balance outstanding under the revolving credit facility of \$12.2 million, and the Series A Preferred Stock of \$12.0 million.

As part of a recapitalization in connection with the initial public offering, the Company's stockholders approved an amended and restated charter that provides for the issuance of up to 100.0 million shares of Class A common stock and 16.2 million shares of Class B Convertible Common Stock, par value \$0.0003 1/3 per share, and permits amendments to the charter without stockholder approval to increase or decrease the aggregate number of shares of stock authorized, or the number of shares of stock of any class or series of stock authorized, and to classify or reclassify unissued shares of stock. In conjunction with the initial public offering, 1.0 million shares of Class B Convertible Common Stock were converted into shares of Class A Common Stock on a one-for-one basis in connection with a stock sale.

The amended and restated charter divides the Company's common stock into two classes, Class A Common Stock and Class B Convertible Common Stock. Except as provided for in the future with respect to any other class or series of stock, the holders of our common stock possess exclusive voting power. Holders of Class A Common Stock and Class B Convertible Common Stock have identical rights, except that the holders of Class A Common Stock are entitled to one vote per share and holders of Class B Convertible Common Stock are entitled to 10 votes per share on all matters submitted to stockholder vote. Class B Convertible Common Stock may only be held by our Chief Executive Officer ("CEO"), or a related party of our CEO, as defined in the amended and restated charter. As a result, the Company's CEO has more than a majority voting control over the Company. Shares of Class B Convertible Stock not held by our CEO or a related party of our CEO, as defined in the amended and restated charter, automatically convert into shares of Class A Common Stock on a one-for-one basis. In addition, all of the outstanding shares of Class B Convertible Common Stock will automatically convert into shares of Class A Common Stock on a one-for-one basis on the date upon which the shares of Class A Common Stock and Class B Convertible Common Stock beneficially owned by the Company's CEO is less than 15% of the total shares of Class A Common Stock and Class B Convertible Common Stock outstanding. Holders of our common stock are entitled to receive dividends when and if authorized and declared out of assets legally available for the payment of dividends.

In June 2006, 8.4 million shares of the Company's Class A Common Stock were sold by stockholders of the Company, including certain members of the Company's management, pursuant to an underwritten public offering registered on Form S-1. The Company did not receive any proceeds from the sale of the shares sold in the offering and expenses incurred from the offering were paid by the selling stockholders. In connection with the offering, 2.0 million shares of Class B Convertible Common Stock were converted into shares of Class A Common Stock on a one-for-one basis.

In November 2007, 0.8 million shares of Class B Convertible Common Stock were converted into shares of Class A Common Stock on a one-for-one basis in connection with a stock sale.

Stock Split

In March 2005, a three for one stock split was approved for all authorized, issued, and outstanding shares of Class A Common Stock, with an effective date of May 3, 2005. All Class A Common Stock shares presented in the consolidated financial statements and the notes to the consolidated financial statements have been restated to reflect the May 3, 2005 stock split.

Notes Receivable from Stockholders

In 2005 and in 2000, the Company made loans to select employees to enable these employees to exercise vested stock options. These notes receivable were presented within the balance sheet as a component of stockholders' equity. These notes receivable were collateralized by the Class A Common Stock and were full recourse to the Company. The 2005 notes receivable, which accrued interest at 7.7%, were repaid including interest during 2006. The 2000 notes receivable, which accrued interest at 5.5%, were repaid including interest in 2005 as part of the initial public offering.

9. Mandatorily Redeemable Series A Preferred Stock

On September 30, 2003, the Company issued 1.2 million shares of Series A Preferred Stock for \$4.4 million in cash proceeds net of \$0.1 million in stock issuance costs. Holders of the Series A Preferred Stock had limited voting rights and certain protective rights regarding major business decisions of the Company and the payment of dividends to common stockholders. Holders of the Series A Preferred Stock had the ability to appoint one member to the Company's Board of Directors.

[Table of Contents](#)

The holders of the Series A Preferred Stock were entitled to receive cumulative preferential dividends at 8% of the stated redemption value of \$10 per share compounded annually if declared by the Board of Directors. The Series A Preferred Stock was redeemable at the option of the holders in September 2008 at a redemption price of \$10 per share, plus 125% of accrued but unpaid dividends plus 25% of any previously declared dividends that were not paid within 120 days after the respective year end (the "Redemption Price"). The Series A Preferred Stock also carried a liquidation preference equal to its stated Redemption Price and could be redeemed by the Company at any time at the then stated Redemption Price. The amount of the Redemption Price, including issuance costs, was being accreted to the value of the Series A Preferred Stock each year. For the year ended December 31, 2005, \$5.3 million had been accreted to the Redemption Price of the Series A Preferred Stock.

As required, the Series A Preferred Stock was redeemed at the \$10 stated value per share, or \$12.0 million, upon the initial public offering.

10. Other Income (Expense), Net

The components of other income (expense), net consisted of the following:

(In thousands)	Year Ended December 31,		
	2007	2006	2005
Interest income	\$ 1,549	\$ 2,231	\$ 273
Interest expense	(800)	(774)	(3,188)
Unrealized foreign currency exchange rate gains (losses)	2,567	(161)	—
Realized foreign currency exchange rate gains	174	520	79
Unrealized derivative losses	(243)	—	—
Realized derivative losses	(469)	—	—
Miscellaneous	—	353	—
Total other income (expense), net	<u>\$ 2,778</u>	<u>\$ 2,169</u>	<u>\$ (2,836)</u>

For the years ended December 31, 2007, 2006 and 2005, the Company amortized and included in interest expense \$0.2 million, \$0.2 million and \$0.3 million, respectively, of deferred financing costs.

11. Provision for Income Taxes

The components of the provision for income taxes consisted of the following:

(In thousands)	Year Ended December 31,		
	2007	2006	2005
Current			
Federal	\$35,542	\$24,083	\$12,009
State	5,379	2,630	1,509
Other foreign countries	473	116	68
	<u>41,394</u>	<u>26,829</u>	<u>13,586</u>
Deferred			
Federal	(4,257)	(2,656)	(573)
State	290	(3,120)	242
Other foreign countries	(942)	(945)	—
	<u>(4,909)</u>	<u>(6,721)</u>	<u>(331)</u>
Provision for income taxes	<u>\$36,485</u>	<u>\$20,108</u>	<u>\$13,255</u>

[Table of Contents](#)

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate is as follows:

	Year Ended December 31,		
	2007	2006	2005
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State taxes, net of federal tax impact	5.0	(1.9)	3.7
Other	1.0	0.9	1.5
Effective income tax rate	<u>41.0%</u>	<u>34.0%</u>	<u>40.2%</u>

In 2006, the Company recorded \$5.6 million of state tax credits, which reduced the Company's effective tax rate in 2006 as compared to 2007.

Deferred tax assets and liabilities consisted of the following:

(In thousands)	December 31,	
	2007	2006
Deferred tax asset		
State tax credits, net of federal tax impact	\$ 2,950	\$ 4,419
Tax basis inventory adjustment	2,336	2,000
Inventory obsolescence reserves	1,769	1,585
Allowance for doubtful accounts and other reserves	4,879	3,449
Subsidiary net operating loss	2,798	993
Stock-based compensation	1,366	527
Intangible asset	1,047	305
Other	3,166	372
Total deferred tax assets	<u>20,311</u>	<u>13,650</u>
Deferred tax liability		
Unrealized (gains) losses	(818)	43
Other comprehensive income	(201)	64
Prepaid expenses	(701)	(432)
Total deferred tax liabilities	<u>(1,720)</u>	<u>(325)</u>
Total deferred tax assets, net	<u>\$18,591</u>	<u>\$13,325</u>

As of December 31, 2007, the Company has available state tax credits of \$4.5 million that can be carried forward for 13 to 14 year periods. As of December 31, 2007, a Company subsidiary has available a net operating loss that can be carried forward for 8 to 9 years.

The Company adopted the provisions of FIN 48 on January 1, 2007. As a result of the implementation, the Company recorded an additional \$1.6 million liability for uncertain tax positions, including related interest and penalties, of which \$1.2 million was accounted for as a reduction to the January 1, 2007 balance of retained earnings and the remainder was recorded within deferred tax assets. After recognizing the adoption of FIN 48, the total liability for uncertain tax positions, including related interest and penalties, was approximately \$2.0 million.

[Table of Contents](#)

As of December 31, 2007, the total liability for uncertain tax positions, including related interest and penalties, was approximately \$2.6 million. The following table represents a reconciliation of the Company's total unrecognized tax benefits balances, excluding interest and penalties for the year ended December 31, 2007:

	Year Ended December 31, 2007
<i>(In thousands)</i>	
Beginning of year	\$ 1,454
Increases as a result of tax positions taken in a prior period	—
Decreases as a result of tax positions taken in a prior period	—
Increases as a result of tax positions taken during the current period	327
Decreases as a result of tax positions taken during the current period	—
Decreases as a result of settlements during the current period	—
Reductions as a result of a lapse of statute of limitations during the current period	—
End of year	\$ 1,781

Of the above \$1.8 million in unrecognized tax benefits, excluding interest and penalties, \$1.3 million would impact our effective tax rate if recognized.

As of December 31, 2007, the liability for uncertain tax positions included \$0.8 million for the accrual of interest and penalties. During the year ended December 31, 2007, the Company recorded \$0.2 million for the accrual of interest and penalties in its consolidated statement of income.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The majority of the Company's returns are no longer subject to U.S. federal, state and local or foreign income tax examinations by tax authorities for years before 2004. The Company may incur a decrease in the total unrecognized tax benefits within the next twelve months as a result of the possible expiration of certain statutes of limitations for particular tax positions.

12. Stock-Based Compensation

Stock Compensation Plans

The Company's Board of Directors and stockholders approved the Under Armour, Inc. 2005 Omnibus Long-Term Incentive Plan (the "2005 Plan") in November 2005. The 2005 Plan provides for the issuance of stock options, restricted stock, restricted stock units and other equity awards to officers, directors, key employees and other persons. The maximum number of shares available for issuance under the 2005 Plan is 2.7 million shares. Stock options and restricted stock awards under the 2005 Plan generally vest ratably over a four to five year period. The exercise period for stock options is generally ten years from the date of grant. The Company generally receives a tax deduction for any ordinary income recognized by a participant in respect to an award under the 2005 Plan. The 2005 Plan terminates as of the date of the Company's 2009 annual meeting of stockholders unless it is approved again by stockholders by such meeting date. If the 2005 Plan is approved by stockholders during this time period, it terminates in 2015. As of December 31, 2007, 1.9 million shares are available for future grants of awards under the 2005 Plan.

The Company's 2000 Stock Option Plan (the "2000 Plan") provided for the issuance of stock options, restricted stock and other equity awards to officers, directors, key employees and other persons. The 2000 Plan was terminated and superseded by the 2005 Plan upon the Company's initial public offering in November 2005.

[Table of Contents](#)

No further awards may be granted under the 2000 Plan. Stock options and restricted stock awards under the 2000 Plan generally vest ratably over a four to five year period. The exercise period for stock options generally does not exceed five years from the date of grant. The Company generally receives a tax deduction for any ordinary income recognized by a participant in respect to an award under the 2000 Plan.

Employee Stock Purchase Plan

The Company's Board of Directors and stockholders approved the Company's Employee Stock Purchase Plan (the "ESPP") in November 2005 effective as of January 1, 2006. The ESPP allows for the purchase of Class A Common Stock by all eligible employees at a 15% discount from fair market value subject to certain limits as defined in the ESPP. The maximum number of shares available under the ESPP is 1.0 million shares. During the year ended December 31, 2007 and 2006, 22.1 thousand and 16.9 thousand shares were purchased under the ESPP, respectively.

2006 Non-Employee Director Compensation Plan and Deferred Stock Unit Plan

In April 2006, the Board of Directors adopted the Under Armour, Inc. 2006 Non-Employee Director Compensation Plan (the "2006 Director Compensation Plan") and the Under Armour, Inc. 2006 Non-Employee Director Deferred Stock Unit Plan (the "2006 DSU Plan"), which were effective on May 31, 2006. The 2006 Director Compensation Plan provides for cash compensation and awards of stock options and restricted stock units to non-employee directors of the Company under the 2005 Plan. Non-employee directors have the option to defer the value of their annual cash retainers as deferred stock units in accordance with the 2006 DSU Plan. Each new non-employee director receives an award of restricted stock units upon the initial election to the Board of Directors, with the units covering stock valued at \$0.1 million on the grant date and vesting in three equal annual installments. In addition, each non-employee director receives, following each annual stockholders' meeting, an annual grant under the 2005 Plan of stock options to acquire stock with a value of \$75.0 thousand as of the grant date and an award of restricted stock units covering stock valued at \$25.0 thousand on the grant date. Each award vests 100% on the date of the next annual stockholders' meeting following the grant date.

The receipt of the shares otherwise deliverable upon vesting of the restricted stock units automatically defers into deferred stock units under the 2006 DSU Plan. Under the 2006 DSU Plan each deferred stock unit represents the Company's obligation to issue one share of the Company's Class A Common Stock with the shares delivered six months following the termination of the director's service.

Stock Options

A summary of the Company's stock options as of December 31, 2007, 2006, and 2005, and changes during the years then ended is presented below:

	Year Ended December 31,					
	2007		2006		2005	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
<i>(In thousands, except per share amounts)</i>						
Outstanding, beginning of year	2,755	\$ 6.19	4,215	\$ 3.42	3,528	\$ 1.11
Granted, at fair market value	67	45.12	197	36.17	217	13.00
Granted, at below fair market value	—	—	—	—	1,099	2.65
Granted, at above fair market value	—	—	—	—	513	10.77
Exercised	(660)	3.34	(1,292)	2.29	(1,139)	0.66
Forfeited	(36)	10.42	(365)	4.12	(3)	2.65
Outstanding, end of year	<u>2,126</u>	<u>\$ 8.23</u>	<u>2,755</u>	<u>\$ 6.19</u>	<u>4,215</u>	<u>\$ 3.42</u>
Options exercisable, end of year	<u>639</u>	<u>\$ 5.70</u>	<u>665</u>	<u>\$ 2.39</u>	<u>1,243</u>	<u>\$ 1.17</u>

[Table of Contents](#)

The intrinsic value of stock options exercised during the years ended December 31, 2007, 2006 and 2005 was \$31.9 million, \$43.5 million and \$2.9 million, respectively.

The following table summarizes information about stock options outstanding and exercisable as of December 31, 2007:

(In thousands, except per share amounts)

Range of Exercise Prices	Options Outstanding				Options Exercisable			
	Number of Underlying Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Total Intrinsic Value	Number of Underlying Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Total Intrinsic Value
\$0.17	259	\$ 0.17	3.5	\$11,281	259	\$ 0.17	3.5	\$11,281
\$0.83	10	0.83	4.6	428	10	0.83	4.6	428
\$1.77 – \$2.65	1,138	2.28	3.0	47,075	182	2.31	3.0	7,506
\$10.77 – \$13.00	473	11.31	3.1	15,295	147	11.35	3.1	4,757
\$28.65 – \$38.85	164	35.34	8.2	1,368	38	35.69	8.2	304
\$44.52 – \$45.12	82	45.01	9.3	(110)	3	44.52	9.3	(3)
	<u>2,126</u>	<u>\$ 8.23</u>	<u>3.7</u>	<u>\$75,337</u>	<u>639</u>	<u>\$ 5.70</u>	<u>3.7</u>	<u>\$24,273</u>

Restricted Stock and Restricted Stock Units

A summary of the Company's restricted stock and restricted stock units as of December 31, 2007, 2006, and 2005, and changes during the years then ended is presented below:

	Year Ended December 31,					
	2007		2006		2005	
	Number of Restricted Shares	Weighted Average Price	Number of Restricted Shares	Weighted Average Price	Number of Restricted Shares	Weighted Average Price
Outstanding, beginning of year	210	\$ 23.81	125	\$ 7.79	—	\$ —
Granted	254	48.59	110	39.32	140	7.87
Forfeited	(17)	42.72	(7)	17.93	(1)	8.50
Vested	(85)	16.51	(18)	9.16	(14)	8.51
Outstanding, end of year	<u>362</u>	<u>\$ 42.06</u>	<u>210</u>	<u>\$ 23.81</u>	<u>125</u>	<u>\$ 7.79</u>

In 2005, certain directors purchased 131.1 thousand shares of restricted Class A Common Stock which vested fully in 2007.

Warrants

On August 3, 2006, the Company issued fully vested and non-forfeitable warrants to purchase 480.0 thousand shares of the Company's Class A Common Stock to NFL Properties as partial consideration for footwear promotional rights which are recorded as an intangible asset (see Note 5). With the assistance of an independent third party valuation firm, the Company assessed the fair value of the warrants using various fair value models. Using these measures, the Company concluded that the fair value of the warrants was \$8.5 million. The warrants have a term of 12 years from the date of issuance and an exercise price of \$36.99 per share, which was the closing price of the Company's Class A Common Stock on August 2, 2006. As of December 31, 2007, 240.0 thousand warrants are exercisable, and the remaining 240.0 thousand warrants will become exercisable three years from the issue date. As of December 31, 2007, no warrants have been exercised.

13. Other Employee Benefits

The Company offers a 401(k) Deferred Compensation Plan for the benefit of eligible employees. Employee contributions are voluntary and subject to Internal Revenue Service limitations. The Company matches a portion of the participant's contribution and recorded expense for the years ended December 31, 2007, 2006 and 2005, of \$0.9 million, \$0.7 million and \$0.4 million, respectively. Shares of the Company's Class A Common Stock are not an investment option in this plan.

Effective June 1, 2007, the Company's Board of Directors approved a new Deferred Compensation Plan. This plan allows a select group of management or highly compensated employees as approved by the Compensation Committee, to make an annual base salary and/or bonus deferral for that specific year. Compensation deferrals will begin for participating employees on January 1, 2008. The employee will immediately vest in all amounts credited to their account. The Company's prior Deferred Compensation Plan was not implemented. As a result, at December 31, 2007 and 2006 no amounts are included on the consolidated balance sheets relating to this plan.

14. Foreign Currency Risk Management and Derivatives

The Company is exposed to gains and losses resulting from fluctuations in foreign currency exchange rates primarily relating to transactions generated by its international subsidiaries in currencies other than their local currencies. In August 2007, the Company began using foreign currency forward contracts in order to reduce the risk associated with foreign currency exchange rate fluctuations on projected inventory purchases, inter-company payments and other general working capital requirements for its Canadian subsidiary.

As of December 31, 2007, the notional value of the Company's outstanding foreign currency forward contracts used to mitigate the foreign currency exchange rate fluctuations on its Canadian subsidiary's projected inventory purchases was approximately \$6.5 million with maturities of 1 to 12 months. The foreign currency forward contracts are not designated as cash flow hedges, and accordingly, changes in their fair value are recorded in earnings. Unrealized losses of \$0.2 million relating to outstanding foreign currency forward contracts were included in the Company's liabilities on the balance sheet as of December 31, 2007 and were recognized in other income (expense), net on the consolidated statements of income during the year ended December 31, 2007. In addition, the Company recorded \$0.5 million of realized losses relating to the settlement of foreign currency forward contracts within other income (expense), net during the year ended December 31, 2007.

The Company enters into foreign currency forward contracts with a major financial institution with investment grade credit ratings and is exposed to credit losses in the event of non-performance by this financial institution. This credit risk is generally limited to the unrealized gains in the foreign currency forward contracts. However, the Company monitors the credit quality of the financial institution and considers the risk of counterparty default to be minimal.

15. Related Party Transactions

In 2005, the Company entered into an agreement to license a software system with a vendor whose CEO is a director of the Company. During the years ended December 31, 2007, 2006 and 2005 the Company paid \$1.8 million, \$1.4 million and \$1.4 million, respectively, in licensing fees, maintenance fees, and development costs to this vendor. No amounts were payable to this related party as of December 31, 2007 and less than \$0.1 million were payable to this related party as of December 31, 2006.

In 2007, the Company entered into an operating lease agreement with an entity controlled by the Company's CEO to lease an aircraft for business purposes. During the year ended December 31, 2007, the Company paid \$0.4 million in usage fees to this entity for the Company's business use of the aircraft. Amounts payable to this related party as of December 31, 2007 were \$13.5 thousand.

16. Segment Data and Related Information

Operating segments are defined as components of an enterprise in which separate financial information is available and is evaluated regularly by the chief operating decision maker in assessing performance and in deciding how to allocate resources. The Company operates exclusively in the consumer products industry in which the Company develops, markets, and distributes branded performance apparel, footwear and accessories. Based on the nature of the financial information that is received by the chief operating decision maker, the Company operates within one operating and reportable segment in accordance with SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*. Although the Company operates within one reportable segment, it has several product categories for which the net revenues attributable to each product category are as follows:

(In thousands)	Year Ended December 31,		
	2007	2006	2005
Men's	\$ 348,150	\$ 255,681	\$ 189,596
Women's	115,867	85,695	53,500
Youth	48,596	31,845	18,784
Apparel	512,613	373,221	261,880
Footwear	40,878	26,874	—
Accessories	29,054	14,897	9,409
Total net sales	582,545	414,992	271,289
License revenues	24,016	15,697	9,764
Total net revenues	<u>\$ 606,561</u>	<u>\$ 430,689</u>	<u>\$ 281,053</u>

The table below summarizes product net revenues by geographic regions attributed by customer location:

(In thousands)	Year Ended December 31,		
	2007	2006	2005
United States	\$ 562,439	\$ 403,725	\$ 266,048
Canada	23,360	16,485	9,502
Subtotal	585,799	420,210	275,550
Other foreign countries	20,762	10,479	5,503
Total net revenues	<u>\$ 606,561</u>	<u>\$ 430,689</u>	<u>\$ 281,053</u>

During the last two years, substantially all of the Company's long-lived assets were located in the United States.

17. Unaudited Quarterly Financial Data

(In thousands)	Quarter Ended (unaudited)				Year Ended December 31,
	March 31,	June 30,	September 30,	December 31,	
2007					
Net revenues	\$ 124,329	\$ 120,531	\$ 186,863	\$ 174,838	\$ 606,561
Gross profit	60,581	59,099	94,517	90,847	305,044
Income from operations	16,037	8,165	33,809	28,254	86,265
Net income	9,941	5,712	20,030	16,875	52,558
Earnings per share—basic	\$ 0.21	\$ 0.12	\$ 0.42	\$ 0.35	\$ 1.09
Earnings per share—diluted	\$ 0.20	\$ 0.11	\$ 0.40	\$ 0.34	\$ 1.05
2006					
Net revenues	\$ 87,696	\$ 79,965	\$ 127,745	\$ 135,283	\$ 430,689
Gross profit	44,312	38,207	64,675	68,406	215,600
Income from operations	14,180	3,010	21,983	17,745	56,918
Net income	8,734	2,424	15,970	11,851	38,979
Earnings per share—basic	\$ 0.19	\$ 0.05	\$ 0.34	\$ 0.25	\$ 0.83
Earnings per share—diluted	\$ 0.18	\$ 0.05	\$ 0.32	\$ 0.24	\$ 0.79

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of December 31, 2007 pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2007, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Refer to Item 8 of this report for the “Report of Management on Internal Control Over Financial Reporting.”

