

ARKANSAS



December 11, 2010

Mr. Bobby Petrino
P.O. Box 7777
University of Arkansas
Fayetteville, AR 72702

Dear Coach Petrino:

As we look forward to our football team's first BCS appearance in the Allstate Sugar Bowl, I want to congratulate you on compiling a wonderful 10-2 season record. I also want to congratulate you on the tremendous progress of the Razorback football program under your leadership during the past three seasons. I know that our alumni and Razorback fans from every corner of the State of Arkansas are excited about the success and direction of our football program.

We know that you share our expectation for the Razorback football program to be competitive in the Southeastern Conference and nationally each year as well as to ensure that our student-athletes are equally as successful academically. We believe that you have built a solid foundation to make the Razorback football program nationally competitive each year and that you will continue to build on that success on a consistent basis in the future. We especially appreciate your efforts to work with the Athletic Department to enable our student-athletes to maximize their potential on the field as athletes, in the classroom as students and as leaders on campus. We are confident that, working together, we are making a positive difference in the lives of our student-athletes and will continue that important mission moving forward.

In recognition of your outstanding accomplishments and with the approval of President B. Alan Sugg and Chancellor G. David Gearhart, I am pleased to extend an offer to you for a new seven (7) year employment agreement consistent with the terms and conditions contained in this proposed Letter Agreement. We believe that this offer recognizes your ongoing accomplishments, provides a mutually desired long-term commitment between the University and you, and will help ensure the long-term success of the Razorback football program.

University of Arkansas
Department of Athletics

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ARKANSASRAZORBACKS.COM

We are 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 not use any taxpayer dollars in meeting its obligations under the proposed Employment Agreement. Consistent with your current Employment Agreement, the Athletic Department will rely upon self-generated revenues and private funds donated in support of the Athletic Department.

This letter sets forth the material terms of the University's offer to you that will later be incorporated into a formal Employment Agreement. By copy of this letter, I am requesting that the Office of the General Counsel prepare a new Employment Agreement consistent with the terms of this offer as well as the standard terms and conditions contained in your current Employment Agreement. The new Employment Agreement will supersede your current Employment Agreement. Additionally, the Razorback Foundation, Inc., an independent and private 501(c)(3) corporation, has agreed to serve as a third-party guarantor to secure the value of your annual compensation package in a guaranty agreement with you. The essential terms of a new Employment Agreement and compensation package are summarized as follows.

1. TERM: The term of the Employment Agreement will begin on January 1, 2011, and end on December 31, 2017 ("Term").

2. COMPENSATION:

A. Your current University salary of \$1.9 million (which is funded from a combination of non-taxpayer, self-generated Athletic Department funds and private funds donated to the University for all amounts in excess of your line-item maximum salary) will remain the same. Consistent with past practice, you shall be paid in twelve equal installments on the last calendar day of each month and consistent with the University's routine payroll cycle.

B. Your TV/Radio compensation under your Personal Services Agreement with the Razorback Foundation shall be increased from \$600,000.00 per year to \$800,000.00 per year for each year during the Term.

C. Your Speaking Fees under your Personal Services Agreement with the Razorback Foundation shall be increased from \$200,000.00 per year to \$250,000.00 per year. Consistent with your current agreement, the Razorback Foundation shall be responsible for assigning your speaking engagements each year.

D. Your current deferred compensation plan, which includes annual contributions of \$150,000.00 per year, ends in 2012. That plan will continue and be completed under the terms and conditions as originally agreed between the Razorback Foundation and you. Beginning in 2013 and continuing for each year of the Term through 2017, the Razorback Foundation will provide \$500,000.00 per year to a deferred compensation vehicle that you select; provided, however, that the proposed deferred compensation

vehicle must be approved by the Razorback Foundation and may not jeopardize the tax-exempt status of the organization. Additionally, you agree that if your Employment Agreement is either terminated by you for convenience or is terminated by the University for cause, the Foundation's obligation to fund any additional amounts shall cease. The University and the Razorback Foundation will work with you in good faith to identify and implement the deferred compensation vehicle you select subject to the foregoing conditions.

