

**MICHIGAN STATE UNIVERSITY
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
EMPLOYMENT AGREEMENT**

This Employment Agreement (Agreement) is entered into and shall be effective as of November 27, 2006, by Michigan State University (University) and Mark J. Dantonio (Coach), to establish the terms and conditions of the Coach's employment by the University, subject to annual review by the parties, and to reflect a shared commitment to the educative purpose of the University and to the standards of the National Collegiate Athletic Association (NCAA) and the Big Ten Conference (Big Ten).

In consideration of the mutual promises contained in this Employment Agreement, the University and the Coach agree that:

Section 1: **Employment: Duties.**

1.1 Employment Status; Reporting. The University employs the Coach, and the Coach accepts employment, to serve as a contract employee under the terms of this Agreement, not as a part of any of the University's tenure or other employment systems. The Coach shall devote his best efforts full time to the performance of his duties for the University. The Coach shall report to the University's Director of Intercollegiate Athletics (Athletics Director).

1.2 Duties. The Coach shall be responsible for performance of the duties of Head Coach of the University's Men's Intercollegiate Football Team (Team), and shall be responsible for the oversight and management of the University's Men's Intercollegiate Football Program (Program), including without limitation:

Supporting the University's academic mission by adhering to the University's then-current practices for admissions of prospective student-athletes, by encouraging academic accountability of student-athletes (e.g., class attendance, progress towards degree, study hall attendance, and tutoring sessions attendance), and by working to integrate sports into the University's academic life;

Evaluating, recruiting, training and coaching the Team's student-athletes to compete successfully in the Big Ten and the NCAA;

Recruiting, recommending the employment of, supervising, and evaluating the performance of the Team's coaching staff;

Complying with, and assuring that the Team's student-athletes, the Team's assistant coaches and all other University employees associated with the Program comply with the governing constitutions, bylaws, policies, procedures, interpretations,

rules and regulations, as amended from time to time, of the University, the NCAA and the Big Ten or any of their respective successors in interest (Governing Rules);

Reporting promptly to responsible University officials any violation of any Governing Rule of which he becomes aware or which he has reasonable cause to believe may have occurred;

Proposing a budget for the Program to the Athletics Director and managing the Program within the budget established for the Program by the Athletics Director;

Coordinating the scheduling of the Team's games, which shall be the final responsibility of the Athletics Director;

Maintaining and enforcing disciplinary rules and sanctions fairly and uniformly for all student-athletes on the Team so as to promote academic and moral integrity while encouraging competitive excellence;

Appearing exclusively on television and radio shows produced by the University and assisting with University websites and other electronic media relating to the Program;

Attending and participating in a reasonable number of uncompensated alumni, public and media appearances promoting the Program, including those whose purpose is to enhance support for the Program among the University's students;

Working with Ralph Young Fund staff and University Development generally in planning, coordinating and promoting fund-raising events to benefit the Program, the Department of Intercollegiate Athletics (Department), and the University, and participating in fund-raising to benefit the Program, the Department and the University, including identifying potential donors;

Attending all Big Ten and NCAA meetings, conferences and clinics at which coaches of commensurate rank are customarily expected;

Working closely and cooperatively with Department and other University staff on all matters affecting the Program and on all other matters connected with the discharge of his duties as an employee of the University;

Operating and participating in summer football camps exclusively through the University, making every effort to conduct such camps in a manner that generates sufficient revenue to fund the payments to the Program coaching staff described in Section 3.5; and

Keeping positive and constructive in tone any public comments about University policies or actions taken by University administrators and conducting himself professionally and ethically, with integrity and sportsmanship at all times.

The Coach shall perform these duties and such other duties as are assigned by the Athletics Director or required by policies and procedures of the University or the Department.

1.3 Discipline. The University reserves the right to take disciplinary or corrective action in accordance with any applicable University, NCAA and/or Big Ten rule(s) or procedure(s). Such right to discipline or take corrective action is in addition to the University's right to terminate this Agreement in accordance with Section 5.3 below.

