

COUNTY OF ORANGE

STATE OF NORTH CAROLINA

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into effective as of the 14th day of November, 2011, by and between The University of North Carolina at Chapel Hill ("University") and Lawrence (Bubba) Cunningham ("Mr. Cunningham").

WITNESSETH:

WHEREAS, the University desires to employ Mr. Cunningham as Director of Athletics and Mr. Cunningham desires to engage in such employment under the terms and conditions set forth below; and

WHEREAS, the parties acknowledge that the primary mission of the University is education, and, accordingly, the primary purpose of all of the University's legal arrangements, including this Agreement, is the furtherance of the University's educational mission;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, it is agreed as follows:

I. TERM OF EMPLOYMENT

The University agrees to employ Mr. Cunningham and Mr. Cunningham agrees to serve the University for a stated definite term continuing until June 30, 2017, except that Mr. Cunningham at his option shall have the unilateral right to terminate this Agreement at any time upon 120 days prior written notice to the University. Upon termination of this Agreement pursuant to its terms, the rights and obligations of the parties hereunder shall cease, except as expressly provided otherwise in this Agreement or under then effective University policies.

II. DUTIES

Mr. Cunningham shall have such duties, responsibilities, and obligations as are assigned to him by the University's Chancellor, which duties may include, without limitation, the following:

- (a) serving as Director of Athletics for the University;
- (b) directing and conducting the University's varsity athletics programs in keeping with the educational purpose of and the traditions, values, integrity, and ethics of the University;
- (c) working with the coaches to ensure that only academically qualified student-athletes are recruited and retained and that such student-athletes are encouraged with respect to their academic progress toward graduation in defined degree programs;
- (d) collaborating with the College of Arts & Sciences and its Academic Support Program to ensure that student-athletes receive encouragement and appropriate assistance with respect to their academic progress toward graduation in defined degree programs;
- (e) conducting himself and the University's Department of Athletics and varsity athletics programs in accordance with all applicable rules, regulations, and policies of and applicable to the University and in accordance with the Constitution, bylaws, legislation, and regulations of the Atlantic Coast Conference ("ACC") and of the National Collegiate Athletic Association ("NCAA"), as such may be amended from time to time. The Athletic Director shall promptly advise the Chancellor and the Vice Chancellor and General Counsel if the Athletic Director has any reason to believe that violations have occurred or will occur and shall cooperate fully in any investigation of possible violations conducted or authorized by the University, the ACC, or the NCAA at any time;
- (f) recommending the hiring and the terms and conditions of employment of all head coaches, with consultation and approval by the Chancellor and the Board of Trustees, as appropriate;
- (g) maintaining responsibility for the supervision and conduct of the head coaches and their athletics program activities. This responsibility shall include, without limitation, providing annual evaluations of such head coaches;
- (h) maintaining responsibility for hiring and supervising all administrative and other personnel as deemed appropriate for the proper and effective functioning of a major intercollegiate athletic program in the framework of the values and traditions of this institution, consistent with the University's policies and procedures, and with the supervision and approval of the Chancellor and the Board of Trustees, as appropriate;
- (i) maintaining responsibility for the fiscal and budgetary functions associated with the University's varsity athletics programs;

- (j) cultivating and maintaining effective relations with students, faculty, staff, and friends of the University;
- (k) serving as an active member of the Chancellor's Cabinet; and
- (l) such other reasonable duties as may be assigned by the Chancellor from time to time.

Mr. Cunningham agrees faithfully and diligently to use his best efforts to perform all the duties of his position and to devote such time, attention, and skill to the performance of his duties as necessary to perform his responsibilities. Mr. Cunningham's performance of these responsibilities will be reviewed annually, as required by University policy.

III. ANNUAL COMPENSATION

(a) The annual salary of Mr. Cunningham shall be Five Hundred Twenty-five Thousand Dollars (\$525,000.00). This is based on a twelve-month period commencing on July 1 and concluding on June 30 of the succeeding year (such period being referred to herein as a "contract year") and shall be pro-rated for any partial contract year. The salary will be reviewed at least annually as of each July 1, but shall not be changed without mutual agreement of the University and Mr. Cunningham.

(b) As Athletic Director, Mr. Cunningham will be entitled to receive additional compensation from the University in the form of bonuses for increased responsibilities, as follows:

(i) an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a), in any contract year in which the Men's Football team is invited to a bowl game to compensate Mr. Cunningham for the overload duties, work, and responsibilities related to that event. Any amount earned hereunder shall be paid within seventy-five (75) days following the date of the bowl game, but in no event later than March 15.

