

ARKANSAS

ATHLETICS

December 5, 2017

Mr. Chad Morris
[REDACTED]
[REDACTED]

Dear Coach Morris:

With the recommendation of Interim Athletics Director Julie Cromer Peoples and the support of Chancellor Joseph E. Steinmetz and President Donald R. Bobbitt, I am pleased to offer you the position of Head Football Coach at the University of Arkansas. This binding offer letter sets forth the material terms of the University's offer to you that will be incorporated into a formal Employment Agreement. By copy of this letter, we are requesting the Office of General Counsel to prepare an Employment Agreement consistent with the terms of this offer and with the University's standard coaching contracts. The Employment Agreement will supersede this offer letter. Additionally, the Razorback Foundation, Inc. ("Razorback Foundation" or "Foundation"), an independent and private 501(c)(3) corporation dedicated to helping provide financial support for Razorback Athletics, will undertake certain obligations set forth in this letter and will act as a third-party guarantor to secure the value of certain compensation as outlined in this letter in a Guaranty Agreement with you.

The mission of the Athletic Department is to help all of our student-athletes realize their full potential academically and athletically and to help them develop as productive young adults who make positive and lifelong contributions to their local communities and to society. As you know, the Head Football Coach is a prominent leader and a valued educator who is expected to be a team player in achieving the overarching objectives of the University, the Athletic Department and the Razorback football program.

The Razorback football program enjoys extraordinary support among the University's alumni and fans from every corner of the State of Arkansas and throughout the nation and the world. In light of this support, the Razorback football program possesses the resources, infrastructure and facilities to achieve the institution's objectives and expectations to be competitive in recruiting, academics and athletics at the highest levels in the Southeastern Conference ("SEC") and nationally on an annual basis. As the Head Football Coach, the University expects the leader of the Razorback football program to maintain a standard of conduct that serves as a positive role model for our football student-athletes in all facets of life and that is beyond reproach.

The University is very proud that our Athletic Department is one of only a handful of departments nationally that is self-supporting and does not rely upon appropriated tax dollars or student fees to operate. Significantly, I believe it is important to recognize that the University will



UNIVERSITY OF ARKANSAS DEPARTMENT OF INTERCOLLEGIATE ATHLETICS

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not use any taxpayer dollars to meet its obligations under the Employment Agreement and will rely upon self-generated revenues and private funds donated in support of the Athletic Department.

The material terms of this offer letter are summarized as follows.

- **TERM:** The initial term of the Employment Agreement will be for a period of approximately six (6) years beginning on the date you sign this offer letter ("Effective Date") through December 31, 2023 (the "Term").
- **COMPENSATION:** Your total Annual Compensation as Head Football Coach of the University of Arkansas shall be Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00) annually, subject to all applicable state and federal tax reporting and withholding requirements. The University will establish some portion of your Annual Compensation to be paid as your "University Salary" by the University. Your University Salary shall be paid in equal monthly installments on the last working day of each month (with any partial month being prorated) and consistent with the University's routine payroll cycle. The funding for your Annual Compensation shall be a combination of non-taxpayer, self-generated Athletic Department funds, as well as private funds donated to the University and those generated by contracts with vendors of athletic apparel, shoes, and multimedia rights agreements for all amounts in excess of your line-item maximum salary.

In addition to your University Salary, The Razorback Foundation, Inc. ("Razorback Foundation" or "Foundation") will pay you in various forms, including, but not limited to, private funds donated to the University in support of all payments required by your University Employment Agreement. To provide these forms of compensation, the Foundation will prepare and enter into a separate Personal Services Agreement with you. Your earnings from the Foundation combined with your University Salary shall equal your Annual Compensation for each year during the Term. At our request, the Razorback Foundation has approved this arrangement.