There has been no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected, or that is reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item regarding directors is incorporated herein by reference from the 2008 Proxy Statement, under the headings “NOMINEES FOR ELECTION AT THE ANNUAL MEETING,” “CORPORATE GOVERNANCE AND RELATED MATTERS: Audit Committee” and “SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.” Information required by this Item regarding executive officers is included under “Executive Officers of the Registrant” in Part 1 of this Form 10-K.

Code of Ethics

We have a written code of ethics in place that applies to all our employees, including our principal executive officer, principal financial officer, and principal accounting officer and controller. A copy of our ethics policy is available on our website: www.underarmour.com. We are required to disclose any change to, or waiver from, our code of ethics for our senior financial officers. We intend to use our website as a method of disseminating this disclosure as permitted by applicable SEC rules.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference herein from the 2008 Proxy Statement under the headings “CORPORATE GOVERNANCE AND RELATED MATTERS: Compensation of Directors,” “EXECUTIVE COMPENSATION,” and “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference herein from the 2008 Proxy Statement under the heading “SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS OF SHARES.” See also Item 5 “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference herein from the 2008 Proxy Statement under the heading “TRANSACTIONS WITH RELATED PERSONS” and “CORPORATE GOVERNANCE AND RELATED MATTERS—Independence of Directors.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference herein from the 2008 Proxy Statement under the heading “INDEPENDENT AUDITORS.”

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

a. The following documents are filed as part of this Form 10-K:

1. Financial Statements:

Report of Independent Registered Public Accounting Firm	44
Consolidated Balance Sheets as of December 31, 2007 and 2006	45
Consolidated Statements of Income for the Years Ended December 31, 2007, 2006 and 2005	46
Consolidated Statements of Stockholders' Equity and Comprehensive Income for the Years Ended December 31, 2007, 2006 and 2005	47
Consolidated Statements of Cash Flows for the Years Ended December 31, 2007, 2006 and 2005	48
Notes to the Consolidated Financial Statements	49

2. Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts	75
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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The following exhibits are incorporated by reference or filed herewith. References to the Form S-1 are to the Registrant's Registration Statement on Form S-1 (File No. 333-127856), filed with the Securities and Exchange Commission (SEC) on August 25, 2005. References to Amendment No. 1 to Form S-1 are to Amendment No. 1 to the Form S-1 filed with the SEC on October 12, 2005. References to Amendment No. 3 to Form S-1 are to Amendment No. 3 to the Form S-1 filed with the SEC on November 15, 2005. References to the 2005 Form 10-K are to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005. References to the 2006 Form 10-K are to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006.

<u>Exhibit No.</u>	
3.01	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.01 of the 2005 Form 10-K).
3.02	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.02 of the 2005 Form 10-K).
4.01	Warrant Agreement between the Company and NFL Properties LLC dated as of August 3, 2006 (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed August 7, 2006).
4.02	Registration Rights Agreement between the Company and NFL Properties LLC dated as of August 3, 2006 (incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed August 7, 2006).
10.01	Registration Rights Agreement among the Company, Rosewood Capital IV, L.P., Rosewood Capital IV Associates, L.P. and the other holders named therein dated September 30, 2003 (incorporated by reference to Exhibit 10.29 of Amendment No. 3 to Form S-1).
10.02	Under Armour, Inc. Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on March 7, 2006).*
10.03	Executive Employment Agreement between the Company and Kevin A. Plank effective September 30, 2003 (incorporated by reference to Exhibit 10.03 of Amendment No. 1 to Form S-1).*

Table of Contents

<u>Exhibit No.</u>	
10.04	Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Suzanne J. Karkus and the Company.*
10.05	Form of Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between certain executives and the Company.*
10.06	Standard Industrial Lease between the Company and The Realty Associates Fund V, L.P. dated December 22, 2003 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.15 of Amendment No. 3 to Form S-1), as amended by the First Amendment dated February 23, 2006 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.08 of the Company's 2006 Form 10-K).
10.07	Office lease by and between Hull Point LLC and the Company dated March 29, 2002 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.16 of Amendment No. 3 to Form S-1), as amended by the First Amendment dated September 10, 2002 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.17 of Amendment No. 3 to Form S-1), the Second Amendment dated March 6, 2003 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.18 of Amendment No. 3 to Form S-1), the Third Amendment dated June 23, 2004 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.19 of Amendment No. 3 to Form S-1), the Fourth Amendment dated October 12, 2006 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.09A of the Company's 2006 Form 10-K), the Fifth Amendment dated December 1, 2006 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.09B of the Company's 2006 Form 10-K), the Sixth Amendment dated May 1, 2007 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 22, 2007), and the Seventh Amendment dated November 20, 2007.
10.08	Office lease by and between 1450 Beason Street LLC and the Company dated December 14, 2007 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on December 20, 2007).
10.09	Agreement of Sublease by and between Corporate Healthcare Financing, Inc. and the Company dated June 1, 2004 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.20 of Amendment No. 3 to Form S-1).
10.10	Industrial Lease Agreement between the Company and Marley Neck 3R, LLC dated October 19, 2006 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarterly period ended September 30, 2006).
10.11	Third Amended and Restated Financing Agreement among CIT Group/Commercial Services, Inc., as Agent, Wachovia Bank, National Association, as Documentation Agent, SunTrust Bank, as Syndication Agent and the Lenders that are party thereto and the Company dated December 22, 2006 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on December 28, 2006).
10.12	Pledge Agreement by and between CIT Group/Commercial Services, Inc., in its capacity as agent for the Lenders under the Third Amended and Restated Financing Agreement, and the Company dated September 30, 2005 (incorporated by reference to Exhibit 10.24 of Amendment No. 1 to Form S-1), as amended by Amendment No. 1 dated as of June 7, 2006 (incorporated by reference to Exhibit 10.16A of the Company's 2006 Form 10-K), and Amendment No. 2 dated as of December 22, 2006 (incorporated by reference to Exhibit 10.16B of the Company's 2006 Form 10-K).

Table of Contents

<u>Exhibit No.</u>	
10.13	Pledge Agreement by and between CIT Group/Commercial Services, Inc., in its capacity as agent for the Lenders under the Third Amended and Restated Financing Agreement, and Under Armour Retail, Inc. dated September 30, 2005 (incorporated by reference to Exhibit 10.25 of Amendment No. 1 to Form S-1).
10.14	Amended and Restated Credit Approved Receivables Purchasing Agreement by and between CIT Group/Commercial Services, Inc. and the Company dated September 30, 2005 (incorporated by reference to Exhibit 10.23 of Amendment No. 1 to Form S-1).
10.15	Under Armour, Inc. Deferred Compensation Plan, as amended.*
10.16	Form of Change in Control Severance Agreement (prior version of Form of Change in Control Severance Agreement incorporated by reference to Exhibit 10.27 of Amendment No. 3 to Form S-1).*
10.17	Under Armour, Inc. Stock Option Plan, as amended (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarterly period ended September 30, 2007).*
10.18	Form of Restricted Stock Grant Agreement under the 2000 Stock Option Plan (incorporated by reference to Exhibit 10.24 of the 2005 Form 10-K).*
10.19	Form of Incentive Stock Option Grant Agreement under the 2000 Stock Option Plan (incorporated by reference to Exhibit 10.25 of the 2005 Form 10-K).*
10.20	Form of Non-Qualified Stock Option Grant Agreement under the 2000 Stock Option Plan (incorporated by reference to Exhibit 10.26 of the 2005 Form 10-K).*
10.21	Under Armour, Inc. 2005 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.01 of the 2005 Form 10-K).*
10.22	Forms of Restricted Stock Grant Agreement under the 2005 Omnibus Long-Term Incentive Plan.*
10.23	Forms of Non-Qualified Stock Option Grant Agreement under the 2005 Omnibus Long-Term Incentive Plan.*
10.24	Form of Restricted Stock Unit Grant Agreement under the 2005 Omnibus Long-Term Incentive Plan.*
10.25	Under Armour, Inc. 2006 Non-Employee Director Compensation Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed April 13, 2006) and Forms of Grant Award Agreement and Notice- Non-Employee Director Initial Restricted Stock Unit Grant, Annual Restricted Stock Unit Grant and Annual Stock Option Award (incorporated by reference to Exhibits 10.1-10.3 of the Current Report on Form 8-K filed June 6, 2006).*
10.26	Form of Grant Award Agreement and Notice - Non-Employee Director Restricted Stock Grant (incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed June 6, 2006).*
10.27	Under Armour, Inc. 2006 Non-Employee Director Deferred Stock Unit Plan (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed April 13, 2006).*
21.01	List of Subsidiaries.
23.01	Consent of PricewaterhouseCoopers LLP.
31.01	Section 302 Chief Executive Officer Certification.
31.02	Section 302 Chief Financial Officer Certification.
32.01	Section 906 Chief Executive Officer Certification.
32.02	Section 906 Chief Financial Officer Certification.

* Management contract or a compensatory plan or arrangement required to be filed as an Exhibit pursuant to Item 15(b) of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNDER ARMOUR, INC.

By: /s/ KEVIN A. PLANK
Kevin A. Plank
President, Chief Executive Officer and
Chairman of the Board of Directors

Dated: February 22, 2008

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ KEVIN A. PLANK
Kevin A. Plank

President, Chief Executive Officer and Chairman of the Board of Directors
(principal executive officer)

/s/ WAYNE A. MARINO
Wayne A. Marino

Executive Vice President and Chief Financial Officer (principal accounting and financial officer)

/s/ **BYRON K. ADAMS, JR.**
Byron K. Adams, Jr.

Director

/s/ DOUGLAS E. COLTHARP
Douglas E. Coltharp

Director

/s/ A.B. Krongard
A.B. Krongard

Director

/s/ **WILLIAM R. McDERMOTT**
William R. McDermott

Director

/s/ HARVEY L. SANDERS
Harvey L. Sanders

Director

/s/ THOMAS J. SIPPEL
Thomas J. Sippel

Director

Dated: February 22, 2008

Schedule II
Valuation and Qualifying Accounts

(In thousands)

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Charged to Costs and Expenses</u>	<u>Write-Offs Net of Recoveries</u>	<u>Balance at End of Year</u>
Inventory obsolescence reserve				
For the year ended December 31, 2007	\$ 4,041	\$ 3,536	\$ (2,711)	\$ 4,866
For the year ended December 31, 2006	4,887	1,113	(1,959)	4,041
For the year ended December 31, 2005	\$ 4,970	\$ 958	\$ (1,041)	\$ 4,887
Allowance for doubtful accounts				
For the year ended December 31, 2007	\$ 884	\$ 316	\$ (88)	\$ 1,112
For the year ended December 31, 2006	521	642	(279)	884
For the year ended December 31, 2005	\$ 933	\$ (136)	\$ (276)	\$ 521
Sales returns, markdowns and allowances				
For the year ended December 31, 2007	\$ 8,059	\$ 28,885	\$(25,566)	\$ 11,378
For the year ended December 31, 2006	3,354	18,447	(13,742)	8,059
For the year ended December 31, 2005	\$ 3,731	\$ 6,748	\$ (7,125)	\$ 3,354

**EMPLOYEE CONFIDENTIALITY, NON-COMPETITION, AND
NON-SOLICITATION AGREEMENT**

This Confidentiality, Non-Competition, and Non-Solicitation Agreement ("Agreement") is entered into this 8th day of January, 2008, by and between Under Armour, Inc. (together with its affiliates, the "Company") and Suzanne Karkus ("Employee").

EXPLANATORY NOTE

The Employee recognizes that the Employee has had and will continue to have access to confidential proprietary information during the course of his or her employment and that the Employee's subsequent employment by a competitor would inevitably result in the disclosure of that information and, thereby, create unfair competition and would likely to cause substantial loss and harm to the Company. The Employee further acknowledges that employment with the Company is based on the Employee's agreement to abide by the covenants contained herein.

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. **Confidentiality.** Employee acknowledges Employee's fiduciary duty and duty of loyalty to the Company. Further, Employee acknowledges that the Company, in reliance of this Agreement, will provide Employee access to trade secrets, customers, proprietary data and other confidential information. Employee agrees to retain said information as confidential and not to use said information for self or disclose same to any third party, except when required to do so to properly perform duties to the Company. Further, as a condition of employment, during the time Employee is employed by the Company and continuing after any termination of the Employee's employment with the Company, Employee agrees to protect and hold in a fiduciary capacity for the benefit of the Company all Confidential Information, as defined below, unless the Employee is required to disclose Confidential Information pursuant to the terms of a valid and effective order issued by a court of competent jurisdiction or a governmental authority. The Employee shall use Confidential Information solely for the purpose of carrying out those duties assigned Employee as an employee of the Company and not for any other purpose. The disclosure of Confidential Information to the Employee shall not be construed as granting to the Employee any license under any copyright, trade secret, or any right of ownership or right to use the Confidential Information whatsoever. In the event that Employee is compelled, pursuant to a subpoena or order of a court or other body having jurisdiction over such matter, to produce any Confidential Information or other information relevant to the Company, Employee agrees to promptly provide the Company with written notice of such subpoena or order so that the Company may timely move to quash if appropriate.

(a) For the purposes of this Agreement, "Confidential Information" shall mean all information related to the Company's business that is not generally known to the public. Confidential Information shall include, but shall not be limited to: any financial (whether historical, projections or forecasts), pricing, cost, business, planning,

operations, services, potential services, products, potential products, technical information, intellectual property, trade secrets and/or know-how, formulas, production, purchasing, marketing, sales, personnel, customer, supplier, or other information of the Company; any papers, data, records, processes, methods, techniques, systems, models, samples, devices, equipment, compilations, invoices, customer lists, or documents of the Company; any confidential information or trade secrets of any third party provided to the Company in confidence or subject to other use or disclosure restrictions or limitations; this Agreement and its terms; and any other information, written, oral or electronic, whether existing now or at some time in the future, whether pertaining to current or future developments or prospects, and whether accessed prior to the Employee's tenure with the Company or to be accessed during Employee's future employment or association with the Company, which pertains to the Company's affairs or interests or with whom or how the Company does business. The Company acknowledges and agrees that Confidential Information shall not include information which is or becomes publicly available other than as a result of a disclosure by the Employee.

(b) The Employee shall promptly notify the Company if he has reason to believe that the unauthorized use, possession, or disclosure of any Confidential Information has occurred or may occur.

(c) All physical items containing Confidential Information, including, but not limited to, the business plan, know-how, collection methods and procedures, advertising techniques, marketing plans and methods, sales techniques, documentation, contracts, reports, letters, notes, any computer media, customer lists and all other information and materials of the Company's business and operations, shall remain the exclusive and confidential property of the Company and shall be returned, along with any copies or notes that the Employee made thereof or therefrom, to the Company when the Employee ceases employment with the Company. The Employee further agrees to return copies of any Confidential Information contained on Employee's home computer, portable computer or other similar device. Employee also agrees to allow the Company, upon reasonable belief and with appropriate notice, access to any home computer, portable computer or other similar device maintained by Employee, including but not limited to, for the purpose of determining whether said Confidential Information has been misappropriated. The Employee further agrees to promptly return all other property belonging to the Company upon the termination of Employee's employment.

2. Non-Competition. Except as otherwise provided in this Agreement, without the prior written consent of the Company, the Employee hereby covenants and agrees that at no time during the Employee's employment with Company and for a period of one (1) year immediately following termination of Employee's employment with the Company, whether voluntary or involuntary, shall the Employee:

(a) directly or indirectly work for or engage in any capacity in any activities or provide strategic advice to Competitor Businesses. Competitor Businesses shall be defined as (i) any business that is involved in the manufacture, sale, development of fabrications or manufacturing methods, or marketing of: athletic apparel or footwear (e.g., Reebok, Nike, Adidas); sporting goods; tactical (military and/or law enforcement) apparel; hunting and fishing apparel; mountain sports apparel; accessories of such industries; or any business substantially similar to the present business of the Company or

such other business activity in which the Company may substantially engage; and (ii) retail enterprises which sell products that compete with the Company's products;

(b) act in any way, directly or indirectly, with the purpose or effect of soliciting, diverting or taking away any business, customer, client or any supplier of the Company; or

(c) otherwise compete with Company in the sale or licensing, directly or indirectly, as principal, agent or otherwise, of any products competitive with the products, or services competitive with the services, developed or marketed by Company.

Written request for consent to be released from the Non-Competition provisions of this Agreement may be submitted by the Employee to the Company following the termination of Employee's employment and must include all available information described in Section 4 below. The Company will respond to the request for such consent within two (2) weeks of the request, except as provided in Section 4. In the Company's sole discretion, with or without any request from Employee to be released from the Non-Competition provisions of this Agreement, the Company may release Employee from the Non-Competition provisions of this Agreement, or reduce the non-competition period from a period of one (1) year immediately following Employee's termination ("Non-Competition Period") to a shorter duration. In the event the Company does not release the Employee from the Non-Competition provision, for the duration of the Non-Competition Period, the Company will pay Employee an amount equal to sixty percent (60%) of Employee's base salary as of the date of the termination of Employee's employment, in accordance with the Company's customary pay practices in effect at the time each payment is made. This amount shall be reduced by (a) the amount of any payment (up to 60% of salary) to Employee under paragraph 5 of this Agreement; and (b) the amount of any salary received during the Non-Competition period from employment in any capacity with an entity that is not a Competitor Business.

3. Non-Solicitation and Non-Interference. The Employee hereby covenants and agrees that at no time during the Employee's employment with Company and for a period of one (1) year immediately following termination of Employee's employment with the Company, whether voluntary or involuntary, shall the Employee:

(a) solicit (other than on behalf of the Company) business or contracts for any products or services of the type provided, developed or under development by the Company during the Employee's employment by the Company, from or with any person or entity which was a customer of the Company for such products or services, or any prospective customer which the Company had solicited as of, or within one year prior to, the Employee's termination of employment with the Company; or directly or indirectly contract with any such customer or prospective customer for any product or service of the type provided, developed or which was under development by the Company during the Employee's employment with the Company; or

(b) knowingly interfere or attempt to interfere with any transaction, agreement or business relationship in which the Company was involved during the Employee's employment with the Company, nor will the Employee act in any way with the purpose or effect of hiring anyone who has been an employee of the Company, its

divisions or subsidiaries; or soliciting, recruiting or encouraging, directly or indirectly, any of the Company's employees to leave the employ of the Company, its divisions or its subsidiaries.

4. Notification of New Employment. Employee acknowledges and agrees that for a period of one (1) year following the date of termination of Employee's employment with the Company, Employee will inform the Company, prior to the acceptance of any job or any work as an independent contractor, of the identify of any new employer or other entity to which Employee is providing consulting or other services, along with Employee's starting date, title, job description, salary, and any other information which the Company may reasonably request to confirm Employee's compliance with the terms of this Agreement. If Employee does not provide all information reasonably requested by the Company as provided in this Section, the Company's time to respond to a request for release from the Non-Competition provision under Section 2 will be extended to six (6) weeks, or until such time as the information is provided for the Company to make an informed decision.

5. Additional Compensation if Termination without Cause. In the event the Company terminates Employee's employment without Cause (as defined below), and provided Employee first signs (and does not revoke) a general release of claims against the Company in a form provided by the Company ("Release"), the Company agrees that it will pay Employee an amount equal to six (6) months' of Employee's base salary as in effect on the date of termination, less required withholdings, payable over the course of six (6) months in accordance with the Company's regular pay practices, beginning the first regular pay period after the effective date of the Release. The amount paid under this paragraph 5 will be reduced by any amount paid to Employee under paragraph 2. The Company shall have no obligation to make or continue to make any payment under this paragraph if the Company in good faith determines that Employee has breached any obligation under this Agreement. Nothing in this Agreement changes the "at-will" nature of Employee's employment with the Company.

As used in this paragraph 5, "Cause" means the occurrence of any of the following: (i) the Employee's material misconduct or neglect in the performance of his duties; (ii) conviction for, or plea of nolo contendere to, any felony, or a misdemeanor (excluding a petty misdemeanor) involving dishonesty, fraud, financial impropriety, or moral turpitude, or any crime of sufficient import to potentially discredit or adversely affect the Company's ability to conduct its business in the normal course; (iii) the Employee's use of illegal drugs; (d) the Employee's material breach of the Company's written Code of Conduct, as in effect from time to time; (e) the Employee's commission of any act that results in severe harm to the Company excluding any act taken by the Employee in good faith that he reasonably believed was in the best interests of the Company; or (f) the Employee's material breach of this Agreement.

6. Reasonableness of Restrictions. Employee acknowledges and agrees that the restrictions imposed by this Agreement are fair and reasonably required for the protection of the Company, and will not preclude Employee from becoming gainfully employed following the termination, for any reason, of employment with the Company. The Employee acknowledges that employee will provide unique services to the Company and that this covenant has unique, substantial, and immeasurable value to the Company.

In the event that the provisions of this Agreement should ever be deemed to exceed the limitations permitted by applicable laws, Employee and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws. The Employee further acknowledges that the decision whether to consent to release Employee from the provisions of this Agreement is within the sole discretion of the Company.

7. Injunctive Relief. Employee acknowledges and agrees that in the event of a violation or threatened violation of any provision of this Agreement, the Company will sustain irreparable harm and will have the full right to seek injunctive relief, in addition to any other legal remedies available, without the requirement of posting bond.

8. Survivability. This Agreement shall remain binding in the event of the termination, for any reason, of employment with the Company.

9. Governing Law. The formation, construction and interpretation of this Agreement shall at all times and in all respects be governed by the laws of the State of Maryland.

10. Severable Provisions. The provisions of this Agreement are severable, and if any court determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, any invalidity or unenforceability shall affect only that provision, and shall not make any other provision of this Agreement invalid or unenforceable; and this Agreement shall be narrowed by the court to the extent required to be valid and enforceable.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter contained herein, and may not be modified except in a written document signed by each of the parties hereto. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any other breach of that or any other provision hereof.

