

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is between the University of Michigan (the “University”) and Brady Hoke (“Head Coach”). 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 the Head Coach for the six (6) Contract Years specified in Section 3.01(b) hereof (the “Contract Period”) based on (a) the Head Coach’s assurance (subject to the terms hereof) that he will serve the entire Contract Period, a commitment by the Head Coach being critical to the University’s desire to run a stable athletics program; and (b) the University’s assurance (subject to the terms hereof) that it will continue to employ the Head Coach for the entire Contract Period, a commitment essential to induce the Head Coach to enter into this Agreement. The University agrees to employ the Head Coach, and the Head Coach 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: Head Coach will serve as head football coach at the University of Michigan. 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, the Head Coach shall devote his full business time, skill, and attention to the performance of his duties as head football coach.

2.02 General Duties and Responsibilities: During the period in which the University employs the Head Coach, he agrees to perform all duties and responsibilities attendant to the position of head football coach as set forth in this Agreement subject to the overall supervision of the Athletic Director and compliance with University rules. The Head Coach shall have the primary authority and responsibility for supervising, evaluating, recruiting, training, and coaching student-athletes to compete against major college competition; the hiring, 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 specific 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 of a Division I-A football program as may reasonably be assigned by the Athletic Director. The University acknowledges that the Head Coach’s primary responsibility hereunder is acting as the head coach of the Program, and any additional responsibilities hereunder are

subject to Head Coach's primary coaching responsibilities. 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 football 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 best 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 best efforts to comply with the academic policies established by the University and communicated to Head Coach, 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 University personnel policies and the approval of the Athletic Director. The Head Coach will supervise these employees, including supervision of their compliance with Governing Rules (as defined below);

(e) The Head Coach, subject to required time commitments to perform other duties under this Agreement, shall make himself 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, shall make himself available to perform a reasonable number of services on television, radio, internet and other media as reasonably directed by the Athletic Director and as they relate to the position of head football coach.

2.04 NCAA, Big Ten, and University Rules and Regulations: The Head Coach shall abide by and comply with all applicable rules and regulations of the University (the "University

Rules”), the National Collegiate Athletic Association and its applicable divisions (or any successor association, the “NCAA”) (including without limitation, the Constitution and By-Laws of the NCAA) (the “NCAA Rules”), and the Big Ten Conference (or any successor conference, “Conference”) (the “Conference Rules”), in each case as in effect and interpreted by the applicable body from time to time and which relate to the Program (the University Rules, the NCAA Rules and the Conference Rules are hereinafter sometimes referred to collectively as the “Governing Rules”). He will also use best efforts to ensure compliance with Governing Rules by the Program’s student athletes, assistant coaches, and all other Football Program personnel that directly report to Head Coach. In the event that the Head Coach becomes aware, or has reasonable cause to believe, that violations of Governing Rules may have taken place in connection with the conduct of the Football Program, he shall report it promptly to the Athletic Director. The Head Coach shall cooperate fully with the University in efforts to establish, educate, investigate, and enforce these Governing Rules for the Football Program. The University agrees that it will provide relevant updates and training to the Head Coach and his staff regarding any changes in NCAA Rules.

2.05 If the Head Coach is determined by the NCAA, the Conference, or the University to have committed a violation of the Governing 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 applicable provisions of the Governing Rules (*e.g.*, 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 Conference, or the University to have committed or been aware of and not reported a major violation of the Governing Rules, or to have intentionally and knowingly committed any other type of violation of the Governing 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 or 4.03 of this Agreement. Further, if it is determined by the NCAA, Conference, or the University that a major violation of the Governing Rules has been committed in the Football Program during the term of this Agreement and the violation occurred as a result of the Head Coach’s failure to appropriately supervise the Program, the employment of the Head Coach may be terminated as provided in Sections 4.02 or 4.03 of this Agreement.

2.06 The Head Coach shall represent the University positively in public and private forums and shall not engage in conduct that reflects adversely on the University or the Football Program. The Head Coach shall perform his duties and personally comport himself at all times in a manner consistent with the high moral, ethical and academic standards of the University and its athletic department.

