

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is between the University of Michigan (the "University") and Richard Rodriguez ("Rodriguez"). It contains the entire agreement of the parties and supersedes and replaces all verbal or written agreements between the parties.

Article I PURPOSE

1.01 The parties have entered into this Agreement because the University desires to employ Rodriguez for the six (6) Contract Years specified in Section 3.01(b) hereof (the "Contract Period") based on (a) Rodriguez' assurance that he will serve the entire Contract Period, a commitment by Rodriguez being critical to the University's desire to run a stable athletics program; and (b) the University's assurance that it will continue to employ Rodriguez for the entire Contract Period, a commitment essential to induce Rodriguez to enter into this Agreement. The University agrees to employ Rodriguez, and Rodriguez agrees to be employed by the University, upon the following terms and conditions.

Article II RESPONSIBILITIES OF THE HEAD COACH

2.01 Recognition of Duties: Rodriguez will serve as head coach of the University's men's football team ("Team"). He will perform to the best of his ability the duties set forth in this Agreement, and shall report to the University's Director of Intercollegiate Athletics ("Athletic Director"). Subject to the other provisions of this Agreement, Rodriguez shall devote his full business time, skill, and attention to the performance of his duties as Head Coach.

2.02 General Duties and Responsibilities: During the period in which the University employs Rodriguez, he agrees to perform all duties and responsibilities attendant to the position of head coach of the Team ("Head Coach") as set forth in this Agreement. The Head Coach shall have the authority and responsibility for supervising, evaluating, recruiting, training, and coaching student-athletes to compete against major college competition; the supervision and evaluation of coaching staff; and budget preparation and administration for approval by the Athletic Director, as it relates to the University's men's football program ("Football Program" or "Program").

2.03 Specific Duties and Responsibilities: The duties and responsibilities assigned to the Head Coach in connection with the Football Program are set forth below, and shall include such related duties and responsibilities consistent with the position of head football coach as may reasonably be assigned by the Athletic Director. This list of specific duties and responsibilities supplements and is not exclusive of the other general duties and responsibilities provided for elsewhere in this Agreement. The specific responsibilities of the position of Head Coach include, but are not limited to, the following:

(a) The Head Coach will be responsible for all customary coaching decisions, including without limitation the systems and strategies used on the field (both in practice and

actual game play), conduct of practice and training, selection of team members, deployment of players, the practice for and play of games, and all other matters involving football operations;

(b) The Head Coach will use maximum efforts to comply with the academic and admission standards and requirements of the University with respect to the recruiting and eligibility of prospective and current student-athletes for the Football Program. The Head Coach will use maximum efforts to comply with the academic policies established by the University, including monitoring and encouraging the regular progress toward an academic degree of those student-athletes who are on the football team. He will make reasonable and good faith efforts, in cooperation with the University's faculty and administration, to meet all student-athletes' academic requirements and to integrate sports into the whole spectrum of academic life to complement the University and its mission in the community. The Head Coach will use reasonable efforts to arrange football travel and scheduling by student-athletes in such a manner as to minimize lost classroom time. Travel schedule will be subject to approval by the Athletic Director;

(c) The Head Coach will make his best effort to maintain conduct (both on and off the field) and enforce disciplinary rules and sanctions fairly and uniformly for all student-athletes in the Program in order to encourage academic and moral integrity and excellence;

(d) The Head Coach has authority and responsibility to make decisions as to the hiring, continued employment, job titles, compensation, and dismissal of assistant coaches and other support staff for the Football Program, subject to the approval of the Athletic Director. The Head Coach will supervise these employees, including supervision of their compliance with University, Big Ten Conference, and NCAA rules and regulations;

(e) The Head Coach, subject to required time commitments to perform other duties under this Agreement, will be available to attend a reasonable number of alumni, public appearances, donor solicitation, charitable, sponsorship, promotional, and recruitment-related events and meetings as reasonably directed by the Athletic Director; and

(f) The Head Coach, subject to required time commitments to perform other duties under this Agreement, will be available to perform a reasonable number of services on television, radio, and other media as reasonably directed by the Athletic Director and as they relate to the position of Head Coach.

2.04 NCAA, Big Ten, and University Rules and Regulations: The Head Coach will abide by and comply with the NCAA Constitution, Operating Bylaws and Administrative Bylaws, as amended ("NCAA Rules") and all Big Ten Conference, and University rules and regulations. He will also use maximum efforts to ensure compliance with these rules and regulations by student athletes, assistant coaches, and all other Football Program employees. In the event that the Head Coach becomes aware, or has reasonable cause to believe, that violations of the NCAA Rules, or rules and regulations of the Big Ten Conference or University may have taken place in connection with the conduct of the Football Program, he shall report it promptly to the Athletic Director.