(ii) an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a), in any contract year in which the Men's Basketball team is invited to appear in the NCAA post-season basketball tournament to compensate Mr. Cunningham for the overload duties, work, and responsibilities related to that event. Any amount earned hereunder shall be paid within seventy-five (75) days following the last game played by the team in the NCAA post-season basketball tournament.

(iii) an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a), in any contract year in which the Women's Basketball team is invited to appear in the NCAA post-season basketball tournament to compensate Mr. Cunningham for the overload duties, work, and responsibilities related to that event. Any amount earned hereunder shall be paid within seventy-five (75) days following the last game played by the team in the NCAA post-season basketball tournament.

(iv) an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a), in any contract year in which the mean (average) of the four year academic progress rates ("APRs") for all the University's varsity sports teams, as reported to the NCAA during such contract year, equals or exceeds Nine Hundred Seventy-five (975). Any amount earned hereunder shall be paid no later than seventy-five (75) days following the submission to the NCAA of the University's annual APR report.

Each of the bonuses described in this Section III(b) shall be deemed earned by Mr. Cunningham immediately upon the occurrence of the described threshold event(s). Upon the termination of this Agreement for any reason, the University shall be obligated to pay any bonus earned as of the effective date of termination, but not yet paid.

IV. BENEFITS

Mr. Cunningham is classified as an EPA Non Faculty Employee of the University. As an EPA Non Faculty Employee, Mr. Cunningham shall be entitled to receive all employee-related benefits which are normally available to other twelve-month EPA Non Faculty Employees, including the right to accrue annual leave of 24 workdays per year. Mr. Cunningham's employment is subject to the Employment Policies for EPA Non-Faculty Research Staff, Instructional Staff, and Tier II Senior Academic and Administrative Officers of The University of North Carolina at Chapel Hill, as periodically revised, and to the Personnel Policies for Senior Academic and Administrative Officers and related regulations, as adopted by the Board of Governors and as periodically revised (collectively, the "Policies"). A copy of the current Policies is attached hereto and incorporated herein by reference. Mr. Cunningham acknowledges that benefits or classifications provided by University are subject to change from time to time by the North Carolina Legislature, the Board of Governors, or the University.

V. EXPENSES

As Athletic Director, Mr. Cunningham will be entitled to receive an annual expense allowance from the Department of Athletics of \$40,000 per contract year (pro-rated for any partial contract year) to be used for entertainment and other appropriate purposes to advance the University's athletics programs. Advancement of the University's athletics programs is understood to include but not be limited to travel expenses for Mr. Cunningham's spouse for Athletic Department and University purposes. All appropriate State and Federal taxes will be withheld from this allowance. This allowance may be adjusted for inflationary and other reasons during the term of this Agreement, at the sole discretion of the Chancellor. Use of these funds shall always be within NCAA, ACC, and University regulations, but the Director of Athletics will not be required to report specific expenditures to the University.

VI. OUTSIDE COMPENSATION

Subject to compliance with the Policy on External Professional Activities for Pay of The University of North Carolina Board of Governors, NCAA and ACC Regulations, and subject to all other relevant policies applicable to or of the University and laws concerning conflicts of

interest, and with the prior approval of the Chancellor as provided in said policies, Mr. Cunningham may earn other revenue while employed by University, but such activities are independent of his University employment, and the University shall have no responsibility for any claims by him or against him arising therefrom. With respect to any such independent activities that are commercial in nature, including, without limitation, activities that promote a private business or service, Mr. Cunningham shall not, without the express written permission of University, make use of the University's name, logos, and symbols.

Mr. Cunningham shall report annually as of July 1 to the Chancellor all athletically related income from sources outside the University. The University shall have reasonable access to all records of Mr. Cunningham to verify this report.

VII. UNIVERSITY RECORDS

All materials or articles of information including, without limitation, personnel records, recruiting records, team information, films, statistics, or any other material or data furnished to Mr. Cunningham by University or developed by Mr. Cunningham on behalf of University or at University's direction or for University's use or otherwise in connection with Mr. Cunningham's employment hereunder are and shall remain the sole property of University. If University requests the return of such materials at any time during, or at, or after the termination of Mr. Cunningham's employment, Mr. Cunningham shall immediately deliver same to University.

Mr. Cunningham acknowledges that this Agreement is a public record subject to disclosure under North Carolina's Public Records Law.

