

AGREEMENT

THIS AGREEMENT (this "Agreement") is made effective as of this 14th day of August, 2008 by and between CHARLES G. KOCH CHARITABLE FOUNDATION, a Kansas nonprofit corporation (hereinafter "CGK Foundation"), UTAH STATE UNIVERSITY, a duly chartered active Utah not for profit corporation (hereinafter "USU"), by and through its Jon M. Huntsman School of Business, and the UTAH STATE UNIVERSITY FOUNDATION, a direct support organization of Utah State University and a Utah nonprofit corporation (hereinafter "USU Foundation"). CGK Foundation, USU and USU Foundation are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

A. CGK Foundation is a private foundation that is exempt from Federal income taxation under section 501(c)(3) of the Internal Revenue Code (the "Code"). USU is a higher education institution and part of the state university system of the State of Utah, that is exempt from Federal income taxation under section 501(c)(3) of the Code. USU Foundation is a direct support organization for USU that is exempt from Federal income taxation under sections 501(c)(3) and 170(b)(1)(A)(iv) of the Code. The USU Foundation is under the provision of Utah Code, Title 16, Chapter 6a.

B. The Parties desire to enter into this Agreement to set forth their understanding with respect to promoting sound business and economic education by augmenting funding for five professors (the "Professors") in the Jon M. Huntsman School of Business (the "Huntsman School") at USU.

C. This Agreement sets forth the intent, structure, recruitment and funding procedures to support the Professors, and to clarify the relationship between CGK Foundation, USU, USU Foundation, USU faculty and the relevant departments of USU as it relates to the Professors.

TERMS OF AGREEMENT

The funds provided by CGK Foundation pursuant to this Agreement are subject to the following terms and conditions.

1. Objectives and Purposes.

(a) The purpose of the support for the Professors is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. These goals will be pursued by supplementing the academic talent currently at USU to create a strong program that will focus on building upon and expanding research and teaching efforts related to individual freedom, social

progress and human well-being. The Parties seek to strengthen the foundation that exists at USU and extend efforts related to the research, publication, education, dissemination and continued academic and public appreciation of individual freedom, social progress and human well-being (collectively, the "Objectives and Purposes").

(b) The Parties acknowledge that effective achievement of the Objectives and Purposes requires a concentration of complementary and cooperative talents and skills. Accordingly, in furtherance of the Objectives and Purposes, USU will make every reasonable effort to recruit and maintain individuals to be the Professors who support and have demonstrated advancement of, or show the promise of working effectively in collaborative efforts to advance, the Objectives and Purposes. The Parties expect that the research of the Professors will compliment, inform and build upon USU's existing strengths in business, finance, economics, institutions and property rights as they relate to and inform the foundations of prosperity, social progress and human well-being. Nothing contained herein shall be construed to restrict the academic freedom of USU or its faculty with respect to the activities of USU.

2. **Funding Amount and Commitment by USU.**

(a) Funding Amount. Subject to the terms and conditions of this Agreement, CGK Foundation agrees to provide or cause to be provided a yearly funding amount not to exceed Twenty-Five Thousand Dollars (\$25,000) for each of the Professors, payable to USU Foundation on behalf of USU on an annual basis for a period of five years (for a total amount not to exceed of \$125,000 per Professor and \$625,000 for all Professors, the "Funding Amount"), and to be used solely to provide supplemental funding to support the salaries, benefits and related costs associated with the Professors. USU Foundation will hold the Funding Amount in trust and for the benefit of USU, and agrees that the Funding Amount (together with any income earned upon investment of the Funding Amount) is to be used solely for the purposes set forth in and in accordance with this Agreement and may not be expended for any other purpose without CGK Foundation's prior written approval.

(b) Additional Funding. The Funding Amount is a one-time obligation to be used for the purposes set forth in Section 2(a) above. CGK Foundation is not obligated to provide additional funding. In CGK Foundation's sole discretion, it may agree to provide additional funding if CGK Foundation determines such funds are appropriate to advance the Objectives and Purposes.

(c) USU Commitment. USU will fulfill its obligations set forth in this Agreement, including those described below. USU will recruit five faculty members with tenure or on tenure track lines to be the Professors to consist of one senior professor and four junior professors as described in Section 3.

- (i) In the event any individual selected as a Professor ceases to serve in that position for any reason, CGK Foundation may at such time discontinue all obligations to pay the Funding Amount associated with this Professor. Thereafter, CGK Foundation may agree in its

sole discretion to resume payment of the Funding Amount associated with this Professor position if USU and CGK Foundation agree on a suitable replacement candidate in accordance with Section 3.

