

EMPLOYMENT CONTRACT

THIS EMPLOYMENT CONTRACT (the "Contract") made and entered into at Stillwater, Oklahoma, as of the 1st day of January, 2009, is by and between Oklahoma State University, a public body corporate, contracting on behalf of the Department of Intercollegiate Athletics of Oklahoma State University (the "University"), and Michael R. Gundy, an individual resident of the State of Oklahoma hereinafter referred to as ("Coach");

WITNESSETH:

WHEREAS, University requires the services of a Head Football Coach for the University's Intercollegiate Men's Football Team; and

WHEREAS, Michael R. Gundy meets the University's qualifications for the position and has been employed as such by University pursuant to an Employment Contract and Amendments thereto all of which the parties intend to cancel and replace by this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the University and the Coach agree as follows:

1. **TERM**. The University hereby employs Coach as Head Football Coach at Oklahoma State University for a designated period beginning with the 1st day of January, 2009, and ending on the 31st day of December, 2015 unless sooner terminated as provided herein. The Coach hereby agrees to and does accept the terms and conditions for said employment for the designated period. Neither this Contract nor Coach's employment hereunder shall in any way grant the Coach a claim to tenure in employment, or any years of employment attributable to tenure within the University.

2. **COMPENSATION**. The compensation to be paid by the University to the Coach for services and satisfactory performance of the conditions of this Contract shall be at the annual salary rate of \$375,000.00, beginning January 1, 2009, payable in monthly installments out of legally available funds by the University to the Coach on the last day of each calendar month during the term of this Contract. Said Coach's annual base salary shall be increased on the 1st day of January of each Contract year, as follows: beginning January 1, 2010,

\$400,000; beginning January 1, 2011, 425,000; beginning January 1, 2012, \$450,000; beginning January 1, 2013, \$475,000; beginning January 1, 2014, \$500,000; and beginning January 1, 2015, \$550,000. In addition, the Coach shall receive from legally available funds bonuses earned, if any, based on the performance incentives attained in accordance with "Exhibit A" (until January 15, 2010) and "Exhibit B" (thereafter) each of which are attached hereto and made a part hereof.

It is agreed that the compensation so paid shall be subject to the same payroll deductions (for example, state and federal taxes, F.I.C.A. withholding, and retirement plans) that apply to University administrative and professional (A&P) employees. The Coach shall be entitled to all fringe benefits received by University Administrative and Professional (A&P) employees and shall be eligible to participate in group insurance, retirement, and disability insurance programs with the same employer contributions applicable to said A&P employees.

3. DUTIES. The Coach shall devote his full time and attention to the duties and responsibilities of Head Football Coach at and for the University, serving under the direction of the University Director of Intercollegiate Athletics. Coach's duties and responsibilities shall include, in addition to usual and customary coaching and recruiting activities, such matters as (i) news media appearances including television and radio shows; and (ii) assisting duly authorized alumni, booster club, and Athletic Department fund raising activities; (iii) product endorsements; (iv) adherence to approved budget limits; and (v) other reasonable duties assigned by the University Director of Intercollegiate Athletics which promote the athletic and other interests of the University and which are consistent with Coach's position as Head Football Coach. Coach may receive additional compensation pursuant to Paragraph 10 hereof for the performance of those activities which produce revenue for the University. The Coach shall conduct such travel as is necessary to carry out his duties as Head Football Coach and the Coach shall be entitled to reimbursement for transportation and per diem expenses at the maximum rate authorized by law and University regulations.

4. RULES AND REGULATIONS The Coach shall recognize and comply with the policies, rules, and regulations of and governing Oklahoma State University and its employees and the rules of the Big Twelve Conference and the National Collegiate Athletic Association, as now constituted or as any of the same may be amended during the term hereof. Coach shall also use his best efforts to ensure that all assistant coaches or any other employees for which he is administratively responsible, shall comply with the aforesaid policies, rules, and regulations.

Coach shall respond, and shall not counsel or instruct any coach, student, or any other person to fail to respond, accurately and fully within a reasonable time to any reasonable request or inquiry relating to the performance of his duties hereunder or the performance of his duties during his prior employment at any other institution of higher learning propounded by University, NCAA, the Big Twelve Conference or other governing body having supervision over the athletic programs of University or such other institution of higher learning, or required by law, governing athletic rules or University policies and regulations.

