

## EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into as of the 21<sup>st</sup> day of February, 2014, by and between the University of Michigan ("University") and Douglas Nussmeier ("Coach").

### Article I PURPOSE

1.01 The parties have entered into this Agreement because the University desires to employ the Coach for the period set forth below with the Coach's assurance that he intends to serve the entire term of this Agreement, subject to the terms of this Agreement. The University agrees to employ the Coach and the Coach promises to be employed by the University upon the following terms and conditions.

### Article II RESPONSIBILITIES OF THE Coach

2.01 Recognition of Duties: The Coach will serve as Assistant Coach/Offensive Coordinator. The Coach will report to the Head Football Coach, who will determine his duties and responsibilities and any changes to his title, subject to approval by the Athletic Director. Subject to the other provisions of this Agreement, the Coach shall devote his full time, skill, and attention to the performance of his duties as Assistant Coach/Offensive Coordinator.

2.02 NCAA, Big Ten, and University Rules and Regulations: The Coach agrees to abide by and comply with the constitution, bylaws, and interpretations of the National Collegiate Athletic Association ("NCAA"), and all NCAA, Big 10 Conference and University rules and regulations. He will also use maximum efforts to ensure compliance with these rules and regulations by student athletes and all other program employees. In the event that the Coach becomes aware, or has reasonable cause to believe, that violations of such constitution, bylaws, interpretations, rules, or regulations may have taken place, he shall report it promptly to the Athletic Director of the University. The Coach shall cooperate fully with the University in efforts to establish, educate, investigate, and enforce these rules for the football program.

2.03 If the NCAA or the University determines that the Coach violated NCAA rules and regulations, whether while employed by the University or during prior employment at another NCAA member institution, in addition to disciplinary or corrective action that may be taken directly by the University in accordance with its policies, the Coach shall be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures. The Coach may be suspended for a period of time, without pay, or the employment of the Coach may be terminated as provided in Sections 4.02 and 4.03 of this Agreement, if the University determines that the Coach has been involved in deliberate or serious violations of NCAA or Big 10 Conference rules and regulations, whether prior to or after the Effective Date (as defined below).

Article III  
TERM OF EMPLOYMENT COMPENSATION AND BENEFITS

3.01 Term of Agreement and Employment. The term of employment under this Agreement shall begin on January 20, 2014 and end on January 31, 2017, subject to termination in accordance with the provisions set forth in Article IV of this Agreement.

3.02 Base Salary, Additional Compensation, and Achievement Payments:

(a) Base Salary. As compensation for the services performed under this Agreement, the Coach shall be paid an annual base salary (the "Base Salary") as follows:

January 20, 2014 through January 31, 2015 – \$280,000 (increased on a pro-rata basis, as necessary)

February 1, 2015 through January 31, 2016 – \$310,000

February 1, 2016 through January 31, 2017 – \$330,000

(b) The Base Salary provided for above shall be paid to Coach in accordance with the University's normal payroll procedures. Additional performance-related salary increases may be possible based on the recommendation of the Head Football Coach and the approval of the Athletic Director.

(c) Additional Compensation. The Coach will receive additional compensation (the "Additional Compensation") at the annual rate of \$550,000 (increased on a pro-rata basis, as necessary for the period January 20, 2014 through January 31, 2015), paid monthly, as compensation for consulting, promotional activities, sponsorships, and other services at the request of the University as part of his duties and responsibilities as the Assistant Coach/Offensive Coordinator.

(d) Stay Bonus. Provided the Coach remains continuously employed as Assistant Coach/Offensive Coordinator through January 31, 2017, he will receive a one-time stay bonus payment of \$200,000. This amount will be paid on or before March 1, 2017.

(i) The Coach's right to receive the payment of the stay bonus is contingent upon the Coach's continued employment as Assistant Coach/Offensive Coordinator of the University of Michigan Football Team through and including January 31, 2017. If the Coach is not so employed by the University through and including January 31, 2017 for any reason other than death, disability (as defined in (iii) below), termination by Coach for cause, or termination without cause by the University, then the Coach shall forfeit the entire stay bonus.