2.05 If the Head Coach is determined by the NCAA, the Big Ten Conference, or the University to have committed a violation of the NCAA Rules, whether while employed by the University or during prior employment at another NCAA member institution, the Head Coach may be subject to disciplinary or corrective action as set forth in the provisions of the NCAA Rules (*i.e.*, Article 19 of the NCAA Constitution, Operating Bylaws, and Administrative Bylaws, as amended) and/or this Agreement. Further, if the Head Coach is determined by the NCAA, the Big Ten Conference, or the University to have committed a major violation of the NCAA Rules, or to have intentionally committed any other type of violation of the NCAA Rules, whether while employed by the University or during prior employment at another NCAA member institution, the employment of the Head Coach may be terminated as provided in Sections 4.02 and 4.03 of the Agreement. For the purposes of the Agreement, in order for the University to find that the Head Coach committed a major violation of the NCAA Rules, or to have intentionally committed any other type of violation of the NCAA Rules, the following process and procedures must first occur:

(a) The University must conduct a thorough and timely investigation of the facts and circumstances from which such alleged violation derived, including, without limitation, reviewing all relevant documentation and interviewing all relevant individuals;

(b) The Head Coach must be given fourteen (14) days written notice of a hearing, which shall be part of the investigation. Such written notice shall describe the University's findings as a result of such investigation and the reasons the University feels such alleged violation occurred. The Head Coach shall be given an opportunity to respond to such written notice at the hearing. Present at the hearing shall be the University representative(s) conducting the investigation, the University President or his/her designee, the Athletic Director, a representative from the University's Office of General Counsel, and the Head Coach's professional advisor(s), including, without limitation, legal counsel. The Head Coach's professional advisors may participate in the hearing;

(c) Following such investigation and hearing, the University concludes that the Head Coach committed the alleged violation; and

(d) The University, either before or after conclusion of the investigation and hearing, submits to the NCAA a self-disclosure report identifying the alleged violation.

Article III

TERM OF EMPLOYMENT, COMPENSATION, AND BENEFITS

3.01 Term of Agreement and Employment:

(a) The term of this Agreement ("Term of the Agreement" or "Term") shall be for six (6) Contract Years (defined below) subject, however, to earlier termination in accordance with the provisions set forth in Article IV of this Agreement.

(b) As used in this Agreement, the term "Contract Year" is defined to mean: the twelve (12) month period commencing January 1 and ending the following December 31,

except the first Contract Year will begin on December 19, 2007 and end on December 31, 2008. Each such Contract Year shall be numbered to correspond to the period specified as follows:

<u>Contract Year</u>	<u>Period</u>
Contract Year One	December 19, 2007 – December 31, 2008
Contract Year Two	January 1, 2009 – December 31, 2009
Contract Year Three	January 1, 2010 – December 31, 2010
Contract Year Four	January 1, 2011 – December 31, 2011
Contract Year Five	January 1, 2012 – December 31, 2012
Contract Year Six	January 1, 2013 – December 31, 2013

3.02 Compensation:

(a) Base Salary. As compensation for the services performed under this Agreement, Rodriguez shall be paid a base salary (“Base Salary”) during the Term of:

- i. For Contract Year One, \$300,000.
- ii. For each Contract Year after Contract Year One, an amount equal to the Base Salary payable for the immediately preceding Contract Year, increased in accordance with the University’s annual salary merit program for the year in which the compensation is being determined. The salary adjustment will be based upon the Athletic Department Standards for evaluating all coaches.

(b) The Base Salary provided for above shall be paid to Rodriguez in accordance with the University’s normal payroll procedures.

(c) Additional Compensation. During the Term of this Agreement, Rodriguez will receive additional compensation at the annual rate of \$1,650,000, paid monthly, as compensation for his television, radio, internet, shoe and/or apparel sponsorships, consulting, or promotion and other services at the request of the University as part of his duties and responsibilities as the Head Coach (“Additional Compensation”).

(d) Bowl Game Appearance. If the Team appears in a bowl game immediately following the conclusion of a regular season that occurs during a Contract Year, Rodriguez will receive an additional payment of compensation for that Contract Year in the following amount (Bowl Championship Series = BCS). These amounts are not cumulative:

- (i) A non-January 1 bowl game: \$50,000;
- (ii) A January 1, non-BCS bowl: \$100,000; or
- (iii) BCS Game: \$200,000.

Reference to a “January 1 bowl game” above includes a bowl game played on January 2 when January 1 falls on a Sunday.

(e) National Championship. If the Team wins the BCS National Championship Game following the conclusion of the regular season that occurs during a Contract Year, Rodriguez will receive (in lieu of and not in addition to any payment under subparagraph (d)(iii) an additional payment of compensation for that Contract Year in the amount of \$300,000.

(f) Timing of Additional Payments. The University shall pay the amount(s) earned by Rodriguez for a Contract Year pursuant to subparagraphs (d) and (e) above no later than 2 ½ months after the close of such Contract Year.