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 January 12, 2011 and end on December 31, 2011 and the last Contract Year shall begin on January 1, 2016 and end on the date of the last game played by the University football team in the 2016 season (including any bowl game played in 2017) or December 31, 2016 whichever is later. 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	January 12, 2011 – December 31, 2011
Contract Year Two	January 1, 2012 – December 31, 2012
Contract Year Three	January 1, 2013 – December 31, 2013
Contract Year Four	January 1, 2014 – December 31, 2014
Contract Year Five	January 1, 2015 – December 31, 2015
Contract Year Six	January 1, 2016 – December 31, 2016 (or last game played in 2016 season including bowl game whichever is later)

(c) The parties agree that by December 1, 2016 they will meet and indicate whether they have a mutual interest in negotiating an extension of this Agreement. Any indication by either party that they do not desire to extend the contract shall not be considered a termination of the contract. Any agreement by the parties to discuss an extension does not operate as a guarantee that the parties will agree to an extension.

3.02 Compensation:

(a) Base Salary. As compensation for the services performed under this Agreement, the Head Coach shall be paid a base salary (“Base Salary”) of \$300,000 per Contract Year.

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

(c) Additional Compensation.

- i. For Contract Year One, the Head Coach will receive additional compensation at the annual rate of \$1,700,000, paid monthly, as compensation for his television, radio, internet, shoe and/or apparel sponsorships, consulting, or promotion and other appearances and services at the reasonable request of the University as part of his duties and responsibilities as the Head Coach (“Additional Compensation”).
- ii. For each Contract Year after Contract Year One, the Additional Compensation will be increased by \$100,000.

(d) Bowl and Conference Championship Game Appearance. If the University football team appears in a bowl or Conference championship game immediately following the conclusion of a regular season that occurs during a Contract Year, and the Head Coach serves as head coach for that game, the Head Coach will receive an additional payment of compensation for that Contract Year in the following amount. These amounts are not cumulative and the Head Coach shall be entitled to only the greater of any applicable payment:

	2011	2012	2013	2014	2015	2016
Any bowl game	75,000	80,000	85,000	90,000	95,000	100,000
2d or 3d place conference bowl (currently Capital One and Outback bowls)	125,000	135,000	145,000	155,000	165,000	175,000
Conference championship game appearance	300,000	320,000	340,000	360,000	380,000	400,000
Conference championship game win	500,000	525,000	550,000	575,000	600,000	625,000

(e) Timing of Additional Payments. The University shall pay the amount earned by the Head Coach for a Contract Year pursuant to subparagraph (d) above no later than thirty (30) days after the relevant bowl game is played.

(f) Stay Bonus. The Head Coach shall earn a bonus of \$500,000 for each full Contract Year he remains employed as head football coach by the University. The first three years of the stay bonus will not be vested and payable to the Head Coach unless he remains continuously employed as the head football coach by the University through the conclusion of Contract Year Three (December 31, 2013), at which time the first three years of the stay bonus shall vest and be payable to the Head Coach within thirty (30) days. The second three Contract Years of the stay bonus will not be vested and payable to the Head Coach unless he remains continuously employed as the head football coach by the University through the conclusion of Contract Year Six (December 31, 2016), at which time the second three Contract Years of the

stay bonus shall vest and be payable to the Head Coach. The University shall pay any vested stay bonus within thirty (30) days of vesting date.

(g) **Deferred Compensation.** In addition to the standard fringe benefits provided pursuant to Section 3.03(a) hereof, effective January 12, 2011, and during the remainder of the Term of this Agreement, the University shall establish and maintain a “Deferred Compensation Account” on its financial records to record the deferred compensation benefit earned by and payable to the Head Coach pursuant to this section. This provision is established as an ineligible nonqualified deferred compensation arrangement for the Head Coach’s benefit in accordance with Section 457(f) of the Internal Revenue Code of 1986, as amended (the “Code”).