- (ii) Each of the Professors will receive salary and benefits from USU's existing salary pool ("base funding"), plus a salary supplement funded under this Agreement. When CGK Foundation's funding obligations cease under this Agreement, whether by expiry of the 5-year period or as set forth elsewhere in the Agreement, USU agrees to continue the base funding for the salaries and benefits of the Professors, exclusive of the Funding Amount.
- (iii) USU agrees to recruit and maintain the Professors in accordance with the Objectives and Purposes.

(e) CGK Foundation reserves the right to terminate any payments owed of the Funding Amount (to be applied in accordance with Section 7) as set forth in Section 9.

3. **The Professors.**

(a) Description. The Parties intend to support the hiring of the five Professors as set forth below.

- (i) *Koch Professor.* One of the Professors will be a senior professor and known as the "Koch Professor." The Koch Professor will begin with the rank of full professor and will be fully tenured. The Funding Amount will augment USU's funding for the Koch Professor.
- (ii) *Faculty Junior Professors.* The four other Professors will begin, at a minimum, with the rank of assistant professor. These are tenure-track positions, and it is expected that these individuals will show promise of earning tenure at USU in the normal timeframe. The Funding Amount will augment USU's funding for these other Professors.

USU agrees to recruit Professors who support the Objectives and Purposes and have demonstrated advancement of, or show the promise of working effectively in collaborative efforts to advance, the Objectives and Purposes. The Parties expect that the Professors' research will compliment, inform and build upon USU's existing strengths in business, finance, economics, institutions and property rights as they relate to and inform the foundations of prosperity, social progress and human well-being. Notwithstanding other qualifications, an individual who is a "disqualified person" as to CGK Foundation, as that term is defined under Section 4946(a)(1) of the Code, is not eligible to be a Professor, without CGK Foundation's prior written consent.

(b) The Professors will be recruited and hired in a manner consistent with both the USU Faculty Handbook and CGK Foundation's intent to support the Objectives and Purposes.

(c) Selection Process. The selection of the Professors will be made in accordance with the following procedures:

- (i) All searches for the Professors shall be conducted in accordance with USU established procedures for selecting faculty of similar positions.
- (ii) The candidates for Professors will be subject to the same rigorous standards and procedures as are required for similar positions at USU as outlined in the USU Faculty Handbook.
- (iii) Employment offers to individuals for the Professors will be made through appropriate USU procedures with the approval of the Jon M. Huntsman School of Business Dean, department chair, and USU provost.
- (iv) CGK Foundation will not be obligated to pay any of the Funding Amount with respect to a candidate for a Professor position that has not been approved by CGK Foundation. In the event that USU and CKG Foundation fail to agree on a candidate for a Professor position, CGK Foundation may in its sole discretion cease all obligations under this Agreement or any other agreement between the parties regarding such Professor position. For the avoidance of doubt, nothing herein will restrict USU's ability to hire any individual. Rather, in order to receive or use any of the Funding Amount and for an individual to fill a Professor position, USU's compliance with the terms of this Agreement is required, including CGK Foundation's approval of such individual.
- (v) The selection and funding process outlined above for each Professor will apply for a term of five years ("Term") from the date that the Professor is first hired. In the event a Professor position becomes vacant for any reason during the Term, a new candidate will be selected for the vacant position in accordance with the procedures set forth in this Agreement. Continued funding for the vacant Professor position will be at the discretion of CGK Foundation as described in section 3(c)(iv) above. At the end of the Term, USU may implement a different selection process.

4. **Tax-Exempt Status.** USU Foundation confirms that it is the nonprofit corporation designated by USU to receive and administer charitable gifts. By letter from the Internal Revenue Service ("IRS") dated May 21, 2008, USU Foundation has been determined to be a tax-exempt organization under section 501(c)(3) of the Code, and USU Foundation is

further classified as conforming to sections 509(a)(1) and 170(b)(1)(A)(iv). USU confirms that it is an organization that is currently recognized by the IRS as a public charity under sections 501(c)(3) and 509(a)(1),(2) or (3) of the Code. USU and USU Foundation further agree to inform CGK Foundation immediately of any change in, or IRS proposed or actual revocation (whether or not appealed) of, its tax-exempt status described above.

5. **Tenure.** USU agrees that the Professors will have the same rights as all other USU faculty members, as set forth in the USU Faculty Handbook.

6. **Financial Details and Payment Schedule.** Financial details regarding dollar amounts for each Professor will be clarified by future agreement not to exceed amounts agreed to by USU and CGK Foundation herein, as outlined below.

Payment schedule for yearly amounts and dates upon which funds will be released for the following year will be specified in future agreements between USU and CGK Foundation. Pending satisfactory progress toward the goals of this Agreement, USU is encouraged to seek additional funding beyond the initial term of this Agreement to support continued efforts to advance the Objectives and Purposes. Approval of such additional funding will be at the sole discretion of CGK Foundation.