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

/s/ Suzanne Karkus
By: Suzanne Karkus

Senior Vice President of Apparel
Title:

/s/ Melissa Wallace
By: Melissa Wallace

Vice President of Human Resources
Title:

**EMPLOYEE CONFIDENTIALITY, NON-COMPETITION, AND
NON-SOLICITATION AGREEMENT**

This Confidentiality, Non-Competition, and Non-Solicitation Agreement ("Agreement") is entered into this ____ day of _____, 2008, by and between **Under Armour, Inc.** (together with its affiliates, the "Company") and _____ ("Employee").

EXPLANATORY NOTE

The Employee recognizes that the Employee has had or will have access to confidential proprietary information during the course of his or her employment and that the Employee's subsequent employment with a Competitor Business, as defined in Section 3, would inevitably result in the disclosure of that information and, thereby, create unfair competition and would likely cause substantial loss and harm to the Company. The Employee further acknowledges that employment with the Company is based on the Employee's agreement to abide by the covenants contained herein.

NOW THEREFORE, in consideration of Employee's employment with the Company and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidentiality. Employee acknowledges Employee's fiduciary duty and duty of loyalty to the Company. Further, Employee acknowledges that the Company, in reliance on this Agreement, will provide Employee access to trade secrets, customers, proprietary data and other confidential information. Employee agrees to retain said information as confidential and not to use said information for the Employee's personal benefit or to disclose same to any third party, except when required to do so to properly perform duties to the Company. Further, as a condition of employment, during the time Employee is employed by the Company and continuing after any termination of the Employee's employment with the Company, Employee agrees to protect and hold in a fiduciary capacity for the benefit of the Company all Confidential Information, as defined below, unless the Employee is required to disclose Confidential Information pursuant to the terms of a valid and effective order issued by a court of competent jurisdiction or a governmental authority. The Employee shall use Confidential Information solely for the purpose of carrying out those duties assigned Employee as an employee of the Company and not for any other purpose. The disclosure of Confidential Information to the Employee shall not be construed as granting to the Employee any license under any copyright, trade secret, or any right of ownership or right to use the Confidential Information whatsoever. In the event that Employee is compelled, pursuant to a subpoena or order of a court or other body having jurisdiction over such matter, to produce any Confidential Information or other information relevant to the Company, Employee agrees to promptly provide the Company with written notice of such subpoena or order so that the Company may timely move to quash if appropriate.

(a) For the purposes of this Agreement, “Confidential Information” shall mean all information related to the Company’s business that is not generally known to the public. Confidential Information shall include, but shall not be limited to: any financial (whether historical, projections or forecasts), pricing, cost, business, planning, operations, services, potential services, products, potential products, technical information, intellectual property, trade secrets and/or know-how, formulas, production, purchasing, marketing, sales, personnel, customer, supplier, or other information of the Company; any papers, data, records, processes, methods, techniques, systems, models, samples, devices, equipment, compilations, invoices, customer lists, or documents of the Company; any confidential information or trade secrets of any third party provided to the Company in confidence or subject to other use or disclosure restrictions or limitations; this Agreement and its terms; and any other information, written, oral or electronic, whether existing now or at some time in the future, whether pertaining to current or future developments or prospects, and whether accessed prior to the Employee’s tenure with the Company or to be accessed during Employee’s future employment or association with the Company, which pertains to the Company’s affairs or interests or with whom or how the Company does business. The Company acknowledges and agrees that Confidential Information shall not include information which is or becomes publicly available other than as a result of a disclosure by the Employee.

(b) The Employee shall promptly notify the Company if he or she has reason to believe that the unauthorized use, possession, or disclosure of any Confidential Information has occurred or may occur.

(c) All physical items containing Confidential Information, including, but not limited to, the business plan, know-how, collection methods and procedures, advertising techniques, marketing plans and methods, sales techniques, documentation, contracts, reports, letters, notes, any computer media, customer lists and all other information and materials of the Company’s business and operations, shall remain the exclusive and confidential property of the Company and shall be returned, along with any copies or notes that the Employee made thereof or therefrom, to the Company when the Employee ceases employment with the Company. The Employee further agrees to return copies of any Confidential Information contained on Employee’s home computer, portable computer or other similar device. Employee also agrees to allow the Company, upon reasonable notice and for just cause, access to any home computer, portable computer or other similar device maintained by Employee, including but not limited to, for the purpose of determining whether said Confidential Information has been misappropriated. The Employee further agrees to promptly return all other property belonging to the Company upon the termination of Employee’s employment.

2. Ownership of Works for Hire.

(a) The Employee agrees that any inventions, ideas, developments, methods, improvements, discoveries, innovations, software, works of authorship and any other intangible property (hereinafter collectively referred to as “Intellectual Property”), whether patentable or not, which are developed, partially developed, considered, contemplated or reduced to practice by the Employee or

under his or her direction or jointly with others during his or her employment with the Company, whether or not during normal working hours or on the premises of the Company, shall be considered “Works for Hire” for the exclusive use and benefit of the Company. The Employee will make full and prompt disclosure to the Company of all such Works for Hire. The Company shall own all rights to any Works for Hire, including all copyrights and the right to market (or not to market) any such property, and the Employee agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all his or her right, title and interest in and to all Works for Hire and all related patents, patent applications, copyrights and copyright applications.

(b) The Employee agrees to cooperate fully with the Company, both during and after his or her employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights and patents (both in the United States and foreign countries) relating to Works for Hire. The Employee shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignment of priority rights, and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Works for Hire.

(c) The Employee specifically acknowledges that his or her compensation and benefits constitute full payment for any Works for Hire and waives any claim of right to the Company.

(d) The Company may, at its election and discretion, waive and/or relinquish any of its rights of ownership and royalties with respect to any Works for Hire, by agreeing to do so in a written instrument executed by the Company.

3. Non-Competition. Except as otherwise provided in this Agreement, without the prior written consent of the Company, the Employee hereby covenants and agrees that at no time during the Employee’s employment with Company and for a period of one (1) year immediately following termination of Employee’s employment with the Company, whether voluntary or involuntary, shall the Employee:

(a) directly or indirectly work for or engage in any capacity in any activities or provide strategic advice to Competitor Businesses. Competitor Businesses shall be defined as (i) any business that is involved in the manufacture, sale, development of fabrications or manufacturing methods, or marketing of: athletic apparel or footwear (e.g., Reebok, Nike, Adidas); sporting goods; tactical (military and/or law enforcement) apparel; hunting and fishing apparel; mountain sports apparel; accessories of such industries; or any business substantially similar to the present business of the Company or such other business activity in which the Company may substantially engage; and (ii) retail enterprises which sell products that compete with the Company’s products;

(b) act in any way, directly or indirectly, with the purpose or effect of soliciting, diverting or taking away any business, customer, client or any supplier of the Company; or

(c) otherwise compete with Company in the sale or licensing, directly or indirectly, as principal, agent or otherwise, of any products competitive with the products, or services competitive with the services, developed or marketed by Company.

Written request for consent to be released from the Non-Competition provisions of this Agreement may be submitted by the Employee to the Company following the termination of Employee's employment and must include all available information described in Section 5 below. The Company will respond to the request for such consent within two (2) weeks of the request, except as provided in Section 5. In the Company's sole discretion, it may release Employee from the Non-Competition provisions of this Agreement, or reduce the non-competition period from a period of one (1) year immediately following Employee's termination to a shorter duration ("Non-Competition Period"). In the event the Company does not release the Employee from the Non-Competition provision, for the duration of the Non-Competition Period, the Company will pay Employee an amount equal to sixty percent (60%) of Employee's base salary as of the date of the termination of Employee's employment ("Non-Competition Payment"), in accordance with the Company's customary pay practices in effect at the time each payment is made. The Non-Competition Payment shall be reduced by (a) the amount of any severance Employee receives from the Company; and (b) the amount of any salary received during the Non-Competition Period from employment in any capacity with an entity that is not a Competitor Business to the extent that any such salary exceeds forty percent (40%) of Employee's base salary as of the date of Employee's termination from employment with the Company (annualized or pro-rated to correspond to the Non-Competition Period). By way of example, assuming that the Non-Competition Period is six (6) months and that Employee's base salary as of the termination date is \$100,000, the Non-Competition Payment would not be reduced pursuant to subsection (b) herein so long as any salary received during the Non-Competition Period by Employee from an entity that is not a Competitor Business remained under \$20,000.

4. Non-Solicitation and Non-Interference. The Employee hereby covenants and agrees that at no time during the Employee's employment with Company and for a period of one (1) year immediately following termination of Employee's employment with the Company, whether voluntary or involuntary, shall the Employee:

(a) solicit (other than on behalf of the Company) business or contracts for any products or services of the type provided, developed or under development by the Company during the Employee's employment by the Company, from or with any person or entity which was a customer of the Company for such products or services, or any prospective customer which the Company had solicited as of, or within one (1) year prior to, the Employee's termination of employment with the Company; or directly or indirectly contract with any such customer or prospective customer for any product or service of the type provided, developed or which was under development by the Company during the Employee's employment with the Company; or

(b) knowingly interfere or attempt to interfere with any transaction, agreement or business relationship in which the Company was involved during the Employee's employment with the Company, nor will the Employee act in any way with the purpose or effect of hiring anyone who has been an employee of the Company, its divisions or subsidiaries; or soliciting, recruiting or encouraging, directly or indirectly, any of the Company's employees to leave the employ of the Company, its divisions or its subsidiaries.

5. Notification of New Employment. Employee acknowledges and agrees that for a period of one (1) year following the date of termination of Employee's employment with the Company, Employee will inform the Company, prior to the acceptance of any job or any work as an independent contractor, of the identity of any new employer or other entity to which Employee is providing consulting or other services, along with Employee's starting date, title, job description, salary, and any other information which the Company may reasonably request to confirm Employee's compliance with the terms of this Agreement. If Employee does not provide all information reasonably requested by the Company as provided in this Section, the Company's time to respond to a request for release from the Non-Competition provision under Section 3 will be extended to six (6) weeks, or until such time as the information is provided for the Company to make an informed decision.

6. Reasonableness of Restrictions. Employee acknowledges and agrees that the restrictions imposed by this Agreement are fair and reasonably required for the protection of the Company, and will not preclude Employee from becoming gainfully employed following the termination, for any reason, of employment with the Company. The Employee acknowledges that Employee will provide unique services to the Company and that this covenant has unique, substantial, and immeasurable value to the Company. In the event that the provisions of this Agreement should ever be deemed to exceed the limitations permitted by applicable laws, Employee and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws. The Employee further acknowledges that the decision whether to consent to release Employee from the provisions of this Agreement is within the sole discretion of the Company.

7. Injunctive Relief. Employee acknowledges and agrees that in the event of a violation or threatened violation of any provision of this Agreement, the Company will sustain irreparable harm and will have the full right to seek injunctive relief, in addition to any other legal remedies available, without the requirement of posting bond.

8. Survivability. This Agreement shall remain binding in the event of the termination, for any reason, of employment with the Company.

9. Governing Law. The formation, construction and interpretation of this Agreement shall at all times and in all respects be governed by the laws of the State of Maryland.

10. Severable Provisions. The provisions of this Agreement are severable, and if any court determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, any invalidity or unenforceability shall affect only that provision, and shall not make any other provision of this Agreement invalid or unenforceable; and this Agreement shall be narrowed by the court to the extent required to be valid and enforceable.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter contained herein, and may not be modified except in a written document signed by each of the parties hereto. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any other breach of that or any other provision hereof.

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

UNDER ARMOUR, INC.

By: _____
Name: _____
Title: _____

WITNESS:

EMPLOYEE

(signature)
Print Name: _____

SEVENTH AMENDMENT TO LEASE

THIS SEVENTH AMENDMENT TO LEASE (this "**Amendment**") is made as of this 20th day of November, 2007, by and between HULL POINT LLC, a Maryland limited liability company ("**Landlord**") and UNDER ARMOUR, INC., a Maryland corporation ("**Tenant**"), formerly known as KP Sports, Inc.

R.1. By that Office Lease dated March 29, 2002 by and between Landlord and Tenant, as amended by: (a) that First Amendment to Lease dated September 10, 2002, (b) that Second Amendment to Lease dated March 6, 2003, (c) that Third Amendment to Lease dated June 23, 2004, (d) that Fourth Amendment to Lease dated October 12, 2006, (e) that Fifth Amendment to Lease dated December 1, 2006, and (f) that Sixth Amendment to Lease dated May 1, 2007 (collectively, the "**Existing Lease**"), Landlord leased to Tenant those certain premises consisting of: (i) 31,880 rentable square feet of space on the third floor, (ii) 4,661 rentable square feet of space on the fourth floor, (iii) 463 rentable square feet on the bridge of the Ivory Building, (iv) 8,581 rentable square feet of space on the second floor of the Dawn Building, and (v) 4,400 rentable square feet of space on the second floor bridge between the Tide and Ivory Buildings, (vi) 5,000 rentable square feet of space on the second floor of the Tide Building ("**Suite 200**"), (vii) 12,594 rentable square feet of space on the third floor of the Tide Building ("**Suite 300**"), and (viii) 1,673 rentable square feet of space on the second floor of the Tide Building ("**Suite 210**") (the "**Existing Premises**") located at Tide Point, 1020 Hull Street, Baltimore, Maryland 21230 (the Existing Lease together with this Amendment are referred collectively as the "**Lease**").

R.2. Landlord and Tenant desire to amend the Lease upon the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Amendments to Lease. The Lease is hereby amended as follows:

1.1 Existing Premises. The rentable square footage of space on the second floor bridge between the Tide and Ivory Buildings shall be changed from 4,400 rentable square feet to 4,440 rentable square feet.

2. Survival and Conflict. The Lease shall remain in full force and effect, fully binding on Landlord and Tenant and unmodified except as expressly provided herein. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment on the date written first above.

LANDLORD:

HULL POINT LLC, a Maryland limited liability company

/s/ Katherine Alte

Witness

By: /s/ Carl W. Struever

(SEAL)

Name: Carl W. Struever

Title: Member

TENANT:

UNDER ARMOUR, INC. (formerly known as KP SPORTS, INC.), a Maryland corporation

/s/ John P. Stanton

Witness

By: /s/ J.Scott Plank

(SEAL)

Name: J. Scott Plank

Title: Senior Vice President of Retail

UNDER ARMOUR, INC.
DEFERRED COMPENSATION PLAN
PLAN DOCUMENT

EFFECTIVE JUNE 1, 2007

Purpose	1
ARTICLE 1 Definitions	1
ARTICLE 2 Selection/Enrollment/Eligibility	7
2.1 Eligibility	7
2.2 Enrollment Requirements	7
2.3 Commencement of Participation	7
2.4 Termination of Participation and/or Deferrals	8
ARTICLE 3 Deferral Commitments/Company Contributions/Crediting/Taxes	8
3.1 Minimum Deferral	8
3.2 Maximum Deferral	8
3.3 Election to Defer/Change in Election	8
3.4 Withholding of Annual Deferral Amounts	10
3.5 Annual Company Discretionary Amount	10
3.6 Annual Company Matching Amount	11
3.7 Investment of Trust Assets	11
3.8 Vesting	11
3.9 Crediting/Debiting of Account Balances	12
3.10 FICA and Other Taxes	14
3.11 Distributions	15
ARTICLE 4 Short-Term Payout/Unforeseeable Financial Emergencies	15
4.1 Short-Term Payout	15
4.2 Other Benefits Take Precedence Over Short-Term Payout	16
4.3 Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies	16
ARTICLE 5 Retirement Benefit	16
5.1 Retirement Benefit	16
5.2 Payment of Retirement Benefit	16
5.3 Other Benefits Take Precedence Over Retirement Benefits	17
ARTICLE 6 Survivor Benefit	18
6.1 Pre-Retirement Survivor Benefit	18
6.2 Payment of Pre-Retirement Survivor Benefit	18
6.3 Death Prior to Completion of Retirement Benefit or Termination Benefit	18
ARTICLE 7 Termination Benefit	18
7.1 Termination Benefit	18
7.2 Payment of Termination Benefit	18

ARTICLE 8	Disability Waiver and Benefit	18
8.1	Disability Waiver	18
8.2	Continued Eligibility/Disability Benefit	19
ARTICLE 9	Beneficiary Designation	19
9.1	Beneficiary	19
9.2	Beneficiary Designation/Change	19
9.3	Acknowledgment	20
9.4	No Beneficiary Designation	20
9.5	Doubt as to Beneficiary	20
9.6	Discharge of Obligations	20
ARTICLE 10	Leave of Absence	20
10.1	Paid Leave of Absence	21
ARTICLE 11	Termination/Amendment/Modification	21
11.1	Termination	21
11.2	Amendment	22
11.3	Plan Agreement	22
11.4	Effect of Payment	22
11.5	Amendment to Ensure Proper Characterization of the Plan	22
11.6	Changes in Law Affecting Taxability	22
11.7	Prohibited Acceleration/Distribution Timing	23
ARTICLE 12	Administration	23
12.1	Administration	23
12.2	Determinations	24
12.3	General	24
ARTICLE 13	Other Benefits and Agreements	24
13.1	Coordination with Other Benefits	24
ARTICLE 14	Claims Procedures	24
14.1	Scope of Claims Procedures	25
14.2	Initial Claim	25
14.3	Review Procedures	25
14.4	Calculation of Time Periods	26
14.5	Legal Action	27
14.6	Committee Review	27
ARTICLE 15	Trust	27
15.1	Establishment of the Trust	27
15.2	Interrelationship of the Plan and the Trust	27
15.3	Distributions from the Trust	27

ARTICLE 16	Miscellaneous	27
16.1	Status of Plan	27
16.2	Unsecured General Creditor	28
16.3	Company's Liability	28
16.4	Nonassignability	28
16.5	Not a Contract of Employment	28
16.6	Furnishing Information	28
16.7	Terms	29
16.8	Captions	29
16.9	Governing Law	29
16.10	Notice	29
16.11	Successors	29
16.12	Spouse's Interest	29
16.13	Validity	30
16.14	Incompetent	30
16.15	Court Order	30
16.16	Distribution in the Event of Taxation	30
16.17	Insurance	31
16.18	Aggregation of Employers	31
16.19	Aggregation of Plans	31
16.20	USERRA	31
16.21	Acceleration of Distribution	31
16.22	Delay in Payment	32

DEFERRED COMPENSATION PLAN

Effective June 1, 2007

Purpose

The purpose of the Under Armour, Inc. Deferred Compensation Plan (the “Plan”) is to provide specified benefits to a select group of management or highly compensated employees of Under Armour, Inc. The Plan shall be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, as added by the American Jobs Creation Act of 2004 and the Treasury regulations or any other authoritative guidance issued thereunder.

ARTICLE 1

Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 “Account Balance” shall mean, with respect to a Participant, a credit on the records of the Company equal to the sum of (i) the Deferral Account balance, (ii) the Company Make-Up Account balance and (iii) the Company Discretionary Account balance, if any. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to the Plan.
- 1.2 “Administrator” shall mean the Vice President of Human Resources which shall be responsible for the general administration of the Plan except as otherwise specified.
- 1.3 “Annual Base Salary” shall mean the annual cash compensation relating to services performed during any calendar year, whether or not paid in such calendar year or included on the Federal Income Tax Form W-2 for such calendar year, excluding Incentive Payments, commissions, overtime, fringe benefits, stock options, relocation expenses, non-monetary awards, fees, automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee’s gross income). Annual Base Salary shall be calculated without regard to any reductions for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of the Company (and therefore shall be calculated to include

amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3) or 402(h) pursuant to plans established by the Company).

- 1.4 "Annual Company Discretionary Amount" shall mean, for the Plan Year of reference, the amount determined in accordance with Section 3.5.
- 1.5 "Annual Company Make-Up Amount" shall mean for the Plan Year of reference, the amount determined in accordance with Section 3.6.
- 1.6 "Annual Deferral Amount" shall mean that portion of a Participant's Annual Base Salary and Incentive Payments that a Participant elects to have, and is, deferred in accordance with Article 3, for the Plan Year of reference. In the event of a Participant's Retirement, Disability (if deferrals cease in accordance with Section 8.1), death or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.
- 1.7 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 9, that are entitled to receive benefits under this Plan upon the death of a Participant.
- 1.8 "Beneficiary Designation Form" shall mean the form established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to designate one or more Beneficiaries.
- 1.9 "Board" shall mean the board of directors of the Company or, if the Board so directs, the Compensation Committee appointed by the Board of Directors acting on behalf of the Board in the exercise of any and all powers and duties of the Board pursuant to this Plan.
- 1.10 "Claimant" shall have the meaning set forth in Section 14.2.
- 1.11 "Change In Control" shall mean a change in control within the meaning of Section 409A(a)(2)(A)(v) and any guidance issued thereunder from time to time by the Internal Revenue Service, including Notice 2005-1.
- 1.12 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 1.13 "Company" shall mean Under Armour, Inc., a Maryland Corporation, including its subsidiaries and affiliates and any successor to all or substantially all of the Company's assets or business.
- 1.14 "Company Discretionary Account" shall mean (i) the sum of the Participant's Annual Company Discretionary Amounts, plus (ii) amounts credited or debited in accordance with all the applicable crediting provisions of this Plan that relate to

- the Participant's Company Discretionary Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Discretionary Account.
- 1.15 "Company Make-Up Account" shall mean (i) the sum of all of a Participant's Annual Company Make-Up Amounts, plus (ii) amounts credited or debited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Company Make-Up Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Make-Up Account.
- 1.16 "Compensation Committee" shall mean the committee appointed by the Board of Directors of the Company, acting in accordance with the provisions of this Plan.
- 1.17 "Deduction Limitation" shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are "subject to the Deduction Limitation" under this Plan. If the Compensation Committee determines in good faith that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Company would not be deductible by the Company solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Compensation Committee to ensure that the entire amount of any distribution to the Participant pursuant to this Plan is deductible, the Compensation Committee may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation shall continue to be credited or debited with additional amounts in accordance with Section 3.09 below, even if such amount is being paid out in installments. The amounts so deferred and amounts credited or debited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Compensation Committee in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Company during which the distribution is made will not be limited by Code Section 162(m). Notwithstanding the foregoing, this Section 1.17 shall apply only to the extent permitted by Section 409A.
- 1.18 "Deferral Account" shall mean (i) the sum of all of a Participant's Annual Deferral Amounts, plus (ii) amounts credited or debited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.
- 1.19 "Disability" shall mean, except as may otherwise be required by Section 409A, a period of disability during which a Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to

last for a continuous period of not less than twelve (12) months as determined by the Social Security Administration; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering Employees of the Company.

1.20 “Disability Benefit” shall mean the benefit set forth in Article 8.

1.21 “Effective Date” shall mean the effective date of this Plan, which is June 1, 2007.

1.22 “Election Form” shall mean the form or forms established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to make an election under the Plan (which form or forms may take the form of an electronic transmission, if required or permitted by the Administrator).