(i) Provided that the Head Coach is employed as head football coach of the University football team during the “Employment Period” indicated below, the University shall credit (add to) the Deferred Compensation Account equal monthly payments of one-twelfth of the yearly “Credit Amount” as follows (which amounts shall vest pursuant to the vesting and forfeiture provisions of subsections (iii) and (iv) below and be credited at the end of each month on a pro-rata basis):

<u>Employment Period</u>	<u>Credit Amount</u>
Contract Year One	250,000
Contract Year Two	350,000
Contract Year Three	450,000
Contract Year Four	550,000
Contract Year Five	650,000
Contract Year Six	750,000

(ii) Subject to the vesting and forfeiture provisions in subsections (iii) and (iv) below, the University shall debit (subtract from) the Deferred Compensation Account and pay the Head Coach (or his beneficiary) the following amounts within thirty (30) days after the “applicable payment dates”:

<u>Applicable Payment Date</u>	<u>Payment Amount</u>
January 1, 2014 (first payment)	1,050,000
January 1, 2017 (second payment)	1,950,000

(iii) The Head Coach’s right to receive the first payment from the Deferred Compensation Account is contingent upon the Head Coach’s continued

employment as head football coach of the University through and including December 31, 2013. The Head Coach's right to receive the second payment from the Deferred Compensation Account is contingent upon the Head Coach's continued employment as head football coach of the University through and including December 31, 2016. If the Head Coach is not so employed by the University through and including December 31, 2013 or December 31, 2016 respectively for any reason other than death, disability (as defined in (v) below) termination by Head Coach for cause (as set forth below in Section 4.04(a)) or termination without cause by the University, then the Head Coach shall forfeit his right to all amounts then credited to the Deferred Compensation Account and no further payments shall be made pursuant to this section.

(iv) Notwithstanding the vesting and forfeiture provisions of subsection (iii), if the Head Coach is not employed as head football coach through and including December 31, 2013 or December 31, 2016 respectively as a result of his death, disability (as defined in (v) below) termination by Head Coach for cause or termination without cause by the University, then the balance credited to the Deferred Compensation Account at the time of his death, disability, termination by Head Coach for cause or termination without cause by the University shall not be forfeited. Instead the entire amount then credited to the Deferred Compensation Account shall be immediately due and payable, and shall be paid to or on behalf of the Head Coach in a lump sum within thirty (30) days of his death, disability, termination by Head Coach for cause or termination without cause by the University (as applicable).

(v) For purposes of this deferred compensation provision, "disability" shall mean the Head Coach is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which continues for at least six (6) consecutive months and can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(vi) The Head Coach may designate one or more beneficiaries to receive the benefits otherwise due under this section in the event of his death. Such designation shall be made (or changed) by filing with the University a written notice signed by the Head Coach stating the names of the beneficiaries. No designation shall be effective until received in writing by the University. If no designation is made, or if the Head Coach's designated beneficiaries fail to survive him, any payment due upon the Head Coach's death shall be paid to his estate. (Attached to this Agreement as Exhibit A is the Head Coach's initial beneficiary designation).

(vii) The obligations of the University under this section at all times shall be entirely unfunded for tax purposes, and no provision, including maintenance of the Deferred Compensation Account, shall require the creation of a trust or the segregation of assets of the University for payment of any amounts

hereunder. Amounts credited to the Deferred Compensation Account shall not earn interest. Neither the Head Coach nor his beneficiaries shall have any interest in any particular asset of the University by reason of the right to receive a payment under this section, or by reason of any action taken by the University to provide for such payment, including maintenance of the Deferred Compensation Account. The Head Coach and his beneficiaries shall have only the rights of general unsecured creditors of the University with respect to any rights under this section. Nothing contained in this Agreement shall constitute a guarantee by the University or any entity or person that the assets of the University will be sufficient to pay any benefit hereunder.

