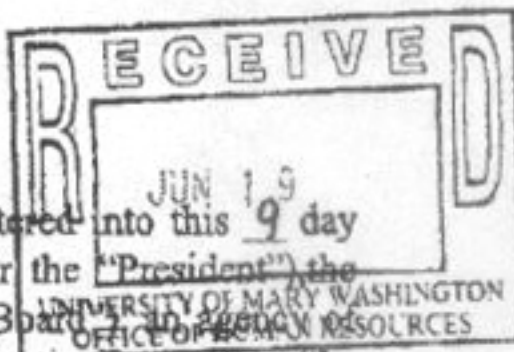


## EMPLOYMENT AGREEMENT



THIS EMPLOYMENT AGREEMENT ("Agreement"), entered into this 9 day of June, 2006, among Dr. William J. Frawley ("Dr. Frawley" or the "President"), the Rector and Visitors of the University of Mary Washington (the "Board"), the Commonwealth of Virginia, and the University of Mary Washington Foundation (the "Foundation") is to take effect on July 1, 2006.

### WITNESS

WHEREAS, the Board wishes to employ Dr. Frawley as President of the University, and Dr. Frawley wishes to serve as the President and be its employee, subject to the terms and conditions of this Agreement;

WHEREAS, the Foundation wishes to support both the University and the President in his endeavors on behalf of the University;

WHEREAS, the Board, Dr. Frawley and the Foundation desire to set forth their respective rights and obligations in this Agreement; and

WHEREAS, this Agreement has been duly approved and its execution has been duly authorized by the Board of Visitors of the University and the Executive Committee of the Board of Directors of the Foundation;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained in this Agreement, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### A. Term.

The Board agrees to employ Dr. Frawley as its President for a term from July 1, 2006 through June 30, 2011 (the "Term"), except as provided in Section J ("Termination"). Dr. Frawley accepts such employment on the terms and conditions set forth in this Agreement.

#### B. Renewal/Extension.

The Board, or its designee, and Dr. Frawley shall meet for the purposes of discussing renewal, extension or nonrenewal of this Agreement past its Term no later than June 30, 2010.

#### C. Powers and Duties.

Dr. Frawley shall perform those services and duties (1) that are incident to the Office of the President of the University, as the Chief Executive Officer of the University, (2) that are required of the President under the laws of Virginia, the Bylaws of the Board of Visitors, or the University's Policy and Procedures Manual, or (3) which may be assigned or delegated to him by the Board of Visitors consistent with his position

as President (collectively, the "Duties"). Dr. Frawley shall devote his full time, attention, skill, and efforts to the faithful performance of these Duties, except as set forth in Sections H ("Additional Office Space and Part-Time Support") and K ("Outside Activities").

Dr. Frawley and the Board acknowledge and agree that the Duties of the President shall be to supervise the entire program of activities of the University and shall be consistent with those customarily performed by presidents of public colleges and universities comparable in size and type to the University, including, without limitation:

1. institutional, faculty, and educational leadership and management;
2. fostering positive external relationships with federal, state and local government;
3. fundraising, development, public and alumni relations;
4. long range and strategic planning and budget formulation;
5. recruitment, appointment, promotion and dismissal of faculty and staff members; and
6. such other duties as may be mutually agreed upon by the Board and the President.

D. Compensation.

1. Annual Base Salary. As compensation for the services to be performed by Dr. Frawley pursuant to this Agreement, the University shall pay to Dr. Frawley an annualized base salary of \$300,000, from July 1, 2006 through June 30, 2007 (the "Base Salary"), less applicable deductions. Of the total Base Salary each year, the University will pay that amount specified in the Commonwealth's Appropriation Act and the balance will be paid from the endowment fund known as the Consolidated General Fund. At such time as funds are no longer available from the Consolidated General Fund, the balance of the Base Salary shall be paid by the Foundation. During the Term of this Agreement, Dr. Frawley's Base Salary may be increased, but not decreased. Any increases in the Base Salary shall be paid upon approval by resolution of the Board of Visitors (and the Board of Directors of the Foundation for any additional salary to be paid by the Foundation) and shall be based upon the President's performance during the previous 12 months in connection with the annual evaluation of his performance, as set forth in Section E of this Agreement.