1.23 “Employee” shall mean an individual who the Company treats as an “employee” for Federal income tax withholding purposes.

1.24 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.25 “401(k) Plan” shall mean the Under Armour 401(k) Plan, as amended from time to time.

1.26 “Incentive Payments” shall mean any compensation paid to a Participant under any incentive plans or bonus arrangements of the Company with respect to which the Administrator in its discretion permits deferrals to be made hereunder, relating to services performed during any calendar year, whether or not paid in such calendar year or included on the Federal Income Tax Form W-2 for such calendar year.

1.27 “Participant” shall mean any Employee who is selected by the Compensation Committee to participate in the Plan, provided such individual (i) elects to participate in the Plan, (ii) signs a Plan Agreement, an Election Form(s) and a Beneficiary Designation Form, (iii) has his or her signed Plan Agreement, Election Form(s) and Beneficiary Designation Form accepted by the Administrator, (iv) commences participation in the Plan, and (v) does not have his or her Plan Agreement terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an Account Balance under the Plan under any circumstance.

1.28 “Performance-Based Compensation” shall mean that portion of a Participant’s Incentive Payments the amount of which, or the entitlement to which, is contingent on the

satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least twelve (12) consecutive months, and which satisfies the requirements for “performance-based compensation” under Section 409A including the requirement that the performance criteria be established in writing by not later than (i) ninety (90) days after the commencement of the period of service to which the criteria relates and (ii) the date the outcome ceases to be substantially uncertain.

- 1.29 “Plan” shall mean this Under Armour, Inc. Deferred Compensation Plan, as evidenced by this instrument and by each Plan Agreement, as they may be further amended from time to time.
- 1.30 “Plan Agreement” shall mean a written agreement (which may take the form of an electronic transmission, if required or permitted by the Administrator), as may be amended from time to time, which is entered into by and between the Company and a Participant. Each Plan Agreement executed by a Participant and the Company shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Company shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Company and the Participant. In the Plan Agreement, each Participant shall acknowledge that he or she accepts all of the terms of the Plan including the discretionary authority of the Compensation Committee and Administrator as set forth in Article 12.
- 1.31 “Plan Year” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year, except that the initial Plan Year shall be a short Plan Year beginning June 1, 2007 and continuing through December 31, 2007.
- 1.32 “Pre-Retirement Survivor Benefit” shall mean the benefit set forth in Article 6.
- 1.33 “Retirement”, “Retire(s)” or “Retired” shall mean Separation from Service with the Company for any reason other than a leave of absence, death or Disability on or after the later of attainment of (i) age sixty-five (65), or (ii) age fifty-five (55) with ten (10) Years of Service.
- 1.34 “Retirement Benefit” shall mean the benefit set forth in Article 5.
- 1.35 “Section 409A” shall mean Code Section 409A and the Treasury regulations or other authoritative guidance issued thereunder.

- 1.36 “Separation from Service” shall mean the Participant’s separation from service, within the meaning of Section 409A, treating as a Separation from Service an anticipated permanent reduction in the level of bona fide services to twenty percent (20%) or less of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period (or the full period during which the Participant performed services for the Company, if that is less than thirty-six (36) months. For this purpose, upon a sale or other disposition of the assets of the Company to an unrelated purchaser, the Company reserves the right to the extent permitted by Section 409A to determine whether Participants providing services to the purchaser after and in connection with the purchase transaction have experienced a Separation from Service.
- 1.37 “Short-Term Payout” shall mean the payout set forth in Article 4.
- 1.38 “Specified Employee” shall mean a key employee, (as defined in Section 409A) of the Company as of December 31st of a given Plan Year and any person so identified shall be treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following such December 31st.
- 1.39 “Termination Benefit” shall mean the benefit set forth in Article 7.
- 1.40 “Termination of Employment” shall mean Separation from Service with the Company, voluntarily or involuntarily, for any reason other than Retirement, Disability, death or an authorized leave of absence.
- 1.41 “Trust” shall mean the trust established pursuant to this Plan, as amended from time to time. The assets of the Trust shall be the property of the Company.
- 1.42 “Unforeseeable Financial Emergency” shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary, or a dependent of the Participant, (ii) a loss of the Participant’s property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Administrator.
- 1.43 “Yearly Installment Method” shall be a yearly installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: The Account Balance of the Participant (or the appropriate portion thereof) shall be calculated as of the close of business on the date of reference (or, if the date of reference is not a business day, on the immediately following business day), and shall be paid as soon as practicable thereafter. The date of reference with respect to the first (1st) yearly installment payment shall be as provided in Section 5.2 or Section 8.2, as applicable, and the date of reference with respect to subsequent yearly installment payments shall be the anniversary of

the first (1st) yearly installment payment. The yearly installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one (1), and the denominator of which is the remaining number of yearly payments due the Participant. By way of example, if the Participant elects a ten (10) year Yearly Installment Method, the first payment shall be one-tenth (1/10) of the Account Balance, calculated as described in this definition. The following year, the payment shall be one-ninth (1/9) of the Account Balance, calculated as described in this definition.

- 1.44 “Years of Service” shall mean the total number of full years in which a Participant has been employed by the Company. For purposes of this definition, a year of employment shall be a three hundred sixty-five (365) day period (or three hundred sixty-six (366) day period in the case of a leap year) that, for the first year of employment, commences on the Employee’s date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. Any partial year of employment shall not be counted.

ARTICLE 2

Selection/Enrollment/Eligibility

- 2.1 Eligibility. As of the Effective Date, participation in the Plan shall be limited to Employees who the Compensation Committee designates, in its sole discretion, for participation, provided that Employees may not participate in the Plan unless they are members of a select group of management or highly compensated employees of the Company, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA (which determination shall be made by the Compensation Committee in its sole discretion).
- 2.2 Enrollment Requirements. As a condition to participation, each selected Employee shall complete, execute and return to the Administrator a Plan Agreement, an Election Form(s) and a Beneficiary Designation Form, all within thirty (30) days after he or she becomes eligible to participate in the Plan. In addition, the Administrator shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.
- 2.3 Commencement of Participation. Provided a selected Employee has met all enrollment requirements set forth in this Plan and required by the Administrator, including returning all required documents to the Administrator within the specified time period, that individual shall commence participation in the Plan on the first day of the month following the month in which he or she completes all enrollment requirements (or as soon as practicable thereafter as the Administrator may determine). If he or she fails to meet all such requirements within the period required, in accordance with Section 2.2, that individual shall not be eligible to participate in the Plan until the first day of the following Plan Year, again subject

to timely delivery to and acceptance by the Administrator of the required documents.

- 2.4 Termination of Participation and/or Deferrals. If the Administrator determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees of the Company, the Administrator shall have the right, in its sole discretion, to prevent the Participant from making future deferral elections.

ARTICLE 3

Deferral Commitments/Company Contributions/Crediting/Taxes

- 3.1 Minimum Deferral. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferred Amount, Annual Base Salary and/or Incentive Payments in the minimum amount of ten percent (10%) of each such item of compensation.
- Notwithstanding the foregoing, the Administrator may, in its sole discretion, establish for any Plan Year a different minimum amount for Annual Base Salary and/or Incentive Payments. If an election is made with respect to either such item of compensation for less than the stated minimum amount, or if no election is made, the amount deferred with respect to either such item of compensation shall be zero (0).
- 3.2 Maximum Deferral.
- (a) Annual Base Salary and Incentive Payments. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Annual Base Salary and/or Incentive Payments up to the following maximum percentages for each deferral elected:
- | <u>Deferral</u> | <u>Maximum Amount</u> |
|--------------------|-----------------------|
| Annual Base Salary | 75% |
| Incentive Payments | 90% |
- (b) Administrator's Discretion. Notwithstanding the foregoing, (i) the Administrator may, in its sole discretion, establish for any Plan Year maximum percentages which differ from those set forth above, and (ii) if an eligible Employee first becomes a Participant after the first day of a Plan Year, the maximum Annual Deferral Amount with respect to Annual Base Salary or Incentive Payments shall be limited to the percentage of such compensation not yet earned by the Participant as of the date the Participant submits a Plan Agreement and Election Form(s) to the Administrator for acceptance.
- 3.3 Election to Defer/Change in Election.

- (a) Timing of Election. Except as provided below, a Participant shall make a deferral election with respect to Annual Base Salary and/or Incentive Payments, as applicable, to be earned for services performed during an upcoming twelve (12) month Plan Year. Such election must be made during such period as shall be established by the Administrator which ends no later than the last day of the Plan Year preceding the Plan Year in which the services giving rise to the Annual Base Salary and/or Incentive Payments, as applicable, to be deferred are to be performed. For these purposes, Annual Base Salary payable after the last day of the Plan Year for services performed during the final payroll period containing the last day of the Plan Year shall be treated as Annual Base Salary for services performed in the subsequent Plan Year. Notwithstanding the foregoing, no Annual Base Salary and/or Incentive Payments (which do not otherwise qualify as Performance- Based Compensation) shall be deferred under the Plan for the short Plan Year beginning June 1, 2007 through December 31, 2007.

Notwithstanding the preceding, if and to the extent permitted by the Administrator, a Participant may make an election to defer that portion of his or her Incentive Payments which constitutes Performance-Based Compensation no later than six (6) months prior to the last day of the period over which the services giving rise to the Incentive Payments are performed, provided that the Participant performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date of the deferral election, and provided further that in no event may such deferral election be made pursuant to this paragraph with respect to any portion of the Performance-Based Compensation that has become reasonably ascertainable prior to the making of the deferral election, within the meaning of Section 409A.

In addition, notwithstanding the preceding, but subject to Section 16.19, in the case of the first Plan Year in which an Employee first becomes eligible to become a Participant (or again becomes eligible after having been ineligible for at least twenty four (24) months), if and to the extent permitted by the Administrator, the individual may make an election no later than thirty (30) days after the date he or she becomes eligible to become a Participant to defer Annual Base Salary and/or Incentive Payments (as applicable) for services to be performed after the election. For this purpose, an election will be deemed to apply to Incentive Payments for services performed after the election if the election applies to no more than an amount equal to the total Incentive Payments for the performance period multiplied by the ratio of the number of days remaining in the performance period after the election over the total number of days in the performance period.

- (b) Manner of Election. For any Plan Year (or portion thereof), a deferral election for that Plan Year (or portion thereof), and such other elections as the Administrator deems necessary or desirable under the Plan, shall be made by timely delivering to the Administrator, in accordance with its rules and procedures, by the deadline(s) set forth above, an Election Form, along with such other elections as the Administrator deems necessary or desirable under the Plan. For these elections to be valid, the Election Form(s) must be completed and signed by the Participant, timely delivered to the Administrator (in accordance with Section 2.2 above) and accepted by the Administrator. If no such Election Form(s) is timely delivered for a Plan Year (or portion thereof), the Annual Deferral Amount shall be zero (0) for that Plan Year (or portion thereof).
- (c) Change in Election. Once a Plan Year has commenced, a Participant may not elect to change his or her deferral election that is in effect for that Plan Year, except if and to the extent permitted by the Administrator and made in accordance with the provisions of Section 409A specifically relating to a change and/or revocation of deferral elections (such as, for example, to cancel a deferral election upon the Participant's Disability (as provided in Section 1.409A-3(j)(4)(xii) of the Treasury regulations), or, as provided in Section 1.409A-3(j)(4) of the Treasury regulations, following an Unforeseeable Financial Emergency or a hardship distribution pursuant to Section 1.401(k)-1(d)(3) of the Treasury regulations).
- 3.4 Withholding of Annual Deferral Amounts. For each Plan Year, the Annual Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Annual Base Salary payroll in the percentage or dollar amount as permitted by the Administrator and elected by the Participant, as adjusted from time to time for increases and decreases in Annual Base Salary to the extent permitted by the Administrator and made in accordance with the provisions of Section 409A. The Incentive Payments portion of the Annual Deferral Amount shall be withheld at the time the Incentive Payments are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself.
- 3.5 Annual Company Discretionary Amount. For each Plan Year, the Compensation Committee, acting on behalf of the Company and in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Company Discretionary Account under this Plan, which amount shall be for that Participant the Annual Company Discretionary Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero (0), even though one or more other Participants receive an Annual Company Discretionary Amount for that Plan Year. Unless otherwise specified by the Compensation Committee, the Annual Company Discretionary Amount, if any, shall be credited as of the last day of the Plan Year. Unless otherwise

specified by the Compensation Committee, if a Participant to whom an Annual Company Discretionary Amount is credited is not employed by the Company as of the last day of a Plan Year other than by reason of his or her death or Disability, the Annual Company Discretionary Amount for that Plan Year shall be zero (0).

- 3.6 Annual Company Make-Up Amount. For each Plan Year during which a Participant participates in the 401(k) Plan, the Company, in its sole discretion, may, but is not required to, credit such Participant with an Annual Company Make-Up Amount equal to fifty percent (50%) of the first six percent (6%) of the Participant's Annual Base Salary deferrals for the Plan Year not in excess of the compensation limit under Code section 401(a)(17) in effect for the Plan Year. This is intended to comply with Section X of the preamble to the final regulations under Code Section 409A. This Section shall not result in any Annual Company Make-Up Amount hereunder that would exceed, when considering the Company matching contribution amounts contributed to the 401(k) Plan for the Plan Year, the total Company matching contribution that would be made on behalf of a participant in the 401(k) Plan who earns compensation in excess of the dollar limit on recognizable compensation under Code section 401(a)(17). A Participant who is not eligible for the Plan Year (or for any portion thereof) to receive an allocation of Company matching contributions under the 401(k) Plan shall not be eligible for the Plan Year (or for any such portion) for the allocation of an Annual Company Make-Up Amount hereunder.

Unless otherwise specified by the Administrator, the Annual Company Make-Up Amount, if any, shall be credited as soon as practicable after the last day of the Plan Year. Unless otherwise specified by the Administrator, if a Participant to whom an Annual Company Make-Up Amount is credited is not employed by the Company as of the last day of a Plan Year, the Annual Company Make-Up Amount for that Plan Year shall be zero (0) and any such amounts otherwise credited shall be deemed forfeited.

- 3.7 Investment of Trust Assets. The trustee of the Trust shall be authorized, upon written instructions received from the Administrator or investment manager appointed by the Administrator, to invest and reinvest the assets of the Trust in accordance with the applicable Trust agreement, including the reinvestment of the proceeds in one or more investment vehicles designated by the Administrator.

- 3.8 Vesting.

- (a) A Participant shall at all times be one hundred percent (100%) vested in his or her Deferral Account and Company Make-Up Account.
- (b) A Participant shall become vested in his or her Company Discretionary Account pursuant to a vesting schedule, if any, approved and documented by the Administrator (except that the Compensation Committee must approve and document any vesting schedule for an executive officer of the

Company) at the time the Annual Company Discretionary Amount is credited to the Participant's Company Discretionary Account for the Plan Year; provided, however, if a Participant dies or suffers from a Disability before he or she Retires or experiences a Termination of Employment, his or her Company Discretionary Account shall immediately become one hundred (100%) vested (if it is not already vested in accordance with a vesting schedule).

3.9 Crediting/Debiting of Account Balances. In accordance with, and subject to, the rules and procedures that are established from time to time by the Administrator, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

- (a) Sub-Accounts. Separate sub-accounts shall be established and maintained with respect to each Participant's Account Balance (together, the "Sub-Accounts"), if and as applicable, one attributable to the portion of the Participant's Account Balance which represents Annual Base Salary deferrals, another attributable to the portion of the Participant's Account Balance which represents Incentive Payment deferrals, and another attributable to the portion of the Participant's Account Balance which represents Annual Company Make-Up Amounts and Annual Company Discretionary Amounts, if any.
- (b) Election of Measurement Funds. A Participant, in connection with his or her initial deferral election in accordance with Section 3.3 above, shall elect, on the Election Form(s), one or more Measurement Fund(s) (as described in Section 3.9(d) below) to be used to determine the additional amounts to be credited or debited to each of his or her Sub-Accounts for the first business day of the Plan Year, continuing thereafter unless changed in accordance with the next sentence. Commencing with the first business day of the Plan Year, and continuing thereafter for the remainder of the Plan Year (unless the Participant ceases during the Plan Year to participate in the Plan), the Participant may (but is not required to) elect daily, by submitting an Election Form(s) to the Administrator that is accepted by the Administrator (which submission may take the form of an electronic transmission, if required or permitted by the Administrator), to add or delete one or more Measurement Fund(s) to be used to determine the additional amounts to be credited or debited to each of his or her Sub-Accounts, or to change the portion of each of his or her Sub-Accounts allocated to each previously or newly elected Measurement Fund(s). If an election is made in accordance with the previous sentence, it shall apply to the next business day and continue thereafter for the remainder of the Plan Year (unless the Participant ceases during the Plan Year to participate in the Plan), unless changed in accordance with the previous sentence.

- (c) Proportionate Allocation. In making any election described in Section 3.9(b) above, the Participant shall specify on the Election Form(s), in whole percentage points, the percentage of each of his or her Sub-Account(s) to be allocated to a Measurement Fund (as if the Participant was making an investment in that Measurement Fund with that portion of his or her Account Balance).
- (d) Measurement Funds. The Participant may elect one or more of the Measurement Funds as shall be determined by the Administrator from time to time (the "Measurement Funds") for the purpose of crediting or debiting additional amounts to his or her Account Balance. The Administrator may, in its sole discretion, discontinue, substitute or add a Measurement Fund(s). Each such action will take effect as of the first business day that follows by thirty (30) days the day on which the Administrator gives Participants advance written (which shall include e-mail) notice of such change. If the Administrator receives an initial or revised Measurement Fund(s) election which it deems to be incomplete, unclear or improper, the Participant's Measurement Fund(s) election then in effect shall remain in effect (or, in the case of a deficiency in an initial Measurement Fund(s) election, the Participant shall be deemed to have filed no deemed investment direction). If the Administrator possesses (or is deemed to possess as provided in the previous sentence) at any time directions as to Measurement Fund(s) of less than all of the Participant's Account Balance, the Participant shall be deemed to have directed that the undesignated portion of the Account Balance be deemed to be invested in a money market, fixed income or similar Measurement Fund made available under the Plan as determined by the Administrator in its discretion. Each Participant hereunder, as a condition to his or her participation hereunder, agrees to indemnify and hold harmless the Compensation Committee, the Administrator and the Company, and their agents and representatives, from any losses or damages of any kind relating to (i) the Measurement Funds made available hereunder and (ii) any discrepancy between the credits and debits to the Participant's Account Balance based on the performance of the Measurement Funds and what the credits and debits otherwise might be in the case of an actual investment in the Measurement Funds.
- (e) Crediting or Debiting Method. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Administrator, in its sole discretion, based on the performance of the Measurement Funds themselves. A Participant's Account Balance shall be credited or debited on a daily basis based on the performance of each Measurement Fund selected by the Participant, or as otherwise determined by the Administrator in its sole discretion, as though (i) a Participant's Account Balance were invested in the Measurement Fund(s) selected by the Participant, in the percentages elected by the Participant as of such

date, at the closing price on such date; (ii) the portion of the Annual Deferral Amount that was actually deferred was invested in the Measurement Fund(s) selected by the Participant, in the percentages elected by the Participant, no later than the close of business on the third (3rd) business day after the day on which such amounts are actually deferred from the Participant's Annual Base Salary and Incentive Payments through reductions in his or her amounts otherwise payable, at the closing price on such date; and (iii) any distribution made to a Participant that decreases such Participant's Account Balance ceased being invested in the Measurement Fund(s), in the percentages applicable to such calendar month, no earlier than three (3) business days prior to the distribution, at the closing price on such date.

- (f) No Actual Investment. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured general creditor of the Company.
- (g) Beneficiary Elections. Each reference in this Section 3.9 to a Participant shall be deemed to include, where applicable, a reference to a Beneficiary.

3.10 FICA and Other Taxes.

- (a) Annual Deferral Amounts. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Company shall withhold from that portion of the Participant's Annual Base Salary and/or Incentive Payments that is not being deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Administrator may reduce the Annual Deferral Amount in order to comply with this Section 3.10.
- (b) Annual Company Make-Up Amounts. For each Plan Year in which an Annual Company Make-Up Amount is credited to the Account Balance of a Participant, the Company shall have the discretion to withhold from the

Participant's Annual Base Salary and/or Incentive Payments that is not deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes. If necessary, the Administrator may reduce the Participant's Annual Company Make-Up Amounts in order to comply with this Section 3.10.

- (c) Annual Company Discretionary Amounts. When a Participant becomes vested in a portion of his or her Company Discretionary Account, the Company shall have the discretion to withhold from the Participant's Annual Base Salary and/or Incentive Payments that is not deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes. If necessary, the Administrator may reduce the Participant's Annual Company Discretionary Amounts in order to comply with this Section 3.10.

- 3.11 Distributions. Notwithstanding anything herein to the contrary, (i) any payments made to a Participant under this Plan shall be in cash form, and (ii) the Company, or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all Federal, state and local income, employment and other taxes required to be withheld by the Company, or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Company and the trustee of the Trust.

ARTICLE 4

Short-Term Payout/Unforeseeable Financial Emergencies

- 4.1 Short-Term Payout. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a future "Short-Term Payout" from the Plan. Except as otherwise required by the Administrator, such election may be made separately with respect to each Plan Year's Annual Base Salary and/or Incentive Payments that have been deferred. Subject to the Deduction Limitation and to Section 3.11, the Short-Term Payout shall be a lump sum payment in an amount that is equal to that year's Annual Base Salary and/or Incentive Payment deferrals, and amounts credited or debited thereto in the manner provided in Section 3.9 above, determined at the time that the Short-Term Payout becomes payable (rather than the date of a Termination of Employment). Subject to the terms and conditions of this Plan, each Short-Term Payout elected shall be paid out during the month of January of the Plan Year designated by the Participant that is at least three (3) Plan Years after the Plan Year in which the Annual Deferral Amount is actually deferred, as specifically elected by the Participant. By way of example, if a three (3) year Short-Term Payout is elected by a Participant for Annual Base Salary or Incentive Payment deferrals that are deferred in the Plan Year commencing January 1, 2008, the three (3) year Short-Term Payout would become payable during January of 2012. Notwithstanding the preceding sentences or any other provision of this Plan that may be construed to the contrary, a Participant who is an active Employee may, with respect to each

Short-Term Payout, on a form determined by the Administrator, make one (1) or more additional deferral elections (a "Subsequent Election") to defer payment of such Short-Term Payout to a Plan Year subsequent to the Plan Year originally (or subsequently) elected; provided, however, any such Subsequent Election will be null and void unless accepted by the Administrator no later than one (1) year prior to the first day of the Plan Year in which, but for the Subsequent Election, such Short-Term Payout would be paid, and such Subsequent Election provides for a deferral of at least five (5) Plan Years following the Plan Year in which the Short-Term Payout, but for the Subsequent Election, would be paid. Any amounts credited to the Participant's Company Make-Up Account shall not be eligible for a Short-Term Payout under this Plan.