(viii) No amount payable under this section shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge prior to actual receipt thereof by the payee, except as to the extent provided by law. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge prior to receipt shall be void. The University shall not be liable in any manner for or subject to the debts, contracts, liabilities, engagements or torts of any person under this section.

(ix) This Section shall be interpreted and applied in all circumstances in a manner that is consistent with the intent of the parties that amounts earned and payable pursuant to this section shall be exempt from the application of Internal Revenue Code Section 409A as short term deferrals.

(h) Buyout Payment. The Head Coach acknowledges that the University has agreed to pay on behalf of the Head Coach the sum of \$1,000,000 to San Diego State University ("SDSU") in order to satisfy the buyout terms of the Head Coach's employment contract with SDSU. 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 the Head Coach as a result of making the SDSU settlement payment. The University has agreed to neutralize to zero (0) dollars the actual tax impact of the buy-out payment in order that the Head Coach 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 there is a difference between (i) the amount of withheld taxes and (ii) the amount of tax liability incurred by the Head Coach. With respect to this liability which is attributable to the University having made the buyout payment, the Head Coach must claim all deductions allowable under applicable tax laws, including this buyout payment. Therefore, as soon as practicable in 2012, the parties will review the Head Coach's pertinent tax information, including his signed federal and state income tax returns for 2011, and either the Head Coach or the University will pay the other party, as the case may be, such amount as is necessary to effectuate this mutually desired benefit. The Head Coach represents and warrants to the University that he is not bound by or subject to any contractual or other obligation to SDSU or any other party that would be violated by his execution or performance of this Agreement.

(i) The University agrees to provide the Head Coach with an apparel allowance (for personal use) of \$4,000 per year in items from the current athletic apparel supplier to the Football Program (currently Adidas).

(j) Any benefit earned and any payment made pursuant to this Agreement shall be subject to federal and state income, FICA and other employee payroll, withholding or other similar taxes the University may be required to withhold.

3.03 Fringe Benefits:

(a) During the Term of this Agreement, the Head Coach 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) The Head Coach's fringe benefits will be calculated on his Base Salary, excluding any Additional Compensation or compensation earned pursuant to Sections 3.02(c), 3.02(d), 3.02(f), 3.02(g), and 3.02(h) or elsewhere under this Agreement.

(c) During the Term of this Agreement, the Head Coach 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 the Head Coach 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 the Head Coach to relocate to Michigan.

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

(f) Ticket Usage. During the Term of this Agreement, the Head Coach will be entitled to complimentary best available tickets for University athletic events plus parking in accordance with Athletic Department policy then in effect. Further, for all home football games during the Head Coach's employment as head football coach, the Head Coach will be provided with exclusive use of a private viewing box in Michigan Stadium. It is understood that the Head Coach may use the box for, among other things, the purpose of hosting family, donors and other friends of the University for business purposes. Head Coach agrees to provide a log for all tickets used for this purpose.

(g) The University shall provide to the Head coach all of the benefits which are set forth in the University's employee relocation policy.

(h) During the Term, the Head Coach shall receive prompt reimbursement for all reasonable expenses (including, first class airfare when traveling for Program-related

business) incurred by the Head Coach in performance of his duties, in accordance with the University's policies applicable to other similarly situated employees as they may be established or modified.

3.04 Exclusivity of Services:

(a) The Head Coach agrees that during the Term of this Agreement, he will not engage in any conflicting outside activities, including but not limited to, television, radio, internet, shoe and/or apparel sponsorships, consulting, promotion, appearances, endorsements, charitable fundraising except for those activities on behalf of the University as described above, unless such activities are expressly approved in writing and in advance by the Athletic Director who shall have the discretion to determine if the activity in question conflicts with the Head Coach's obligations under this contract. The Head Coach further agrees that during the Term of this Agreement he will also not engage in commercial or business activities directly or indirectly related to the Program or his position as head coach unless such activities are expressly approved in advance by the Athletic Director; such approval will not be unreasonably withheld. Pursuant to NCAA and University rules and regulations, Head Coach shall provide a written detailed account annually to the University's President and Athletic Director of all athletically-related income and benefits that he receives from sources outside the University.