In addition to your Annual Compensation, you shall be eligible for retention payments ("Retention Payments") in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00), subject to all applicable state and federal tax reporting and withholding requirements, payable on February 15, 2019, on February 15, 2021, and on February 15, 2023. Payment of these Retention Payments is subject to the condition precedent that you are employed by the University on the date that each payment is due, and that no significant NCAA violations have occurred in the football program during your tenure, and that the University is not on probation for NCAA violations that occurred in the football program during your tenure. If alleged significant violations are under investigation, then Retention Payments may be withheld by the University pending the outcome of the matter. Such payments, paid with private funds, are one-time payments that are not added to, or considered a part of, your Annual Compensation or University Salary.

We anticipate structuring your compensation package in this manner, and the University reserves the right, working with the Foundation, you and your financial advisers, to develop mutually acceptable structures and allocations for the payment of your total Annual Compensation subject to the policies of the Board and the laws of the State of Arkansas.

In addition to your Annual Compensation and Retention Payments, you will have the opportunity to earn additional Incentive Compensation as herein detailed.

All amounts of compensation in excess of line-item maximum for your position shall be subject to the approval of the Board of Trustees and consistent with applicable law.

- DUTIES AND RESPONSIBILITIES:** Your duties and authority as Head Football Coach shall be set forth in your Employment Agreement, including, without limitation, supervising and coaching the University's football team and assisting in fundraising activities for the benefit of the University and the Razorback football program. The position of Head Football Coach is not tenured, and you will not acquire any tenure rights. You will report to the Director of Athletics ("Director") and will have primary authority for selecting, supervising, disciplining, and terminating assistant coaches and other direct reports, all subject to the final approval of the Director and to departmental budgetary limitations and employment-related policies.
- DIGITAL AND PROGRAMMING RIGHTS AND DUTIES:** The University possesses the right to produce programming in all forms of media (whether digital or otherwise), whether now existing or hereafter created, relating to the Razorback football program, including, but not limited, the football coach's show. Among your other University job responsibilities and duties, you agree that, in partial consideration for your total Annual Compensation, you will be responsible: (a) to serve as a host of the University's weekly coach's show during football season (including serving as a host for any pre-season, post-season and other special shows as determined by the University); (b) to conduct all radio interviews as reasonably requested by the University, including, without limitation, pre-game, post-game, and weekly radio interviews; (c) to serve as the host of an hour-long weekly radio show during football season; and (d) to participate in a reasonable and limited amount of other forms of programming assigned by the University in all forms of media now existing or hereafter created, including, without limitation, Internet programming, podcasts, pre-game public service announcements, and other special programming. Alternatively, the University shall have the right, in its discretion, to assign the production of all such programming to a third-party.
- THIRD-PARTY GUARANTOR:** In the event the University terminates your employment for convenience and, subject to your affirmative duty of mitigation, the terms of your Employment Agreement with the University will include a provision that the Razorback Foundation or other third-party guarantor will be responsible to pay you consistent with the following schedule:

<u>YEAR</u>	<u>AMOUNT</u>
Effective Date – Dec. 31, 2018	\$14,700,000.00
Jan. 1, 2019 – Dec. 31, 2019	\$12,250,000.00
Jan. 1, 2020 – Dec. 31, 2020	\$ 9,800,000.00
Jan. 1, 2021 – Dec. 31, 2021	\$ 7,350,000.00
Jan. 1, 2022 – Dec. 31, 2022	\$ 4,900,000.00
Jan. 1, 2023 – Dec. 31, 2023	\$ 3,500,000.00

The rights to these amounts are non-assignable, non-transferable, non-cumulative and terminate upon your death. Any partial years shall be prorated over the remaining Term. For clarity and by way of example, if the University terminated the Employment

Agreement for convenience on January 1, 2020, the total amount of the guaranty payment would be \$9,800,000.00, subject to the other provisions outlined in this letter. If the University terminated the Employment Agreement for convenience on July 1, 2020, in further example, the total amount of the guaranty payment would be \$8,575,000.00, subject to the other provisions outlined in this letter.