7. **Proposed Budget**

Faculty Lines

| | | |
|-----------------------------|--------------------------------|--------------------------------|
| Koch Professor | not to exceed \$125,000 | over 5 years (start Fall 2008) |
| Professor 2 | not to exceed \$125,000 | over 5 years (start Fall 2009) |
| Professor 3 | not to exceed \$125,000 | over 5 years (start Fall 2009) |
| Professor 4 | not to exceed \$125,000 | over 5 years (start Fall 2009) |
| Professor 5 | not to exceed \$125,000 | over 5 years (start Fall 2009) |
| Total Funding Amount | not to exceed \$625,000 | |

8. **Expenditure Limitation of Funding Amount.** The Funding Amount (together with any income earned upon investment of the Funding Amount) is to be used solely for the purposes set forth in this Agreement and may not be expended for any other purpose without CGK Foundation's prior written approval. Any portion of the Funding Amount unexpended two years after the date of payment will be returned immediately to CGK Foundation. USU agrees not to expend the Funding Amount for any political or lobbying activity or any other purpose that would violate its tax exempt status. The parties accept responsibility for complying with this Agreement's terms and conditions.

9. **Right to Modify or Revoke.** CGK Foundation reserves the right to discontinue or withhold any Funding Amount to be paid under this Agreement if, in CGK Foundation's reasonable discretion, (a) USU has not fully complied with the terms and conditions of this Agreement; (b) the Professors are not advancing the Purposes and Objectives; or (c) such action is necessary to comply with any law or regulation applicable to USU or to CGK Foundation.

10. **Reporting.**

(a) USU will retain or cause to be retained a record of all receipts and expenditures relating to the Funding Amount and will provide CGK Foundation with such written reports and other information reasonably requested by CGK Foundation as necessary to describe the progress of the Professors and an accounting of the Funding Amount. Additionally, USU will cause CGK Foundation and its representatives to have reasonable access during regular business hours to files, reports, accounts, or personnel that are associated with this Agreement, the Professors and the Funding Amount.

11. **Publicity:** USU will allow CGK Foundation to review and approve the text of any proposed publicity that includes mention of CGK Foundation or the Funding Amount. USU agrees to allow CGK Foundation to include information regarding the Professors, the Funding Amount, and any information or materials about USU and its activities in CGK Foundation's reports, newsletters and news releases.

12. **Required Notification.** USU and USU Foundation agree to provide CGK Foundation with immediate written notification of (a) any changes in USU's or USU Foundation's tax-exempt status; (b) USU's inability to expend the Funding Amount for the Objectives and Purposes; or (c) any expenditure from the Funding Amount made for any purpose other than those set forth in this Agreement.


13. **Confidentiality.** Subject to the terms of the Kansas Open Records Act, USU will not use, disseminate or any way disclose confidential information obtained by or provided to USU by CGK Foundation or a "disqualified person" as that term is defined under Section 4946(a)(1) of the Code. For purposes of this Section, confidential information will include all information reasonably considered by the Parties to be confidential to one another including but not limited to financial strategies, correspondence, minutes, foundation documents and other similar information, subject to disclosure requirements of public Universities under Utah law. This is not to be construed to limit the academic freedom of the faculty to conduct their research and publish their findings, provided such research and findings do not incorporate or use any confidential information of CGK Foundation. Notwithstanding the above, confidential information will not include such information as CGK Foundation is required to make available for public inspection including a copy of its annual returns (Forms 990), its exemption application (Form 1023) and any documents issued by the Internal Revenue Service concerning the application.

14. **Miscellaneous.** USU may not transfer its interest in this Agreement or the Funding Amount without CGK Foundation's prior written consent. Any attempt by USU to transfer or assign this Agreement or the Funding Amount other than pursuant to this Agreement will cause this Agreement to terminate immediately. The Agreement will be interpreted consistent with the requirements of sections 501(c)(3) or 170(c) of the Code imposed on CGK Foundation.


Signature Page Follows

The foregoing provisions of this Agreement have been mutually agreed upon by all parties concerned as evidenced by the signatories affixed hereto.

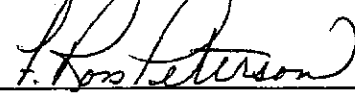
UTAH STATE UNIVERSITY

By: 
Name: Stan L. Albrecht
Title: President

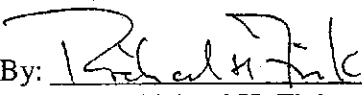
UTAH STATE UNIVERSITY
JON M. HUNTSMAN SCHOOL OF BUSINESS

By: 
Name: Douglas D. Anderson
Title: Dean – Huntsman School of Business

UTAH STATE UNIVERSITY FOUNDATION

By: 
Name: F. Ross Peterson
Title: Vice President – University Advancement

CHARLES G. KOCH CHARITABLE
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By: 
Name: Richard H. Fink
Title: President