

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This is a Second Amendment to an Employment Agreement ("Second Amendment") between Eli I. Capilouto, D.M.D., Sc.D., M.P.H. ("Dr. Capilouto" or the "President") and the University of Kentucky (the "University"), effective June 24, 2016.

WITNESSETH

WHEREAS, the President and the University entered into an Employment Agreement effective July 1, 2011, and amended in a First Amendment effective December 17, 2013 (collectively, the "Agreement");

WHEREAS, the University wishes to amend the Agreement in certain respects as set forth in this Second Amendment;

WHEREAS, this Second Amendment has been duly approved and its execution has been duly authorized by the Board of Trustees of the University (the "Board"); and

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

A. **Term.** The term of the President as set forth in Section A of the Agreement shall be amended to June 30, 2021.

B. **Renewal/Extension.** The dates of April 1, 2017, June 30, 2017, and June 30, 2018 as set forth in Section B of the Agreement shall each be amended to April 1, 2020, June 30, 2020 and June 30, 2021.

C. **Section D.1 of the Agreement shall be replaced with the following:**

1. Annual Base Salary. As compensation for the services to be performed by Dr. Capilouto pursuant to this Agreement, the University shall pay, effective January 1, 2016, an annualized base salary of \$ 790,000.00 ("Base Salary"), less applicable deductions. Commencing with the fiscal year beginning July 1, 2017, this Base Salary shall be increased by the same salary increase percentage for which other University employees are eligible. Base Salary shall not be decreased at any time during the Term of this Agreement unless the University has declared a state of fiscal exigency.

D. **Section D.4 of the Agreement ("Performance Incentive") is deleted in its entirety.**

E. **Section F.4 of the Agreement ("Automobile") is deleted in its entirety.**

F. Section F.8 of the Agreement is replaced with the following:

8. Faculty Appointment/Tenure Rights. If Dr. Capilouto's employment as President is terminated without Cause, Dr. Capilouto may, at his election, continue employment for the remaining period of the Term of this Agreement on the University's faculty in an active assignment mutually agreed upon by Dr. Capilouto, the corresponding Dean, and the Board Chair. Dr. Capilouto will receive no additional compensation for faculty duties assumed under this Section F.8 beyond amounts paid under Section I.2 of this Agreement.

G. Section I.2 of the Agreement is replaced with the following:

2. Termination Without Cause. The University may terminate this Agreement without Cause at any time for the convenience of the University upon thirty (30) days prior written notice to the President. Termination of this Agreement by virtue of the President's disability or death (as set forth in Sections I.4 and I.5 of this Agreement, respectively), shall not be construed as termination without Cause. If the University terminates this Agreement without Cause prior to the expiration of the Term, Dr. Capilouto shall receive a lump sum payment equal to the Base Salary he would have continued to receive through the end of the Term, plus the following amount: (i) \$1,740,000 if termination occurs prior to June 30, 2018; (ii) \$1,040,000 if termination occurs after June 29, 2018 and before June 30, 2020; or (iii) \$228,000 if termination occurs after June 29, 2020 and before June 30, 2021. Dr. Capilouto shall also be entitled to any other benefits provided by the University's benefits plans and this Agreement that are not affected by the termination of his employment as President.

H. Section I of the agreement shall be amended by the addition of the following:

7. Second Agreement under Section 457(f) Deferred Compensation Plan ("457(f) Plan").

(a) The University shall offer the President a second Deferred Compensation Agreement for participation in the University's 457(f) Plan. The second Deferred Compensation Agreement shall provide that the University credit the President's Deferred Compensation Account under the 457(f) Plan ("457(f) Account") in the amount of \$178,000 annually by July 1 in year 2016, 2017, 2018, 2019, and 2020.

(b) In accordance with the University's 457(f) Plan and the second Deferred Compensation Agreement, if this Agreement is effectively terminated prior to June 30, 2020 (i) by the Board with or without Cause or (ii) by the resignation of the President, then and in that event the President shall forfeit any entitlement to amounts credited to his 457(f) Account under the second Deferred Compensation Agreement.

(c) In accordance with the University's 457(f) Plan and the second Deferred Compensation Agreement, if this Agreement is effectively terminated after June 30, 2020 but before June 30, 2021 (i) by the Board with or without Cause or (ii) by the resignation of the President, then and in that event the President shall forfeit any entitlement to amounts credited to his 457(f) Account after June 30, 2020, under the second Deferred Compensation Agreement.

(d) In the event this Agreement is terminated pursuant to Section I. 4 or Section I. 5, the President, his estate or his designated beneficiary shall be entitled to receive the amount then credited to his 457(f) Account, in accordance with the terms of the 457(f) Plan, together with the remaining annual payments, if any.

(e) Payments due under the 457(f) Plan to the President, his estate or his designated beneficiary, as the case may be, shall be paid, in accordance with the terms of the 457(f) Plan, but in no event no later than ninety (90) days after the termination or expiration of the term of the Agreement and shall be in addition to and not to the exclusion of any entitlement the President, his estate or his designated beneficiary may have under the Agreement or under the University's LTD plan or the University's benefits plans.

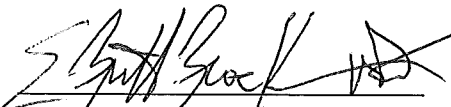
I. The University may make such addendum to its Supplemental § 415(m) Arrangement and Supplemental § 403(b) Plan for the years 2018-19, 2019-20 and 2020-21 as may be appropriate and necessary.


J. All other terms and conditions of the Agreement not expressly amended herein remain in full force and effect and are hereby ratified and reaffirmed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date shown below.

UNIVERSITY OF KENTUCKY

ELI I. CAPILOUTO, D.M.D., Sc.D., M.P.H.


E. Britt Brockman, MD
Chair, Board of Trustees


Eli I. Capilouto
President

Dated: 6-24-16

Dated: 6-24-16