(b) The Head Coach agrees that during the Term of this Agreement he will notify the Athletic Director or his designee of any material and substantive discussions by the Head Coach, his authorized agents or representatives, pertaining to coaching opportunities at any NCAA member institution, professional sports team or any other coaching or non-coaching positions that could result in termination of his employment at the University. In the event that the Head Coach fails to comply with the notice requirements of this section, the University may immediately terminate Head Coach's employment, and if the University does so, such termination shall not constitute termination of the Head Coach's employment by the University without cause and the University shall not be liable for the payments required by 4.01(a).

Article IV

TERMINATION

4.01 Termination Without Cause

(a) The parties agree that the University may terminate the Head Coach's employment under this Agreement **without cause** prior to expiration of the Contract Period (i.e., December 31, 2016) upon notice provided by the Athletic Director. If the University exercises this right, then (in addition to any compensation otherwise accrued by but not yet paid to the Head Coach under this Agreement) it will pay the Head Coach the applicable amount determined as follows:

If the Head Coach's last date of employment occurs during	The University shall pay Head Coach
Contract Year One	\$8,000,000
Contract Year Two	\$6,000,000
Contract Year Three	\$4,000,000
Contract Year Four	\$3,000,000
Contract Year Five	\$2,000,000
Contract Year Six	\$2,000,000 (but in no case will the amount be greater than the amount of Base Compensation and Additional Compensation remaining under this Agreement)

The University will make such payment to the Head Coach in equal monthly installments (calculated by dividing the amount to be paid to the Head Coach as set forth in this Section divided by the number of months remaining in the Contract Period) over the remaining Contract Period.

(b) The Head Coach is required to mitigate the University's obligations under Section 4.01(a) by making reasonable efforts to obtain other football related employment (such as a head or assistant coach of a professional football team, head men's football coach of an NCAA Division I team, or media commentator) as soon as possible following such termination. If the Head Coach is employed in a football-related position or receives compensation related thereto (e.g. as a consultant) elsewhere after the University's termination of this Agreement pursuant to Section 4.01(a), then the University's obligation to pay the Head Coach as set forth in Section 4.01(a) shall be reduced by Head Coach's total compensation from all such sources (except not including employee reimbursements, benefits and costs associated with such other position). If the Head Coach does obtain other football-related employment or compensation, he shall immediately provide written notice to the University describing the position and his total compensation.

(c) Full payment by the University in accordance with the provisions of this section will constitute a full release of any claim relating to such termination that the Head Coach might otherwise assert against the University, or any of its representatives, agents, or employees.

(d) Except for the obligation to pay to the Head Coach the amount set forth in Section 4.01(a), if the University terminates the Head Coach's employment without cause as specified in Section 4.01(a), all obligations of the University (to the extent not already accrued) to the Head Coach shall cease as of the effective date of such termination. In no case shall the University be liable for the loss of any base salary, additional compensation, bonus payments,

deferred compensation, collateral business opportunities or any other benefits, perquisites or income resulting from activities such as, but not limited to, camps, clinics, media appearances, television or radio shows, apparel or shoe contracts, consulting relationships or from any other sources that may ensue as a result of the University's termination without cause of Head Coach's employment under this Agreement.

(e) All obligations of the Head Coach under this Agreement or otherwise associated with his employment by the University shall cease as of the effective date of such termination.

4.02 **Termination for cause.** The University has the right to terminate the employment of the Head Coach **for cause** in the event of only the following:

(a) Failure of the Head Coach in any material respect to perform the services required under this Agreement, or breach in any material respect of any of the Head Coach's material duties or obligations under this Agreement, and such failure continues for a period of thirty (30) days following receipt of a written notice from the University of such failure or breach. The University shall not be required to provide written notice and an opportunity to cure under this section if the breach cannot be cured or if the University has twice previously provided notice and an opportunity to cure a substantially similar non-material breach.