1.4 No Major Violations. The Coach represents to the best of his knowledge that no major NCAA violations have been committed by the football team and program during his tenure as the head football coach of the University of Cincinnati, and further represents that he personally has not committed any major NCAA violations. University represents to the best of its knowledge that no major NCAA violations have been committed by its Team and Program since the NCAA findings in the 1990's, and further represents to the best of its knowledge that there is no ongoing NCAA investigation of its Team or its Program for major violations.

Section 2: Program Tickets. The University shall provide the Coach with sixty (60) tickets to each of the Team's regular season home football games, along with 24 tickets in a suite (Program Tickets). The Coach shall use these Program Tickets only for the promotion and development of the Program. The Coach shall not sell any Program Tickets and the Coach shall use Program Tickets in accordance with applicable NCAA rules and regulations concerning the disposition of complimentary tickets. The Coach shall submit to the University's Athletic Ticket Manager, not more than one week following each such home football game, a list of the individuals to whom the Coach provided Program Tickets for that game.

Section 3: Compensation.

3.1 General. The Coach's compensation under this Agreement is subject to required deductions and withholding, as determined by the University, for state, local and federal taxes and for any retirement or other benefits to which the Coach is entitled or in which he participates.

3.2 Base Salary. The base salary paid by the University to the Coach for services and satisfactory performance of the terms and conditions of this Agreement shall be Six Hundred Thousand Dollars (\$600,000) per year, payable in twelve (12) monthly installments in accordance with customary University payroll procedures.

3.3 Supplemental Annual Income. In addition to the Coach's annual base salary, and in consideration a) for his exclusive television and radio appearances on shows produced by the University and for assisting with University web site or other media participation in connection with or arising out of his position as Head Coach for the Team, b) his participation in contracts for apparel and/or footwear for Team student-athlete and staff use and for sideline products which are to be negotiated exclusively by the University, and c) for making personal appearances on behalf of the University, the University shall pay to the Coach as supplemental income the amount of Five Hundred Thousand Dollars (\$500,000), per year, payable in twelve (12) monthly installments in accordance with customary University payroll procedures. The University shall receive all revenues generated by the activities described in this Section 3.3.

3.4 Fringe Benefits. During the term of this Agreement, the University will provide the Coach with the following fringe benefits and no others unless such other benefits, if any, are provided to all University employees:

3.4.1 Employment fringe benefits equal to those accorded full-time University faculty whose appointments have specified end dates with terms of more than nine (9) months; provided that if any such benefit is based in whole or in part upon the Coach's compensation, it shall be based exclusively upon the Coach's base salary under Section 3.2 hereof; and further provided that the University's contribution to the Coach's retirement account shall not exceed the maximum permitted by applicable law and regulations;

3.4.2 Course fee courtesy credit for the Coach's spouse and children, as described in and subject to the Course Fee Courtesy Policy contained in the University's Faculty Handbook, as such Policy may be amended from time to time;

3.4.3 Use of two (2) automobiles;

3.4.4 Purchase of a membership and payment of or reimbursement for monthly dues in (i) a country club selected by the Coach (which does not engage in discriminatory practices in violation of applicable federal and state laws), (ii) the Michigan Athletic Club, and (iii) the University Club of Michigan State University, which memberships are required for the conduct of development activities and entertainment associated with the Coach's official responsibilities; and

3.4.5 Six (6) complimentary football season tickets, four (4) complimentary ice hockey season tickets, and four (4) complimentary men's and women's basketball season tickets, all for personal use by the Coach in accordance with the University's complimentary ticket policy applicable to Department employees.

3.5 Summer Camps. The Coach's summer camp compensation shall be governed by separate agreements between the University and the Coach and by Department policies in effect from time to time. The University guarantees minimum

annual compensation to the Program coaching staff from summer camps to equal at least \$50,000. Such compensation shall be paid to the Program coaching staff, as directed by the Coach, following standard University payroll procedures.