(ii) (A) Notwithstanding the forfeiture provisions of subsection (i) above, if the Coach is not employed as Assistant Coach/Offensive Coordinator through and including January 31, 2017 as a result of his death or disability (as defined in (iii) below), then the prorated balance (which shall be calculated by multiplying \$180.67 by the number of days that Coach has been employed between January 20, 2014 and the date of death or disability) shall not be forfeited. Instead, the entire prorated amount then credited to the stay bonus shall be immediately due and payable, and shall be paid to or on behalf of the Coach in a lump sum within sixty (60) days of his death or disability (as applicable). (B) Notwithstanding the forfeiture provisions of subsection (i) above, if the Coach is not employed as Assistant Coach/Offensive Coordinator through and including January 31, 2017 as a result of the termination by Coach for cause or termination without cause by the University, then the stay bonus will not be forfeited in whole or in part. Instead, the Coach will receive the entire stay bonus of \$200,000 on or before March 1, 2017 in the event of any such termination hereof by Coach for cause or any such termination hereof without cause by the University.

(iii) For purposes of this stay bonus provision, "disability" shall mean the 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.

(iv) The 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 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 Coach's designated beneficiaries fail to survive him, any payment due upon the Coach's death shall be paid to his estate. (Attached to this Agreement as Exhibit A is the Coach's initial beneficiary designation).

(e) Bowl and Conference Championship Game Appearance. If the Team appears in a bowl or conference championship game immediately following the conclusion of the regular season, the Coach will receive an additional payment of compensation for that Contract Year in the following amounts. These amounts are not cumulative and the Coach shall be entitled to only the greater of any applicable payment:

- (i) Any bowl game: \$25,000
- (ii) Second or Third place  
Big Ten bowl (currently

	Capital One or Outback):	\$40,000
(iii)	Conference Championship Game appearance:	\$100,000
(iv)	Conference Championship Game win:	\$150,000

(f) Payment of this additional compensation will be made within 60 days of the end of the relevant bowl or championship game.

### 3.03 Fringe Benefits:

(a) The 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. The Coach's fringe benefits will be calculated on his Base Salary only.

(b) The Coach shall also receive a department issued mobile phone or stipend and shall have access to a dealer car in accordance with the Athletic Department's policy for assistant football coaches.

(c) The Coach shall also be entitled to use tickets to athletic events in accordance with Athletic Department policy.

## Article IV TERMINATION

4.01 (a) The University has the right to terminate the Coach's employment under this Agreement **without cause**. If the University exercises this right, it will pay the Coach an amount equivalent to the outstanding Base Salary and the outstanding Additional Compensation in monthly installments for the remainder of the entire scheduled term of this Agreement, subject to the Coach's obligation to seek alternate football-related employment. (such as a head or assistant coach of a professional football team, head or assistant football coach of an NCAA Division I team, athletic administrator, or media commentator) If the Coach does obtain alternate employment, either as an employee or a consultant, he shall immediately provide written notice to the University and the monthly amounts paid by the University will be set off by the amount of the salary in such new employment or engagement. The University shall have the right to request evidence of the amount of salary paid to the Coach in the new position and the Coach shall provide the evidence requested by the University. Payment by the University of the amounts required by this section will operate as a full release of any claim that the Coach might otherwise assert against the University, or any of its agents or employees.



(b) The University has the right to terminate the Coach's employment under this Agreement in the event that Coach Hoke is no longer employed as the Head Men's Football Coach. In the event that Coach Hoke is no longer employed as the Head Men's Football Coach for whatever reason the University shall be entitled to terminate Coach's employment. If the University exercises this right under the circumstances of this subparagraph, the University will pay the Coach an amount equivalent to the outstanding Base Salary and the outstanding Additional Compensation in monthly installments for the remainder of the entire scheduled term of this Agreement, subject to the Coach's obligation to seek alternate football-related employment. (such as a head or assistant coach of a professional football team, head or assistant football coach of an NCAA Division I team, athletic administrator, or media commentator) If the Coach does obtain alternate employment, either as an employee or a consultant, he shall immediately provide written notice to the University and the monthly amounts paid by the University will be set off by the amount of the salary in such new employment or engagement. The University shall have the right to request evidence of the amount of salary paid to the Coach in the new position and the Coach shall provide the evidence requested by the University. Payment by the University of the amounts required by this section will operate as a full release of any claim that the Coach might otherwise assert against the University, or any of its agents or employees.

(c) Except for the obligation to pay to the Coach the amount set forth in Section 4.01(a), all obligations of the University (to the extent not already accrued or vested) to the Coach shall cease as of the effective date of such termination. In no case shall the University be liable for the loss of any bonuses or other payments, 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 the Coach's employment under this Agreement.

(d) All obligations of the 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 The University has the right to terminate the employment of the Coach **for cause** in the event of the following:

(a) Failure of the Coach, without good reason, in any material respect to perform the services required of him under this Agreement.