VIII. TERMINATION BY UNIVERSITY

This Agreement may be terminated by University for Cause at any time upon written notice to Mr. Cunningham. For purposes hereof, "Cause" shall mean the following:

- (a) a material failure to perform any of the duties specified in Section II of this Agreement;
- (b) a violation by Mr. Cunningham, or knowing participation by Mr. Cunningham in a violation, or a violation by coaches or employees or student -athletes of which Mr. Cunningham had reason to know, should have known through the exercise of reasonable diligence in the exercise of his duties under this Agreement, or which Mr. Cunningham condoned, of a major ACC or NCAA regulation or bylaw, as reasonably determined in the sole discretion of the University after its review of the relevant facts and circumstances;
- (c) behavior by Mr. Cunningham that displays a continual or serious disrespect for the integrity and ethics of the University or its varsity athletics programs or which has or is likely to have a material adverse impact on the reputation or good name of the University or its varsity athletics programs;

- (d) any other material breach by Mr. Cunningham of the terms of this Agreement;
- (e) any of those causes specified in Section VIII of the Employment Policies for EPA Non-Faculty Research Staff, Instructional Staff, and Tier II Senior Academic and Administrative Officers of The University of North Carolina at Chapel Hill, as periodically revised, or in Section III.B.4 of the Personnel Policies for Senior Academic and Administrative Officers, as adopted by the Board of Governors, as periodically revised.

In the event of a termination under this paragraph VIII for "Cause," University's sole obligation to Mr. Cunningham shall be payment of his compensation as set forth in Paragraph III of this Agreement earned through the date of such termination. The University shall not be liable to Mr. Cunningham for any collateral business opportunities, outside activities, or other non-University matters that may be related to or associated with Mr. Cunningham's position with the University.

Any process to terminate Mr. Cunningham for Cause shall be conducted in compliance with all relevant University policies.

IX. AUTOMATIC TERMINATION UPON DEATH OR DISABILITY

(a) This Agreement shall terminate immediately and automatically without notice in the event that Mr. Cunningham dies. This Agreement shall terminate, upon reasonable notice to Mr. Cunningham by University, in the event that Mr. Cunningham becomes and remains unable to perform the essential functions of his employment hereunder for a period of ninety (90) days by reason of medical illness or incapacity. Such determination of Mr. Cunningham's inability to perform his duties shall be made in the sole judgment of the Chancellor; provided, however, that the Chancellor shall, prior to making such judgment, seek the advice and opinion regarding such disability of an impartial physician competent to provide such advice and opinion, as may be mutually agreed upon by Mr. Cunningham or his legal representative(s). If Mr. Cunningham or his legal representative(s), as the case may be, and the Chancellor are unable to agree upon such physician, the selection shall be made by the Dean of the School of Medicine of The University of North Carolina at Chapel Hill.

(b) If this Agreement is terminated pursuant to subparagraph (a) above because of death, Mr. Cunningham's salary and all other benefits shall terminate as of the end of the calendar month in which death occurs, except that Mr. Cunningham's personal representative(s) or other designated beneficiary shall be paid all such death benefits, if any, as may be contained in any benefit plan now in force or hereafter adopted by the University and due Mr. Cunningham as an EPA Non Faculty Employee under the Policies.

(c) In the event that Mr. Cunningham becomes and remains unable, in the sole judgment of the Chancellor, to perform the essential functions of his employment hereunder for a period of ninety (90) days because of medical illness or incapacity and the University thereupon affords notice of termination under subparagraph (a) above, except for payment of amounts due Mr. Cunningham accrued hereunder prior to the date of termination and payment of any disability benefits to which Mr. Cunningham may be entitled pursuant to any disability program

in which Mr. Cunningham is enrolled through University, the University shall have no further liability to Mr. Cunningham pursuant to this Agreement. Specifically and without limitation, at the end of such ninety (90) day period, all salary and other benefits shall terminate, except that Mr. Cunningham shall be entitled to receive any disability benefits to which he is entitled under any disability program in which he is enrolled through the University.

(d) Notwithstanding any other provision herein, this Agreement does not and shall not be construed to afford University the right to take any action that is unlawful under the Americans with Disabilities Act or to constitute in any respect a waiver of rights under such Act.

(e) The termination of this Agreement under subparagraph (a), above, shall not constitute a breach of this Agreement, and, except for the payments required by this Paragraph IX, if any, Mr. Cunningham hereby, to the fullest extent allowable by law, waives and relinquishes all rights to payment of compensation, damages, or other relief on account of such termination.