(b) Head Coach's conviction of or a plea of *nolo contendere* to any felony or any criminal offense involving fraud, harassment or moral turpitude; or Head Coach's commission of any violation of law which results in material injury to the reputation of the University.

(c) Conduct of Head Coach which offends public decency or morality as shall be determined by the standards prevailing in the community.

(d) Misconduct as defined in Sections I and IIA of the University of Michigan Standard Practice Guide 201.12. The parties agree that the definition of misconduct set forth in Sections I and II of Standard Practice Guide 201.12 is incorporated into this Agreement as cause for discharge, but no other part of SPG 201.12 will apply to Head Coach's employment.

(e) The NCAA, the Conference, or the University determines that the Head Coach has committed a major violation of the Governing Rules, has intentionally committed any other type of violation of Governing Rules pursuant to Sections 2.04 and 2.05 of this Agreement, or that a major violation of Governing Rules has occurred within the Football Program during the Term of this Agreement and such violation occurred as a result of the Head Coach's failure to appropriately supervise the Program.

(f) Failure to promptly report to the Athletic Director a violation of the Governing Rules by himself, an assistant football coach, football staff member, student athlete who is a member of the football team, or other representative of the University's athletic interests of which the Head Coach had actual knowledge or, in his capacity as head football coach, should have reasonably known.

(g) Fraud or willful malfeasance in the performance of any duties or responsibilities under this Agreement.

4.03 If the University terminates the Head Coach's employment for cause as specified in Section 4.02, it shall be without liability to the Head Coach, or any other penalty. Specifically:

(a) All obligations of the University to make further payments and/or to provide any other consideration under this Agreement or otherwise, except to the extent already vested, shall cease as of the date of termination. In no case shall the University be liable to the Head Coach for the loss of any Base Salary, Additional Compensation, bonus payments, deferred compensation, collateral business opportunities or any other benefits, perquisites or income resulting from activities such as, but not limited to, camps, clinics, media appearances, television or radio shows, apparel or shoe contracts, consulting relationships or from any other sources that may ensue as a result of the University's termination for cause of the Head Coach's employment under this Agreement.

(b) All obligations of the Head Coach under this Agreement or otherwise associated with his employment by the University shall cease as of the effective date of such termination under Section 4.02.

4.04 Termination by Head Coach. (a) The Head Coach shall have the right to terminate this Agreement for cause in the event that the University breaches the compensation section 3.02 of this Agreement and the University fails to cure such breach (if curable) within thirty (30) days of the University's receipt of written notice from the Head Coach detailing such breach.

(b) In the event the Head Coach provides notice to the University of his voluntary termination of employment prior to the end of Contract Year Six, in addition to any other actions, remedies, or claims the University may have against the Head Coach for breach of this Agreement, the University may immediately terminate Head Coach's employment, and if the University does so, such termination shall not constitute termination of the Head Coach's employment by the University without cause and the University shall not be liable for the payments required by 4.01(a).

4.05 Disability, Death, or Inability. This Agreement will terminate automatically upon the Head Coach's death or disability (which for purposes of this section shall mean the Head Coach is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which continues for at least six (6) consecutive months and can be expected to result in death or can be expected to last for a continuous period of not less than 12 months). If the University or the Head Coach terminates this Agreement due to disability or for any other reason beyond his control (e.g. severe family or personal issues that make it impossible for the Head Coach to continue his employment), Head Coach shall have no liability whatsoever to the University as a result of such termination. All obligations of the University to make further payments and/or to provide other consideration, under this Agreement or otherwise, except to the extent already vested, shall cease immediately in the event such death or disability occurs. To the extent applicable, the Coach (or his beneficiaries) shall also be

eligible to receive disability and/or life insurance benefits, but only to the extent that such benefits are available to him or his beneficiaries, as the case may be, under the rules established by the University and the University's insurance carrier.