The Razorback Foundation's guaranty shall be subject to the following conditions: (a) the guaranty payments shall be made in equal monthly installments (except for any prorated amount owed during the month of the termination for convenience) during the remaining period of the Term as if the Employment Agreement had not been terminated; (b) you shall have an affirmative duty to mitigate your damages by actively seeking re-employment; (c) the Razorback Foundation shall be entitled to off-set any employment related compensation received by you, whether from athletic-related or non-athletic-related sources, from the guaranty payments, and you shall have an affirmative duty to disclose all such earnings; and (d) you shall have the reciprocal obligation to pay the amounts outlined below to the University in the event you terminate the Employment Agreement for your convenience. If you fail to make any such required payments, then the Razorback Foundation shall be entitled to a judgment against you for any such unpaid amounts, plus interest, at the highest rate allowed by Arkansas law. The University agrees to engage in a good faith review and determination of the structure and function of such guaranty payment process in regard to its compliance with the provisions of Internal Revenue Code §409A, and if applicable, modify the terms herein so as to effectuate compliance with the requirements of the afore-mentioned §409A.

Additionally, the Employment Agreement and Guaranty Agreement shall include the recognition of the University's suit immunity and a release of any and all claims against the University, the University of Arkansas Foundation, and the Razorback Foundation and their respective trustees, directors, officers, representatives and employees arising from or relating to the University's termination of your employment for convenience or any aspect of your employment. Moreover, the Employment Agreement and Guaranty Agreement shall specify that you shall not be entitled to any other unearned sums and/or payments of any nature whatsoever other than the specified and guaranteed payment amounts. The University and the Razorback Foundation shall also have the right to include mutually agreeable standard release language in the Employment Agreement and the Guaranty Agreement.

In the event your termination arises as a result of your inducement, then you will not be entitled to receive any amounts under the Guaranty Agreement. "Inducement" of termination shall mean and refer to: (a) your voluntary resignation as Head Football Coach; or (b) your incapacity for a period of not less than ninety (90) days or willful failure to perform your duties as Head Football Coach; or (c) your termination for cause as provided in the University's Employment Agreement and any amendments thereto. The University will request that the Razorback Foundation prepare and enter the Guaranty Agreement with you. Consistent with standard practice, the Razorback Foundation will prepare a Personal Services and Guaranty Agreement in one document.

- **INCENTIVE COMPENSATION:** As Head Football Coach, the University will establish performance incentives that, if achieved, will total a maximum of One Million Two Hundred Thousand and No/100 Dollars (\$1,200,000.00) that you may earn during each

year of the Term. Exhibits A and B, which are attached hereto and incorporated herein by reference, outline the terms and conditions for such incentive compensation which shall also be governed by and included within the Employment Agreement.

- **BENEFITS:** During the Term of the Employment Agreement and consistent with benefits then currently provided to other similarly situated non-classified, non-academic employees, and subject to the same terms and conditions, you will be entitled to the following benefits: major medical and employer furnished and optional life insurance; employer furnished and optional long-term disability insurance; University contribution to an approved retirement program; sick leave; tuition reduction for you and your legal dependents; and such other benefits currently provided for non-classified, non-academic employees of the University, excluding annual leave, as may be approved from time to time by the Board.
- **FOOTBALL SKYBOX AND TICKETS:** The University will make the following tickets, at no cost, available to you: (a) a skybox suite with twelve (12) seats in the Donald W. Reynolds Razorback Stadium; (b) a twelve (12) seat skybox suite in War Memorial Stadium for Razorback football games; and (c) twenty (20) complimentary tickets for each home game in Fayetteville and Little Rock with seat locations to be determined by the University. You will be responsible for all taxes relating to the skybox suites and any complimentary tickets provided by the University.
- **AUTOMOBILES:** You will be furnished with the use of two (2) loaned vehicles which are similar in terms of make and model to the types of vehicles loaned to other head coaches, and if possible, is acceptable to your reasonable request and which is provided to the University by supporters of the institution's athletics programs. The University shall withhold applicable federal and state taxes as required by the IRS and applicable law. You will be responsible for following the departmental policy for loaned vehicles, including providing periodic reports of vehicle information. You will be responsible to pay expenses of maintenance, operation and insurance of the loaned vehicles. In the event the loaner program ends, the University shall no longer be responsible to provide these vehicles and the parties will mutually agree upon a reasonable stipend.
- **MOVING EXPENSES:** The University will pay or reimburse moving expenses for your household in accordance with University policy and state law and, pursuant to department policy, will provide other related transition expenses, including but not limited to the provision of temporary housing.
- **COUNTRY CLUB MEMBERSHIPS:** You shall be entitled to club memberships at The Blessings and the Fayetteville Country Club provided that such memberships are made available to the University for the benefit of its coaches. In the event such memberships are not made available to the University for the benefit of its coaches, you shall be entitled to one comparable club membership of your choosing; provided, however, that the club is located in Washington County, Arkansas or Benton County, Arkansas and provided further that sufficient private funds are available to the University to cover the cost of any initial and monthly membership fees. The memberships shall be subject to any terms and conditions imposed by The Blessings or the Fayetteville Country Club, including, but not limited to, the right of each entity to revoke its membership. The University shall not be responsible for any monthly food minimums or purchases of goods and services at the