X. TAXES

Mr. Cunningham acknowledges that, in addition to the salary provided for in this Agreement, certain benefits he receives incident to his employment relationship with University may give rise to taxable income. Mr. Cunningham agrees to be responsible for the payment of any taxes (including federal, state, and local taxes) due on such income. Mr. Cunningham also understands that University will withhold taxes on amounts paid or due to Mr. Cunningham and the value of benefits provided to Mr. Cunningham, to the extent required by applicable law and regulation.

XI. SEVERABILITY

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or unenforceability of any other provision hereof.

XII. NOTICES

Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by registered or certified mail to his residence in the case of Mr. Cunningham, or to the Chancellor's Office in the case of University.

XIII. BENEFIT

This Agreement, in accordance with its terms and conditions, shall inure to the benefit of and be binding upon University, its successors and assigns, and Mr. Cunningham, his heirs, executors, administrators, and legal representatives.

XIV. SITUS

This Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina.

XV. EQUAL PARTICIPANTS

Each party hereto shall be viewed as an equal participant, and each party agrees that there shall be no presumption against the drafting party.

XVI. ENTIRE AGREEMENT

Effective upon signature by both parties, this instrument cancels all prior agreements between the parties hereto and contains the entire agreement of the parties. It may not be changed orally. This Agreement in its entirety and all of its terms and conditions shall be effective only if approved by the Board of Trustees of The University of North Carolina at Chapel Hill. This Agreement can be amended only by an agreement in writing signed by both parties and approved, as required, pursuant to the policies of the Board of Governors of The University of North Carolina.

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XVII. WAIVER

Waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FOR AND ON BEHALF OF
THE UNIVERSITY OF NORTH
CAROLINA AT CHAPEL HILL

Richard L. Mann
Vice Chancellor for Finance
and Administration

Date

Holden Thorp
Chancellor

Date

Approved by the Board of Trustees:

Assistant Secretary

Date

MR. CUNNINGHAM

Lawrence (Bubba) Cunningham

Date

COUNTY OF ORANGE

STATE OF NORTH CAROLINA

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

MEN'S HEAD BASKETBALL COACH

THIS SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Employment Agreement" or this "Agreement") is made and entered into effective as of the ____ day of October, 2011, by The University of North Carolina at Chapel Hill ("UNIVERSITY") and Roy A. Williams ("COACH").

WITNESSETH:

WHEREAS, the UNIVERSITY and COACH entered into an Amended and Restated Employment Agreement effective as of July 1, 2007; and

WHEREAS, the UNIVERSITY and COACH desire to amend and restate that Amended and Restated Employment Agreement in its entirety; and

WHEREAS, the parties acknowledge that although this Employment Agreement is sports-related, the primary mission of the UNIVERSITY is education, and, accordingly, the primary purpose of all of the UNIVERSITY's legal arrangements, including this Agreement, is the furtherance of the UNIVERSITY's educational mission;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, it is agreed as follows:

I. TERM OF EMPLOYMENT

UNIVERSITY agrees to employ COACH and the COACH agrees to serve UNIVERSITY as its Men's Head Basketball Coach for a term beginning on the effective date of this Agreement, and continuing until April 15, 2018, except that COACH at his option shall have the right to unilaterally terminate this entire Agreement at any time upon 120 days prior written notice to the UNIVERSITY. The term of this Agreement cannot be changed without mutual agreement of UNIVERSITY and COACH.

II. DUTIES

The COACH is hereby employed by UNIVERSITY as Men's Head Basketball Coach with all of the duties, responsibilities, obligations, and privileges normally associated with the position of Men's Head Basketball Coach at a major university such as UNIVERSITY. These duties shall include:

- (a) directing and conducting the Men's Basketball Program in keeping with the educational purpose of and the traditions, integrity, and ethics of the UNIVERSITY;
- (b) recruiting and retaining only academically qualified student-athletes and promoting and encouraging academic progress, in conjunction with the faculty and UNIVERSITY, of such student-athletes toward graduation in defined degree programs;
- (c) conducting himself and the Men's Basketball Program in accordance with all applicable rules, regulations, and policies of and applicable to UNIVERSITY and in accordance with the Constitution, bylaws, legislation, and regulations of the ACC and of the National Collegiate Athletic Association, as such may be amended from time to time;
- (d) maintaining full responsibility for the supervision and conduct of assistant coaches and staff and their activities, including maintaining compliance by such assistant coaches and staff with all applicable rules, regulations and policies of and applicable to UNIVERSITY and with the Constitution, bylaws, legislation, and regulations of the ACC and National Collegiate Athletic Association, as such may be amended from time to time. This responsibility shall include, without limitation, providing annual evaluations of such assistant coaches and staff; and
- (e) under the direction of the Athletic Director, maintaining responsibility for the fiscal and budgetary functions associated with the Men's Basketball Program.