2. Internal Revenue Code § 457(f) Plan. The Foundation shall establish for the President's benefit an ineligible plan of deferred compensation within the meaning of section 457(f) of the Code (the "457(f) Plan"). The Foundation shall credit to the 457(f) Plan an amount equal to \$25,000 per contract year. All accrued deferred compensation credits (together with 5% interest, compounded annually) shall be paid out on the earlier of: the President's death, the President's permanent disability (as

defined by Internal Revenue Code § 409A(a)(2)(C)), the President's termination without Cause by the Board of Visitors (pursuant to Section J.2) or the President's completion of the Term of this Agreement. If the President is terminated for Cause (pursuant to Section J.1) or voluntarily resigns from his employment (pursuant to Section J.3), the President shall not receive any accrued deferred compensation under the 457(f) Plan. Any other terms and conditions of the 457(f) Plan shall be set forth in a document separate and apart from this Agreement, but shall include a substantial risk of forfeiture provision sufficient to defer tax under Code §§ 83 and 457(f). All parties acknowledge that future guidance issued by the Internal Revenue Service with respect to Internal Revenue Code § 409A may necessitate an amendment of this Section D.2 and the parties mutually agree to amend this Section D.2 to comply with such guidance.

3. Excess Benefit Plan Provided under Internal Revenue Code § 457(b). The University shall establish for the President's benefit an eligible plan of deferred compensation within the meaning of section 457(b) of the Code (the "457(b) Plan"). The University shall deposit to the account of the President under the 457(b) Plan an amount equal to the lesser of:

- a. 10.4% of the excess of the President's then current annual base salary over the then current limit on compensation Code § 401(a)(17); or
- b. The contribution limit specified in Code § 457(e)(15).

Funds deposited in the 457(b) Plan shall be invested according to the terms of the Plan document and shall be paid over to the President in accordance with its terms.

#### E. Annual Evaluation.

On or before August 31, 2006, and each year thereafter, Dr. Frawley shall provide to the Rector and Vice Rector of the Board (the "Chair") a list of proposed goals and objectives for the year period beginning on September 1, 2006. The Board or its designee (referred to in this Section E as the "Board"), and the President shall discuss the President's goals and objectives, after which time the Board and the President shall endeavor to agree upon goals and objectives for the year period. On or before May 1 of each calendar year, the President shall initiate the evaluation process for the period that began on September 1 of the previous calendar year by submitting to the Board a self-appraisal of his performance. This appraisal shall include an evaluation of the President's performance related to each of the goals and objectives determined the preceding September. After the President has submitted this self-appraisal, the Board shall evaluate the President's performance during the previous academic year based on his achievement of the specified goals and objectives and such other criteria as the Board deems appropriate. To aid the Board in its annual evaluation, the President agrees to furnish to the Board such additional oral or written reports as it may request.

#### F. Benefits and Reimbursements.

1. Standard Benefits. Dr. Frawley shall be eligible for the University's standard medical insurance options, disability insurance, business travel

accident insurance, and group term life insurance. The President shall participate in the University's Optional Retirement Plan. Contributions shall be made to the Plan by the University, the Consolidated General Fund, and the Foundation in proportion to the salary contributions of each. With respect to the University's paid defined contribution plan (pursuant to Code § 403(b)), the University shall contribute 10.4% of the President's Base Salary up to the maximum allowed by the Code.

2. Sabbatical. After seven (7) years of employment as President of the University, Dr. Frawley shall be entitled to one (1) year of sabbatical leave at his then existing Base Salary and medical insurance benefits. The sabbatical leave may be taken at the conclusion of Dr. Frawley's presidency or at another time mutually agreed on by Dr. Frawley and the Rector of the Board of Visitors. Any sabbatical leave Dr. Frawley is entitled to as a tenured University professor shall be governed by the University's Bylaws.

3. Vacation. During the term of this Agreement, the President is entitled to one month of paid vacation per contract year to be taken at a mutually agreeable time. Dr. Frawley shall not accumulate more than one month of paid vacation. The attendance by Dr. Frawley at business and professional meetings and conferences shall not be construed as vacation time.