clubs. The University shall withhold all applicable federal and state taxes on the cost of any such memberships.

- **ANNUAL REVIEW:** Following the conclusion of each football season, the Vice Chancellor and Director of Athletics shall conduct a written, annual review of your job performance as Head Football Coach. The schedule for this review shall be established by the Athletic Director.
- **FOIA:** The University is subject to the Arkansas Freedom of Information Act ("FOIA"). You agree, therefore, that the University may release, without prior notice to you, a copy of this offer letter as well as a copy of your Employment Agreement (upon its completion), as well as any amendments, to any individual requesting a copy under the FOIA without prior notice. The University will provide you with a copy of any such requests. For practical purposes and administrative convenience, you also agree that the University may release a copy of this letter and the final copy of your Employment Agreement to the public without a FOIA request.

Among other terms and conditions, the Employment Agreement will include the following provisions:

- A term permitting outside employment and outside compensation, contingent upon prior written approval by the Athletic Director and consistent with University policy (including the institution's conflict of interest policy). You will be required to complete on an annual basis (or more frequently as needed) a report on all outside income earned and a report on potential conflicts of interest consistent with applicable NCAA Bylaws and the policies of the University and the Board.
- If you terminate the Employment Agreement, or if the Employment Agreement is terminated for cause, neither the University nor its third-party guarantor shall be liable for any unearned compensation, payments or benefits after the date of the termination.
- The Employment Agreement shall include a standard termination for cause provision generally consistent with the policies and prior practices of the University and the Board, state and federal law and obligations, and commensurate with similar agreements for NCAA Division I, intercollegiate head football coaches at other high-level institutions. The University shall also have the right to take any disciplinary or corrective action, up to and including termination, in the event of the occurrence of any act or event which could be grounds for dismissal for cause.
- The University shall also have the right to terminate for cause in the event of a final determination (including the exhaustion of any appeals) that you engaged in a major or significant violation of NCAA or conference rules and regulations or state or federal law at any of your prior places of employment.
- In the event prospective employment is presented to you during the Term, you will be obligated to notify the Director of Athletics prior to engaging in substantive negotiations with such prospective employer.

