

EMPLOYMENT CONTRACT

This Employment Contract is made and entered into as of the 9th day of January, 2007, between (i) the University of Louisville Athletic Association, Inc., a Kentucky non-profit corporation (hereinafter referred to as "Employer"), and (ii) Steven J. Kragthorpe (hereinafter referred to as "Employee").

RECITALS

- A. Employer operates the intercollegiate athletic programs of the University of Louisville (the "University"), a public institution of higher education. The University is presently a member of the National Collegiate Athletic Association ("NCAA") and, a member of the Big East Conference ("Big East"); and
- B. Employer desires to contract for the services of the Employee for the position of Head Coach of the University varsity football team (the "Team") and Employee desires to accept such employment in accordance with the terms and conditions set forth below;

TERMS AND CONDITIONS

In consideration of the mutual covenants, promises and conditions in this Employment Contract, Employer and Employee agree as follows:

1. Employment.

1.1 Subject to the terms and conditions set forth in this Employment Contract, Employer hereby employs Employee as head coach of the varsity football team at the University of Louisville, and Employee agrees to and does hereby accept the terms and conditions for employment outlined in this Employment Contract.

1.2 Employee shall work under the immediate supervision of the University Athletic Director, ("Athletic Director") and shall confer with the Athletic Director on all matters requiring administrative and technical decisions. Employee shall be under the general supervision of the Chairman of the Board of Directors of the Employer who is also President of the University ("Chairman"). Athletic Director and Employee may confer with the Chairman if a problem cannot otherwise be resolved.

1.3 Employee shall manage and supervise the Team within its allocated budget, and perform such other duties as defined herein.

2. Term.

2.1 Unless sooner terminated in accordance with the terms hereof, the term of employment under this Employment Contract shall extend from January 9, 2007 through June 30, 2012 (hereinafter referred to as "Term").

2.2 Employment pursuant to this Employment Contract in no way grants Employee a claim to tenure in employment, or any years of employment attributable to tenure within the University or Employer.

3. Compensation.

3.1 In consideration for services and satisfactory performance of the conditions of this Employment Contract by Employee, Employer promises to provide Employee the following:

3.1.1 Component A. In consideration for Employee's coaching services, Employer shall pay to Employee an annual base salary of \$550,000.00 (five hundred fifty thousand dollars), payable in equal monthly installments on the thirtieth (30th) day of each month or more frequently as determined by the Employer throughout the Term.

3.1.2 Component B. Employer shall guarantee to Employee annual payment of \$550,000.00 (five hundred fifty thousand dollars) payable in equal monthly installments on the thirtieth (30th) day of each month or more frequently as determined by Employer throughout the Term. The payment in this Section 3.1.2 shall be compensation for Employee's personal participation in public relations, fund-raising, facilities development, pre- and post-game radio programming, one weekly radio and television "coach's show" during pre-season, regular season, and post-season (through completion of competition in post-season bowl or play-off games) by the Team. Employer assumes responsibility for negotiating for said programming and shall retain all talent and expense fees. Employee shall make himself personally available for all programming negotiated by the Employer pursuant to this Contract. Employee and Employer mutually agree that such programming shall not conflict with Employee's direct duties relating to coaching the Team nor shall such programming cause Employee undue hardship.

3.1.3 Beginning as of July 1, 2008, Employee shall receive an annual increase in the amount paid pursuant to Sections 3.1.1 and 3.1.2, which increase will be at least the same percentage as the average annual salary increase for the faculty and administrators of the University in such fiscal year. Employee shall be eligible for and receive said annual increase on July 1 of each succeeding fiscal year of the Term.