4.2 Other Benefits Take Precedence Over Short-Term Payout. Should an event occur that triggers a benefit under Article 5, 6, 7, 8 or 11, any Annual Deferral Amounts, plus amounts credited or debited thereon, that are subject to a Short-Term Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Article.

4.3 Withdrawal Payout/Cancellation for Unforeseeable Financial Emergencies. If a Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Administrator to (i) cancel any deferrals required to be made by a Participant and/or (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's vested Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the payouts, after taking into account the extent to which the Unforeseeable Financial Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of assets would not itself cause severe financial hardship). A cancellation or payout under this Section 4.3 shall be permitted solely to the extent permitted under Code Section 409A. If, subject to the sole discretion of the Administrator, the petition for a cancellation and/or payout is approved, cancellation shall take effect upon the date of approval and any payout shall be made within sixty (60) days of the date of approval. The payment of any amount under this Section 4.3 shall not be subject to the Deduction Limitation.

ARTICLE 5

Retirement Benefit

5.1 Retirement Benefit. A Participant who Retires shall receive, as a Retirement Benefit, his or her entire Account Balance.

5.2 Payment of Retirement Benefit. Except as provided below, a Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the portion of his or her Account Balance

attributable to Annual Deferral Amounts in a lump sum or pursuant to a Yearly Installment Method of between two (2) and ten (10) years as a Retirement Benefit. Except as otherwise required by the Administrator, such election may be made separately with respect to each Plan Year's Annual Base Salary and/or Incentive Payments that have been deferred. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such benefit shall be payable in a lump sum.

Notwithstanding the above or anything herein that may suggest otherwise, the portion (if any) of the Participant's Account Balance attributable to Annual Company Make-Up Amounts shall be received by the Participant solely as a lump sum payment, and the vested portion of the Participant's Account Balance attributable to Annual Company Discretionary Amounts (if any) shall be received by a Participant solely in the form(s) of payment approved and documented by the Compensation Committee at the time the Annual Company Discretionary Amount is credited to the Participant's Company Discretionary Account.

Unless an election is changed by the Participant as provided below, such Retirement Benefit shall be paid within sixty (60) days (or shall commence, in the case of installment payments) following the sixth month anniversary of the Participant's Retirement.

The Participant may change his or her election to an allowable alternative payout period by submitting a new Election Form to the Administrator, provided that any such Election Form is submitted at least one (1) year prior to the Participant's Retirement and, if required by Section 409A, provides for a distribution (or commencement of distributions) date which is at least five (5) Plan Years from the distribution date then in effect. The Election Form most recently accepted by the Administrator shall govern the payout of the Retirement Benefit with respect to the portion of the Participant's Account Balance to which it pertains.

Notwithstanding anything above or elsewhere in the Plan to the contrary, no change submitted on an Election Form shall be accepted by the Company if the change accelerates the time over which distributions shall be made to the Participant (except as otherwise permitted under Section 409(A)) and the Company shall deny any change made to an election if the Administrator determines that the change violates the requirement under Section 409A that the first payment with respect to which such election is made be deferred for a period of not less than five (5) years from the date such payment would otherwise have been made. For these purposes, installment payments shall be treated as a single payment, with the result that an election to change from installments to a lump sum will require that the lump sum be postponed until a date which is at least five (5) years from the scheduled payment date of the first installment.

- 5.3 Other Benefits Take Precedence Over Retirement Benefits. Notwithstanding anything in this Article 5, should an event occur that triggers a benefit payable

under Article 4, 6, 7, 8 or 11, prior to a Participant being eligible to receive Retirement Benefits under this Article 5, such Retirement Benefits shall not be paid in accordance with this Article 5 and the Participant shall be paid in accordance with the other applicable Article.

ARTICLE 6
Survivor Benefit

- 6.1 Pre-Retirement Survivor Benefit. The Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's entire Account Balance if the Participant dies while an Employee.
- 6.2 Payment of Pre-Retirement Survivor Benefit. The Pre-Retirement Survivor Benefit shall be paid in a lump sum within sixty (60) days following the date on which the Administrator has been provided with proof that is satisfactory to the Administrator of the Participant's death. Any payment made hereunder shall not be subject to the Deduction Limitation.
- 6.3 Death Prior to Completion of Retirement Benefit or Termination Benefit. If a Participant dies after Retirement or Termination of Employment but before his or her Retirement Benefit or Termination Benefit is paid in full, the Participant's unpaid Retirement Benefit or Termination Benefit payments shall be paid to the Participant's Beneficiary in a lump sum within sixty (60) days following the date on which the Administrator has been provided with proof that is satisfactory to the Administrator of the Participant's death. Any payment made hereunder shall not be subject to the Deduction Limitation.

ARTICLE 7
Termination Benefit

- 7.1 Termination Benefit. A Participant shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance if the Participant experiences a Termination of Employment prior to his or her Retirement, death or Disability.
- 7.2 Payment of Termination Benefit. The Termination Benefit shall be paid in a lump sum within sixty (60) days following the sixth month anniversary of the Participant's Termination of Employment.

ARTICLE 8
Disability Waiver and Benefit

- 8.1 Disability Waiver.

- (a) Cancellation of Deferral. Subject to Section 409A, if it is determined that a Participant is suffering from a Disability, such Participant's deferrals shall thereupon be cancelled.
- (b) Return to Work. If a Participant returns to employment with the Company, after a Disability ceases, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Administrator for each such election in accordance with Section 3.3 above.

8.2 Disability Benefit/Payment of Disability Benefit. A Participant shall receive a Disability Benefit equal to the Participant's entire Account Balance if the Participant suffers a Disability prior to his or her Retirement, Termination of Employment or death. In the case of a Participant who is otherwise eligible to Retire at the time of his or her Disability, the Disability Benefit shall be paid in a lump sum and/or in installments in accordance with Section 5.2, and in the case of a Participant who is not otherwise eligible to Retire at the time of his or her Disability, the Disability Benefit shall be paid in a lump sum in accordance with Section 7.2; provided that, in either case, payment shall be made (or shall commence, if appropriate) within sixty (60) days following the date on which the Participant is determined by the Administrator to be suffering from a Disability. Any payment made hereunder shall be subject to Section 3.11, but shall not be subject to the Deduction Limitation.

ARTICLE 9

Beneficiary Designation

- 9.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of the Company in which the Participant participates.
- 9.2 Beneficiary Designation/Change. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Administrator or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and delivered to the Administrator prior to his or her death.

- 9.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Administrator or its designated agent.
- 9.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 9.1, 9.2 and 9.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse, or, if the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.
- 9.5 Doubt as to Beneficiary. If the Administrator has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Administrator shall have the right, exercisable in its sole discretion, to cause the Company to withhold such payments until this matter is resolved to the Administrator's satisfaction.
- 9.6 Discharge of Obligations. The payment of benefits under the Plan to a person believed in good faith by the Administrator to be a valid Beneficiary shall fully and completely discharge the Company and the Administrator from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits. Neither the Administrator nor the Company shall be obliged to search for any Participant or Beneficiary beyond the sending of a registered letter to such last known address. If the Administrator notifies any Participant or Beneficiary that he or she is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make his or her location known to the Administrator within three (3) years thereafter, then, except as otherwise required by law, if the location of one or more of the next of kin of the Participant is known to the Administrator, the Administrator may direct distribution of such amount to any one or more or all of such next of kin, and in such proportions as the Administrator determines. If the location of none of the foregoing persons can be determined, the Administrator shall have the right to direct that the amount payable shall be deemed to be a forfeiture and paid to the Company, except that the dollar amount of the forfeiture, unadjusted for deemed gains or losses in the interim, shall be paid by the Company if a claim for the benefit subsequently is made by the Participant or the Beneficiary to whom it was payable. If a benefit payable to an unlocated Participant or Beneficiary is subject to escheat pursuant to applicable state law, neither the Compensation Committee, the Administrator nor the Company shall be liable to any person for any payment made in accordance with such law.

ARTICLE 10
Leave of Absence

- 10.1 Paid Leave of Absence. If a Participant is authorized by the Company for any reason to take a paid leave of absence from his or her service to the Company, the Participant shall continue to be considered employed by the Company, and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.4.

ARTICLE 11

Termination/Amendment/Modification

- 11.1 Termination. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any or all Participants, by action of its board of directors or appropriate committee thereof. Upon a termination of the Plan in accordance with the requirements, restrictions and limitations of Section 1.409A-3(j)(4)(ix) of the Treasury regulations, the Plan Agreements of the affected Participants shall terminate and their vested Account Balances, determined as if they had experienced a Termination of Employment on the date of Plan termination or, if Plan termination occurs after the date upon which a Participant was eligible for Retirement, then with respect to that Participant as if he or she had Retired on the date of Plan termination, shall be paid to Participants in accordance with their distribution elections in effect at the time of the Plan termination (but not to commence before or end after any distribution period required by Section 409A). If, due to the circumstances surrounding the Plan termination, a distribution of a Participant's Account Balance upon Plan termination is not permitted by Section 409A, the payment of the Account Balance shall be made only after Plan benefits otherwise become due hereunder. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination.

Without limiting the generality of the foregoing, the Company specifically reserves the right to terminate and liquidate the Plan with respect to all Participants, in its discretion and by action of its board of directors or appropriate committee thereof, within the thirty (30) days preceding or the twelve (12) months following a "change in control event" (as defined in Section 409A); provided, however, that such termination and liquidation must be irrevocable and shall be permitted only if all arrangements sponsored by the Company that are required to be aggregated with the Plan pursuant to Section 16.19 are also irrevocably terminated and liquidated with respect to each Participant therein who is employed by the Company that has experienced the change in control event, so that Participants under the Plan and all participants under those other arrangements who are employed by the Company that have experienced the change in control event are required to receive all amounts of compensation deferred under the terminated and liquidated arrangements within twelve (12) months of the date the Company takes irrevocable action to terminate and liquidate the arrangements.

- 11.2 Amendment. The Company may, at any time, amend or modify the Plan in whole or in part by the action of the Compensation Committee; provided, however, that no amendment or modification shall be effective to decrease or restrict the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.
- 11.3 Plan Agreement. Despite the provisions of Sections 11.1 and 11.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Company may only amend or terminate such provisions with the consent of the Participant.
- 11.4 Effect of Payment. The full payment of the applicable benefit under Articles 4, 5, 6, 7, 8 or 11 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.
- 11.5 Amendment to Ensure Proper Characterization of the Plan. Notwithstanding the previous Sections of this Article 11, the Plan may be amended at any time, retroactively if required, or if found necessary, in the opinion of the Compensation Committee, in order to ensure that the Plan is characterized as a non-tax-qualified "top hat" plan of deferred compensation maintained for a select group of management or highly compensated employees, as described under ERISA sections 201(2), 301(a)(3) and 401(a)(1), to conform the Plan to the provisions of Section 409A and to ensure that amounts under the Plan are not considered to be taxed to a Participant under the Federal income tax laws prior to the Participant's receipt of the amounts or to conform the Plan and the Trust to the provisions and requirements of any applicable law (including ERISA and the Code).
- 11.6 Changes in Law Affecting Taxability.
- (a) Operation. This Section shall become operative upon the enactment of any change in applicable statutory law or the promulgation by the Internal Revenue Service of a final regulation or other pronouncement having the force of law, which statutory law, as changed, or final regulation or pronouncement, as promulgated, would cause any Participant to include in his or her Federal gross income amounts accrued by the Participant under the Plan on a date (an "Early Taxation Event") prior to the date on which such amounts are made available to him or her hereunder; provided, however, that no portion of this Section shall become operative to the

extent that portion would result in a violation of Section 409A (e.g., by causing an impermissible distribution under Section 409A).

- (b) Affected Right or Feature Nullified. Notwithstanding any other Section of this Plan to the contrary (but subject to subsection (c), below), as of an Early Taxation Event, the feature or features of this Plan that would cause the Early Taxation Event shall be null and void, to the extent, and only to the extent, required to prevent the Participant from being required to include in his or her Federal gross income amounts accrued by the Participant under the Plan prior to the date on which such amounts are made available to him or her hereunder. If only a portion of a Participant's Account Balance is impacted by the change in the law, then only such portion shall be subject to this Section, with the remainder of the Account Balance not so affected being subject to such rights and features as if the law were not changed. If the law only impacts Participants who have a certain status with respect to the Company, then only such Participants shall be subject to this Section.
- (c) Tax Distribution. If an Early Taxation Event is earlier than the date on which the statute, regulation or pronouncement giving rise to the Early Taxation Event is enacted or promulgated, as applicable (i.e., if the change in the law is retroactive), there shall be distributed to each Participant, as soon as practicable following such date of enactment or promulgation, the amounts that became taxable on the Early Taxation Event.

- 11.7 Prohibited Acceleration/Distribution Timing. This Section shall take precedence over any other provision of the Plan or this Article 11 to the contrary. No provision of this Plan shall be followed if following the provision would result in the acceleration of the time or schedule of any payment from the Plan as would require immediate income tax to Participants based on the law in effect at the time the distribution is to be made, including Section 409A. In addition, if the timing of any distribution election would result in any tax or other penalty (other than ordinarily payable Federal, state or local income or payroll taxes), which tax or penalty can be avoided by payment of the distribution at a later time, then the distribution shall be made (or commence, as the case may be) on (or as soon as practicable after) the first date on which such distributions can be made (or commence) without such tax or penalty.

ARTICLE 12

Administration

- 12.1 Administration. Except as otherwise provided herein, the Plan shall be administered by the Administrator. The Administrator shall be the named fiduciary for purposes of the claims procedure pursuant to Article 14 only and shall, except as the Compensation Committee may otherwise determine, have authority to act to the full extent of its absolute discretion to:

- (a) Interpret the Plan;
- (b) Resolve and determine all disputes or questions arising under the Plan, including the power to determine the rights of Participants and Beneficiaries, and their respective benefits, and to remedy any ambiguities, inconsistencies or omissions in the Plan;
- (c) Create and revise rules and procedures for the administration of the Plan and prescribe such forms as may be required for Participants to make elections under, and otherwise participate in, the Plan; and
- (d) Take any other actions and make any other determinations as it may deem necessary and proper for the administration of the Plan.

Any expenses incurred in the administration of the Plan shall be paid by the Company.

12.2 Determinations. Except as the Compensation Committee may otherwise determine (and subject to the claims procedure set forth in Article 14), all decisions and determinations by the Administrator shall be final and binding upon all Participants and Beneficiaries.

12.3 General. Neither the Administrator nor any member of the Compensation Committee shall participate in any matter involving any questions relating solely to his own participation or benefits under this Plan. The Administrator and the Compensation Committee shall be entitled to rely conclusively upon, and shall be fully protected in any action or omission taken by it in good faith reliance upon, the advice or opinion of any persons, firms or agents retained by it, including but not limited to accountants, actuaries, counsel and other specialists. Nothing in this Plan shall preclude the Company from indemnifying the Administrator and members of the Compensation Committee for all actions under this Plan, or from purchasing liability insurance to protect such persons with respect to the Plan.

ARTICLE 13

Other Benefits and Agreements

13.1 Coordination with Other Benefits. The benefits provided for a Participant or a Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for Employees of the Company. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 14

Claims Procedures

- 14.1 Scope of Claims Procedures. This Article is based on final regulations issued by the Department of Labor and published in the Federal Register on November 21, 2000 and codified at 29 C.F.R. section 2560.503-1. If any provision of this Article conflicts with the requirements of those regulations, the requirements of those regulations will prevail.
- 14.2 Initial Claim. A Participant or Beneficiary who believes he or she is entitled to any benefit under the Plan (a “Claimant”) may file a claim with the Administrator. The Administrator shall review the claim itself or appoint an individual or an entity to review the claim.
- (a) Benefit Claims. The Claimant shall be notified within ninety (90) days after the claim is filed whether the claim is allowed or denied, unless the Claimant receives written notice from the Administrator or appointee of the Administrator prior to the end of the ninety (90) day period stating that special circumstances require an extension of the time for decision, such extension not to extend beyond the day which is one hundred eighty (180) days after the day the claim is filed.
- (b) Manner and Content of Denial of Initial Claims. If the Administrator denies a claim, it must provide to the Claimant, in writing or by electronic communication:
- (i) The specific reasons for the denial;
 - (ii) A reference to the Plan provision or insurance contract provision upon which the denial is based;
 - (iii) A description of any additional information or material that the Claimant must provide in order to perfect the claim;
 - (iv) An explanation of why such additional material or information is necessary;
 - (v) Notice that the Claimant has a right to request a review of the claim denial and information on the steps to be taken if the Claimant wishes to request a review of the claim denial; and
 - (vi) A statement of the Participant’s right to bring a civil action under ERISA Section 502(a) following a denial on review of the initial denial.
- 14.3 Review Procedures.
- (a) Benefit Claims. A request for review of a denied claim must be made in writing to the Administrator within sixty (60) days after receiving notice

of denial. The decision upon review will be made within sixty (60) days after the Administrator's receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision will be rendered not later than one hundred twenty (120) days after receipt of a request for review. A notice of such an extension must be provided to the Claimant within the initial sixty (60) day period and must explain the special circumstances and provide an expected date of decision.

The reviewer shall afford the Claimant an opportunity to review and receive, without charge, all relevant documents, information and records and to submit issues and comments in writing to the Administrator. The reviewer shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

(b) Manner and Content of Notice of Decision on Review. Upon completion of its review of an adverse initial claim determination, the Administrator will give the Claimant, in writing or by electronic notification, a notice containing:

- (i) its decision;
- (ii) the specific reasons for the decision;
- (iii) the relevant Plan provisions or insurance contract provisions on which its decision is based;
- (iv) a statement that the Claimant is entitled to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information in the Plan's files which is relevant to the Claimant's claim for benefits;
- (v) a statement describing the Claimant's right to bring an action for judicial review under ERISA Section 502(a); and
- (vi) if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination on review, a statement that a copy of the rule, guideline, protocol or other similar criterion will be provided without charge to the Claimant upon request.

14.4 Calculation of Time Periods. For purposes of the time periods specified in this Article, the period of time during which a benefit determination is required to be made begins at the time a claim is filed in accordance with the Plan procedures without regard to whether all the information necessary to make a decision

accompanies the claim. If a period of time is extended due to a Claimant's failure to submit all information necessary, the period for making the determination shall be tolled from the date the notification is sent to the Claimant until the date the Claimant responds.

- 14.5 Legal Action. If the Plan fails to follow the claims procedures required by this Article, a Claimant shall be deemed to have exhausted the administrative remedies available under the Plan and shall be entitled to pursue any available remedy under ERISA Section 502(a) on the basis that the Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim. A Claimant's compliance with the foregoing provisions of this Article is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claims for benefits under the Plan.
- 14.6 Compensation Committee Review. Anything in this Plan to the contrary notwithstanding, the Compensation Committee may determine, in its sole and absolute discretion, to review any claim for benefits submitted by a Claimant under this Plan.

ARTICLE 15

Trust

- 15.1 Establishment of the Trust. The Company may establish the Trust, in which event the Company intends, but is not required, to transfer over to the Trust at least annually such assets as the Company determines, in its sole discretion, are necessary to provide for its respective future liabilities created with respect to the Annual Deferral Amounts, Annual Company Make-Up Amounts and Annual Company Discretionary Amounts for the Participants.
- 15.2 Interrelationship of the Plan and the Trust. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the Trust. The Company shall at all times remain liable to carry out its obligations under the Plan.
- 15.3 Distributions from the Trust. The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company's obligations under this Plan.

ARTICLE 16

Miscellaneous

- 16.1 Status of Plan. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a

- select group of management or highly compensated employees” within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.
- 16.2 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company. For purposes of the payment of benefits under this Plan, any and all of the Company’s assets shall be, and remain, the general, unpledged unrestricted assets of the Company. The Company’s obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 16.3 Company’s Liability. The Company’s liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Company and a Participant. The Company shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.
- 16.4 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant’s or any other person’s bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.
- 16.5 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Company and the Participant. Subject to any employment agreement to which the Company and the Participant may be parties, such employment is hereby acknowledged to be an “at will” employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge the Participant at any time.
- 16.6 Furnishing Information. A Participant or his or her Beneficiary will cooperate with the Administrator by furnishing any and all information requested by the Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder,

- including but not limited to taking such physical examinations as the Administrator may deem necessary.
- 16.7 Terms. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.
- 16.8 Captions. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 16.9 Governing Law. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Maryland without regard to its conflicts of laws principles.
- 16.10 Notice. Any notice or filing required or permitted to be given to the Administrator under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Melissa Wallace
Under Armour, Inc.
Tide Point
1020 Hull Street
Baltimore, Maryland 21230

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

- 16.11 Successors. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 16.12 Spouse's Interest. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

- 16.13 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.
- 16.14 Incompetent. If the Administrator determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Administrator may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Administrator may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.
- 16.15 Court Order. The Administrator is authorized to make any payments directed by court order in any action in which the Plan or the Administrator has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Administrator, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse in accordance with Section 409A.
- 16.16 Distribution in the Event of Taxation.
- (a) In General. Subject to Section 409A, if, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, the Participant may petition the Administrator, for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Company shall distribute to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid vested Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the Participant's benefits to be paid under this Plan.
- (b) Trust. If the Trust terminates in accordance with the provisions of the Trust and benefits are distributed from the Trust to a Participant in accordance with such provisions, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

- 16.17 Insurance. The Company, on its own behalf or on behalf of the trustee of the Trust, and, in its sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Company may choose. The Company or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Company shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Company has applied for insurance.
- 16.18 Aggregation of Employers. If the Company is a member of a controlled group of corporations or a group of trades or business under common control (as described in Code Section 414(b) or (c), but substituting a fifty percent (50%) ownership level for the eighty percent (80%) level set forth in those Code Sections), all members of the group shall be treated as a single Company for purposes of whether there has occurred a Separation from Service and for any other purposes under the Plan as Section 409A shall require. For purposes of Section 11.1, in the case of a change in control event, the entities to be treated as a single Company shall be determined immediately following the change in control event.
- 16.19 Aggregation of Plans. If the Company offers other account balance deferred compensation plans in addition to the Plan, those plans together with the Plan shall be treated as a single plan to the extent required under Section 409A for purposes of determining whether an Employee may make a deferral election pursuant to Section 3.3(a) within thirty (30) days of becoming eligible to participate in the Plan and for any other purposes under the Plan as Section 409A shall require.
- 16.20 USERRA. Notwithstanding anything herein to the contrary, any deferral or distribution election provided to a Participant as necessary to satisfy the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, shall be permissible hereunder.
- 16.21 Acceleration of Distribution. The Company may, in its sole discretion (without any direct or indirect election on the part of any Participant), accelerate the date of distribution or commencement of distributions hereunder, or accelerate installment payments by paying the vested Account Balance in a lump sum or pursuant to a Yearly Installment Method using fewer years, to the extent permitted under Section 409A (such as, for example, as provided in Section 1.409A-3(j)(4) of the Treasury regulations, to comply with domestic relations orders or certain conflict of interest rules, to pay employment taxes, to make a lump sum cashout of certain de minimus amounts that are less than the applicable dollar amount under Code Section 402(g)(1)(B), or to make payments upon income inclusion under Section 409A).