3.6 Yearly Performance Incentive Bonuses. The University shall pay yearly performance incentive bonuses to the Coach as follows:

- \$100,000 if the Team wins the Big Ten championship;
- \$25,000 if the Coach is named the Big Ten Coach of the Year;
- \$50,000 if the Coach is named the National Coach of the Year by the American Football Coaches Association;
- \$300,000 if the Team plays in the Bowl Championship Series (BCS) National Championship game
- \$375,000 if the Team wins the BCS National Championship game;
- \$250,000 if the Team plays in a BCS non-championship bowl game;
- \$125,000 if the Team plays in a non-BCS bowl game as either the Big Ten's #2 or #3 overall team; and
- \$75,000 if the Team plays in any bowl game as the Big Ten's #4 or lower overall team.

The bowl/National Championship bonuses are non-cumulative, and the University shall pay no more than one such bonus to the Coach in any year that such achievements are attained. The University shall pay the foregoing bonuses to Coach no later than sixty (60) days following the end of any football season in which a relevant achievement is attained, provided, however, that the University shall not be obligated to pay any bonus to the Coach after he has provided notice of termination to the University pursuant to Section 5.4.2 of this Agreement.

3.7 Yearly Graduation Rate Bonuses. The University and the Coach shall negotiate an appropriate graduation rate bonus in good faith at a future date.

3.8 Yearly Academic Progress Rate Bonuses. The University shall pay yearly academic progress rate bonuses to the Coach as follows:

- \$25,000 if the academic progress rate of the Team's student-athletes as measured by the NCAA ranges from 925-949;
- \$40,000 if the academic progress rate of the Team's student-athletes as measured by the NCAA ranges from 950-974;
- \$50,000 if the academic progress rate of the Team's student-athletes as measured by the NCAA ranges from 975-990; or
- \$100,000 if the academic progress rate of the Team's student-athletes as measured by the NCAA ranges from 991-1000.

These bonuses are non-cumulative, and the University shall pay only one such bonus to the Coach no later than sixty (60) days after the end of each annual reported period in which a relevant academic progress rate is achieved, provided, however, that the University shall not be obligated to pay any bonus to the Coach after he has provided notice of termination to the University pursuant to Section 5.4.2 of this Agreement.

3.9 Signing Bonus. The University shall pay the Coach a one-time signing bonus of \$200,000 upon execution of this Agreement or as soon thereafter as reasonably practical.

Section 4. Opportunities to Earn Outside Income. The Coach may take advantage of opportunities to earn outside income as a result of his position with the University, but only in accordance with this Section 4.

4.1 Priority. Outside income activities shall not interfere with the full and complete performance by the Coach of his duties and obligations as an employee of the University, recognizing always that his primary obligations lie with the University, the Team and its student-athletes.

4.2 Compliance with Rules. In no event shall the Coach accept or receive directly or indirectly any money, benefit or any other gratuity whatsoever from any person, corporation or other benefactor if such action would be in violation of any Governing Rules.

4.3 Approval. The Coach shall obtain each approval prescribed by a Governing Rule before accepting or entering into any outside income agreement or arrangement. The Coach shall report all his income from non-University sources to the Athletics Director after the Team's last regularly scheduled or post-season game, if any, and prior to April 15. In amplification and not in limitation of the foregoing, the Coach may endorse products and services only with the prior written approval of the Athletics Director.

4.4 University Opportunities. In no event shall the Coach usurp any corporate opportunities of the University or engage in activities involving conflicts of interest with his University duties or position.

4.5 Term. Each outside income agreement or arrangement entered into by the Coach (a) shall be in writing, (b) shall not extend beyond the expiration date of this Agreement, and (c) shall in all respects comply with Governing Rules, including, without limitation, the University's rules governing outside employment.