4. Travel, Entertainment and Other Business Expenses. Except where paid by a fourth party, reasonable travel, entertainment and other business expenses incurred by Dr. Frawley on behalf of the University, in his capacity as President, shall be paid for on a cost reimbursement basis through the University's annual operating budget to the extent permitted under state law and regulation. To the extent state policies do not allow for reimbursement of these expenses, the Foundation will reimburse the expenses to the extent they fall within established budgets. Further, when Dr. Frawley's spouse accompanies him on travel or entertainment for the benefit of the University, the Foundation shall cover the costs of her reasonable travel and entertainment expenses. Additionally, all reasonable travel, entertainment and other business expenses incurred by Dr. Frawley while on University business before July 1, 2006 will be paid for on a cost reimbursement basis in the same manner. Dr. Frawley has the responsibility to ensure that any reimbursements by fourth parties are in accordance with the Virginia State and Local Government Conflict of Interest Act and other applicable law. Any income or other tax liability that results from reimbursement of travel and related expenses is solely Dr. Frawley's responsibility.

5. Automobile. The Foundation shall provide the President with a recent model automobile, suitable for his role as President, to be owned or leased by the Foundation, for his exclusive use. The Foundation shall provide or reimburse Dr. Frawley for maintenance of the vehicle, including registration, insurance, repair, and other operating costs of the vehicle, including the cost of fuel.

6. Moving and Relocation Expenses. The University shall reimburse Dr. Frawley for all expenses reasonably incurred in connection with the moving of Dr. Frawley and his family and their tangible personal property (including the packing and

unpacking of such tangible personal property), in accordance with the Commonwealth of Virginia's travel regulations related to relocation expenses. Additionally, any allowable costs that exceed the Commonwealth of Virginia's travel regulations related to relocation expenses will be reimbursed by the Foundation up to twice the amount allowable under the Commonwealth of Virginia's relocation reimbursement regulations. All moving and relocation expenses must be incurred and submitted for reimbursement on or before June 30, 2008.

7. Faculty Appointment. Dr. Frawley shall also be appointed as Distinguished University Professor of Linguistics, with tenure, by the Board of Visitors of the University. During Dr. Frawley's presidency, he shall not receive any additional compensation for his faculty appointment. This Agreement supersedes and replaces in their entirety all terms and conditions of the University's Bylaws that would otherwise apply to his faculty appointment relating to tenure rights, evaluation, compensation, benefits, leave (including sabbatical leave), discipline, suspension, termination, and complaint, grievance or appeal procedures, and also supersedes and replaces any other provisions of the Bylaws and other applicable University policies to the extent they conflict with the terms of this Agreement. If Dr. Frawley returns to the faculty at the conclusion of his presidency for any reason, except if he is terminated for "Cause" pursuant to Section J.1 of this Agreement, and holds this faculty appointment alone, the terms and conditions of the University's Bylaws that apply to faculty appointment relating to tenure rights, evaluation, compensation, benefits, leave (including sabbatical leave), discipline, suspension, termination and complaint, grievance or appeal procedures shall be in effect.

8. Club Membership. For the benefit and convenience of the University, the Foundation will provide Dr. Frawley with membership in clubs and organizations which will be helpful to the President in carrying out his Duties as President of the University. Such memberships are to be agreed upon between the Foundation and Dr. Frawley, subject as well to approval of the Rector of the Board of Visitors.

G. Housing.

The Board requires, for the sole benefit and convenience of the University in having the functions of the Office of President efficiently discharged, and as a condition of his employment as President of the University, that Dr. Frawley reside in the existing University-owned residence provided for the President, located at 704 Sunken Road, Fredericksburg, Virginia 22401, at the University's expense, during the Term of this Agreement. The University shall pay for all maintenance and operating expenses, including grounds keeping, general maintenance, housekeeping, and all utilities including local and long distance telephone (except for personal use), cable (including internet), electric, gas and water. The University shall be responsible for any real estate tax liabilities. Dr. Frawley shall seek prior approval from the Rector of the Board or appropriate Board committee for any capital improvements to the home or its grounds. Any such improvements shall be further subject to relevant laws and regulations contained in the Code of Virginia, the Virginia Administrative Code and shall be made in

compliance with relevant Virginia policies and procedures (including but not limited to those promulgated by the Department of General Services and its divisions as well as the Department of Historic Resources).

For convenience of the University, the President's residence shall be available, and shall be used, for University-related business and entertainment on a regular and continuing basis. Costs associated with such University events shall be paid by the University.

In the event of Dr. Frawley's death during the Term (including all renewals and extensions), the President's family shall be permitted to occupy the residence under the same terms and conditions for no less than 90 days from the date of the President's death.

Dr. Frawley and his family shall vacate the President's residence no later than ninety (90) days following the effective date of termination or expiration of this Agreement (including all renewals and extensions).