Without limitation upon any right or remedy of the University in the event the Coach breaches this Contract, it is specifically agreed that if the University finds after due hearing that the Coach is, has been, or was at any time, involved in violations of the NCAA legislation applicable to University or to any prior employer of the Coach which was at the time of such employment a member of NCAA, it may take one or more of the following actions: (1) termination of employment; (2) suspension, with or without pay, for a period of time as the University shall determine; (3) modification of duties; (4) reassignment to other employment duties within the University; or (5) such other action as the University deems appropriate.

Coach shall indemnify the University for all costs (including attorney fees) incurred by University in responding to any official inquiry of the NCAA resulting in a show cause penalty against the Coach by the Infractions Committee.

5. CONDUCT OF COACH. Coach shall conduct himself with due regard to public convention and morals, shall not do any act that will tend to degrade him

in society or bring him into public hatred, contempt, scorn, or ridicule, or that will tend to shock, or insult the community or offend public morals or decency, and he shall not do any act that tends to impair his capacity to fully comply with his obligations hereunder.

6. ACADEMICS. Coach recognizes that University has assigned a high priority to the academic achievement of the students who participate in its athletic programs and that it is the expectation of the President and the Board of Regents that Coach will emphasize the importance of academic achievement to prospective and current student-athletes at the University. Coach shall maintain a cooperative relationship with Academic Services for Student-Athletes in order to assure student-athletes are offered every opportunity to achieve academic expectations and success.

7. Coach shall comply fully with all NCAA, Conference, and institutional regulations governing outside employment and compensation.

Any television, radio, consultant, endorsement, or outside employment agreement or contract of any nature as well as all other activities related to Coach's involvement in University athletics will be under the supervision, direction, and control of the Athletic Director. All such arrangements and activities must first be approved annually in writing by the Athletic Director and shall not conflict with the best interest of the University.

Coach must receive annually prior written approval from the President for all athletically related income and benefits from sources outside the institution, including but not limited to income from gifts to Coach from donors or from friends of the Athletic Department; annuities; sports camps; housing benefits (including preferential arrangements); country club memberships; complimentary ticket sales; television and radio programs; and endorsements or consultation contracts with athletics shoe, apparel, or equipment manufacturers.

It is specifically understood that Coach shall not use, directly or by implication, the name of the University or its logos in the endorsement of commercial products or services for personal gain without the prior written approval of the President.

8. TERMINATION.

(a) The University reserves the right to either terminate this Contract, or to suspend the Coach for a period of time from performance of duties with or without pay without termination of this Contract for cause, including but not limited to any of the following : (1) the University has a reasonable basis for believing Coach has been involved in deliberate and significant or repetitive violations of Provision No. 4 of this Agreement, or (2) failure of Coach to comply with any of the provisions set forth in Provision Nos. 5 or 9 of this Agreement, or (3) any conduct of Coach in violation of any criminal statute (excluding minor traffic offenses) whether prosecuted or not, or any act of moral turpitude, or (4) violations by Coach of any of the other terms of this Agreement which cannot be or has not been remedied after thirty (30) days written notice thereof to Coach, or (5) conduct of Coach determined by the University to be seriously prejudicial to its best interests or the best interests of its athletic program, or (6) material misrepresentation of Coach's educational or other qualifications for employment as Coach hereunder, or (7) fraud or dishonesty of Coach in the performance of his duties or responsibilities under this Agreement, or (8) use or consumption by Coach of alcoholic beverages, drugs, controlled substances, steroids or other chemicals in such degree and for such appreciable period as to impair significantly or materially his ability to perform his duties hereunder or failure by Coach to fully cooperate in the enforcement and implementation of any drug testing program established by University for student-athletes, or (9) failure by Coach to report promptly to the Athletic Director and the Associate Athletic Director of Compliance Services in writing any violations known to Coach of governing athletic rules or University policies by Coach, the assistant coaches, students or other persons under the direct control or supervision of Coach; or (10) any cause adequate to sustain the termination or suspension, as the case may be, of any other University employee.

(b) The University Director of Intercollegiate Athletics shall have the administrative authority to order suspension of the Coach from duties for Cause, provided that notice of any such suspension shall be provided in writing,