If the Trust terminates in accordance with the provisions of the Trust and benefits are distributed from the Trust to a Participant in accordance with such provisions,

the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

- 16.22 Delay in Payment. If the Administrator reasonably anticipates that any payment scheduled to be made hereunder would violate securities laws (or other applicable laws) or jeopardize the ability of the Company to continue as a going concern if paid as scheduled, then the Administrator may defer that payment, provided the Company treats payments to all similarly situated Participants on a reasonably consistent basis. In addition, the Company may, in its discretion, delay a payment upon such other events and conditions as the IRS may prescribe, provided the Company treats payments to all similarly situated Participants on a reasonably consistent basis. Any amounts deferred pursuant to this Section shall continue to be credited or debited with additional amounts in accordance with Section 3.9 above, even if such amount is being paid out in installments. The amounts so deferred and amounts credited or debited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date on which the Administrator reasonably anticipates that such violation or material harm would be avoided or as otherwise prescribed by the IRS.

IN WITNESS WHEREOF, the Company has signed this Plan document as of November 6, 2007.

UNDER ARMOUR, INC.

By: /s/ Melissa A. Wallace

Title: Vice President of Human Resources



CHANGE IN CONTROL SEVERANCE AGREEMENT

This CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement") is made as of the day of , 200 , between Under Armour, Inc., a corporation organized under the laws of the State of Maryland (together with its affiliates, the "Company"), and ("Executive").

WITNESSETH THAT:

WHEREAS, should Under Armour, Inc. or shareholders of Under Armour, Inc. receive any proposal from a third person regarding a possible Change in Control, the Board of Directors of Under Armour, Inc. (the "Board") believes it is important that the Company be able to rely upon the Executive to continue in his position until after such Change in Control and that Under Armour, Inc. be able to receive and rely upon the Executive's advice, if requested, as to the best interest of Under Armour, Inc. and its shareholders in connection with any such Change in Control, without concern that the Executive might be distracted or his advice affected by the personal uncertainties and risks created by such a Change in Control.

NOW THEREFORE, in order to provide an incentive to the Executive for the continued dedication of Executive and the availability of his advice and counsel notwithstanding the possibility of a Change in Control, and to encourage Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and Executive hereby agree as follows:

1. Definitions.

(i) "AAA" shall have the meaning set forth in Section 7(ii).

(ii) "Accrued Obligations" shall mean the sum of the following: (a) the full base salary earned by the Executive through the Termination Date and unpaid as of the Termination Date, calculated at the highest rate of base salary in effect at any time during the twelve (12) months immediately preceding the Termination Date; (b) the amount of any base salary attributable to vacation earned by the Executive but not taken before the Termination Date; (c) any Bonus accrued to the Executive with respect to the calendar year preceding the termination of employment and unpaid as of the Termination Date; (d) a pro-rata Bonus for the year in which the Change in Control occurs, equal to the Bonus times a fraction, the numerator of which is the number of days during the calendar year preceding the Termination Date and the denominator of which is 365; and (e) all other amounts earned by the Executive and unpaid as of the Termination Date.

(iii) "Arbitration Rules" shall have the meaning set forth in Section 7(ii).

(iv) "Bonus" shall mean the greater of: (a) the annual average of the Executive's bonus paid to the Executive with respect to the two (2) calendar years prior to Executive's termination of employment with the Company or (b) the Executive's target bonus for the year of such termination of employment.

(v) "Cause" shall mean the occurrence of any of the following: (a) the Executive's material misconduct or neglect in the performance of his duties; (b) the Executive's commission of any felony; offense punishable by imprisonment in a state or federal penitentiary; any offense, civil or criminal, involving material dishonesty, fraud, moral turpitude or immoral conduct; or any crime of sufficient import to potentially discredit or adversely affect the Company's ability to conduct its business in the normal course; (c) the Executive's use of illegal drugs or abusive use of prescription drugs; (d) the Executive's material breach of the Company's written Code of Conduct, as in effect from time to time; (e) the Executive's commission of any act that results in severe harm to the Company excluding any act taken by the Executive in good faith that he reasonably believed was in the best interests of the Company; or (f) the Executive's material breach of this Agreement, including, but not limited to, a material breach of the Employee Confidentiality, Non-Competition and Non-Solicitation Agreement attached hereto as Attachment A.

(vi) "Change in Control" shall mean the occurrence of any of the following:

- a. Any 'person' (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the 'beneficial owner' (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of Under Armour, Inc. representing fifty percent (50%) or more of the total voting power represented by Under Armour, Inc.'s then-outstanding voting securities, provided, however that a Change in Control shall not be deemed to occur if an employee benefit plan (or a trust forming a part thereof) maintained by Under Armour, Inc., and/or Kevin Plank and/or his immediate family members, directly or indirectly, become the beneficial owner, of more than fifty percent (50%) of the then-outstanding voting securities of Under Armour, Inc. after such acquisition;
- b. A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. 'Incumbent Directors' shall mean directors who either (A) are directors of Under Armour, Inc. as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to Under Armour, Inc.);

- c. The consummation of a merger or consolidation of Under Armour, Inc. with any other corporation, other than a merger or consolidation which would result in (a) the voting securities of Under Armour, Inc. outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of Under Armour, Inc. or such surviving entity outstanding immediately after such merger or consolidation in substantially the same proportion as prior to such merger or consolidation; or (b) the directors of Under Armour, Inc. immediately prior thereto continuing to represent at least fifty percent (50%) of the directors of Under Armour, Inc. or such surviving entity immediately after such merger or consolidation; or
- d. The consummation of the sale or disposition by Under Armour, Inc. of all or substantially all of Under Armour, Inc.'s assets.

(vii) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(viii) "Contract Period" shall mean the period starting on the date hereof and ending on the second anniversary of the date hereof. The Company, in its sole discretion, shall have the right to extend the Contract Period.

(ix) "Disability" shall mean a physical or mental incapacity of the Executive which entitles the Executive to benefits at least as favorable as the benefits provided under the long term disability plan applicable to and maintained by the Company as in effect immediately prior to the Change in Control.

(x) "Good Reason," shall mean the occurrence of any of the following events: (a) a diminishment in the scope of the Executive's duties or responsibilities with the Company; (b) a reduction in the Executive's current base salary, bonus opportunity or a material reduction in the aggregate benefits or perquisites; (c) a requirement that the Executive relocate more than fifty (50) miles from his primary place of business as of the date of a Change in Control, or a significant increase in required travel as part of the Executive's duties and responsibilities with the Company; (d) a failure by any successor to the Company to assume this Agreement pursuant to Section 5(a) hereof; or (e) a material breach by the Company of any of the terms of this Agreement.

(xi) "Protection Period" shall mean the twelve (12) month period following a Change in Control.

(xii) "Termination Date" shall mean the effective date as provided hereunder of the termination of Executive's Employment.

(xiii) "Without Cause" shall mean the termination of the Executive's employment by the Company other than for Cause, death or Disability.

2. Application of this Agreement. This Agreement shall apply if and only if: (a) the Executive's employment terminates during the Protection Period and (b) the Change in Control occurs during the Contract Period. This Agreement shall not apply to any termination of the Executive's employment other than what is described in the preceding sentence. Notwithstanding the foregoing, if three (3) months prior to the date on which a Change in Control occurs, the Executive's employment with the Company is terminated by the Company other than by reason of the Executive's death, Disability or circumstances that would constitute Cause or the terms and conditions of the Executive's employment are adversely changed in a manner which would constitute grounds for a termination of employment by the Executive for Good Reason, and it is reasonably demonstrated that such termination of employment or adverse change (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change in Control, or (ii) otherwise arose in connection with or in anticipation of the Change in Control, then for all purposes of this Agreement such termination of employment shall be deemed to have occurred during the Protection Period and shall be considered either termination of the Executive's employment Without Cause by the Company or termination of the Executive's employment by the Executive for Good Reason, as the case may be.

3. Termination of Employment of Executive. The Executive's employment may be terminated by following the procedures specified in this Section 3.

(i) Cause. The Executive may not be terminated for Cause unless and until a notice of intent to terminate the Executive's employment for Cause, specifying the particulars of the conduct of the Executive forming the basis for such termination, is given to the Executive by the Company and, subsequently, a majority of the Board finds, after reasonable notice to the Executive (but in no event less than fifteen (15) days prior notice) and an opportunity for the Executive and his counsel to be heard by the Board, that termination of the Executive's employment for Cause is justified. Termination of the Executive's employment for Cause shall become effective after such finding has been made by the Board and five (5) business days after the Board gives to the Executive notice thereof, specifying in detail the particulars of the conduct of the Executive found by the Board to justify termination for Cause. It shall not constitute Good Reason to the Executive to the extent the Executive is relieved of any duties and responsibilities during the period the Board is considering whether such termination for Cause is justified.

(ii) Disability. Termination of the Executive's employment for Disability shall become effective thirty (30) days after a notice of intent to terminate the Executive's employment, specifying Disability as the basis for such termination, is given to the Executive by the Company.

(iii) Termination Without Cause. At all times, the Company shall have the right by notice to the Executive of the Company's intention to terminate Executive's employment Without Cause. Termination of Executive's employment by the Company

Without Cause shall become effective immediately upon the receipt by the Executive of such notice.

(iv) Voluntary Termination by the Executive. The Executive may terminate his employment with the Company by giving a notice of voluntary termination to the Company, and if such termination is for Good Reason, such notice shall set forth in reasonable detail the acts and circumstances claimed by the Executive to constitute Good Reason. Termination of the Executive's employment by the Executive without Good Reason shall be effective five (5) business days after the Executive gives notice thereof to the Company. The Company shall have twenty (20) days after receipt of such notice from the Executive of claimed Good Reason to cure any Good Reason. If the Company is unable to cure the Good Reason during such cure period, termination of the Executive's employment by the Executive for Good Reason shall be effective five (5) business days after the expiration of such cure period.

(v) Death. Termination of the Executive's employment for death shall be effective on the date of the Executive's death.

4. Benefits Upon Termination of Employment.

(i) Termination Without Cause or by the Executive for Good Reason. Upon the termination of the employment of Executive Without Cause by the Company or by the Executive for Good Reason, the Company shall pay or provide to the Executive:

(a) a lump sum payment equal to the sum of the following:

1. the Accrued Obligations; and
2. an amount equal to the sum of the annual base salary of the Executive at the highest rate in effect during the Protection Period and the Bonus.

The payment described in this Section 4(i)(a) shall be made by the Company not later than the earlier of the date required by applicable law or five (5) days following the Termination Date. Executive shall not be required to mitigate the amount of the payment provided for in this Section 4(i)(a) by seeking other employment or otherwise. The amount of the payment provided for in this Section 4(i)(a) shall not be reduced by any compensation or other amounts paid to or earned by Executive as the result of employment with another employer after the date on which his employment with the Company terminates or otherwise.

(b) the continuance of the Executive's life, medical, dental, prescription drug and long and short-term disability plans, programs or arrangements, whether group or individual, of the Company in which the Executive was entitled to participate at any time during the twelve (12) month period prior to the Termination Date until the earliest to occur of (1) one (1) year after the Termination

Date; (2) the Executive's death (provided that compensation and benefits payable to his beneficiaries shall not terminate upon his death); or (3) with respect to any particular plan, program or arrangement, the date the Executive is afforded a comparable benefit at a comparable cost to the Executive by a subsequent employer. In the event that the Executive's participation in any such plan, program or arrangement of the Company is prohibited, the Company shall arrange to provide the Executive with compensation and benefits substantially similar to those which the Executive is entitled to receive under such plan, program or arrangement for such period.

Notwithstanding the foregoing, in the event the payments or benefits under this Section 4 would result in the imposition of a tax under Section 409A of the Code, then such payments or benefits will be paid or provided at such time when such payments or benefits would not be subject to such tax.

(ii) Cobra Continuation Coverage. Upon the expiration of the provision of benefits in Section 4(i)(b), the Executive and his dependents shall be entitled to exercise such rights as they may have under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").

(iii) Death and Disability. Upon a termination of the Executive's employment on account of the Executive's death or Disability, the Company shall pay to the Executive or his estate or beneficiary (in the event of his death), the Accrued Obligations within five (5) days of the Termination Date and the Company shall provide to the Executive or his estate or beneficiary (in the event of his death), such benefits that the Company provides in the event of an employee's death or Disability.

(iv) Cause, Voluntary Termination by the Executive. Upon the termination of the Executive's employment by the Company for Cause or by the Executive without Good Reason, the Company shall pay to the Executive the Accrued Obligations within five (5) days of the Termination Date.

(v) Effect of Stock Options and Other Equity Awards. The terms and conditions of the Executive's award agreements or employment agreement (as applicable to such Executive) shall govern the effect of termination of the Executive's employment on equity awards granted by the Company and held by the Executive as of the Termination Date.

(vi) Conditions to Receiving Benefits. The benefits described in Sections 4(i)(a)(2) and 4(i)(b) shall be subject to the Executive's execution of the Employee Confidentiality, Non-Competition, and Non-Solicitation Agreement attached hereto as Attachment A and the benefits described in Sections 4(i)(a)(2) and 4(i)(b) will not be paid to the Executive unless and until the Executive executes the release attached hereto as Attachment B, and such release becomes effective and irrevocable.

(vii) No Further Payments due to Executive. Except as provided in this Section 4, the Company shall have no obligation to make any other payment, in the nature of severance or termination pay.

(viii) Exception to Benefit Entitlements. The Executive shall not receive the payments and benefits under this Agreement if the Executive has executed an individually negotiated employment contract, agreement or offer letter with the Company relating to severance benefits that is in effect on the Termination Date, unless the Executive waives any such severance benefits under such contract, agreement or letter.

(viii) Retirement Payments. No amounts paid pursuant to this Agreement will constitute compensation for any purpose under any retirement plan or other employee benefit plan, program, arrangement or agreement of the Company or any of its affiliates, unless such plan, program, arrangement or agreement specifically so provides.

5. Successors; Binding Agreement.

(a) This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the business and/or assets of Under Armour, Inc. Additionally, Under Armour, Inc. shall require any such successor expressly to agree to assume and to assume the obligations of the Company under this Agreement upon or prior to such succession taking place. A copy of such assumption and agreement shall be delivered to the Executive promptly after its execution by the successor.

(b) This Agreement is personal to the Executive and the Executive may not assign or transfer any part of his rights or duties hereunder, or any payments due to the Executive hereunder, to any other person, except that this Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, heirs, distributees, devisees, legatees or beneficiaries. No payment pursuant to any will or the laws of descent and distribution shall be made hereunder unless the Company shall have been furnished with a copy of such will and/or such other evidence as the Board may deem necessary to establish the validity of the payment.

6. Modification; Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and by an officer of the Company thereunto expressly authorized by the Board. Waiver by any party of any breach of or failure to comply with any provision of this Agreement by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

7. Arbitration of Disputes.

(i) Any disagreement, dispute, controversy or claim arising out of or relating to this Agreement or the interpretation or validity hereof shall be settled

exclusively and finally by arbitration. It is specifically understood and agreed that any such disagreement, dispute or controversy which cannot be resolved between the parties, including without limitation any matter relating to interpretation of this Agreement, may be submitted to arbitration irrespective of the magnitude thereof, the amount in controversy or whether such disagreement, dispute or controversy would otherwise be considered justiciable or ripe for resolution by a court or arbitral tribunal.

(ii) The arbitration shall be conducted in accordance with the Commercial Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association ("AAA").

(iii) The arbitral tribunal shall consist of one arbitrator. The parties to the arbitration jointly shall directly appoint such arbitrator within thirty (30) days of initiation of the arbitration. If the parties shall fail to appoint such arbitrator as provided above, such arbitrator shall be appointed by the AAA as provided in the Arbitration Rules and shall be a person who (a) maintains his principal place of business within thirty (30) miles of the City of Baltimore and (b) has substantial experience in executive compensation. The parties shall each pay an equal portion of the fees, if any, and expenses of such arbitrator.

(iv) The arbitration shall be conducted within thirty (30) miles of the City of Baltimore or in such other city in the United States of America as the parties to the dispute may designate by mutual written consent.

(v) At any oral hearing of evidence in connection with the arbitration, each party thereto or its legal counsel shall have the right to examine its witnesses and to cross-examine the witnesses of any opposing party. No evidence of any witness shall be presented unless the opposing party or parties shall have the opportunity to cross-examine such witness, except as the parties to the dispute otherwise agree in writing or except under extraordinary circumstances where the interests of justice require a different procedure.

(vi) Any decision or award of the arbitral tribunal shall be final and binding upon the parties to the arbitration proceeding. The parties hereto hereby waive to the extent permitted by law any rights to appeal or to seek review of such award by any court or tribunal. The parties hereto agree that the arbitral award may be enforced against the parties to the arbitration proceeding or their assets wherever they may be found and that a judgment upon the arbitral award may be entered in any court having jurisdiction.

(vii) Nothing herein contained shall be deemed to give the arbitral tribunal any authority, power, or right to alter, change, amend, modify, add to or subtract from any of the provisions of this Agreement.

(viii) If any dispute is not resolved within sixty (60) days from the date of the commencement of an arbitration, then the Company shall, at its option, elect to pay Executive either (a) within five (5) days after the end of such sixty (60)-day period, the amount or amounts which would have been payable to Executive had there been no dispute, subject to reimbursement to the extent consistent with the final disposition of the dispute or (b) following final disposition of the dispute, the amount determined in such

final disposition to have been payable, together with Interest from the date when such sums were originally payable to the date of actual payment. For purpose of this paragraph (viii) the term “Interest” means interest at a rate equal to the Company’s borrowing rate per annum, compounded monthly.

(ix) Notwithstanding anything to the contrary in this Agreement, the arbitration provisions set forth in this Section 7 shall be governed exclusively by the Federal Arbitration Act, Title 9, United States Code.

(x) If the Executive prevails in the arbitration concerning any substantial matter of this Agreement or the rights and duties of any party hereunder, in addition to such other relief as may be granted, the Company shall reimburse the Executive for the Executive’s reasonable attorneys’ fees incurred by reason of such arbitration to the extent the attorneys’ fees relate to such substantial matter.

8. Notice. All notices, requests, demands and other communications required or permitted to be given by either party to the other party to this Agreement (including, without limitation, any notice of termination of employment and any notice of an intention to arbitrate) shall be in writing and shall be deemed to have been duly given when delivered personally or received by certified or registered mail, return receipt requested, postage prepaid, at the address of the other party, as follows:

If to the Company, to:	If to the Executive, to:
Under Armour, Inc.	_____
Attn: Vice President,	_____
Human Resources	_____
1020 Hull Street	
Baltimore, Maryland 21230	
With a copy to:	With a copy to:
Under Armour, Inc.	_____
Attn: Legal Department	_____
1020 Hull Street	_____
Baltimore, Maryland 21230	

Either party hereto may change its address for purposes of this Section 8 by giving fifteen (15) days’ prior notice to the other party hereto.

9. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10. Headings. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of this Agreement.

11. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original.

12. Governing Law. This Agreement has been executed and delivered in the State of Maryland and shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of Maryland without reference to its principles of conflicts of law.

13. Certain Withholdings. The Company shall withhold from any amounts payable to Executive hereunder all federal, state, city and other taxes and withholdings that the Company determines are required to be withheld pursuant to any applicable law or regulation.

14. Entire Agreement. This Agreement supersedes any and all other oral or written agreements heretofore made relating to amounts payable pursuant to a change in control and constitutes the entire agreement relating to such change in control. Any existing employment agreement is hereby superseded only with regard to amounts payable pursuant to a change in control.

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

UNDER ARMOUR, INC.

By:

Title:

By:

Title:

**EMPLOYEE CONFIDENTIALITY, NON-COMPETITION, AND
NON-SOLICITATION AGREEMENT**

This Confidentiality, Non-Competition, and Non-Solicitation Agreement ("Agreement") is entered into this day of , 200 , by and between Under Armour, Inc. (together with its affiliates, the "Company") and ("Employee").

EXPLANATORY NOTE

The Employee recognizes that the Employee has had and will continue to have access to confidential proprietary information during the course of his or her employment and that the Employee's subsequent employment by a competitor would inevitably result in the disclosure of that information and, thereby, create unfair competition and would likely to cause substantial loss and harm to the Company. The Employee further acknowledges that employment with the Company is based on the Employee's agreement to abide by the covenants contained herein.

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidentiality. Employee acknowledges Employee's fiduciary duty and duty of loyalty to the Company. Further, Employee acknowledges that the Company, in reliance of this Agreement, will provide Employee access to trade secrets, customers, proprietary data and other confidential information. Employee agrees to retain said information as confidential and not to use said information for self or disclose same to any third party, except when required to do so to properly perform duties to the Company. Further, as a condition of employment, during the time Employee is employed by the Company and continuing after any termination of the Employee's employment with the Company, Employee agrees to protect and hold in a fiduciary capacity for the benefit of the Company all Confidential Information, as defined below, unless the Employee is required to disclose Confidential Information pursuant to the terms of a valid and effective order issued by a court of competent jurisdiction or a governmental authority. The Employee shall use Confidential Information solely for the purpose of carrying out those duties assigned Employee as an employee of the Company and not for any other purpose. The disclosure of Confidential Information to the Employee shall not be construed as granting to the Employee any license under any copyright, trade secret, or any right of ownership or right to use the Confidential Information whatsoever. In the event that Employee is compelled, pursuant to a subpoena or order of a court or other body having jurisdiction over such matter, to produce any Confidential Information or other information relevant to the Company, Employee agrees to promptly provide the Company with written notice of such subpoena or order so that the Company may timely move to quash if appropriate.