- The University shall have the right to terminate your employment for convenience for any reason at any time subject to the guaranty of the Employment Agreement by the institution's third-party guarantor.
- The University shall have an exclusive license to use your name, nickname, initials, autograph, facsimile signature, voice, video, film portrayals, likeness, image, any other means of endorsement or identification of or by you, derivatives of any of the preceding, and any resemblance and other indicia closely identified with you to support and to promote the football program, the Athletic Department, and the University. The University owns and controls the right to designate all shoes, apparel and equipment (including, without limitation, footballs) for its athletic programs, including, but not limited to, the football program. You agree on a reasonable and limited basis to be bound by and materially cooperate with the University in fulfilling the terms and conditions of any existing or future Athletic Department related agreements, including, but not limited to, contracts between the University and manufacturers or vendors of athletic apparel, shoes, beverages or other products, as well as, any sports sponsorship, licensing, multi-media and marketing agreements or arrangements.
- In the event that you choose to terminate your Employment Agreement for convenience at any time during its Term or any extensions thereto in order to accept another coaching position, you will be responsible to pay liquidated damages to the University consistent with the following schedule:

<u>YEAR</u>	<u>AMOUNT</u>
Effective Date – Dec. 31, 2018	\$3,000,000.00
Jan. 1, 2019 – Dec. 31, 2019	\$3,000,000.00
Jan. 1, 2020 – Dec. 31, 2020	\$2,500,000.00
Jan. 1, 2021 – Dec. 31, 2021	\$2,000,000.00
Jan. 1, 2022 – Dec. 31, 2022	\$1,500,000.00
Jan. 1, 2023 – Dec. 31, 2023	\$ 00.00

These amounts are non-cumulative and any partial years shall be prorated. For clarity and by way of example, if you terminated the Employment Agreement on January 1, 2020, the total amount of liquidated damages would be \$2,500,000.00, subject to the other provisions outlined in this letter. If you terminated the Employment Agreement on July 1, 2020, in further example, the total amount of liquidated damages would be \$2,250,000.00, subject to the other provisions outlined in this letter.

- You agree to be solely responsible for all tax liability, reporting, record keeping, consequences and payments, if any, which are determined to be required or owed (including any penalties and interest related thereto) to any taxing authority as a result of any payment made by the University (except as to the payment to your previous employer referenced herein), and agree that neither the University nor its officials has made any representations regarding the tax treatment of these sums. You represent and warrant to the University that your acceptance of the position of Head Football Coach and your performance of the duties of this position will not violate any other contract or obligation to any other party.

- The University will pay (using legally permissible funds) your former employer a sum not to exceed a total of Two Million and No/100 Dollars (\$2,000,000.00) if required under the terms of your employment contract with your previous employer. The University considers this payment to be taxable wages for tax withholding and reporting purposes. Consistent with that determination, the University will make timely deposits with appropriate taxing authorities of all amounts required to be withheld as taxes with respect to you as a result of making any such payment. The University will neutralize to zero (0) dollars the actual tax impact of such payment to enable you to avoid any undue burdens or distractions in connection with the performance of your duties as Head Football Coach at the University. With regard to the University's commitment to undertake this obligation, we expressly agree and intend that the University or you will not benefit financially to the extent there is a difference between (a) the amount of withheld taxes and (b) the amount of tax liability incurred by you. With respect to this liability, which is attributable to the University making any such payment, you agree to claim all deductions allowable under applicable tax laws, including any applicable deductions relating to the amount paid by the University to satisfy any portion of your employment agreement with your previous employer. Depending on the timing of any such payment by the University, you and/or your advisors agree to review your pertinent tax information, including any signed federal and state income tax returns necessary, and either the University or you will pay the other party, as the case may be, such amount as is necessary to effectuate this mutually desired benefit. Notwithstanding any provision in this offer, you agree to be solely responsible for any tax reporting obligations, and any non-financial consequences thereof, if any, which are required by any taxing authority as a result of any payment made by the University, and agree that neither the University nor its officials has made any representations regarding the tax treatment of these sums beyond what is contained herein. You represent and warrant to the University that your acceptance of the position of Head Football Coach and your performance of the duties of this position will not violate any other contract or obligation to any other party.
- Your Employment Agreement will contain an indemnification and hold harmless provision for the benefit of the University, The Razorback Foundation, Inc., the University of Arkansas Foundation, and any third-party grantor and their respective trustees, officials and employees. This provision will include any and all claims which your current or former employers have, might have or might assert against the University and its trustees, officials and employees, and shall be limited to the amount of any judgment. You and the University will participate and cooperate in the defense of any such action. You will be responsible for your defense costs, and the University will be responsible for its defense costs. Nothing contained in this provision shall be deemed or construed as an admission of liability by you or the University, and any such alleged liability is denied.
- Your Employment Agreement will contain the standard terms and conditions customarily utilized in the University's coaching contracts and your employment will be subject to the policies of the University and the Board.