The COACH agrees faithfully and diligently to use his best efforts to perform all the duties of this position and to devote such time, attention, and skill to the performance of these duties as necessary to perform the responsibilities of the position of Men's Head Basketball Coach. During the term of this Agreement, COACH shall report to and be under the immediate supervision of UNIVERSITY's Athletic Director and shall regularly confer with the Athletic Director on matters concerning administrative and technical decisions. Without limiting the generality of the foregoing, COACH shall have the

responsibility and authority, in consultation with the Athletic Director and consistent with all applicable UNIVERSITY policies, as such may be amended from time to time, to employ and discharge all personnel assigned to the Men's Basketball Program.

III. ANNUAL COMPENSATION

(a) The annual salary of COACH for the position of Men's Head Basketball Coach shall be Three Hundred Thirty-three Thousand Nine Hundred Thirty-eight Dollars (\$333,938). This is based on a twelve-month employment period. The salary will be reviewed at least annually as of each July 1, but shall not (i) be changed without mutual agreement of UNIVERSITY and COACH, or (ii) be reduced below the amount set forth in the previous sentence. Each year, through this annual review process, COACH's base salary in this Section III(a) may be increased as determined by the Chancellor in a percentage approximately in line with the percentage salary increase received or expected to be received (if any) by UNIVERSITY faculty members for such year.

(b) In years in which the Men's Basketball team is invited to the NCAA post-season basketball tournament, COACH will receive additional compensation from UNIVERSITY in the form of a bonus for increased responsibilities in an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a). Any amount earned hereunder shall be paid within seventy-five (75) days following the last game of the NCAA post-season basketball tournament.

(c) In years in which the Men's Basketball team appears among the Final Eight in the NCAA post-season basketball tournament, COACH will receive, in addition to the compensation specified in subparagraph III (a) and (b) above, additional compensation from UNIVERSITY in the form of a bonus for increased responsibilities in an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a). Any amount earned hereunder shall be paid within seventy-five (75) days following the last game of the NCAA post-season basketball tournament.

(d) In years in which the Men's Basketball team appears among the Final Four in the NCAA post-season basketball tournament, COACH will receive, in addition to the compensation specified in subparagraph III (a), (b), and (c) above, additional compensation from UNIVERSITY in the form of a bonus for increased responsibilities in an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a). Any amount earned hereunder shall be paid within seventy-five (75) days following the last game of the NCAA post-season basketball tournament.

(e) In years in which the four year "Academic Progress Rate" for the Men's Basketball team reported by the UNIVERSITY to the NCAA equals or exceeds 960,

COACH will receive, in addition to the compensation specified in subparagraphs III (a) - (d) above, additional compensation from UNIVERSITY in the form of a bonus in an amount equal to one-twelfth of his then-applicable annual salary, as determined pursuant to subparagraph III(a). For purposes hereof, the term "Academic Progress Rate" shall be as defined by the NCAA. Any amount earned hereunder shall be paid within seventy-five (75) days after the UNIVERSITY submits its annual Academic Progress Rate report to the NCAA.

IV. BENEFITS

The position of Men's Head Basketball Coach is classified as an EPA Non Faculty position at UNIVERSITY. As an EPA Non Faculty Employee, COACH shall be entitled to receive all employee-related benefits which are normally available to other twelve-month EPA Non Faculty Employees. COACH's employment is subject to the Employment Policies for EPA Non-Faculty Research Staff, Instructional Staff, and Tier II Senior Academic and Administrative Officers of The University of North Carolina at Chapel Hill, as approved by the Board of Trustees on September 22, 2009, and as periodically revised (the "Policies"). A copy of the current Policies is attached hereto and hereby incorporated by reference. COACH acknowledges that benefits or classifications provided by UNIVERSITY are subject to change from time to time by the North Carolina Legislature or UNIVERSITY.