(b) Conviction of the Coach of any criminal offense involving fraud; or conviction of any felony; or commission of any act which results in material injury to the reputation of the University.

(c) Conduct of the Coach which offends against 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 the Coach's employment.

(e) Deliberate or serious rule violation(s) as set forth in Sections 2.02 and 2.03 of this Agreement.

(f) If the Coach knows of a serious violation of NCAA rules by a coach, staff member, athlete, or other representative of the University's athletic interests and fails to promptly report it to the Athletic Director of the University.

(g) Fraud or dishonesty in the performance of any of the duties or responsibilities under this agreement.

4.03 If the University terminates the Coach's employment for cause as specified in section 4.02 it shall be without liability to the 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 end of the month in which such termination occurs. In no case shall the University be liable to the Coach for the loss of any Base Salary, additional salary, stay bonus, achievement payments or other payments, 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 source that may ensue as a result of the University's termination for cause of the Coach's employment under this Agreement.

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

#### 4.04 Termination by the Coach:

(a) The Coach recognizes that his promise to work for the University for the entire term of this Agreement is the essence of this Agreement to the University. The Coach also recognizes that the University is making a highly valuable investment in his continued employment by entering into this Agreement and that its investment would be lost if he resigns or otherwise terminates his employment with the University prior to the expiration of the term of this Agreement. The parties agree that the Coach may, nevertheless, terminate his employment under this Agreement prior to its normal expiration by giving the University thirty days advance

written notice of the termination of his employment. In the event the Coach elects to exercise his right to provide 30 days advance written notice and voluntarily terminate this agreement prior to the expiration of the contract, he will forfeit any rights to receive any portion of the "Stay Bonus" (3.02(d)) and any unpaid amount related to his "Bowl and Conference Championship Game Appearance" (3.02(e)), but the Coach shall have no additional liability whatsoever to the University.

(b) If the Coach terminates his employment under this Agreement prior to its expiration, his compensation and benefits, to the extent not already accrued or vested, shall cease immediately upon termination.

(c) This Agreement will terminate automatically upon the Coach's death or disability (determined in accordance with the University's long-term disability policy). 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 including under the terms of the stay bonus, shall cease as of the end of the month in which 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, from the University's insurance carrier.

#### Article V OUTSIDE ACTIVITIES AND INCOME

5.01 The Coach may engage in activities outside of his duties for the University and be compensated for those activities, but only so long as those activities do not interfere with performance by the Coach of his duties as an employee of the University, or his duties under this Agreement or any University policy. The Coach is required to receive prior written approval from the Athletic Director for all athletically-related income and benefits from sources outside the institution and will report all such income annually to the Athletic Director. The Coach's request for approval to the Athletic Director will be in writing and will include the amount and the source of the income. The University agrees that to the extent the Coach seeks University consent to engage in any such activity (whether by reason of NCAA rules or otherwise), such consent will not be withheld unreasonably.

#### Article VII MISCELLANEOUS

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

6.02 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

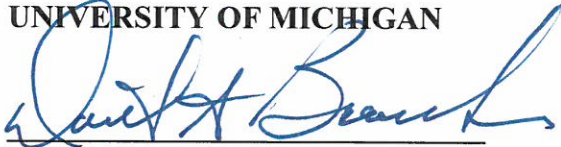
Agreement is held by a court of competent jurisdiction to be unenforceable, invalid or illegal in any respect under applicable law, such unenforceability, invalidity or illegality will not affect any other provision of this Agreement and this Agreement will be construed as if such unenforceable, invalid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

6.03 This Agreement shall not be assigned by either party.

6.04 This Agreement supersedes all prior agreements with respect to the subject matter hereof and constitutes the entire agreement between the parties hereto and may be modified only in a writing signed by the Athletic Director and the Coach.

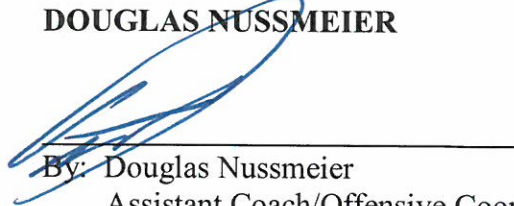
Executed as of the date set forth above.

**UNIVERSITY OF MICHIGAN**



By: David A. Brandon  
Athletic Director

**DOUGLAS NUSSMEIER**



By: Douglas Nussmeier  
Assistant Coach/Offensive Coordinator