4.6 Independent Income. Outside income activities are independent of the Coach's employment at the University, and the University shall have no responsibility or liability for any claims arising from them.

4.7 Trademarks. Any and all endorsements by the Coach or promotions involving the Coach that include a University trademark are subject to the University's trademark licensing program.

4.8 Record Access. Within seventy-two (72) hours of any written request therefor by the University, the Coach shall provide the University with all records, contracts, and other agreements necessary to verify the Coach's annual report of outside income.

Section 5: **Term: Termination.**

5.1 Term. This Agreement shall be effective as of November 27, 2006. Unless terminated earlier in accordance with other subsections of this Section 5, this Agreement shall continue to be effective for a rolling five (5) year term, and shall automatically extend, beginning on January 15, 2008, for one additional year effective on January 15th of each year, unless the University provides the Coach with written notice, between the end of any football season and the following January 15th, that the term of this Agreement will not be extended. If such notice is provided, the term of this Agreement shall expire at the end of the then-current term without any additional extensions and without the need for any additional notice, unless it is subsequently terminated at an earlier date in accordance with other subsections of this Section 5.

5.2 Permission required to interview or accept other coaching positions. The Coach shall not seek, negotiate for, nor accept employment under any circumstances as a coach for another NCAA Division I football team or for a professional football team during the term of this Agreement without first obtaining the University's prior written consent, which shall not be unreasonably withheld, to such negotiations or employment.

5.3 University Early Termination for Cause. The University may terminate its employment of the Coach for cause at any time without financial or other liability to the Coach, by providing the Coach with written notice of termination. Cause for such termination shall include, without limitation, any of the following grounds: (i) violation of any Governing Rule (as defined in Section 1.2 of this Agreement), (ii) material breach by the Coach of any term or condition of this Agreement, or (iii) commission of a crime, other than a minor traffic offense, whether prosecuted or not, or any conduct by Coach which constitutes moral turpitude or which, in the University's sole judgment, would tend to bring public disrespect, contempt or ridicule upon the University (for example, material insubordination or impropriety involving a student), provided, however, that the Coach shall not be terminated for cause unless he has first received twenty-four hours written notice specifying the grounds for termination and been afforded an opportunity to present reasons to the Athletics Director and University's President why he should not be terminated on the grounds stated.

5.4 At Will Termination.

5.4.1 The University may terminate this Agreement at will at any time by providing notice of termination to the Coach.

5.4.1.1 In the event that University provides the Coach with notice of termination pursuant to Section 5.4.1, University shall pay to the Coach, within sixty (60) days after the date of termination, liquidated damages as follows:

- 4 times the Coach's base salary if such notice of termination is provided at any time prior to the start of the 2008 football season;
- 3 times the Coach's base salary if such notice of termination is provided at any time prior to the start of the 2009 football season;
- 2 times the Coach's base salary if such notice of termination is provided at any time prior to the start of the 2010 football season;
- 2 times the Coach's base salary if such notice of termination is provided at any time prior to the start of the 2011 football season; or
- 1 times the Coach's base salary if such notice of termination is provided at any time prior to the start of the 2012 or any subsequent football season.

For purposes of this subsection, base salary shall mean the annual base salary paid to the Coach pursuant to Section 3.2 at the time notice of termination is provided. For clarity, the University shall be obligated to make only one of the above payments, i.e. these amounts are not cumulative.

5.4.2 The Coach may terminate this Agreement at will at any time when the Team is not involved in regular or post-season competition by providing notice of termination to the University.

5.4.2.1 In the event that Coach provides the University with notice of termination pursuant to Section 5.4.2 in order to take a position coaching another Division 1 intercollegiate football team or a professional football team, Coach shall pay to the University, within sixty (60) days after the date of termination liquidated damages as follows:

- \$1,000,000 if such notice of termination is provided following the conclusion of either the 2007 or 2008 football season;
- \$750,000 if such notice of termination is provided following the conclusion of the 2009 football season;
- \$500,000 if such notice of termination is provided following the conclusion of the 2010 football season; or
- \$250,000 if such notice of termination is provided following the conclusion of the 2011 or any subsequent football season.