In addition to the benefits generally accorded an EPA Non Faculty Employee, so long as COACH continues to serve as UNIVERSITY's Men's Head Basketball Coach, UNIVERSITY shall provide to COACH the following additional benefits:

- (a) COACH shall be entitled to operate a summer basketball camp in accordance with the policies of UNIVERSITY concerning the operation of such camps, as discussed in more detail in Paragraph VI below.
- (b) COACH shall be entitled to advise and comment on all proposed scheduling of UNIVERSITY men's basketball games during the term of this Agreement.

V. EXPENSES

While COACH holds the position of Men's Head Basketball Coach, COACH will receive an annual expense allowance from the Department of Athletics to be used for entertainment and other appropriate purposes to advance UNIVERSITY'S Men's Basketball Program. The amount of this annual expense allowance will be \$30,000 in the 2011-2012 contract year and \$40,000 in each contract year thereafter. A "contract year,"

for purposes of this Agreement, means April 16 to April 15 of the immediately following year. All appropriate State and Federal taxes will be withheld from this allowance. This allowance may be adjusted for inflationary and other reasons during the term of this Agreement. This will be at the discretion of the Athletic Director, but will not be reduced below the amounts set forth in this paragraph. Use of these funds shall always be within NCAA and ACC regulations, but COACH shall not be required to report to the UNIVERSITY as to how the money is spent.

VI. OUTSIDE COMPENSATION

Subject to compliance with the Policy on External Professional Activities for Pay of The University of North Carolina Board of Governors, NCAA and ACC Regulations, and subject to all other relevant policies applicable to or of the UNIVERSITY and laws concerning conflicts of interest, and with the prior approval from the Athletic Director and Chancellor as provided in said policies, COACH may earn other revenue while employed by UNIVERSITY, but such activities are independent of his UNIVERSITY employment, and the UNIVERSITY shall have no responsibility for any claims by him or against him arising therefrom. This activity shall include engaging in any radio, television, motion picture, writing, or any similar activity, personal appearances, commercial endorsements, and basketball camps, except as noted below. With respect to any such independent activities that are commercial in nature, including, without limitation, activities that promote a private business or service, COACH shall not, without the express written permission of UNIVERSITY, make use of UNIVERSITY's name, logos, and symbols.

With respect to the operation of basketball camps or other activities using UNIVERSITY's name, such activity shall be only with the prior approval of the Athletic Director and Chancellor, and shall be conducted in accordance with all applicable NCAA and ACC policies and policies of or applicable to UNIVERSITY, including those requiring the payment of fees for use, if any, of UNIVERSITY facilities.

As required by NCAA Regulations, COACH shall report annually as of July 1 to the Chancellor through the Athletic Director all athletically related income from sources outside the UNIVERSITY, including but not limited to, income from annuities, sports camps, endorsements, television and radio programs, and all other athletically-related income from whatever outside source. UNIVERSITY shall have reasonable access to all records of COACH to verify this report.

VII. UNIVERSITY RECORDS

All materials or articles of information including, without limitation, personnel records, recruiting records, team information, films, statistics, or any other material or data furnished to COACH by UNIVERSITY or developed by COACH on behalf of UNIVERSITY or at UNIVERSITY's direction or for UNIVERSITY's use or otherwise in connection with COACH's employment hereunder are and shall remain the sole property of UNIVERSITY. If UNIVERSITY requests the return of such materials at any time during, or at, or after the termination of COACH's employment, COACH shall immediately deliver same to UNIVERSITY.

VIII. EDUCATIONAL FOUNDATION CHAPTER MEETINGS

COACH agrees to attend a specified number of Educational Foundation Chapter meetings per year to promote UNIVERSITY's Men's Basketball Program, the number to be reasonably determined on an annual basis by the Athletic Director.

IX. TERMINATION BY UNIVERSITY FOR CAUSE

This Agreement may be terminated by UNIVERSITY for Cause at any time upon written notice to COACH. For purposes hereof, "Cause" shall mean the following:

- (a) material failure to perform any of the duties specified in Paragraph II;
- (b) violation by COACH, or knowing participation by COACH in a violation, or violation by the assistant coaches or staff of which COACH had reason to know, should have known through the exercise of reasonable diligence in the exercise of his duties under this Agreement, or which COACH condoned, of a major NCAA regulation or bylaw, or of a major ACC regulation or bylaw, or of a policy of or applicable to UNIVERSITY. For purposes of this subparagraph (b), whether or not a major violation has occurred shall be reasonably determined in the sole discretion of UNIVERSITY after its review of the relevant facts and circumstances;
- (c) final conviction of (i) a criminal act that constitutes a felony committed by COACH or (ii) a criminal act which constitutes fraud or moral turpitude committed by COACH; or
- (d) any of those causes specified in Section VIII(1) of the UNIVERSITY's Employment Policies for EPA Non-Faculty Research Staff, Instructional Staff, and Tier II Senior Academic and Administrative Officers, attached hereto and incorporated herein by reference, as such Employment Policies may be amended from time to time.