(a) For the purposes of this Agreement, "Confidential Information" shall mean all information related to the Company's business that is not generally known to the public. Confidential Information shall include, but shall not be limited to: any

financial (whether historical, projections or forecasts), pricing, cost, business, planning, operations, services, potential services, products, potential products, technical information, intellectual property, trade secrets and/or know-how, formulas, production, purchasing, marketing, sales, personnel, customer, supplier, or other information of the Company; any papers, data, records, processes, methods, techniques, systems, models, samples, devices, equipment, compilations, invoices, customer lists, or documents of the Company; any confidential information or trade secrets of any third party provided to the Company in confidence or subject to other use or disclosure restrictions or limitations; this Agreement and its terms; and any other information, written, oral or electronic, whether existing now or at some time in the future, whether pertaining to current or future developments or prospects, and whether accessed prior to the Employee's tenure with the Company or to be accessed during Employee's future employment or association with the Company, which pertains to the Company's affairs or interests or with whom or how the Company does business. The Company acknowledges and agrees that Confidential Information shall not include information which is or becomes publicly available other than as a result of a disclosure by the Employee.

(b) The Employee shall promptly notify the Company if he has reason to believe that the unauthorized use, possession, or disclosure of any Confidential Information has occurred or may occur.

(c) All physical items containing Confidential Information, including, but not limited to, the business plan, know-how, collection methods and procedures, advertising techniques, marketing plans and methods, sales techniques, documentation, contracts, reports, letters, notes, any computer media, customer lists and all other information and materials of the Company's business and operations, shall remain the exclusive and confidential property of the Company and shall be returned, along with any copies or notes that the Employee made thereof or therefrom, to the Company when the Employee ceases employment with the Company. The Employee further agrees to return copies of any Confidential Information contained on Employee's home computer, portable computer or other similar device. Employee also agrees to allow the Company, upon reasonable belief and with appropriate notice, access to any home computer, portable computer or other similar device maintained by Employee, including but not limited to, for the purpose of determining whether said Confidential Information has been misappropriated. The Employee further agrees to promptly return all other property belonging to the Company upon the termination of Employee's employment.

2. Non-Competition. Except as otherwise provided in this Agreement, without the prior written consent of the Company, the Employee hereby covenants and agrees that at no time during the Employee's employment with Company and for a period of one (1) year immediately following termination of Employee's employment with the Company, whether voluntary or involuntary, shall the Employee:

(a) directly or indirectly work for or engage in any capacity in any activities or provide strategic advice to Competitor Businesses. Competitor Businesses shall be defined as (i) any business that is involved in the manufacture, sale, development of fabrications or manufacturing methods, or marketing of: athletic apparel or footwear (e.g., Reebok, Nike, Adidas); sporting goods; tactical (military and/or law enforcement)

apparel; hunting and fishing apparel; mountain sports apparel; accessories of such industries; or any business substantially similar to the present business of the Company or such other business activity in which the Company may substantially engage; and (ii) retail enterprises which sell products that compete with the Company's products;

(b) act in any way, directly or indirectly, with the purpose or effect of soliciting, diverting or taking away any business, customer, client or any supplier of the Company; or

(c) otherwise compete with Company in the sale or licensing, directly or indirectly, as principal, agent or otherwise, of any products competitive with the products, or services competitive with the services, developed or marketed by Company.

Written request for consent to be released from the Non-Competition provisions of this Agreement may be submitted by the Employee to the Company following the termination of Employee's employment and must include all available information described in Section 4 below. The Company will respond to the request for such consent within two (2) weeks of the request, except as provided in Section 4. In the Company's sole discretion, it may release Employee from the Non-Competition provisions of this Agreement, or reduce the non-competition period from a period of one (1) year immediately following Employee's termination ("Non-Competition Period") to a shorter duration. In the event the Company does not release the Employee from the Non-Competition provision, for the duration of the Non-Competition period, the Company will pay Employee an amount equal to sixty percent (60%) of Employee's base salary as of the date of the termination of Employee's employment, in accordance with the Company's customary pay practices in effect at the time each payment is made. This amount shall be reduced by (a) the amount of any severance Employee receives from the Company; and (b) the amount of any salary received during the Non-Competition period from employment in any capacity with an entity that is not a Competitor Business.

3. Non-Solicitation and Non-Interference. The Employee hereby covenants and agrees that at no time during the Employee's employment with Company and for a period of one (1) year immediately following termination of Employee's employment with the Company, whether voluntary or involuntary, shall the Employee:

(a) solicit (other than on behalf of the Company) business or contracts for any products or services of the type provided, developed or under development by the Company during the Employee's employment by the Company, from or with any person or entity which was a customer of the Company for such products or services, or any prospective customer which the Company had solicited as of, or within one year prior to, the Employee's termination of employment with the Company; or directly or indirectly contract with any such customer or prospective customer for any product or service of the type provided, developed or which was under development by the Company during the Employee's employment with the Company; or

(b) knowingly interfere or attempt to interfere with any transaction, agreement or business relationship in which the Company was involved during the Employee's employment with the Company, nor will the Employee act in any way with

the purpose or effect of hiring anyone who has been an employee of the Company, its divisions or subsidiaries; or soliciting, recruiting or encouraging, directly or indirectly, any of the Company's employees to leave the employ of the Company, its divisions or its subsidiaries.

4. Notification of New Employment. Employee acknowledges and agrees that for a period of one (1) year following the date of termination of Employee's employment with the Company, Employee will inform the Company, prior to the acceptance of any job or any work as an independent contractor, of the identify of any new employer or other entity to which Employee is providing consulting or other services, along with Employee's starting date, title, job description, salary, and any other information which the Company may reasonably request to confirm Employee's compliance with the terms of this Agreement. If Employee does not provide all information reasonably requested by the Company as provided in this Section, the Company's time to respond to a request for release from the Non-Competition provision under Section 2 will be extended to six (6) weeks, or until such time as the information is provided for the Company to make an informed decision.

5. Reasonableness of Restrictions. Employee acknowledges and agrees that the restrictions imposed by this Agreement are fair and reasonably required for the protection of the Company, and will not preclude Employee from becoming gainfully employed following the termination, for any reason, of employment with the Company. The Employee acknowledges that employee will provide unique services to the Company and that this covenant has unique, substantial, and immeasurable value to the Company. In the event that the provisions of this Agreement should ever be deemed to exceed the limitations permitted by applicable laws, Employee and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws. The Employee further acknowledges that the decision whether to consent to release Employee from the provisions of this Agreement is within the sole discretion of the Company.

6. Injunctive Relief. Employee acknowledges and agrees that in the event of a violation or threatened violation of any provision of this Agreement, the Company will sustain irreparable harm and will have the full right to seek injunctive relief, in addition to any other legal remedies available, without the requirement of posting bond.

7. Survivability. This Agreement shall remain binding in the event of the termination, for any reason, of employment with the Company.

8. Governing Law. The formation, construction and interpretation of this Agreement shall at all times and in all respects be governed by the laws of the State of Maryland.

9. Severable Provisions. The provisions of this Agreement are severable, and if any court determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, any invalidity or unenforceability shall affect only that provision, and shall not make any other provision of this Agreement invalid or

unenforceable; and this Agreement shall be narrowed by the court to the extent required to be valid and enforceable.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter contained herein, and may not be modified except in a written document signed by each of the parties hereto. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any other breach of that or any other provision hereof.

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

By:

By:

Title:

Title:

ATTACHMENT B

RELEASE AGREEMENT

I understand and agree completely to the terms set forth in the Under Armour, Inc Change in Control Severance Agreement (the "Agreement").

I understand that this Release, together with the Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated therein. Certain capitalized terms used in this Release are defined in the Agreement.

I hereby confirm my obligations under the Company's Employee Confidentiality, Non-Competition and Non-Solicitation Agreement.

Except as otherwise set forth in this Release, I hereby generally and completely release the Company and its parents, subsidiaries, successors, predecessors and affiliates, and its and their partners, members, directors, officers, employees, stockholders, shareholders, agents, attorneys, predecessors, insurers, affiliates and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this Release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment with the Company or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company (other than compensation and benefits accrued before any termination of employment or any rights you may have under stock option grants); (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Age Discrimination in Employment Act (as amended), and the federal Employee Retirement Income Security Act of 1974 (as amended).

I understand that I may consider whether to agree to the terms contained herein for a period of twenty-one days after the date hereof. Accordingly, I will sign and return the acknowledgment copy of this Release to acknowledge my understanding of and agreement with the foregoing. Prior to my signing this Release, I was advised to consult with an attorney.

This Release will become effective, enforceable and irrevocable seven days after the date on which I sign it. During the seven-day period prior to this date, I may revoke this Release to accept the terms hereof by indicating in writing to the Company my

intention to revoke. I understand that if I exercise my right to revoke hereunder, I will forfeit my right to receive any of the special benefits offered to me under the Agreement, and to the extent such payments have already been made, I agree that I will immediately reimburse the Company for the amounts of such payment.

By: _____

Date: _____

FORM OF RESTRICTED STOCK GRANT AGREEMENT

THIS AGREEMENT, made as of this ___ day of _____, 2006, (the "Agreement") between UNDER ARMOUR, INC. (the "Company") and _____ (the "Grantee").

WHEREAS, the Company has adopted the 2005 Omnibus Long-Term Incentive Plan (the "Plan"), attached hereto as Attachment A, to promote the interests of the Company and its stockholders by providing the Company's key employees and others with an appropriate incentive to encourage them to continue in the employ of the Company and to improve the growth and profitability of the Company; and

WHEREAS, the Plan provides for the Grant to Grantees in the Plan of restricted shares of Stock of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Investment. The Grantee represents that the shares of Restricted Stock (as defined herein) are being acquired for investment and not with a view toward the distribution thereof.

2. Grant of Restricted Stock. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Grantee an Award of ___ shares of Stock of the Company (collectively, the "Restricted Stock"). The Purchase Price for the Restricted Stock shall be paid by the Grantee's services to the Company.

3. Grant Date. The Grant Date of the Restricted Stock hereby granted is _____, 2006.

4. Incorporation of the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of this Agreement, as interpreted by the Board, or a Committee thereof, shall govern. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings given to such terms in the Plan.

5. Vesting Date. The Restricted Stock shall become vested as follows: 20% of the shares of Restricted Stock shall vest on each of the first five (5) anniversaries of the Grant Date; provided that the Grantee remains continuously employed by the Company through each such applicable vesting date. Notwithstanding the foregoing, (i) in the event that the Grantee's employment is terminated on account of the Grantee's death or Disability at any time, all unvested shares of Restricted Stock not previously forfeited shall immediately vest on such date of termination and (ii) in the event of a Change in Control, all unvested shares of Restricted Stock not previously forfeited shall vest on such Change in Control.

6. Forfeiture. Subject to the provisions of the Plan and Section 5 of this Agreement, with respect to the shares of Restricted Stock which have not become vested on the date the Grantee's employment is terminated, the Award of Restricted Stock shall expire and such unvested shares of Restricted Stock shall immediately be forfeited on such date.

7. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party hereto upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party or any provisions or conditions of this Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

8. Integration. This Agreement and the Plan contain the entire understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and in the Plan. This Agreement and the Plan supersede all prior agreements and understandings between the parties with respect to its subject matter.

9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

10. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, without regard to the provisions governing conflict of laws.

11. Grantee Acknowledgment. The Grantee hereby acknowledges receipt of a copy of the Plan. The Grantee hereby acknowledges that all decisions, determinations and interpretations of the Board, or a Committee thereof, in respect of the Plan, this Agreement and this Award of Restricted Stock shall be final and conclusive.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer and said Grantee has hereunto signed this Agreement on the Grantee’s own behalf, thereby representing that the Grantee has carefully read and understands this Agreement and the Plan as of the day and year first written above.

UNDER ARMOUR, INC.

By: _____

WITNESS: _____
GRANTEE _____

I _____ did* / _____ did not timely file a Section 83(b) election with the Internal Revenue Service.

Grantee

* If yes, a copy of the 83(b) election must be attached to this signed Agreement prior to returning to Under Armour.

FORM OF RESTRICTED STOCK GRANT AGREEMENT

THIS AGREEMENT, made as of this ___ day of _____, 2008, (the "Agreement") between UNDER ARMOUR, INC. (the "Company") and _____ (the "Grantee").

WHEREAS, the Company has adopted the 2005 Omnibus Long-Term Incentive Plan (the "Plan"), attached hereto as Attachment A, to promote the interests of the Company and its stockholders by providing the Company's key employees and others with an appropriate incentive to encourage them to continue in the employ of the Company and to improve the growth and profitability of the Company; and

WHEREAS, the Plan provides for the grant to Grantees in the Plan of restricted shares of Stock of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Investment. The Grantee represents that the shares of Restricted Stock (as defined herein) are being acquired for investment and not with a view toward the distribution thereof.

2. Grant of Restricted Stock. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Grantee an Award of ___ shares of Stock of the Company (collectively, the "Restricted Stock"). The Purchase Price for the Restricted Stock shall be paid by the Grantee's services to the Company.

3. Grant Date. The Grant Date of the Restricted Stock hereby granted is _____, 2008.

4. Incorporation of the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of this Agreement, as interpreted by the Board, or a Committee thereof, shall govern. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings given to such terms in the Plan.

5. Vesting Date. The Restricted Stock shall vest in five equal annual installments on each February 15th beginning February 15, 2009; provided that the Grantee remains continuously employed by the Company through each such applicable vesting date. Notwithstanding the foregoing, (i) in the event that the Grantee's employment is terminated on account of the Grantee's death or Disability at any time, all unvested shares of Restricted Stock not previously forfeited shall immediately vest on such date of termination and (ii) in the event of a Change in Control, all unvested shares of Restricted Stock not previously forfeited shall vest on such Change in Control. Notwithstanding the foregoing, if the shares of stock would otherwise vest during a period in which Grantee is (i) subject to a lock-up agreement restricting Grantee's ability to sell the shares in the open market or (ii) restricted from selling the shares in the open market because Grantee is not then eligible to sell under the Company's insider trading or similar plan as then in effect (whether because a trading window is not open or Grantee is otherwise restricted from trading), delivery of the shares will be delayed until the first date on which Grantee is no longer prohibited from selling the shares due to a lock-up agreement or insider trading or similar plan restriction.

6. Forfeiture. Subject to the provisions of the Plan and Section 5 of this Agreement, with respect to the shares of Restricted Stock which have not become vested on the date the Grantee's employment is terminated, the Award of Restricted Stock shall expire and such unvested shares of Restricted Stock shall immediately be forfeited on such date.

7. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party hereto upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party or any provisions or conditions of this Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

8. Integration. This Agreement and the Plan contain the entire understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and in the Plan. This Agreement and the Plan supersede all prior agreements and understandings between the parties with respect to its subject matter.

9. Withholding Taxes. Grantee agrees, as a condition of this grant, that Grantee will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of vesting of the Restricted Stock. In the event that the Company determines that any federal, state, local, municipal or foreign tax or withholding payment is required relating to the vesting of the Restricted Stock, the Company shall have the right to require such payments from Grantee in the form and manner as provided in the Plan.

10. Electronic Delivery. The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant Grantee agrees that the Company may deliver the Plan prospectus and the Company's annual report to Grantee in an electronic format. If at any time Grantee would prefer to receive paper copies of these documents, as Grantee is entitled to receive, the Company would be pleased to provide copies. Grantee should contact _____ to request paper copies of these documents.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

12. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, without regard to the provisions governing conflict of laws.

13. Grantee Acknowledgment. The Grantee hereby acknowledges receipt of a copy of the Plan. The Grantee hereby acknowledges that all decisions, determinations and interpretations of the Board, or a Committee thereof, in respect of the Plan, this Agreement and this Award of Restricted Stock shall be final and conclusive.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer and said Grantee has hereunto signed this Agreement on the Grantee’s own behalf, thereby representing that the Grantee has carefully read and understands this Agreement and the Plan as of the day and year first written above.

UNDER ARMOUR, INC.

By: _____

WITNESS:

GRANTEE

I _____ did* / _____ did not timely file a Section 83(b) election with the Internal Revenue Service.

Grantee

* If yes, a copy of the 83(b) election must be attached to this signed Agreement prior to returning to Under Armour.

FORM OF OPTION GRANT AGREEMENT

THIS OPTION GRANT AGREEMENT, made as of the ___ day of _____, 2006 between UNDER ARMOUR, INC. (the “Company”) and _____ (the “Grantee”).

WHEREAS, the Company has adopted and maintains the 2005 Omnibus Long-Term Incentive Plan (the “Plan”), attached hereto as Attachment A, to promote the interests of the Company and its stockholders by providing key employees and others with an appropriate incentive to encourage them to continue in the employ or service of the Company and to improve the growth and profitability of the Company;

WHEREAS, the Plan provides for the Grant to Grantees of Options to purchase Stock of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Grant of Options. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Grantee a non-qualified stock option (the “Option”) with respect to ____ shares of Stock of the Company.

2. Grant Date. The Grant Date of the Option hereby granted is _____, 2006.

3. Incorporation of Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Option Grant Agreement, the terms and conditions of this Option Grant Agreement, as interpreted by the Committee in its sole discretion, shall govern, unless explicitly provided to the contrary in the Plan or this Option Grant Agreement. Unless otherwise indicated herein, all capitalized terms used herein shall have the meaning given to such terms in the Plan.

4. Option Price. The exercise price per share of Stock underlying the Option granted hereby is \$____.

5. Vesting. Except as provided in Section 9 and unless the Option has earlier terminated pursuant to this Agreement, the Option shall become exercisable as follows: 20% of the shares of Stock underlying the Option shall become exercisable on each of the first five anniversaries of the Grant Date, provided the Grantee remains employed by the Company on each such anniversary.

6. Term. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, all unexercised portions of the Option shall terminate, and all rights to purchase shares of stock thereunder shall cease, upon the expiration of ten years from the Grant Date.

7. Employment Confidentiality Agreement. As a condition to the grant of the Option, Grantee shall have executed and become a party to the Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Grantee and the Company (the “Confidentiality, Non-Compete and Non-Solicitation Agreement”) attached hereto as Attachment B.

8. Forfeiture. If Grantee should take any actions in violation of the Confidentiality, Non-Competition and Non-Solicitation Agreement, or in violation of any non-competition agreement entered into between the Grantee and the Company, it will be considered grounds for termination for Cause as defined in Section 9(a) of this Agreement, and all unexercised portions of the Option, whether vested or not, will terminate, be forfeited and will lapse, as provided in Section 9(a).

9. Termination of Service.

(a) Termination of Service for Cause. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, all unexercised portions of the Option, whether vested or unvested, will terminate and be forfeited upon a termination of the Grantee's Service for Cause. For purposes of this Option Grant Agreement only, "Cause" shall be defined as any of the following:

- i. the Grantee's material misconduct or neglect in the performance of his duties as determined by the Grantee's supervisor, division head, or Chief Executive Officer of the Company;
- ii. the Grantee's conviction by a court of competent jurisdiction, or the entry of a plea of guilty or *nolo contendere* by the Grantee, of any felony; offense punishable by imprisonment in a state or federal penitentiary; any offense, civil or criminal, involving material dishonesty, fraud, moral turpitude or immoral conduct; or any crime of sufficient import to potentially discredit or adversely affect the Company's ability to conduct its business in the normal course;
- iii. the Grantee's use of illegal drugs or abusive use of prescription drugs as determined by a licensed physician or physicians designated by the Company to examine the Grantee;
- iv. the Grantee's material breach of this Agreement, including but not limited to breach of the Confidentiality, Non-Compete and Non-Solicitation Agreement attached hereto as Attachment B; or
- v. any other conduct that is materially injurious to the reputation, business or business relationships of the Company.

(b) Termination of Service other than for Cause. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, the vested portion of the Option shall terminate thirty (30) days following the termination of the Grantee's Service for any reason other than for Cause, including by reason of the Grantee's death or Disability. The Grantee (or the Grantee's guardian, legal representative, executor, personal representative or the person to whom the Option shall have been transferred by will or the laws of descent and distribution, as the case may be) may exercise all or any part of the vested portion of the Option during such thirty (30) day period, but not later than the end of the term of the Option. Any portion of the Option which is unvested as of the date of termination of service shall immediately terminate.

Nothing in this Agreement shall be construed as a contract of employment between the Company (or an affiliate) and Grantee, or as a contractual right of Grantee to continue in the employ of the Company (or an affiliate), or as a limitation of the right of the Company (or an affiliate) to discharge Grantee at any time for any reason, including reasons other than for Cause as defined herein.

10. Effect of a Change in Control. In the event of a Change in Control, any unvested portion of the Option shall be immediately vested on such Change in Control.

11. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach or default of any party under this Option Grant Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Option Grant Agreement, or any waiver on the part of any party or any provisions or conditions of this Option Grant Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

12. Transferability of Options. During the lifetime of the Grantee, only the Grantee or a Family Member who received all or part of the Option, not for value, (or, in the event of legal incapacity or incompetence, the Grantee's guardian or legal representative) may exercise the Option. The Option shall not be assignable or transferable by the Grantee other than to a Family Member, not for value, or by will or the laws of descent and distribution.

13. Manner of Exercise. The vested portion of the Option may be exercised, in whole or in part, by delivering written notice to the Stock Option Administrator designated by the Company. Such notice may be in electronic or other form as used by the Stock Option Administrator in its ordinary course of business and as may be amended from time to time, and shall:

(a) state the election to exercise the Option and the number of shares in respect of which it is being exercised;

(b) be accompanied by (i) cash, check, bank draft or money order in the amount of the Option Price payable to the order of the Stock Option Administrator designated by the Company; or (ii) certificates for shares of the Company's Stock (together with duly executed stock powers) or other written authorization as may be required by the Company to transfer shares of such Stock to the Company, with an aggregate value equal to the Option Price of the Stock being acquired; or (iii) a combination of the consideration described in clauses (i) and (ii). Grantee may transfer Stock to pay the Option Price for Stock being acquired pursuant to clauses (ii) and (iii) above only if such transferred Stock (x) was acquired by the Grantee in open market transactions, (y) has been owned by Grantee for longer than six months, and (z) the Grantee is not subject to any other restrictions on transferring Company securities pursuant to Company policy or federal law.

In addition to the exercise methods described above and subject to other restrictions which may apply, the Grantee may exercise the Option through a procedure known as a "cashless exercise," whereby the Grantee delivers to the Stock Option Administrator designated by the Company an irrevocable notice of exercise in exchange for the Company issuing shares of the Company's Stock subject to the Option to a broker previously designated or approved by the Company, versus payment of the Option Price by the broker to the Company, to the extent permitted by the Committee or the Company and subject to such rules and procedures as the Committee or the Company may determine.

14. Integration. This Option Grant Agreement, and the other documents referred to herein or delivered pursuant hereto, which form a part hereof contain the entire understanding of the parties with respect to its subject matter and there are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth in such documents. This Option Grant Agreement and the Plan supersede all prior agreements and understandings between the parties with respect to its subject matter. Nothing in this Agreement is intended nor shall it be construed to modify any agreement between Grantee and the Company regarding Works for Hire.