H. Additional Office Space and Part-Time Support. The University shall provide dedicated office space (other than the President's office), as well as part-time support, to assist Dr. Frawley in the editorship of Dictionaries. Selection of such space shall be at the University's discretion with due consideration for Dr. Frawley's requests and preferences.

I. Tax Reporting

The University shall include in the W-2 or other tax reporting documents issued to the President all payments, benefits, allowances, and reimbursements that are defined as income or otherwise required to be reported by federal, state or local governments. Except as provided in this Agreement, the President shall be responsible for the payment of all personal taxes due and shall make such payments on a "when due" basis.

J. Termination.

1. Termination For Cause. The Board of Visitors may terminate this Agreement at any time for cause upon written notice to the President. For purposes of this Agreement, "Cause" shall mean conduct reasonably determined by the Board of Visitors to be contrary to the best interests of the University, including, without limitation: (a) gross negligence or willful malfeasance by the President in the performance of his Duties that harms the University; (b) conduct by the President which the Board of Visitors deems materially detrimental to the interests of the University, after reasonable notice of such determination and an opportunity to remedy or cure such conduct to the extent curable, within thirty (30) days following notice thereof; (c) actions or omissions by the President that are undertaken or omitted knowingly and are criminal or fraudulent or involve dishonesty or moral turpitude; or (d) any material breach of this Agreement that damages the University. In the event the President is terminated for Cause, Dr. Frawley's employment as President shall cease immediately, and he shall not be entitled to any further compensation or benefits as President, except as required by law

or as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment.

2. Termination Without Cause. The Board of Visitors may terminate this Agreement without Cause at any time for the convenience of the University upon six (6) months prior written notice to the President. Termination of this Agreement by virtue of the President's permanent disability or death (as set forth in Sections J.4 and J.5 of this Agreement, respectively) shall not be construed as termination without Cause. If the Board of Visitors terminates this Agreement without Cause prior to the expiration of the Term, Dr. Frawley shall be entitled to receive:

a. payments equal to his then Base Salary for one year, except that any such payments will be reduced by the amount of compensation that the President receives from any employer (including employment by the University or self-employment); and

b. directly, or by reimbursing the President for, the monthly premium for continuation coverage under the University's health and dental insurance plans, to the same extent that such insurance is provided to persons currently employed by the University, provided that the President makes a timely election for such continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). The "qualifying event" under COBRA shall be deemed to have occurred on the date of termination. The Board's obligation under this paragraph shall end one year after the date of termination or at such earlier date as the President becomes eligible for comparable coverage under any employer's group coverage.

c. The President agrees to notify the University promptly and in writing of any new employment and to make full disclosure to the University of the health and dental insurance coverage available to him through such new employment.

The President shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit plans, including the 457(f) Plan, with respect to vesting and rights and as a tenured Distinguished University Professor of Linguistics. No payments shall be made under this Section J.2 unless the President provides to the University, and does not revoke, a general release of claims in a form satisfactory to the University.

3. Resignation. The President may resign from the Presidency by providing at least six (6) months written notice. Dr. Frawley's employment as President shall cease on the effective date of his resignation, and he shall not be entitled to any further compensation or benefits as President, except as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment and as a tenured Distinguished University Professor of Linguistics.

4. Permanent Disability. If the President shall become permanently disabled during his service as President, this Agreement shall terminate effective on the date of permanent disability and he shall receive all benefits to which he is entitled

pursuant to the University's disability insurance plan in which he participates, as set forth in Section F.1, as well as the benefits provided by the 457(f) Plan, and as a tenured Distinguished University Professor of Linguistics.

For purposes of this Agreement, "Permanent Disability" shall mean the inability of the President to perform the essential functions of the job for a period of six (6) continuous months, with reasonable accommodations (as such term is defined in 29 U.S.C. § 12111(9), as amended, and in the common law interpreting same).

5. Death. In the event of the death of the President during the Term of this Agreement, the President's Base Salary shall cease immediately and this Agreement shall terminate effective on the date of death.

K. Outside Activities.

The Board of Visitors recognizes that it is both appropriate and beneficial for the President to engage in outside activities, such as serving on for-profit and nonprofit boards of directors, consulting, delivering speeches, and writing. However, the President shall seek prior approval from the Rector before agreeing to serve on the board of directors of any for-profit or nonprofit corporation. In addition, other outside commitments that may require a substantial amount of the President's time must be approved by the Rector of the Board. The President may not engage in any outside activity that conflicts with his Duties to and responsibilities for the University or otherwise impairs his ability to perform his Duties.