In the event of a termination under this paragraph IX for "Cause," UNIVERSITY's sole obligation to COACH shall be payment of his compensation as set forth in Paragraph III of this Agreement earned through the date of such termination. The UNIVERSITY shall not be liable to COACH for any collateral business opportunities, outside activities, or other non-UNIVERSITY matters that may be related to or associated with COACH's position as Men's Head Basketball Coach.

Any process to terminate COACH for Cause shall be conducted in compliance with all relevant UNIVERSITY policies.

X. AUTOMATIC TERMINATION UPON DEATH OR DISABILITY OF COACH

(a) This Agreement shall terminate immediately and automatically without notice in the event that COACH dies. This Agreement shall terminate, upon reasonable notice to COACH by UNIVERSITY, in the event that COACH becomes and remains unable to perform the essential functions of his employment hereunder for a period of ninety (90) days by reason of medical illness or incapacity. Such determination of COACH's inability to perform his duties shall be made in the sole judgment of the Chancellor and Athletic Director; provided, however, that the Chancellor and Athletic Director shall, prior to making such judgment, seek the advice and opinion regarding such disability of an impartial physician competent to provide such advice and opinion, as may be mutually agreed upon by COACH or his legal representative(s) and the Athletic Director of UNIVERSITY. If COACH or his legal representative(s), as the case may be, and Athletic Director are unable to agree upon such physician, the selection shall be made by the Dean of the School of Medicine of The University of North Carolina at Chapel Hill.

(b) If this Agreement is terminated pursuant to subparagraph (a) above because of death, the COACH's salary and all other benefits shall terminate as of the end of the calendar month in which death occurs, except that the COACH's personal representative(s) or other designated beneficiary shall be paid all such death benefits, if any, as may be contained in any benefit plan now in force or hereafter adopted by the UNIVERSITY and due the COACH as an EPA Non Faculty Employee under the Policies.

(c) In the event that COACH becomes and remains unable, in the sole judgment of the Chancellor and Athletic Director, to perform the essential functions of his employment hereunder for a period of ninety (90) days because of medical illness or incapacity and the UNIVERSITY thereupon affords notice of termination under subparagraph (a) above, except for payment of amounts due COACH accrued hereunder prior to the date of termination and payment of any disability benefits to which COACH may be entitled

pursuant to any disability program in which COACH is enrolled through UNIVERSITY, the UNIVERSITY shall have no further liability to COACH pursuant to this Agreement. Specifically and without limitation, at the end of such ninety (90) day period, all salary and other benefits shall terminate, except that COACH shall be entitled to receive any disability benefits to which he is entitled under any disability program in which he is enrolled through the UNIVERSITY.

(d) Notwithstanding any other provision herein, this Agreement does not and shall not be construed to afford UNIVERSITY the right to take any action that is unlawful under the Americans with Disabilities Act or to constitute in any respect a waiver of rights under such Act.

(e) The termination of this Agreement under subparagraph (a), above, shall not constitute a breach of this Agreement, and, except for the payments required by this paragraph X, if any, COACH hereby, to the fullest extent allowable by law, waives and relinquishes all rights to payment of compensation, damages, or other relief on account of such termination.

XI. TERMINATION BY UNIVERSITY WITHOUT CAUSE; LIQUIDATED DAMAGES

Following consultation with the Athletic Director, this Agreement may be terminated unilaterally by the Chancellor, at any time without Cause, (as "Cause" is defined in paragraph IX of this Agreement), upon written notice to COACH. In such event, UNIVERSITY shall pay COACH liquidated damages in lieu of any and all other legal remedies or equitable relief in an amount equal to (a) the sum of \$425,000 plus his then current salary (as determined pursuant to subparagraph III(a) of this Agreement), multiplied by (b) the number of full and partial contract years remaining under this Agreement. Payment of the total amount determined pursuant to the previous sentence shall occur over the remaining term of the Agreement as follows: (i) on the effective date of termination without Cause, payment shall be made of amounts due with respect to the remainder of that contract year; and (ii) payments due hereunder with respect to each subsequent contract year shall be made on the last day (April 15) of such subsequent contract year, until all amounts due under this paragraph XI have been paid in full. Except as specifically provided above in this paragraph XI, the UNIVERSITY in such case shall not be liable to COACH for compensation (including supplemental compensation provided for in paragraph XIII), for benefits with respect to periods after the effective date of termination, or for any collateral business opportunities or other benefits or activities entered into pursuant to Paragraph VI of this Agreement which may be related to his position as Men's Head Basketball Coach. The parties have bargained for this liquidated damages provision, giving consideration to the following: (a) this is an agreement for personal services; and (b) the parties recognize that a termination of this

