



Athletics

Joe Craft Center • Lexington, KY 40506-0604
(859)257-8000

April 6, 2007

Name: Billy C. Gillispie

Re: Memorandum of Understanding Offer
Head Men's Basketball Coach, University of Kentucky

Dear Coach Gillispie,

It is a great pleasure that I offer you the position of Head Men's Basketball Coach for the University of Kentucky, effective April 6, 2007. This Memorandum of Understanding, which presents the material terms of our offer, will be expanded and incorporated into an employment contract with the University of Kentucky for execution at the earliest possible date. The employment contract will be for a period of 7 years with an option for a 2-year extension after a 24 month review at the University's discretion.

Your compensation as Head Men's Basketball Coach will include the following:

- Annual base salary of \$400,000, with an annual escalator of \$25,000.
- Supplemental compensation of \$1,900,000 for Broadcasting and Endorsements, with an annual escalator of \$50,000.
- Supplemental compensation up to \$850,000 for achieving athletic and academic performance goals as identified in Attachment A.
- An additional total sum of \$250,000 will be contributed annually by the University to a deferred compensation plan that will vest 4 years after your initial date of employment if you remain continuously employed as Head Men's Basketball Coach through that date. The additional sum will continue to be contributed annually and vest annually for years 5 through 7 of the contract. The University will contribute a total of \$1,750,000 for the life of the contract.
- Full standard benefits on the same terms as provided by the University to administrative staff, with contributions and benefits amounts based upon the base salary where relevant.
- Reimbursement of your household moving expenses in accordance with University policy and state law.
- Use of one (1) vehicle provided by the University.
- A club membership will be provided.

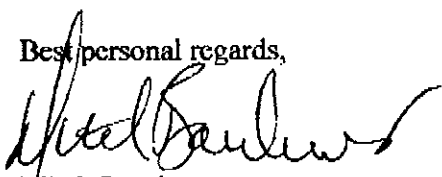
Among other terms, your employment contract will include the following:

- You shall be prohibited from receiving any benefits or compensation other than as described above from any other source without prior written agreement.
- If you terminate the contract, or if the contract is terminated for cause, the University shall not be liable for any payments or benefits after the date of termination.
- A termination for cause provision mutually agreed upon by the parties.
- A termination without cause by the University provision that will require payment of \$1,500,000 per year for the remainder of the term of the contract, provided the payment for termination without cause shall not exceed 48 months.
- If you are found by the University to be in violation of NCAA or SEC bylaws, rulings, regulations or policies, whether while employed by the University or during prior employment at another NCAA member institution, you shall be subject to disciplinary or corrective action as set forth in the NCAA enforcement procedure, including suspension without pay or termination of employment for significant or repetitive University, Conference, or NCAA violations.
- A provision that you will agree not to seek or apply for other positions without prior notice and a buyout of \$3,000,000 in the first year on the contract, \$2,000,000 in the second year of the contract, \$1,500,000 in the third year of the contact, \$1,000,000 in the fourth year of the contact and \$0 for the fifth year of the contact and beyond.

While these terms are contingent upon our executing an employment contract, and are subject to the approval of the Board of Directors of the University of Kentucky Athletic Association and if necessary the Board of Trustees of the University of Kentucky, I trust that every reasonable effort will be made to mutually conclude that process within 60 calendar days of your start date.

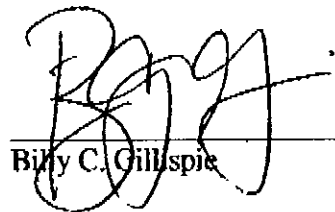
It is with great anticipation and enthusiasm that I offer you the position of Head Men's Basketball Coach at the University of Kentucky. Assuming you are amenable, please indicate your acceptance by signing below. I have every confidence that you will lead our basketball program with integrity and pride, and I look forward to welcoming you as a member of the Wildcat Family.

Best personal regards,



Mitch Barnhart
Director of Athletics

Terms of the Memorandum of Understanding are accepted for position of Head Men's Basketball Coach for the University of Kentucky.



Billy C. Gillispie

4/6/07
Date

ATTACHMENT A**Athletic Incentives**

SEC Regular Season Championship	\$50,000
SEC Tournament Championship	\$50,000
NCAA Tournament Appearance	\$50,000
NCAA Tournament Sweet 16 Appearance	\$75,000
NCAA Tournament Final Four Appearance	\$150,000
National Championship	<u>\$375,000</u>
Total Maximum Available	\$750,000

Academic Incentive

Academic Progress Rate of 950+	\$50,000
Graduation Rate of 75%+	\$50,000