

SAN DIEGO OPERA EMPLOYMENT AGREEMENT

THIS AGREEMENT ("Agreement") is entered into between San Diego Opera Association, a non-profit corporation ("the Opera") and Ian D, Campbell, an individual ("the Director") at San Diego, California effective as of May 15, 2006. This contract shall replace any and all existing employment agreements between the parties.

1) The Opera engages Ian D. Campbell as the Director in two distinct and separate positions as General Director for the Opera and Artistic Director for the Opera for the term of this agreement as set out below. This employment is accepted subject to the terms and conditions of this Agreement.

2) Term. The term of this Agreement shall be for a period to commence as stated above and to terminate on December 31, 2017.

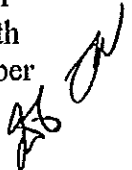
3) Compensation. The annual compensation as of May 15, 2006 to the Director for his services as General Director shall be \$182,500 and the current compensation for his services as Artistic Director shall be \$182,500 payable weekly or in accordance with the payment practice of the Opera.

After the 2006 review, the salary for each position shall be reviewed annually in the month of March commencing March 2007. At those times the Opera may, or may not, in its sole discretion, increase the compensation to be paid for the services of the General Director and the Artistic Director. Any such annual increases shall be in effect for the term.

4) Other Benefits. In addition to the basic compensation the Director shall be entitled to the following employee benefits:

4.1 Automobile. A suitable automobile shall be provided for the Director's use in performing his duties hereinafter defined. The Opera shall pay the insurance, maintenance and operating costs of the automobile. The Director shall reimburse the Opera from time to time for the expenses incurred for the personal use of the automobile.

4.2 Health and Medical Insurance. Health and medical insurance coverage for the Director, his spouse and his dependants as may exist from time to time during this Agreement shall be provided on the same terms and conditions as those for other employees of the Opera except the total cost of such coverage shall be borne by the Opera.

- 4.3 Executive Physical. The Opera shall provide for an annual executive physical for the Director, with Scripps Center for Executive Health, MDVIP Personalized Health Care, or such other provider of these services as may be selected by the Director, with a cost not to exceed \$3000.00 or the amount or fees/costs typically charged by the service providers named in this paragraph, or in such amount as may be approved by the Compensation Committee.
- 4.4 Long Term Care Insurance. The Opera shall continue to make all premium payments for the Long Term Care Insurance policy with Allianz Life Insurance Company of North America, Policy number 50033990, covering both Director and his spouse, Ann Spira Campbell, which will be fully paid in 2011. The Opera may replace this policy on its own determination so long as the replacement policy includes benefits equal to or better than those afforded by this policy. 
- 4.5 Retired Executive Health Care. The Opera shall provide retired employee/executive health care coverage to the Director and his spouse after his retirement should the Opera obtain or be eligible for a health plan which provides such coverage.
- 4.6 Life Insurance. The Opera shall continue to maintain and make all premium payments for two life insurance policies on the Director's life totaling \$1,000,000 in death value. Transamerica Occidental Life policy No. 65045852 has a death value of \$400,000 and Transamerica Occidental Life policy No. 92437700 has a death value of \$600,000 with Ann Spira Campbell named as beneficiary. The amount of the annual premiums shall be increased by 30% (grossed up) to assist the Director with tax payments on this benefit. The amount of the tax gross up may be increased at the discretion of the Compensation Committee of the Board of the Opera or it may be decreased should the effective tax rates paid by the Director be lower than 30%. These policies, or other policies with comparable coverage, shall be renewed and continued for no less than the full term of this contract.
- 4.7 Retirement Fund. The Opera shall continue to maintain and make all premium payments for the retirement fund it has established for the benefit of the Director by way of Universal Life Insurance Policy No. 4059686 with Principle Financial Group dated September 1, 1997 which provides retirement and death benefits to the Director. This policy was established by San Diego Opera to provide a tax free payment of \$107,000 per annum to the Director for a period of fifteen (15) years commencing in March 2012. The

Opera confirms that it has released its death benefit ownership in connection with this policy to the Director.