3.1.4 Team Achievement. The Employee shall be entitled to bonuses for achievement by the Team in any season during the Term while under direction of Employee as follows:

(i) if the Team is conference champion or co-champion, Employee shall receive a bonus of \$25,000.00;

(ii) if the Team participates in a post-season bowl, Employee shall receive a bonus equal to 1/12th of the then current sum of Components A and B set forth above;

(iii) if the Team under supervision of Employee is ranked among the top twenty-five (25) teams in the nation in the final *USA Today Coaches Poll* or *Associated Press* collegiate football poll of the season, Employee shall receive a bonus in the amount of \$25,000.00; or, if ranked among the top ten (10) teams in the nation in either such poll, Employee shall be entitled to a bonus in the amount of \$50,000.00 in lieu of the bonus for top 25 status;

(iv) in any season in which the Team participates in a bowl which is a participating member of the Bowl Championship Series (currently the Rose, Sugar, Orange and Fiesta Bowls), Employee shall receive a bonus in the amount of \$100,000.00;

(v) in any season in which the Team participates in a National Championship Game, Employee shall receive an additional bonus in the amount of \$50,000.00, to be increased to \$100,000.00 should the Team win that National Championship Game. Should the NCAA implement a playoff system, Employer agrees to modify this provision of the Employment Contract to implement a bonus structure comparable to that set forth herein to reward the Team's participation in the playoffs;

(vi) if the Employee is selected as the conference Coach of the Year for the conference in which the Team is then a member, Employee shall be entitled to a bonus in the amount of \$25,000.00 for that year; and

(vii) if the Employee is selected as the "National Coach of the Year" by a nationally recognized organization of collegiate football prominence (such as *Associated Press*, *AFCA*, *Liberty Mutual*, etc.), Employee shall be entitled to a bonus in the amount of \$50,000.00 for that year.

3.1.5 Academic Achievement. The Employee shall be entitled to the following bonuses for academic achievement by the members of the Team receiving athletic grants in aid (hereinafter referred to as "Scholarship Athletes") during any academic year while under the direction of Employee:

A. Collective Grade Point Averages (Spring Term 2007). Employee shall be entitled to the following bonuses for academic achievement by Scholarship Athletes for the Spring 2007 academic term while under the direction of Employee:

1. Collective Grade Point Average (GPA) of 2.5-2.74	\$25,000
2. Collective Grade Point Average (GPA) of 2.75-3.0	\$50,000
3. Collective Grade Point Average (GPA) of 3.0 and higher	\$75,000

The above bonuses are non-cumulative.

B. Collective Grade Point Averages (Full Academic Year). Following the Spring 2007 academic term, Employee shall be entitled to the following bonuses for academic achievement by Scholarship Athletes during any subsequent full academic year while under the direction of Employee:

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| 1. Collective Grade Point Average (GPA) of 2.5-2.74 | \$25,000 |
| 2. Collective Grade Point Average (GPA) of 2.75-3.0 | \$50,000 |
| 3. Collective Grade Point Average (GPA) of 3.0 and higher | \$75,000 |

The above bonuses are non-cumulative.

C. Graduation Rate. Employee shall be entitled to the following bonuses for academic achievement by Scholarship Athletes during any academic year while under the direction of Employee:

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| 1. If the graduation rate of the Scholarship Athletes equals or exceeds fifty percent (50%) | \$ 10,000 |
| 2. If the graduation rate of the Scholarship Athletes equals or exceeds seventy five percent (75%) | \$25,000 |
| 3. If the graduation rate of the Scholarship Athletes equals or exceeds ninety percent (90%) | \$50,000 |

The above bonuses are non-cumulative. It is understood and agreed that the graduation rate of Scholarship Athletes shall be based on those Scholarship Athletes who complete degree requirements within five years of initial enrollment at the University as defined by NCAA Rules and Regulations, provided that any unpaid portion of the bonus in this Section 3.1.5 shall not be due after the Term ends for "Just Cause," as hereinafter defined, or if this Contract is terminated by Employee prior to the end of the Term.

3.1.6 If Employee is actively employed as Head Coach of Team on June 30, 2012, Employee shall be entitled to the following:

- a. a (one-time) lump sum bonus of \$1,250,000.00; and
- b. an annuity purchased by Employer, to mature on the date Employee reaches age 65, with a value at maturity of \$1,000,000.00.

3.1.7 Employee will receive the use of two mutually agreed upon automobiles that Employer will provide. If a specific automobile cannot be provided by Employer, a monthly stipend will be provided at a level consistent with other head coaches employed by Employer and equal to no more than \$300 per month per vehicle. Employee shall maintain, at his own