E. In recognition of the ongoing success and achievements of the Razorback football program and to reward your long-term commitment to the University, you will receive a signing incentive payment, with private funds donated for such purpose, in the amount of \$500,000.00 to be paid to you within 30 days following the execution of your new Employment Agreement. The University will also pay you, with private funds donated for such purposes, two additional longevity incentive payments with the first payment in the amount of \$250,000.00 being paid to you no later than December 31, 2014, provided that you remain employed through that date and the second payment in the amount of \$475,000.00 being paid to you no later than December 31, 2017, provided that you remain employed through that date. If you terminate the Employment Agreement for convenience prior to the due date of either of the foregoing incentive payments, then you shall not be entitled to receive any such incentive payments.

3. LIFE INSURANCE AND LONG-TERM DISABILITY INSURANCE: To secure the total value of your compensation package as Head Football Coach of the Razorback football program during the Term of your Employment Agreement (including the value of all compensation and payments derived from your University salary as well as all personal services performed as part of your TV/radio duties, speaking engagements, your deferred compensation payments, and your longevity incentive payments), the University will pay, with non-taxpayer, self-generated revenues or private funds donated for such purposes, the actual cost of a life insurance policy and disability insurance policy not to exceed an aggregate maximum payment of \$35,000.00 per year to secure the then current net value (current value less taxes) of your compensation package. For purposes of clarity, the parties anticipate that the life insurance and long-term disability coverage amounts and premiums will decline with each subsequent year during the Term of the Employment Agreement, and the University shall only be responsible to pay the actual cost for such premiums (based upon the then current net value of the compensation package for the remaining number of years under the Term) not to exceed an aggregate maximum sum of \$35,000.00 per year (should the premiums exceed this amount, the Coach will be allowed to supplement the University payments with his own funds). The parties agree to work together in good faith to identify the best life insurance and long-term disability insurance policies at the best value possible.

4. AVERAGE ANNUAL PAYMENTS: The parties acknowledge and agree that the total average annual payments (including the insurance premiums) under this proposed offer equal \$3,560,000.00 per year based upon a seven (7) year Term.

5. ATHLETIC ACHIEVEMENT INCENTIVES: Under the terms of the new Employment Agreement, the existing academic performance incentives contained in your current Employment Agreement shall remain the same. The achievement incentives shall be as follows:

You shall receive the following performance incentives for each of the following athletic achievements on a non-cumulative basis, except as otherwise indicated:

<u>ATHLETIC ACHIEVEMENT</u>	<u>INCENTIVE PAYMENT</u>
Win or Tie for SEC Western Division Championship	\$50,000.00**
Win SEC Championship Game	\$100,000.00**
Appear in BCS National Championship Game	\$150,000.00++
Win BCS National Championship Game	\$300,000.00++
Appear in Non-Title BCS Bowl Game	\$125,000.00
Appear in Any of the Following Non-BCS Bowl Games (Capitol One Bowl, Cotton Bowl, or Outback Bowl)	\$75,000.00
Appear in Any Other Non-BCS Bowl	\$50,000.00
Coach of the Year in the SEC	\$25,000.00#
Coach of the Year Nationally	\$25,000.00#

**These incentive payments are non-cumulative. In the event you and the football team win the SEC Western Division Championship and win the SEC Championship Game, you shall receive an incentive payment of \$100,000.00.

++These incentive payments are non-cumulative. In the event you and the football team appear in the BCS National Championship Game and win the BCS National Championship Game, you shall receive an incentive payment of \$300,000.00.

#These incentive payments are cumulative and you may receive a total of \$50,000.00 if you are named SEC (as named by the SEC) and National Coach of the Year (as awarded by an organization determined by the University) during the same season.

As applicable, certain incentive payments will be paid cumulatively. For example, if you and the football team win or tie for the SEC Western Division Championship and appear in a First Tier Non-BCS Bowl Game, you would receive both incentive payments for a cumulative total of \$125,000.00 (\$50,000.00 for winning or tying for a SEC Western Division Championship + \$75,000.00 for appearing in the

Capitol One, Cotton Bowl or Outback Bowl). The Vice Chancellor and Director of Athletics or his designee shall be solely responsible for determining whether any incentive payments shall be paid on a cumulative basis.

Any incentive payments due to you shall be paid within 30 days following the conclusion of the football season in which such achievements occur consistent with the Athletics Department and University payment policies.

6. THIRD-PARTY GUARANTOR: The terms of the new Employment Agreement with the University will include a provision that the total value of your compensation package will be guaranteed by the Razorback Foundation, in the event the University terminates your employment for convenience, consistent with the following schedule (on a non-cumulative basis) and subject to the following conditions. Similarly, in the event you terminate the Employment Agreement for your convenience, you shall be responsible to repay the following amounts to the University, which are non-cumulative.

