

AMENDMENT NUMBER 2

This is Amendment Number 2 to the Employment Agreement (“Agreement”) between THE UNIVERSITY OF TENNESSEE (“University”) and Cuonzo Martin (“Coach MARTIN”) that the University executed on June 28, 2012.

WITNESSETH:

In consideration of the mutual promises contained in this Amendment, the parties agree as follows:

1. Article II of the Agreement is amended by deleting the current language in its entirety and substituting the following language:

Section 2.1. Subject to the terms and conditions stated in this Agreement, the University agrees to employ Coach Martin, and Coach Martin agrees to serve, as the head coach of the University’s intercollegiate men’s basketball team (“Head Men’s Basketball Coach”).

Section 2.2. Unless sooner terminated or extended as provided in this Agreement, the term of this Agreement shall be from March 27, 2011 through March 31, 2018.

Section 2.3. The University may allow this Agreement to expire and elect not to renew Coach Martin’s employment as Head Men’s Basketball Coach without complying with any University Rules applicable to staff-exempt employees who do not serve under a contract of employment for a definite term.

2. Articles V, VI and VII of the Agreement are amended by deleting the current language in its entirety and substituting the following language:

ARTICLE V – SUPPLEMENTAL PAY

Section 5.1. Effective April 1, 2014, the University agrees to pay Coach Martin additional annual compensation payable from income earned by the University under various broadcast, equipment, shoe, apparel, endorsement and/or consultation contracts (“Supplemental Pay”) in the amount of One Million Four Hundred and Fifty Thousand Dollars (\$1,450,000), subject to all applicable state and federal tax reporting and withholding requirements. The University shall pay the Supplemental Pay to Coach each year in twelve (12) equal monthly installments in accordance with the University’s customary monthly

payroll procedures, prorated for any partial months or years. In consideration of this additional compensation, Coach Martin agrees, as directed by the Chancellor of the University ("Chancellor") or the Vice Chancellor and Athletics Director ("Athletics Director"), to participate in radio, television, and other media shows, programs and appearances relating to the University's multi-media rights contract; carry out endorsement or consultation services relating to the University's contracts with athletics shoe, equipment, or apparel manufacturers, or endorsement or consultation contracts entered into by the University or the University's multi-media rights partner; and perform at least fifteen (15) public relations services on behalf of the University annually. Such services shall not unreasonably interfere with games, practices or recruiting, or preparation for games or practices.

Section 5.2. Nothing contained in this Article V shall be construed to limit Coach Martin's ability to receive athletically-related income and benefits earned in a manner consistent with the other provisions of this Agreement, including, but not limited to, Article XII. The University's obligation to pay Supplemental Pay shall not be reduced as a result of Coach Martin's receipt of athletically-related income and benefits from sources outside the University, including, but not limited to, sources described in Article XII.

ARTICLE VI - INTENTIONALLY OMITTED

Language in Article VI has been intentionally omitted.

ARTICLE VII - INTENTIONALLY OMITTED

Language in Article VII has been intentionally omitted.

3. Article XVI, Section 16.1, of the Agreement is amended by deleting the current language in its entirety and substituting the following language:

Section 16.1. In its sole discretion and at any time during the term of this Agreement, the University may elect to terminate this Agreement without cause upon written notice to Coach Martin. If the University terminates this Agreement without cause, the University shall pay Coach Martin a separation payment in the amount of One Million Dollars (\$1,000,000). Payment of the liquidated damages shall be made in equal monthly installments over the remaining term of this Agreement, 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 Agreement. Payment of the separation payment is in lieu of any and all other legal remedies or equitable relief.

4. Article XIX, Section 19.1, of the Agreement is amended by deleting the current language in its entirety and substituting the following language:

Section 19.1. Coach Martin shall have the right to terminate this Agreement at any time. In the event Coach Martin elects to terminate this Agreement, he shall pay a separation payment to the University according to the following schedule:

<u>Date of Termination by Coach Martin Owed</u>	<u>Separation Payment</u>
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April 1, 2011 through March 31, 2014	\$2,600,000.00
April 1, 2014 through March 31, 2018	\$1,000,000.00

The separation payment shall be payable in full within sixty (60) days of the date of termination by Coach Martin. This obligation shall survive the termination of this Agreement and shall continue in full force and effect for all purposes notwithstanding the termination of this Agreement. Payment of the separation payment is in lieu of any and all other legal remedies or equitable relief. Nothing in this Article XIX shall be construed to require payment of a separation payment as a result of an automatic termination pursuant to Article XVIII.

5. Schedule A, Paragraph 6, of the Agreement is amended by deleting the current language in its entirety and substituting the following language:

6. The University will pay Coach Martin certain bonuses in each year during the term of the Agreement if the University's men's basketball team meets certain athletic performance goals ("Performance Bonuses"). Coach Martin shall be entitled to the following Performance Bonuses if the University's men's basketball team meets the following goal(s):

(a) SEC Performance Bonuses:	
SEC Tournament Championship	=
\$75,000.00	
SEC Regular Season Championship	=
\$100,000.00	

The SEC Performance Bonuses are not cumulative, and the University will pay only a single bonus based on the highest SEC achievement. In the case of a tie for the SEC Regular Season

Championship, Coach Martin will be entitled to that bonus only if the SEC officially designates the University's men's basketball team as the champion or a co-champion.

(b) NCAA Tournament Performance Bonuses:		
\$75,000.00	NCAA Tournament Appearance	=
\$125,000.00	Sweet 16 Appearance	=
	Elite Eight Appearance	= \$150,000.00
	Final Four Appearance	= \$200,000.00
\$250,000.00	NCAA National Championship	=

The NCAA Tournament Performance Bonuses are not cumulative, and the University will pay only a single bonus based on the highest NCAA Tournament Postseason Achievement.

Performances bonuses are accrued on the date the criteria are met. The University will pay the Performance Bonuses to Coach Martin no later than sixty (60) days following the last contest of the basketball season in which a relevant performance goal is attained.

Except as revised by this Amendment Number 2, the Agreement, as amended, remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Number 2 on the dates shown below.

**THE UNIVERSITY OF TENNESSEE
MARTIN**

COACH CUONZO

By: _____
Dave Hart
Vice Chancellor & Director of Athletics

Cuonzo Martin

Date

Date

Charles M. Peccolo, Jr.
Treasurer and Chief Financial Officer

Date

Jimmy G. Cheek, Chancellor

Date