Attached to this Agreement is a schedule showing the payments to be made to the Director relating to this retirement fund.

The Opera recognizes that the retirement payments under this policy are subject to the vagaries of the interest rate markets and that the guaranteed portion may be less than the retirement payment promised to the Director to induce him to sign a long term employment contract with the Opera on May 29, 1998.

If the guaranteed payments fall below the after tax income of \$107,000 per annum as required above, the Opera shall provide whatever additional sums are required to meet the promised fifteen (15) years of payments at \$107,000 after tax annually.

The Opera shall have the ability to substitute another retirement fund for that named above, provided that the replacement retirement fund provides tax free payments and benefits at least as good as those stated above.

- 4.8 Other Employee Benefits. To the extent that the Opera provides other employee benefits for its employees (e.g. holidays, sick time, etc.) then each of those benefits shall also be available to and provided for the Director. If there is an employee policy for all employees that is not as favorable as the benefit provided to the Director in this Agreement, then the provision of the Agreement shall prevail.
- 4.9 Directors Insurance. The Opera shall acquire at its sole expense and maintain throughout the term of this Agreement, directors and officers insurance coverage for the benefit of the Director as well as other officers and directors of the Opera. The limits and coverage for the benefit of Director shall be the same as provided to directors from time to time. In addition, to the extent not provided by such insurance, the "Opera" agrees to provide indemnification for the benefit of the Director for any and all liability relating to or arising out of his employment, actions, and/or services of Director incurred in the course and scope of his employment for a period of three (3) years following the termination of his employment. The right of indemnification shall not be applicable in circumstances when the Director's conduct constitutes fraud or he has committed intentional wrongful acts as determined by a Judge or a person chosen within the terms of paragraph G below.

- 5) Duties. The duties of the Director shall include, but not be limited to the following:
- the determination of the works to be performed and the performance schedule subject to the ultimate approval of the Board of the Opera
 - the exclusive responsibility for the hiring and discharging of all personnel, including artistic, technical and administrative staff
 - the general direction of all artistic, technical and administrative matters relating to the production of Opera
 - the audition, selection, hiring and discharging of artists, musicians and other artistic personnel and the engagement of such assistants as he shall deem necessary in connection with the performance of his duties.
 - the preparation of the annual budget
 - attendance at all Board of Directors and Executive Committee meetings of the Opera and consultation and collaboration with, and advising of, officers and committees subject to meeting the other obligations of the Director
 - such personal appearances and interviews as are appropriate before and with groups, television and radio publications, professional participation in academic seminars and classes, and appearances at such social events as will promote the goals of the Opera and its operatic productions
 - the implementation of the policies of the Opera as determined by its Board provided that the rights and obligations of Director under this agreement shall not be changed except by mutual written agreement of the parties hereto.
- 6) Vacation. The Director shall be entitled to thirty (30) paid working days annually as vacation. Unused vacation is accrued and carried forward to the next year, and from year to year thereafter, provided however, that the director may not take more than forty (40) days of vacation in any one calendar year.
- 7) Reimbursement of Expenses. The Opera shall pay all expenses reasonably incurred in connection with the Director's activities which benefit the Opera. Also, the Director is authorized to travel in business class (or comparable seating) on all international and transcontinental flights in the performance of his duties. Requests for reimbursement shall be submitted to the Director of Finance for approval and they shall be promptly reviewed, approved and paid. The Opera shall promptly inform Director of any documents or information that may be needed in order to pay for or reimburse expense.

General Conditions

- A) Residency within the County of San Diego is a required condition of this Agreement and the Director shall not be absent from San Diego County for more than forty-five (45) consecutive days, without the prior consent of the Executive Committee of the Opera.