<u>YEAR</u>	<u>RAZORBACK FOUNDATION GUARANTY</u>	<u>COACH REPAYMENT</u>
2011	\$18,000,000.00	\$18,000,000.00
2012	\$18,000,000.00	\$18,000,000.00
2013	\$17,975,000.00	\$17,975,000.00
2014	\$14,525,000.00	\$14,525,000.00
2015	\$10,825,000.00	\$10,825,000.00
2016	\$7,375,000.00	\$7,375,000.00
2017	\$3,925,000.00	\$3,925,000.00

As stated, the foregoing amounts are non-cumulative for you and the Razorback Foundation.

The Razorback Foundation's guaranty shall be subject to the following conditions: (1) 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; (2) Coach shall have an affirmative duty to mitigate his damages by actively seeking re-employment; (3) the Razorback Foundation shall be entitled to off-set any earnings received by Coach, whether from athletic-related or non-athletic-related sources, from the guaranty payments; and (4) Coach shall have the reciprocal obligation to repay his salary to the University in the foregoing amounts in the event Coach terminates the Employment Agreement for Coach's convenience. If payment is not made by Coach, then the Razorback Foundation shall be entitled to a judgment for the amounts paid to you plus interest at the highest rate allowed by Arkansas law.

Additionally, the guaranty agreement shall include a release of any and all claims against the University and/or the Razorback Foundation arising from or relating to the University's termination of your employment for convenience or any aspect of your

employment. Moreover, the guaranty agreement shall specify that you shall not be entitled to any other sums and/or payments of nature whatsoever other than the specified and guaranteed payment amounts. We further agree that the release language contained in your current Employment Agreement (or substantially similar release language) shall be included in your new Employment 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 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 to prepare and enter this agreement with you.

7. BENEFITS: You will receive benefits similar to those specified in your current Employment Agreement. Specifically, consistent with benefits 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 life insurance (in addition to the life insurance policy premium payment the University has agreed to pay); long-term disability insurance (in addition to the LTD insurance policy premium payment the University has agreed to pay); University contribution to TIAA/CREF or other approved retirement program; sick leave; tuition reduction for you and your legal dependents; travel allowances; and such other benefits currently provided for non-classified, non-academic employees of the University as may be approved from time to time by the Board of Trustees of the University.

8. GOOD FAITH REVIEW OF AGREEMENT: The University agrees to conduct a good faith review the new Employment Agreement no later than January 31, 2014.

9. OTHER TERMS AND CONDITIONS: Similar to the other terms and conditions contained in your current Employment Agreement, the new Employment Agreement will include the following provisions:

- A term permitting outside employment and outside compensation consistent with University policy (including the institution's conflict of interest policy).
- If you terminate the employment agreement without cause, or if the employment agreement is terminated for cause, neither the University nor its third-party guarantor shall be liable for any payments or benefits after the date of the termination.
- The Employment Agreement shall contain the same language regarding your obligations and responsibility to comply with NCAA and SEC rules and regulations.

- Your duties and authority contained in the current Employment Agreement shall remain the same in the new Employment Agreement with the express addition that you will assist in fundraising activities for the benefit of the Razorback football program, including, but not limited to, the planned Football Center.
- The Employment Agreement shall include the University's standard termination for cause provision which includes the right to terminate for cause based on significant and/or repetitive violations of NCAA and/or Southeastern Conference rules and regulations; committing or assisting in the commission of a major violation or a series of secondary violations which, taken together, constitute a major violation by any person of the NCAA or SEC constitution, by-laws, rules, regulations or interpretations thereof by the NCAA or SEC, or failing to report the same within a reasonable amount of time of your learning of any such violations; conviction of a crime under federal or state law (excluding minor traffic offenses); prolonged absence from duty without the consent of the Athletic Director or his/her designee; otherwise engaging in conduct, as solely determined by the University, which is clearly contrary to the character and responsibilities of a person occupying the position of Head Football Coach or which negatively or adversely affects the reputation of the University or UAF's Athletics Program in any way. Additionally, the parties will work towards mutually acceptable language with respect to protecting the welfare of the University's student-athletes.
- 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 violated NCAA or conference rules and regulations or state or federal law at any of your prior places of employment.
- The University shall have the right to terminate the Employment Agreement for convenience for any reason at any time subject to the guaranty of the Employment Agreement by the Razorback Foundation.
- The University shall have the right to take disciplinary or corrective action short of dismissal for cause in the event of the occurrence of any act or event that could be grounds for dismissal for cause.
- The University shall have an exclusive license to use your name, likeness and image to support and to promote the football program, the Athletics Department, and the University.
- In the event that you terminate the Employment Agreement due to any alleged material breach of contract by the University, the University acknowledges that you may pursue all remedies legally available to you;

provided, however, that the University does not waive its sovereign immunity or any immunities available to its officials and employees.

