MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU"), between The University of Tennessee (the "University") and Jay Graham ("Coach"), records the understanding of the parties as to the principal terms and conditions under which Coach will be employed as an Assistant Football Coach for The University of Tennessee, Knoxville. When fully executed, this MOU shall constitute a binding and legally enforceable agreement until superseded by a definitive written Employment Agreement between Coach and the University.

In consideration of the mutual promises contained herein, the parties agree as follows:

1. **Term:** 2 years (December 10, 2012 through February 28, 2015)

2. **Compensation and Benefits:**

Base Pay	$245,000
Supplemental Pay	$15,000

3. **Incentives (if earned; % of Base Pay plus Supplemental Pay):**

a. A maximum of one (1) of the following (payment based on highest goal achieved in this subsection):

i.	Appearing in a bowl game	8.33%
ii.	Appearing in the Capital One, Cotton, Outback or Chick-Fil-A bowl	12%
iii.	Appearing in a BCS Bowl game or 4-team playoff	16%

b. SEC Championship Game appearance 4%

c. Winning the National Championship 4%

4. **Other Benefits:**

Camp compensation:	$5,000
1 vehicle or $600/month stipend in lieu of each vehicle	
Tickets per University policy	
Other University benefits except retained annual leave pay	

5. **Termination by Coach:**
If Coach resigns his employment, he shall pay liquidated damages to the University in an amount equal to thirty-three per cent (33%) of the total compensation originally owed to Coach (Base Pay plus Supplemental Pay) for the contract year during which the termination occurs. Payment of the liquidated damages shall be due within 60 days of termination.

6. **Termination by University Without Cause:**
In its sole discretion and at any time, the University may terminate this MOU or the Employment Agreement without cause upon written notice to Coach. If the University terminates this MOU or the Employment Agreement without cause, the University shall pay Coach liquidated damages in an amount equal to the monthly rate of the sum of Base Pay and Supplemental Pay times the number of months remaining in the term of this Agreement, with an part of a month prorated. Payment of the liquidated damages shall be made in equal monthly installments consistent with the original payment schedule (equal monthly payments), subject to all applicable state and federal tax reporting and withholding requirements, with the first payment due on or before the last day of the month following the date of termination of this MOU or the Employment Agreement. Coach is required to use his reasonable best efforts to mitigate the University's obligation to pay liquidated damages under this paragraph by making reasonable and diligent efforts as soon as practicable following termination to obtain another comparable employment or paid services position, including but not limited to another football coaching position. While the University's obligation to pay liquidated damages is in effect, and for a period of six (6) months thereafter, Coach shall promptly report to the University on a quarterly basis all income received or earned by him relating to any and all football coaching positions.

7. **Termination by University for Cause:** The University may terminate this MOU or the Employment Agreement at any time for cause as determined in the reasonable and good faith judgment of the University. For the purpose of terminating this MOU, "for cause" shall be interpreted consistently with its meaning in the most recent head coach's employment agreement, excluding a memorandum of understanding, executed by the University. For the purpose of terminating this

MOU, "for cause" shall also mean the failure of Coach to execute an Employment Agreement within one hundred twenty (120) calendar days of the date on which an Employment Agreement is first presented to him by the University. Termination of the Employment Agreement "for cause" shall be in accordance with the definitive terms and conditions set out in the Employment Agreement, which shall be generally consistent with, but not limited to, those included in the most recent head coach employment agreement, excluding a memorandum of understanding, executed by the University. In the event of a termination of either this MOU or the Employment Agreement "for cause," the University shall not be liable to Coach for any payments or benefits after the date of termination. The University may suspend Coach with pay pending an investigation or decision relating to termination "for cause." For any one or more acts, omissions, or events that could be grounds for termination "for cause," the University may take other disciplinary or corrective action against Coach short of termination, including but not limited to suspension without pay. The University may elect to terminate this Agreement "for cause" but offer Coach continued employment with or without a new employment agreement. Prior to the effective date of termination "for cause," the University will afford Coach notice and a reasonable opportunity to meet personally and individually with the Athletics Director and with the Chancellor to respond to the proposed termination. If the University terminates this MOU or the Employment Agreement "for cause," the University will afford Coach a post-termination opportunity to contest the termination in accordance with the Tennessee Uniform Administrative Procedures Act, Tennessee Code Annotated 4-5-301 *et seq.*

8. **Other Terms and Conditions:** In addition to more thoroughly addressing the terms and conditions concerning the matters addressed in Paragraphs 1 through 6 above (excluding terms and conditions applicable only while the MOU is in effect), the Employment Agreement will include, among other things, provisions concerning the following matters:

a) $5,000/game penalty for game suspensions;
b) Duties of Coach as Assistant Football Coach;
c) Limitations on outside activities and outside compensation earned by Coach, including commercial endorsements;
d) Enforcement of NCAA, Southeastern Conference, and other governing athletic rules, including but not limited to provisions relating to the NCAA's new enforcement rules currently scheduled to be effective August 1, 2013;
e) The University's right to use Coach's name, likeness and image;
f) Forfeiture and repayment of incentive compensation for athletic performance achievements paid to Coach if any achievement is subsequently vacated or if the football program is subsequently sanctioned by the NCAA;
g) Indemnification of the University against certain damages incurred by the University as a direct result of any investigation or proceeding resulting in a finding of NCAA rules violations;
h) Football camps; and
i) Coach's obligation to notify the Athletics Director of his interest in, or any direct or indirect contact about, employment with another college or university or with a professional football organization.

9. **Background:** Coach represents that he has disclosed to the University all information concerning previous NCAA, conference, or institutional rules violations or potential violations committed by him or any staff member under his direct or indirect control at any other NCAA member institution prior to the date on which he executed this Agreement. The MOU is subject to a satisfactory criminal background check, NCAA compliance check and continued disclosure of involvement in NCAA inquiries.

10. **Governing Law:** This MOU shall be governed by the laws of the State of Tennessee.

11. **Execution of the MOU:** This MOU may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but all such counterparts shall together constitute one and the same MOU.

The parties acknowledge their agreement by signing and dating this Memorandum of Understanding below.

THE UNIVERSITY OF TENNESSEE

By: Dave Hart

Vice Chancellor and Director of Athletics

12/17/12

Date

COACH JAY GRAHAM

Jay Graham

12/14/12

Date

RE: Coach Graham
Contract # 850003061 9

Jimmy D. Cheek
Chancellor

12/19/12
Date

Chief Financial Officer

12/21/12
Date