As stated, the foregoing terms and conditions shall be incorporated into your formal Employment Agreement. It terminates and supersedes any and all prior agreements, representations and understandings between the parties and/or their representatives (whether written or oral) with regard to the subject matter. You acknowledge and agree that neither the University nor anyone acting on their behalf has made, and is not making, and you have not relied

upon, any representations, promises or inducements except as expressly set forth in this letter. The University and the Razorback Foundation shall not be responsible for any other compensation except as expressly identified in this offer letter. This offer letter reflects the essential terms of your Employment Agreement. The University will use its best efforts to draft and execute the Employment Agreement with you within ninety (90) calendar days of your start date. The place of execution for this offer letter, your subsequent long-form Employment Agreement and any amendments thereto, shall be the State of Arkansas, and shall be subject to its sole jurisdiction and governed by the laws of the State of Arkansas without regard to its choice of law principles (including without limitation any and all disputes, claims, counterclaims, causes of action, suits, rights, remedies, promises, obligations, demands, and/or defenses related thereto that may be asserted). As required by policy for all jobs in the Athletic Department, the position of Head Football Coach is subject to a background check. This offer, therefore, is contingent upon the satisfactory completion of a background check.

We are excited to present this offer for you to serve as the Head Football Coach of the Arkansas Razorbacks at the University of Arkansas, contingent upon approval by the Chancellor of the University and the President of the University of Arkansas System. We believe that you will build and develop a nationally competitive football program. To that end, we expect that you will lead the football program, both athletically and academically, to a level of excellence and sustained national success at the highest levels with integrity, pride and consistent with the winning tradition of the Arkansas Razorbacks.

Please indicate your acceptance of the position as Head Football Coach by signing your name in the space provided below.

Sincerely,

[REDACTED]

Hunter Yurachek
Vice Chancellor and Director of Athletics

AGREED TO AND ACCEPTED:

DocuSigned by:
[REDACTED]
Chad Morris

12/5/2017
DATE

**cc: Dr. Joseph E. Steinmetz, Chancellor
Dr. Donald R. Bobbitt, President
Matt McCoy, Associate General Counsel**

EXHIBIT A**ATHLETIC ACHIEVEMENT INCENTIVES**

In addition to total Annual Compensation and your eligibility for the Retention Payments, you shall be entitled to receive the annual performance incentive compensation described below for the following athletic achievements, subject to all applicable state and federal tax reporting and withholding requirements:

<u>ATHLETIC ACHIEVEMENT</u>	<u>INCENTIVE PAYMENT</u>
▪ Win National Championship Game*	\$600,000.00
▪ Appear in National Championship Game*	\$500,000.00
▪ Appear in Semifinal Playoff Game*	\$300,000.00
▪ Appear in College Football Playoff Bowl Game* (includes Rose, Fiesta, Peach, Sugar, Cotton, Orange)	\$150,000.00
▪ Appear in any other Bowl Game*	\$ 50,000.00
▪ Win SEC Championship Game**	\$250,000.00
▪ Appear in SEC Championship Game**	\$150,000.00
▪ SEC Coach of the Year	\$ 50,000.00
▪ National Coach of the Year***	\$100,000.00

*The foregoing incentives are non-cumulative. For example, in the event that you and the football team appear in and win the National Championship Game, then you would only be entitled to receive Six Hundred Thousand and No/100 Dollars (\$600,000.00) for winning the National Championship Game. Accordingly, you will receive the highest applicable incentive for the listed athletic achievements.