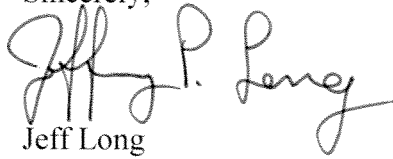
- The covenant not to compete in your current Employment Agreement will be included in the new Employment Agreement and shall be expanded to include the entire Southeastern Conference, including both the Eastern and Western Divisions. You further covenant and agree not to accept employment in any coaching capacity with any other SEC institution, including any Eastern or Western Division school prior to the expiration date of the Term and any mutually agreed upon extensions of the Term. This non-compete provision shall also apply to any new institutions in the event the SEC expands its membership during the course of the Term of the new Employment Agreement. In the event the University terminates your employment for its convenience, the covenant not to compete shall not apply.
- Your employment will be subject to the policies of the University and the Board of Trustees of the University of Arkansas.

We agree that a summary of the essential terms of the new Employment Agreement is attached hereto and incorporated herein by reference as if set forth word for word herein, and the University and the Razorback Foundation shall not be responsible for any other compensation except as expressly identified in this Letter Agreement and the attachment of essential terms. We further agree that the Letter Agreement reflects the essential terms of our new agreement, and to the extent practical and appropriate, the terms and conditions contained in the existing Employment Agreement shall be utilized in the new Employment Agreement. We agree that it is our intent for the new Employment Agreement to generally remain the same except as modified by the terms of this Letter Agreement.

The University will use its best efforts to draft and execute the formal Employment Agreement with you within 30 calendar days following the execution of this Letter Agreement, excluding any days that the University is officially closed for the institution's winter break. The University will request that the Razorback Foundation complete the Guaranty Agreement and address any other personal service contracts within the same time period. This Letter Agreement shall be governed by the laws of the State of Arkansas without regard to its choice of law principles and shall supersede all other agreements between the parties (whether verbal or written), including, but not limited to, the existing Employment Agreement.

We are truly pleased and excited to present this offer to extend your service as the Head Football Coach of the Arkansas Razorbacks at the University of Arkansas. We believe that you are building and will sustain a nationally competitive football program both athletically and academically. If you agree to this proposal, please indicate your acceptance of this offer by signing your name in the space provided below.

Sincerely,



Jeff Long
Vice Chancellor and
Athletics Director

AGREED TO AND ACCEPTED:



Bobby Petrino

Date: December 11, 2010

cc: President B. Alan Sugg
Chancellor G. David Gearhart

BOBBY PETRINO
Employment Agreement Terms
December 11, 2010

	University Salary	TV/Radio	Speaking	Deferred Comp (a)	Incentives	Total Annual	RF Guaranty	Coach Repayment
2011	1,900,000	800,000	250,000	150,000	500,000 (b)	3,600,000	18,000,000	18,000,000
2012	1,900,000	800,000	250,000	150,000	-	3,100,000	18,000,000	18,000,000
2013	1,900,000	800,000	250,000	500,000	-	3,450,000	17,975,000	17,975,000
2014	1,900,000	800,000	250,000	500,000	250,000 (c)	3,700,000	14,525,000	14,525,000
2015	1,900,000	800,000	250,000	500,000	-	3,450,000	10,825,000	10,825,000
2016	1,900,000	800,000	250,000	500,000	-	3,450,000	7,375,000	7,375,000
2017	1,900,000	800,000	250,000	500,000	475,000 (d)	3,925,000	3,925,000	3,925,000
	<u>13,300,000</u>	<u>5,600,000</u>	<u>1,750,000</u>	<u>2,800,000</u>	<u>1,225,000</u>	<u>24,675,000</u>		
						<u>245,000</u> (e)		
						<u>24,920,000</u>		

(a) amounts paid per approved deferred compensation agreements

(b) paid within 30 days following the execution of new employment agreement

(c) longevity incentive paid no later than December 31, 2014

(d) longevity incentive paid no later than December 31, 2017

(e) maximum payments of \$35,000 per year towards life and LTD insurance coverage premiums