Article V

FOOTBALL STAFF

5.01 The Football Program will be provided with a salary fund of \$2,760,000 to be reserved exclusively for the nine assistant coaches and the head football strength and conditioning coach ("S&C coach"). Any increase in such fund shall be subject to approval of the Athletic Director. The amounts paid will be determined by the Head Coach, subject to the approval of the Athletic Director. No amount of this salary fund is available for or allowed to be paid to the Head Coach.

5.02 The University will pay moving expenses for the newly hired assistant coaches and the S&C coach in accordance with the Standard Practice Guide.

5.03 The University will pay actually incurred reasonable temporary housing expenses for the necessary period of time, not to exceed ninety (90) days, for the newly hired assistant coaches and S&C coach to assist in their transition to the University.

5.04 Ticket Usage. During the Term of this Agreement, each assistant coach and the S&C coach will be entitled to use of tickets for University athletic events in accordance with Athletic Department policy then in effect.

Article VI

CAMP

6.01 The Head Coach may operate a summer football camp ("Camp") at University facilities, and shall be entitled to the net profits from operation of the Camp after the payment of all expenses. The University acknowledges that the Camp will include (but is not limited to) the following Camp programs: High School Camp; Youth Camp; Team Camp; Kicking Camp; and "7 on 7" Camp. The Camp must be operated in accordance with the best Michigan practices, appropriate financial controls, and the rules, guidelines, policies, and procedures of the Athletic Department, University, Big Ten and NCAA. The Head Coach is responsible to pay (or reimburse) the University for the use of all University facilities, University staff time, and other expenses incurred in operating the Camp as determined by the University (currently based upon a \$32/camper/week charge plus facility charges, which the University represents and warrants is the most preferred pricing offered by the University to any third party in connection with similar camps). Within sixty (60) days of the closing of the Camp, Head Coach will provide to the

University a full financial accounting of the Camp, including a statement of income and expenses, an accounting of the distribution to University employees and third parties, and payment (or reimbursement) in full for use of the facilities. The Head Coach agrees that he has the right to operate this Camp only as long as he is the Head Coach and that the University will assume the right to operate the Camp upon the termination of Head Coach's employment. Solely in connection with the operation of such Camp and consistent with the University's Guidelines for Proper Trademark Use, Head Coach shall have permission to use the terms "University of Michigan," "Wolverines," and all other University names, logos, trademarks, and designs, provided, however, that such permission shall not include permission to sell or distribute University or other merchandise except in accordance with this Agreement and University policy. The University will also help promote the Camp programs through announcements utilizing University controlled media as may be requested from time to time by Camp representatives and with the approval of the Athletic Director or his designee. Nothing in this section shall prohibit the Head Coach from operating a football camp unrelated to the University upon his termination from University employment.

Article VII

SCHEDULING GAMES

7.01 The Head Coach and Athletic Director shall have joint responsibility for game schedule. Final decisions will rest with the Athletic Director.

Article VIII

UNIVERSITY'S OBLIGATIONS

8.01 The University shall furnish to the Head Coach such facilities, equipment, support staff, and supplies as are reasonably necessary for Head Coach to perform his duties as head football coach. In addition, the University shall pay all reasonable travel and other expenses incurred by Head Coach in the performance of his duties as head football coach, subject to his submission of appropriate documentation in accordance with University's policies. The University also agrees to provide Head Coach with an annual allowance of up to \$100,000 for charter air travel expenses. Charter air travel may be used only for business travel.

8.02 The University will provide written notice to the Head Coach prior to committing him to any product endorsement or promotional agreement involving the Head Coach or his image and Head Coach shall have the right to disapprove of any such use for good reason (such as moral objection or non-use of proposed products or services, etc.). The Head Coach hereby grants to the University without further compensation the limited right in perpetuity to use or authorize a third party to use the name, likeness, image, signature, voice, biographical data and other identifiable features of the Head Coach for publicity, promotional or any other business

purpose (whether through general advertisements, sponsorships or otherwise) which permission will expire upon termination of his employment, except for historical, archival, previously recorded games and interviews, or Program promotional uses (excluding any third party tie-ins, sponsorships, licenses and/or cross-promotions) in records and publications related solely to Head Coach's performance of his duties under this Agreement. The rights in any such publicity or promotional materials under this Section shall belong exclusively to the University. Notwithstanding the foregoing, Head Coach is, and will remain, the sole and exclusive owner of his name and likeness and all proprietary and potential proprietary rights therein.