For clarity, the Coach shall be obligated to make only one of the above payments, i.e. these amounts are not cumulative.

5.5 Limited Liability. In the event of termination of this Agreement prior to its expiration date, all obligations of the parties under this Agreement (including the University's obligation to provide Coach with the fringe benefits described in Section 3 of this Agreement) shall cease as of the end of the month in which such termination occurs. In no case shall the University be liable to the Coach for the loss by the Coach of any collateral business opportunities including, without limitation, camps, clinics, media appearances, apparel or shoe contracts, consulting relationships, nor any other benefits, perquisites or income.

Section 6: Miscellaneous.

6.1 University Property. All materials and information of any kind, including, without limitation, personnel records, team information, play books, films, statistics, and recruiting files furnished to the Coach by or on behalf of the University or developed by the Coach at the University's direction, for the University's use or otherwise in connection with the Coach's employment, in hard copy, in electronic form or otherwise, are and shall remain the sole property of the University. Except in the normal course of his duties, the Coach may not remove, or cause or authorize the removal, of any University property from the University.

6.2 Tax Consequences. The University cannot guarantee personal or estate tax treatment of any payments or benefits under this Agreement, and the Coach acknowledges being advised to seek, and has sought, professional advice to determine compensation options preferable to him.

6.3 Notices. Any notice or other communication required by this Agreement shall be in writing and shall be deemed effective when personally delivered or sent by confirmed facsimile or five (5) days after being deposited in the United States mail, postage prepaid, registered or certified, addressed to the other party at its/his respective address or facsimile number set forth below or such other address or facsimile number as may be given by such party in writing to the other:

University:

Director of Intercollegiate Athletics
Michigan State University
218 Jenison Field House
East Lansing MI 48824-1025
Facsimile #: (517) 353-0997

Coach:

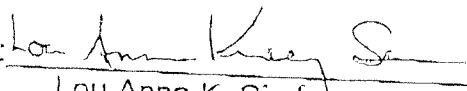
Mark J. Dantonio
Duffy Daugherty Football Building
East Lansing, MI

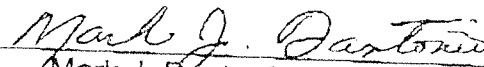
6.6 Assignment. Neither party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party, and any attempt to do so shall be null and void.

The Coach acknowledges that he has received, has read, and understands the provisions of this Agreement and that such provisions are reasonable and enforceable. Further, the Coach understands and agrees that the effectiveness of this Agreement is contingent on the approval of his appointment by the Board of Trustees of Michigan State University and that it shall be null and void if not so approved. To evidence their agreement as set forth above, the Coach and duly authorized University officers have executed this Employment Agreement below.

Michigan State University

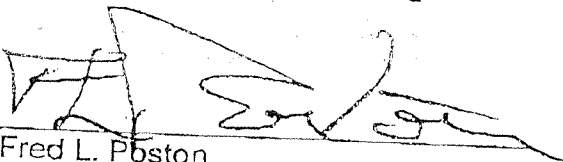
Coach

By: 
Lou Anna K. Simon
President

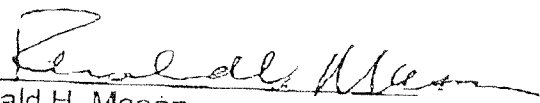

Mark J. Dantonio

Date: 11/27/06

Date: 11/27/06

By: 
Fred L. Poston
Vice President for Finance
and Operations

Date: 11.27.06

By: 
Ronald H. Mason
Director, Department of Intercollegiate Athletics

Date: 11-27-06