All income or other compensation earned by the President in connection with his outside activities may be paid to and retained by the President, and will not affect the terms of this Agreement. Such income and other compensation shall be reported by Dr. Frawley in accordance with applicable tax law and established University policy. Such income and compensation shall also be reported annually to the Board and shall be considered by the Board at the time any salary adjustments are made.

L. Mediation. The parties agree that any controversy or claim that either party may have against the other arising out of or relating to the construction, application or enforcement of this Agreement, as well as any controversy or claim based upon the alleged breach of any legal right relating to or arising from Dr. Frawley's employment and/or termination of his employment shall be submitted to non-binding mediation. Within fifteen (15) days after delivery of a written notice of request for mediation from one party to the other, the dispute shall be submitted to a single mediator chosen by the parties. The costs and fees associated with mediation shall be borne by the University.

M. Notice.

All notices required or allowed by this Agreement shall be hand delivered or mailed by certified mail, postage prepaid, return receipt requested. Unless and until changed by a party giving written notice to the other, the addresses below shall be the addresses to which all notices required or allowed by this Agreement shall be sent:

If to the University:

University of Mary Washington  
1301 College Avenue  
Fredericksburg, VA 22401-5358  
Attn: Rector of the Board of Visitors

If to the President:

Until June 30, 2006:  
Dr. William J. Frawley  
7703 Chatham Road  
Chevy Chase, MD 20815

After July 1, 2006:  
Dr. William J. Frawley  
704 Sunken Road  
Fredericksburg, VA 22401

If to the Foundation:  
University of Mary Washington Foundation  
1119 Hanover Street  
Fredericksburg, VA 22401  
Attn: Chair of the Board of Directors

N. Severability and Waivers.

If any portion of this Agreement is held to be invalid, inoperative, or unenforceable, then, so far as possible, effect will still be given to the intent manifested by that portion of this Agreement. The remainder of this Agreement will be of full force and effect. Waiver or failure to enforce any or all rights under this Agreement by any party on any occasion will not constitute a waiver of that party's right to assert the same or any other rights on that or any other occasion.

O. Governing Law.

This Agreement shall be governed and construed, and the rights and obligations of the parties hereto shall be determined, in accordance with the laws of the Commonwealth of Virginia.

P. Counterparts.

This Agreement may be executed in counterparts, and by the parties on separate counterparts each of which, when so executed, shall constitute but one of the same instrument.

Q. Complete Agreement.

This Agreement constitutes the entire agreement among the parties and fully supersedes any and all prior agreements or understandings, written or oral, between the parties pertaining to the matters set forth herein. This Agreement shall not be amended, modified, or changed other than by mutual written consent of the parties. The parties agree that they will negotiate in good faith and jointly execute an amendment to modify this Agreement to the extent necessary to comply with the requirements of Code § 409A, or any successor statute, regulation and guidance thereto; provided that no such amendment shall increase the total financial obligation of the University or the Foundation under this Agreement.

R. Sovereign Immunity

Nothing contained in this Agreement shall constitute a waiver of the sovereign immunity of the Commonwealth of Virginia.

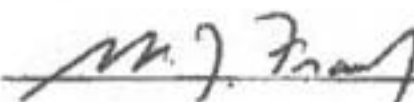
THIS AGREEMENT, having been approved by the Board of Visitors of the University of Mary Washington and the Board of Directors of the Foundation, is entered into by the Board and Foundation through their authorized officers, and Dr. Frawley, this \_\_\_ day of June, 2006.

UNIVERSITY OF MARY WASHINGTON

WILLIAM J. FRAWLEY, Ph.D.



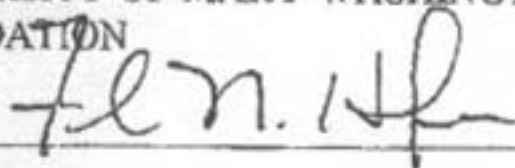
By: Mona D. Albertine  
Rector, Board of Visitors



Date: 6/9/06

Date: 6/9/06

UNIVERSITY OF MARY WASHINGTON  
FOUNDATION



By:

Date: 6/15/06