- B) If the performance of any portion of this Agreement shall be prevented by war, acts of terrorism, an act of God, or the acts or regulations of public authorities, labor difficulties, strikes, severe economic recession, civil tumult, epidemic, interruption or delay of transportation services, or any cause similar or dissimilar beyond the Opera's or the Director's control, the Opera may terminate the contract but shall provide and pay for a continuation of benefits and insurance as described in this Agreement under clauses 4.4, and 4.7. Salary continuation for the Director shall be at the discretion of the Board of Directors of San Diego Opera but in no case shall the Director's salary be continued for a period of less than six (6) months.
- (C) Should the Director be unable to perform his duties for a continuous period of six (6) months due to mental or physical disability, the Opera may, at its option, terminate this Agreement. In the event of termination of Director's employment pursuant to this paragraph, the Opera shall provide and pay for a continuation of benefits and insurance as described in this Agreement under clauses 4.4, 4.6 and 4.7. Salary continuation for the Director shall be at the discretion of the Board of Directors of San Diego Opera but in no case shall the Director's salary be continued for a period of less than six (6) months.
- (D) This Agreement shall be terminated immediately upon the death of the Director with full compensation to the Director continuing to his beneficiary for a period of six (6) months. In addition the benefit set out in 4.4 above shall continue to his spouse and the premium shall continue to be paid by San Diego Opera.
- (E) This Agreement may, at the option of the Board of Directors of the Opera, be terminated in the event that the Civic Theater in San Diego, California, should become unavailable for performance of Operas in any year covered by this Agreement whether by reason of an Act of God, earthquake, or other catastrophe, war or international emergency, acts of terror or other causes similar or dissimilar, through no fault of the Opera, and no other suitable performance venue is available. The compensation and benefits to the Director shall continue for a period of twelve (12) months if he remains on the job and works exclusively for the Opera but in any case not less than six (6) months. In any event the Opera shall provide and pay for a continuation of benefits and insurance as described in this Agreement under clauses 4.4, and 4.7.
- (F) The Opera may at any time during the Term of this Agreement terminate the Director's employment "for cause". As used herein, "cause" shall mean fraud, gross negligence, or conviction of a felony by the Director. If the Director is terminated for cause there shall be no further compensation due to Director under this Agreement. However, the Opera's obligations under clauses 4.4 and 4.7 shall continue beyond the termination of this contract.
- (G) Any controversy, claim or dispute arising out of this agreement, or the breach thereof, shall be submitted to mediation in San Diego California. If the parties are

unable to come to a resolution using mediation then the parties shall submit to binding arbitration in San Diego, California in accordance with the rules of the American Arbitration Association. If the Opera and Director cannot mutually agree on an arbitrator, the Director shall determine the arbitrator. Any judgment rendered by the arbitrator may be entered in any court having jurisdiction. In the event of any such controversy, dispute or claim, legal action or suit, the prevailing party shall be entitled to recover from the other party reasonable attorney fees, expenses and costs.

- (H) All notices or other communications to be given under this agreement shall be in writing and shall be delivered personally, by registered mail, return receipt requested as follows:

If to the Opera
 The President
 San Diego Opera
 18th floor, Civic Center Plaza
 1200 Third Avenue
 San Diego, CA. 92101-4112

If to the Director
 Mr. Ian D. Campbell


The address for the delivery of notice set forth above may be changed at any time by giving notice of that change in accordance with the provisions of this paragraph.

This Agreement constitutes the entire understanding of the parties and cannot be changed orally. It shall be construed, governed, and interpreted pursuant to the laws of the State of California.

IN WITNESS WHEREOF, the parties to this Agreement have executed it to be effective for all purposes on the day and year first written above.

Opera

Director

By 
 M. Faye Wilson
 Vice President Finance
 San Diego Opera

By 
 Ian D. Campbell
 General Director and Artistic Director
 San Diego Opera

Date July 3, 2006

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