



FOR IMMEDIATE RELEASE:

**KESTREL BICYCLES ENTERS INTO 2004 WITH
NEW GERMAN DISTRIBUTOR**

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SANTA CRUZ, CA, USA, January 5, 2004 – Kestrel Bicycles - the first name in carbon fiber - announces that it has entered into an exclusive distribution agreement with Cosmic Sports GmbH, one of Germany's largest bicycle products distributors.

The long-term agreement gives Cosmic Sports exclusive rights for the distribution of all Kestrel products throughout Germany. "Cosmic Sports is a key addition to our rapidly expanding European distribution network," said Kestrel president, Kevin Kenney. The mutual decision to embark on this relationship was made after multiple meetings over the summer of 2003, culminating in a final meeting of company principals at the Interbike tradeshow in Las Vegas last October. "The German market has always been important for Kestrel. Considering our expanded 2004 product line featuring new road, triathlon and mountain bike models, combined with the distribution power of a proven success like Cosmic, we foresee a strong future for Kestrel in Germany. We are very pleased to begin this relationship with the experienced professionals at Cosmic Sports," Kenney said.

Cosmic Sports GmbH is the premiere distributor of high-end mountain and dirt bike products in Germany. Under the guidance of general manager Gerhard Schwartz, Cosmic Sports is making a major strategic move into the road and triathlon/multisport markets as well, making Kestrel an ideal partner.

ABOUT KESTREL BICYCLES

Sandpoint Design Inc., dba Kestrel Bicycles, is a leading manufacturer of high performance carbon-fiber composite bicycle frames, forks and components for road, off-road, and multisport use since 1987. The company's products are marketed under the Kestrel® brand name domestically and internationally. Kestrel is a pioneer in the production of composite bicycle frames and forks and is responsible for many of the industry's technical innovations including the first all-carbon fiber frame, the first all carbon mountain bike, the first modern full-suspension mountain bike design, the first use of aerodynamic tube sections in a production bicycle, and the first carbon fiber road fork. Kestrel's corporate offices are located at: 5300 Soquel Avenue, Suite 101, Santa Cruz, CA, 95062. More information is available on-line at <http://www.kestrel-usa.com/> or by contacting kestrel-europe@swissonline.ch.

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