Article IX

MISCELLANEOUS

9.01 This Agreement will be governed by and construed in accordance with the laws of State of Michigan.

9.02 Whenever possible, each provision of this Agreement will be interpreted in such manner as to be enforceable, valid, and legal under applicable law. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, invalid or illegal in any respect under applicable law, such unenforceability, invalidity or illegality will not affect any other provision of this Agreement and this Agreement will be construed as if such unenforceable, invalid or illegal provision had never been contained in this Agreement.

9.03 This Agreement shall not be assigned by either party.

9.04 Wherever this Agreement requires the approval of the University, the Athletic Director, or the Head Coach, such approval shall not be unreasonably withheld or delayed.

9.05 This Agreement supersedes all prior agreements with respect to the subject matter hereof, including the Term Sheet, and constitutes the entire agreement between the parties hereto and may be modified only in a writing signed by the President of the University and the Head Coach.

9.06 Section 409A.

(a) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code and the regulations and guidance promulgated there under (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. If the Head Coach notifies the University (with specificity as to the reason therefore) that the Head Coach believes that any provision of this Agreement (or of any award of compensation, including benefits) would cause the Head Coach to incur any additional tax or interest under Section 409A and the University concurs with such belief or the University independently makes such determination, the University shall, after consulting with the Head

Coach, reform such provision to attempt to comply with or be exempt from Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A. To the extent that any provision hereof is modified in order to comply with Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Head Coach and the University of the applicable provision without violating the provisions of Section 409A. As long as the University has acted in good faith with respect to this Agreement, the University shall have no liability whatsoever to the Head Coach (or to his beneficiaries) should the Internal Revenue Service or any governmental authority determine that this Agreement or any portion of this Agreement is not in compliance with Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.”

(c) All expenses or other reimbursements paid under this Agreement or otherwise hereunder that are taxable income to the Head Coach shall in no event be paid later than the end of the calendar year next following the calendar year in which the Head Coach incurs such expense or pays such related tax. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, of in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, *provided* that the foregoing clause (ii) shall not be violated without regard to expenses reimbursed under any arrangement covered by Internal Revenue Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect and (iii) such payments shall be made on or before the last day of the Head Coach’s taxable year following the taxable year in which the expense occurred.

(d) For purposes of Section 409A, the Head Coach’s right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment shall be made within thirty (30) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the University.

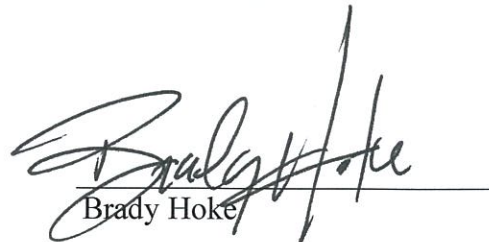
9.07 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, including without limitation, Article V hereof, is intended or will be construed to confer on any person, other than the parties to this Agreement, any right, remedy, or claim under or with respect to this Agreement.

Executed this 28th day of March 2011.

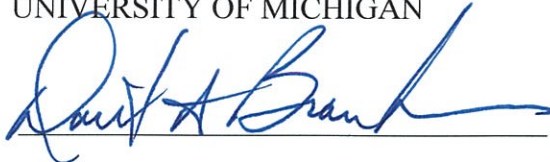
For the REGENTS OF THE
UNIVERSITY OF MICHIGAN


By: Mary Sue Coleman, President

BRADY HOKE


Brady Hoke

For the ATHLETIC DEPARTMENT
UNIVERSITY OF MICHIGAN



By: David A. Brandon, Athletic Director