Agreement by UNIVERSITY prior to its natural expiration could cause COACH to lose benefits, compensation, and/or outside compensation relating to his employment at UNIVERSITY, which damages are difficult to determine with certainty. Therefore, the parties have agreed upon this liquidated damages provision.

XII. TERMINATION BY BOTH PARTIES

This Agreement may be terminated at any time upon mutual agreement of both parties.

XIII. SUPPLEMENTAL COMPENSATION

The parties acknowledge that, by accepting employment with the UNIVERSITY, COACH forfeited his rights to deferred compensation provided pursuant to an agreement between the University of Kansas Athletic Corporation and COACH. In order for the UNIVERSITY to provide COACH with a competitive compensation package, the UNIVERSITY has agreed to make certain supplemental compensation payments to COACH.

So long as COACH remains employed by the UNIVERSITY pursuant to this Agreement on the final day of the UNIVERSITY's men's basketball season concluding in the same calendar year, the UNIVERSITY shall pay supplemental compensation to COACH as follows:

April 16, 2004	\$ 356,716.00
April 16, 2005	\$ 481,105.00
April 16, 2006	\$ 780,274.00
April 16, 2007	\$ 878,920.00
April 16, 2008	\$ 1,370,063.00
April 16, 2009	\$ 1,200,000.00
April 16, 2010	\$ 1,250,000.00
April 16, 2011	\$ 1,300,000.00
April 16, 2012	\$ 1,350,000.00
April 16, 2013	\$ 1,400,000.00
April 16, 2014	\$ 1,450,000.00
April 16, 2015	\$ 1,500,000.00
April 16, 2016	\$ 1,550,000.00
April 16, 2017	\$ 1,600,000.00
April 16, 2018	\$ 1,650,000.00

Should the employment of COACH by the UNIVERSITY pursuant to this Agreement terminate for any reason whatsoever, COACH shall not be entitled to any payments under this Paragraph XIII that become due and payable on or after the effective date of such termination of employment and in accordance therewith, the benefits to COACH arising pursuant to this Paragraph XIII shall terminate as of the date of death of COACH, notwithstanding anything contained in Paragraph X (b) which may be construed to the contrary.

XIV. TAXES

COACH acknowledges that, in addition to the salary provided for in this Agreement, certain benefits he receives incident to his employment relationship with UNIVERSITY may give rise to taxable income. COACH agrees to be responsible for the payment of any taxes (including federal, state, and local taxes) due on such income. COACH also understands that UNIVERSITY will withhold taxes on amounts paid or due to COACH and the value of benefits provided to COACH, to the extent required by applicable law and regulation.

XV. SEVERABILITY

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or unenforceability of any other provision hereof.

XVI. NOTICES

Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by registered or certified mail to his residence in the case of COACH, or to the Chancellor's Office in the case of UNIVERSITY.

XVII. BENEFIT

This Agreement, in accordance with its terms and conditions, shall inure to the benefit of and be binding upon UNIVERSITY, its successors and assigns, and COACH, his heirs, executors, administrators, and legal representatives.

XVIII. SITUS

This Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina.

XVIX. EQUAL PARTICIPANTS

Each party hereto shall be viewed as an equal participant, and each party agrees that there shall be no presumption against the drafting party.

XX. ENTIRE AGREEMENT

This instrument supersedes all prior agreements between the parties hereto and contains the entire agreement of the parties. It may not be changed orally. This Agreement can be amended only by an Agreement in writing signed by both parties and approved by the Board of Trustees of The University of North Carolina at Chapel Hill.

XXI. WAIVER

Waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FOR AND ON BEHALF OF
THE UNIVERSITY OF NORTH
CAROLINA AT CHAPEL HILL

Richard A. Baddour
Director of Athletics

Roy A. Williams
Coach

Richard L. Mann
Vice Chancellor for Finance
and Administration

Holden Thorp
Chancellor

Approved by the Board of Trustees

Assistant Secretary

Date