**The foregoing incentives are non-cumulative. For example, in the event that you and the football team win the SEC Championship Game, then you would be entitled to receive Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) for winning the SEC Championship Game. Accordingly, you will receive the highest applicable incentive for the listed athletic achievements.

***As awarded by an organization determined by the University.

As applicable, certain incentive payments would be paid cumulatively. For example, if you and the football team advance to and win the National Championship Game, win the SEC Championship Game, and you are named both the SEC Coach of the Year and the National Coach of the Year, then you would receive incentive payments for a cumulative total of One Million and No/100 Dollars (\$1,000,000.00). This is the maximum amount that may be earned in a year for athletic achievements.

The Athletic Department will pay any Athletic Achievement Incentives attained to you at the time and in a manner consistent with departmental practice and/or policy for such payments. Except as provided in this Exhibit A, as the same may be amended from time to time, you shall not be entitled to any other athletic achievement incentive compensation of any nature whatsoever. Further, any

incentive compensation authorized by this Exhibit A is a one-time payment and shall not fall within the meaning of Annual Compensation, University Salary or Retention Payments, as those terms are defined herein or in the Employment Agreement. No incentives shall be paid in any given year where significant NCAA violations have occurred or if the University is on probation for NCAA violations occurring in the football program during your tenure. If alleged significant violations are under investigation, then incentive payments may be withheld by the University pending the outcome of the matter. In the event you voluntarily terminate the Employment Agreement or your employment is terminated for cause by the University, then you shall not be eligible to receive any incentive compensation regardless of any Athletic Achievement Incentives attained during the year of termination. In the event the University terminates your employment for convenience, the University shall pay you all earned, but yet unpaid, Athletic Achievement Incentives that accrued prior to the date of termination.

EXHIBIT B

ACADEMIC ACHIEVEMENT INCENTIVES

In addition to total Annual Compensation and your eligibility for the Retention Payments, and after the successful completion of one (1) year of service from the Effective Date, you shall be entitled to receive the annual incentive compensation described below for the following academic achievements, subject to all applicable state and federal tax reporting and withholding requirements:

<u>ACADEMIC ACHIEVEMENT</u>	<u>INCENTIVE PAYMENT</u>
<u>Annual Academic Performance Rate (APR)</u>	
940	\$25,000.00
960	\$25,000.00
980	\$25,000.00
<u>990</u>	<u>\$25,000.00</u>
CUMULATIVE TOTAL	\$100,000.00
<u>Annual Graduation Success Rate (GSR)</u>	
70%	\$25,000.00
75%	\$25,000.00
80%	\$25,000.00
<u>85%</u>	<u>\$25,000.00</u>
CUMULATIVE TOTAL	\$100,000.00

Each of the foregoing amounts for each academic achievement shall be cumulative. The Athletic Department will pay any Academic Achievement incentive payments to you at the time and in a manner consistent with departmental practice and/or policy for such payments. Except as provided in this Exhibit B, as the same may be amended from time to time, you shall not be entitled to any other academic achievement incentive compensation of any nature whatsoever. Further, any incentive compensation authorized by this Exhibit B is a one-time payment and shall not fall within the meaning of Annual Compensation, University Salary or Retention Payments as those terms are defined herein or in the Employment Agreement. The maximum amount that may be earned in a year for Academic Achievement Incentives is Two Hundred Thousand and No/100 Dollars (\$200,000.00). No incentives shall be paid in any given year where significant NCAA violations have occurred or if the University is on probation for NCAA violations occurring in the football program during your tenure. If alleged significant violations are under investigation, then incentive payments may be withheld by the University pending the outcome of the matter. In the event you voluntarily terminate the Employment Agreement or your employment is terminated for cause by the University, then you shall not be eligible to receive any incentive compensation regardless of any Academic Achievement Incentives attained during the year of termination. In the event the University terminates your employment for convenience, the University shall pay you all earned, but yet unpaid, Academic Achievement Incentives that accrued prior to the date of termination.