15. Counterparts. This Option Grant Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

16. Governing Law. This Option Grant Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland without regard to the provisions thereof governing conflict of laws.

17. Grantee Acknowledgment. The Grantee hereby acknowledges receipt of a copy of the Plan and that the Option is subject to the terms of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Committee in respect of the Plan, this Option Grant Agreement and the Option shall be final and conclusive.

IN WITNESS WHEREOF, the Company has caused this Option Grant Agreement to be duly executed by its duly authorized officer and said Participant has hereunto signed this Option Grant Agreement on his own behalf, thereby representing that he has carefully read and understands this Option Grant Agreement and the Plan as of the day and year first written above.

UNDER ARMOUR, INC.

By: _____

WITNESS:

GRANTEE

FORM OF OPTION GRANT AGREEMENT

THIS OPTION GRANT AGREEMENT, made as of the ___ day of _____, 2006 between UNDER ARMOUR, INC. (the “Company”) and _____ (the “Grantee”).

WHEREAS, the Company has adopted and maintains the 2005 Omnibus Long-Term Incentive Plan (the “Plan”), attached hereto as Attachment A, to promote the interests of the Company and its stockholders by providing key employees and others with an appropriate incentive to encourage them to continue in the employ or service of the Company and to improve the growth and profitability of the Company;

WHEREAS, the Plan provides for the Grant to Grantees of Options to purchase Stock of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Grant of Options. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Grantee a non-qualified stock option (the “Option”) with respect to ____ shares of Stock of the Company.

2. Grant Date. The Grant Date of the Option hereby granted is _____, 2006.

3. Incorporation of Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Option Grant Agreement, the terms and conditions of this Option Grant Agreement, as interpreted by the Committee in its sole discretion, shall govern, unless explicitly provided to the contrary in the Plan or this Option Grant Agreement. Unless otherwise indicated herein, all capitalized terms used herein shall have the meaning given to such terms in the Plan.

4. Option Price. The exercise price per share of Stock underlying the Option granted hereby is \$____.

5. Vesting. Except as provided in Section 9 and unless the Option has earlier terminated pursuant to this Agreement, the Option shall become exercisable as follows: 20% of the shares of Stock underlying the Option shall become exercisable on each of the first five anniversaries of the Grant Date, provided the Grantee remains employed by the Company on each such anniversary.

6. Term. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, all unexercised portions of the Option shall terminate, and all rights to purchase shares of stock thereunder shall cease, upon the expiration of ten years from the Grant Date.

7. Employment Confidentiality Agreement. As a condition to the grant of the Option, Grantee shall have executed and become a party to the Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Grantee and the Company (the “Confidentiality, Non-Compete and Non-Solicitation Agreement”) attached hereto as Attachment B.

8. Forfeiture. If Grantee should take any actions in violation of the Confidentiality, Non-Competition and Non-Solicitation Agreement, or in violation of any non-competition agreement entered into between the Grantee and the Company, it will be considered grounds for termination for Cause as defined in Section 9(a) of this Agreement, and all unexercised portions of the Option, whether vested or not, will terminate, be forfeited and will lapse, as provided in Section 9(a).

9. Termination of Service.

(a) Termination of Service for Cause. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, all unexercised portions of the Option, whether vested or unvested, will terminate and be forfeited upon a termination of the Grantee's Service for Cause. For purposes of this Option Grant Agreement only, "Cause" shall be defined as any of the following:

- i. the Grantee's material misconduct or neglect in the performance of his duties as determined by the Grantee's supervisor, division head, or Chief Executive Officer of the Company;
- ii. the Grantee's conviction by a court of competent jurisdiction, or the entry of a plea of guilty or *nolo contendere* by the Grantee, of any felony; offense punishable by imprisonment in a state or federal penitentiary; any offense, civil or criminal, involving material dishonesty, fraud, moral turpitude or immoral conduct; or any crime of sufficient import to potentially discredit or adversely affect the Company's ability to conduct its business in the normal course;
- iii. the Grantee's use of illegal drugs or abusive use of prescription drugs as determined by a licensed physician or physicians designated by the Company to examine the Grantee;
- iv. the Grantee's material breach of this Agreement, including but not limited to breach of the Confidentiality, Non-Compete and Non-Solicitation Agreement attached hereto as Attachment B; or
- v. any other conduct that is materially injurious to the reputation, business or business relationships of the Company.

(b) Termination of Service other than for Cause. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, the vested portion of the Option shall terminate thirty (30) days following the termination of the Grantee's Service for any reason other than for Cause, including by reason of the Grantee's death or Disability. The Grantee (or the Grantee's guardian, legal representative, executor, personal representative or the person to whom the Option shall have been transferred by will or the laws of descent and distribution, as the case may be) may exercise all or any part of the vested portion of the Option during such thirty (30) day period, but not later than the end of the term of the Option. Any portion of the Option which is unvested as of the date of termination of service shall immediately terminate.

Nothing in this Agreement shall be construed as a contract of employment between the Company (or an affiliate) and Grantee, or as a contractual right of Grantee to continue in the employ of the Company (or an affiliate), or as a limitation of the right of the Company (or an affiliate) to discharge Grantee at any time for any reason, including reasons other than for Cause as defined herein.

10. Effect of a Change in Control. In the event of a Change in Control, any portion of the Option which would become vested within the twelve months following the effective date of such Change in Control had the Grantee remained employed with the Company during such twelve month period shall be immediately vested on such Change in Control.

11. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach or default of any party under this Option Grant Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Option Grant Agreement, or any waiver on the

part of any party or any provisions or conditions of this Option Grant Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

12. Transferability of Options. During the lifetime of the Grantee, only the Grantee or a Family Member who received all or part of the Option, not for value, (or, in the event of legal incapacity or incompetence, the Grantee's guardian or legal representative) may exercise the Option. The Option shall not be assignable or transferable by the Grantee other than to a Family Member, not for value, or by will or the laws of descent and distribution.

13. Manner of Exercise. The vested portion of the Option may be exercised, in whole or in part, by delivering written notice to the Stock Option Administrator designated by the Company. Such notice may be in electronic or other form as used by the Stock Option Administrator in its ordinary course of business and as may be amended from time to time, and shall:

(a) state the election to exercise the Option and the number of shares in respect of which it is being exercised;

(b) be accompanied by (i) cash, check, bank draft or money order in the amount of the Option Price payable to the order of the Stock Option Administrator designated by the Company; or (ii) certificates for shares of the Company's Stock (together with duly executed stock powers) or other written authorization as may be required by the Company to transfer shares of such Stock to the Company, with an aggregate value equal to the Option Price of the Stock being acquired; or (iii) a combination of the consideration described in clauses (i) and (ii). Grantee may transfer Stock to pay the Option Price for Stock being acquired pursuant to clauses (ii) and (iii) above only if such transferred Stock (x) was acquired by the Grantee in open market transactions, (y) has been owned by Grantee for longer than six months, and (z) the Grantee is not subject to any other restrictions on transferring Company securities pursuant to Company policy or federal law.

In addition to the exercise methods described above and subject to other restrictions which may apply, the Grantee may exercise the Option through a procedure known as a "cashless exercise," whereby the Grantee delivers to the Stock Option Administrator designated by the Company an irrevocable notice of exercise in exchange for the Company issuing shares of the Company's Stock subject to the Option to a broker previously designated or approved by the Company, versus payment of the Option Price by the broker to the Company, to the extent permitted by the Committee or the Company and subject to such rules and procedures as the Committee or the Company may determine.

14. Integration. This Option Grant Agreement, and the other documents referred to herein or delivered pursuant hereto, which form a part hereof contain the entire understanding of the parties with respect to its subject matter and there are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth in such documents. This Option Grant Agreement and the Plan supersede all prior agreements and understandings between the parties with respect to its subject matter. Nothing in this Agreement is intended nor shall it be construed to modify any agreement between Grantee and the Company regarding Works for Hire.

15. Counterparts. This Option Grant Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

16. Governing Law. This Option Grant Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland without regard to the provisions thereof governing conflict of laws.

17. Grantee Acknowledgment. The Grantee hereby acknowledges receipt of a copy of the Plan and that the Option is subject to the terms of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Committee in respect of the Plan, this Option Grant Agreement and the Option shall be final and conclusive.

IN WITNESS WHEREOF, the Company has caused this Option Grant Agreement to be duly executed by its duly authorized officer and said Participant has hereunto signed this Option Grant Agreement on his own behalf, thereby representing that he has carefully read and understands this Option Grant Agreement and the Plan as of the day and year first written above.

UNDER ARMOUR, INC.

GRANTEE

WITNESS

FORM OF OPTION GRANT AGREEMENT

THIS OPTION GRANT AGREEMENT, made as of the ____ day of _____, 2008 between UNDER ARMOUR, INC. (the “Company”) and _____ (the “Grantee”).

WHEREAS, the Company has adopted and maintains the 2005 Omnibus Long-Term Incentive Plan (the “Plan”), attached hereto as Attachment A, to promote the interests of the Company and its stockholders by providing key employees and others with an appropriate incentive to encourage them to continue in the employ or service of the Company and to improve the growth and profitability of the Company;

WHEREAS, the Plan provides for the grant to Grantees of Options to purchase Stock of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Grant of Options. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Grantee a non-qualified stock option (the “Option”) with respect to ____ shares of Stock of the Company.

2. Grant Date. The Grant Date of the Option hereby granted is _____, 2008.

3. Incorporation of Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Option Grant Agreement, the terms and conditions of this Option Grant Agreement, as interpreted by the Committee in its sole discretion, shall govern, unless explicitly provided to the contrary in the Plan or this Option Grant Agreement. Unless otherwise indicated herein, all capitalized terms used herein shall have the meaning given to such terms in the Plan.

4. Option Price. The exercise price per share of Stock underlying the Option granted hereby is \$____.

5. Vesting. Except as provided in Section 9 and unless the Option has earlier terminated pursuant to this Agreement, the Option shall become exercisable as follows: 20% of the shares of Stock underlying the Option shall become exercisable on each of the first five anniversaries of the Grant Date, provided the Grantee remains employed by the Company on each such anniversary.

6. Term. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, all unexercised portions of the Option shall terminate, and all rights to purchase shares of stock thereunder shall cease, upon the expiration of ten years from the Grant Date.

7. Employment Confidentiality Agreement. As a condition to the grant of the Option, Grantee shall have executed and become a party to the Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Grantee and the Company (the “Confidentiality, Non-Compete and Non-Solicitation Agreement”) attached hereto as Attachment B.

8. Forfeiture. If Grantee should take any actions in violation of the Confidentiality, Non-Competition and Non-Solicitation Agreement, or in violation of any non-competition agreement entered into between the Grantee and the Company, it will be considered grounds for termination for Cause as defined in Section 9(a) of this Agreement, and all unexercised portions of the Option, whether vested or not, will terminate, be forfeited and will lapse, as provided in Section 9(a).

9. Termination of Service.

(a) Termination of Service for Cause. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, all unexercised portions of the Option, whether vested or unvested, will terminate and be forfeited upon a termination of the Grantee's Service for Cause. For purposes of this Option Grant Agreement only, "Cause" shall be defined as any of the following:

- i. the Grantee's material misconduct or neglect in the performance of his duties as determined by the Grantee's supervisor, division head, or Chief Executive Officer of the Company;
- ii. the Grantee's conviction by a court of competent jurisdiction, or the entry of a plea of guilty or *nolo contendere* by the Grantee, of any felony; offense punishable by imprisonment in a state or federal penitentiary; any offense, civil or criminal, involving material dishonesty, fraud, moral turpitude or immoral conduct; or any crime of sufficient import to potentially discredit or adversely affect the Company's ability to conduct its business in the normal course;
- iii. the Grantee's use of illegal drugs or abusive use of prescription drugs as determined by a licensed physician or physicians designated by the Company to examine the Grantee;
- iv. the Grantee's material breach of this Agreement, including but not limited to breach of the Confidentiality, Non-Compete and Non-Solicitation Agreement attached hereto as Attachment B; or
- v. any other conduct that is materially injurious to the reputation, business or business relationships of the Company.

(b) Termination of Service other than for Cause. Unless the Option has earlier terminated pursuant to the provisions of this Option Grant Agreement or the Plan, the vested portion of the Option shall terminate one hundred eighty (180) days following the termination of the Grantee's Service due to death or Disability and thirty (30) days following the termination of the Grantee's Service for any other reason other than for Cause. The Grantee (or the Grantee's guardian, legal representative, executor, personal representative or the person to whom the Option shall have been transferred by will or the laws of descent and distribution, as the case may be) may exercise all or any part of the vested portion of the Option during such post termination of employment period, but not later than the end of the term of the Option. Any portion of the Option which is unvested as of the date of termination of service shall immediately terminate.

Nothing in this Agreement shall be construed as a contract of employment between the Company (or an affiliate) and Grantee, or as a contractual right of Grantee to continue in the employ of the Company (or an affiliate), or as a limitation of the right of the Company (or an affiliate) to discharge Grantee at any time for any reason, including reasons other than for Cause as defined herein.

10. Effect of a Change in Control. In the event of a Change in Control, any portion of the Option which would become vested within the twelve months following the effective date of such Change in Control had the Grantee remained employed with the Company during such twelve month period shall be immediately vested on such Change in Control.

11. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach or default of any party under this Option Grant Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Option Grant Agreement, or any waiver on the part of any party or any provisions or conditions of this Option Grant Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

12. Transferability of Options. During the lifetime of the Grantee, only the Grantee or a Family Member who received all or part of the Option, not for value, (or, in the event of legal incapacity or incompetence, the Grantee's guardian or legal representative) may exercise the Option. The Option shall not be assignable or transferable by the Grantee other than to a Family Member, not for value, or by will or the laws of descent and distribution.

13. Manner of Exercise. The vested portion of the Option may be exercised, in whole or in part, by delivering written notice to the Stock Option Administrator designated by the Company. Such notice may be in electronic or other form as used by the Stock Option Administrator in its ordinary course of business and as may be amended from time to time, and shall:

(a) state the election to exercise the Option and the number of shares in respect of which it is being exercised;

(b) be accompanied by (i) cash, check, bank draft or money order in the amount of the Option Price payable to the order of the Stock Option Administrator designated by the Company; or (ii) certificates for shares of the Company's Stock (together with duly executed stock powers) or other written authorization as may be required by the Company to transfer shares of such Stock to the Company, with an aggregate value equal to the Option Price of the Stock being acquired; or (iii) a combination of the consideration described in clauses (i) and (ii). Grantee may transfer Stock to pay the Option Price for Stock being acquired pursuant to clauses (ii) and (iii) above only if such transferred Stock (x) was acquired by the Grantee in open market transactions, (y) has been owned by Grantee for longer than six months, and (z) the Grantee is not subject to any other restrictions on transferring Company securities pursuant to Company policy or federal law.

In addition to the exercise methods described above and subject to other restrictions which may apply, the Grantee may exercise the Option through a procedure known as a "cashless exercise," whereby the Grantee delivers to the Stock Option Administrator designated by the Company an irrevocable notice of exercise in exchange for the Company issuing shares of the Company's Stock subject to the Option to a broker previously designated or approved by the Company, versus payment of the Option Price by the broker to the Company, to the extent permitted by the Committee or the Company and subject to such rules and procedures as the Committee or the Company may determine.

14. Integration. This Option Grant Agreement, and the other documents referred to herein or delivered pursuant hereto, which form a part hereof contain the entire understanding of the parties with respect to its subject matter and there are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth in such documents. This Option Grant Agreement and the Plan supersede all prior agreements and understandings between the parties with respect to its subject matter.

15. Electronic Delivery. The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant Grantee agrees that the Company may deliver the Plan prospectus and the Company’s annual report to Grantee in an electronic format. If at any time Grantee would prefer to receive paper copies of these documents, as Grantee is entitled to receive, the Company would be pleased to provide copies. Grantee should contact _____ to request paper copies of these documents.

16. Counterparts. This Option Grant Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

17. Governing Law. This Option Grant Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland without regard to the provisions thereof governing conflict of laws.

18. Grantee Acknowledgment. The Grantee hereby acknowledges receipt of a copy of the Plan and that the Option is subject to the terms of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Committee in respect of the Plan, this Option Grant Agreement and the Option shall be final and conclusive.

IN WITNESS WHEREOF, the Company has caused this Option Grant Agreement to be duly executed by its duly authorized officer and said Participant has hereunto signed this Option Grant Agreement on his own behalf, thereby representing that he has carefully read and understands this Option Grant Agreement and the Plan as of the day and year first written above.

UNDER ARMOUR, INC.

By: _____

WITNESS:

GRANTEE

FORM OF RESTRICTED STOCK UNIT GRANT AGREEMENT

THIS AGREEMENT, made as of this ___ day of _____, 2007, (the "Agreement") between UNDER ARMOUR, INC. (the "Company") and _____ (the "Grantee").

WHEREAS, the Company has adopted the 2005 Omnibus Long-Term Incentive Plan (the "Plan"), attached hereto as Attachment A, to promote the interests of the Company and its stockholders by providing the Company's key employees and others with an appropriate incentive to encourage them to continue in the employ of the Company and to improve the growth and profitability of the Company; and

WHEREAS, the Plan provides for the Grant to Grantees in the Plan of restricted share units for shares of Stock of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Investment. The Grantee represents that the Restricted Stock Units (as defined herein) are being acquired for investment and not with a view toward the distribution thereof.

2. Grant of Restricted Stock Units. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Grantee an Award of Restricted Share Units for ___ shares of Stock of the Company (collectively, the "Restricted Stock Units"). The Purchase Price for the Restricted Stock Units shall be paid by the Grantee's services to the Company.

3. Grant Date. The Grant Date of the Restricted Stock Units hereby granted is _____, 2007.

4. Incorporation of the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of this Agreement, as interpreted by the Board, or a Committee thereof, shall govern. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings given to such terms in the Plan.

5. Vesting and Delivery Date. The Restricted Stock Units shall vest in five equal annual installments on each August 15th beginning August 15, 2008; provided that the Grantee remains continuously employed by the Company through each such applicable vesting date. Notwithstanding the foregoing, (i) in the event that the Grantee's employment is terminated on account of the Grantee's death or Disability at any time, all unvested Restricted Stock Units not previously forfeited shall immediately vest on such date of termination and (ii) in the event of a Change in Control, all unvested Restricted Stock Units not previously forfeited shall vest on such Change in Control. On the first business day after each vesting date, the Company shall deliver to Grantee the shares of stock to which the Restricted Stock Units relate, provided, however, that if the shares of stock would otherwise be delivered to Grantee during a period in which Grantee is (i) subject to a lock-up agreement restricting Grantee's ability to sell the shares in the open market or (ii) restricted from selling the shares in the open market because Grantee is not then eligible to sell under the Company's insider trading or similar plan as then in effect (whether because a trading window is not open or Grantee is otherwise restricted from trading), delivery of the shares will be delayed until the first date on which Grantee is no longer prohibited from selling the shares due to a lock-up agreement or insider trading or similar plan restriction.

6. Forfeiture. Subject to the provisions of the Plan and Section 5 of this Agreement, with respect to the Restricted Stock Units which have not become vested on the date the Grantee's employment is terminated, the Award of Restricted Stock Units shall expire and such unvested Restricted Stock Units shall immediately be forfeited on such date.

7. No Shareholder Rights. Grantee does not have any rights of a shareholder with respect to the Restricted Stock Units. No dividend equivalents will be earned or paid with regard to the Restricted Stock Units.

8. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party hereto upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party or any provisions or conditions of this Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

9. Integration. This Agreement and the Plan contain the entire understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and in the Plan. This Agreement and the Plan supersede all prior agreements and understandings between the parties with respect to its subject matter.

10. Withholding Taxes. Grantee agrees, as a condition of this grant, that Grantee will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of vesting in Restricted Stock Units or delivery of shares acquired under this grant. In the event that the Company determines that any federal, state, local, municipal or foreign tax or withholding payment is required relating to the vesting in Restricted Stock Units or delivery of shares arising from this grant, the Company shall have the right to require such payments from Grantee in the form and manner as provided in the Plan.

11. Data Privacy. In order to administer the Plan, the Company may process personal data about Grantee. Such data includes but is not limited to the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you such as home address and business addresses and other contact information, payroll information and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan. By accepting this grant, Grantee gives explicit consent to the Company to process any such personal data. Grantee also gives explicit consent to the Company to transfer any such personal data outside the country in which Grantee works or are employed, including, with respect to non-US. resident Grantees, to the United States, to transferees who shall include the Company and other persons who are designated by the Company to administer the Plan.

12. Electronic Delivery. The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant Grantee agrees that the Company may deliver the Plan prospectus and the Company's annual report to Grantee in an electronic format. If at any time Grantee would prefer to receive paper copies of these documents, as Grantee is entitled to receive, the Company would be pleased to provide copies. Grantee should contact _____ to request paper copies of these documents.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

14. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, without regard to the provisions governing conflict of laws.

15. Grantee Acknowledgment. The Grantee hereby acknowledges receipt of a copy of the Plan. The Grantee hereby acknowledges that all decisions, determinations and interpretations of the Board, or a Committee thereof, in respect of the Plan, this Agreement and this Award of Restricted Stock Units shall be final and conclusive.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer and said Grantee has hereunto signed this Agreement on the Grantee’s own behalf, thereby representing that the Grantee has carefully read and understands this Agreement and the Plan as of the day and year first written above.

UNDER ARMOUR, INC.

By: _____

WITNESS:

GRANTEE

List of Subsidiaries

The names of Under Armour, Inc.'s subsidiaries are omitted pursuant to Item 601(b)(21) of Regulation S-K because the subsidiaries, in the aggregate, do not constitute a "significant subsidiary" (as defined in Rule 1-02(w) of Regulation S-X) as of December 31, 2007.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-130567 and 333-129932) of Under Armour, Inc. of our report dated February 21, 2008 relating to the consolidated financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
February 22, 2008

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kevin A. Plank, certify that:

1. I have reviewed this Annual Report on Form 10-K of Under Armour, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2008

/s/ KEVIN A. PLANK

Kevin A. Plank

President, Chief Executive Officer and Chairman of the Board of Directors

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Wayne A. Marino, certify that:

1. I have reviewed this Annual Report on Form 10-K of Under Armour, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2008

/s/ WAYNE A. MARINO

Wayne A. Marino

Executive Vice President and Chief Financial Officer

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Under Armour, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 22, 2008

/s/ KEVIN A. PLANK

Kevin A. Plank

President, Chief Executive Officer and Chairman of the Board of Directors

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Under Armour, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2007 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 22, 2008

/s/ WAYNE A. MARINO

Wayne A. Marino

Executive Vice President and Chief Financial Officer