(g) Settlement Payment. Rodriguez acknowledges that as of the date of execution of this Agreement, the University has paid the sum of \$2,500,000 to West Virginia University ("WVU") pursuant to the terms of that certain settlement agreement by and among Rodriguez, WVU and the University dated July 31, 2008 (the "Settlement Payment"). The University considers this payment as taxable wages for tax withholding and reporting purposes. Consistent with that determination, the University has made timely deposits with appropriate taxing authorities of all amounts required to be withheld as taxes with respect to Rodriguez as a result of making the Settlement Payment (the "Withheld Taxes"). The University has agreed to neutralize the actual tax impact of the Settlement Payment to Rodriguez, in order that Rodriguez not be unduly burdened or distracted in connection with the performance of his duties hereunder. It is the express intention of the parties that neither party benefit financially to the extent that there is a difference between (i) the amount of the Withheld Taxes, and (ii) the amount of the tax liability incurred by Rodriguez (after claiming all deductions allowable under applicable tax laws) which is attributable to the University having made the Settlement Payment. Therefore, as soon as practicable in 2009, the parties will review Rodriguez's pertinent 2008 tax information, and Rodriguez will pay the University, or the University will pay Rodriguez, as the case may be, such amount as is necessary to effectuate this mutually desired result.

3.03 Fringe Benefits:

(a) During the Term of this Agreement, Rodriguez shall be entitled to elect the standard University fringe benefits applicable to his classification. The fringe benefits are provided in accordance with the rules of the University's fringe benefit program, and are subject to change if and when the University's benefit program(s) change.

(b) Except as may otherwise be provided under the Additional Retirement Plans (defined in subparagraph (f) below), Rodriguez's fringe benefits will be calculated on his Base Salary, excluding any Additional Compensation or compensation earned pursuant to Section 3.02(d) and (e).

(c) During the Term of this Agreement, Rodriguez will be entitled to participate in the dealer provided automobile program available to the Athletic Department coaching staff as in effect from time to time (which as of the date of this Agreement allows Rodriguez and designated family members the use of two (2) automobiles plus paid automobile insurance).

(d) The University will pay reasonable moving expenses actually incurred for Rodriguez to relocate to Michigan.

(e) The University will pay or reimburse Rodriguez for reasonable temporary housing expenses for the necessary period of time, not to exceed ninety (90) days, to assist Rodriguez in his transition to the University.

(f) Deferred Compensation. In addition to the standard fringe benefits provided pursuant to Section 3.03(a) hereof, effective January 1, 2008, and during the remainder of the Term of the Agreement, Rodriguez will accrue benefits under University sponsored deferred compensation plans, which benefits will have an annual aggregate cost to the University of \$550,000, and Rodriguez will at all times be fully vested in such benefits. Rodriguez will not be entitled to receipt of any benefits under the plans prior to termination of his employment with the University (whether due to death, disability, retirement, or any other reason). It is intended by the parties that the plans will satisfy the requirements of federal tax law that allow for federal income tax with respect to the benefits to be deferred until actually paid to Rodriguez (or his beneficiary). Therefore, as soon as practicable after the execution of this Agreement, the University will seek a ruling from the Internal Revenue Service (IRS) that the plans satisfy such requirements. If the IRS does not rule favorably, then the University will not be obligated to maintain the plans, and the parties will amend this Section 3.03(f) to provide for an alternative compensation arrangement satisfactory to Rodriguez, provided that the University's annual financial commitment under this Section 3.03(f), as the same may be modified, will not be greater or less than \$550,000.

(g) Ticket Usage. During the Term of this Agreement, Rodriguez will be entitled to use of tickets for University athletic events in accordance with Athletic Department policy then in effect. Further, for all home football games beginning with the 2010 season and through the remainder of the Term of this Agreement, Rodriguez will be provided with exclusive use of a private viewing box (with seating for approximately eight (8) persons) in Michigan Stadium, to be located in the renovated press box area.

3.04 Exclusivity of Services:

Rodriguez agrees that during the Term of this Agreement, he will not engage in any outside activities in television, radio, internet, shoe and/or apparel sponsorships, consulting, promotion, or any activity directly related to football or his position as Head Coach, except for those activities he is compensated for by the University as described above and for Camp as set forth in Section 6 hereof. Provided, however, nothing contained in this Agreement shall or shall be deemed to prohibit Rodriguez from engaging, arranging, or participating in and/or deriving and retaining personal income from any of the following activities to the extent approved by the University's Athletic Director: (a) authoring or co-authoring books, articles, or other publications; (b) personal speaking engagements or other endeavors not directly related to his services as Head Coach; (c) acting as a spokesperson for an entity, vendor, or sponsor, so long as (i) such engagement is not directly related to his services as Head Coach, (ii) such entity, vendor, or sponsor is not then an exclusive corporate sponsor of the University's Athletic Department, and (iii) the engagement does not violate the terms of any other corporate sponsorship of the University's Athletic Department; and (d) other activities or endeavors not directly related to his services as Head Coach, provided that such activities and endeavors do not interfere with Rodriguez's performance of his duties and responsibilities as Head Coach or reflect adversely on the University. Pursuant to NCAA and University rules and regulations,