

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT ("Second Amendment") is between Teresa A. Sullivan, Ph.D., ("Ms. Sullivan" or the "President") and the Rector and Visitors of the University of Virginia ("the University"), an agency of the Commonwealth of Virginia.

RECITALS

1. In September, 2012, responsive to a request by the Board of Visitors ("the Board"), President Sullivan launched an inclusive and participatory strategic planning process for the academic division to develop goals, strategies, and resource plans intended to guide the University's future and to sustain and elevate the excellence of its teaching and research activities. This planning process is intended to be complete by the beginning of the 2013-2014 academic year; and
2. President Sullivan has recently begun the complex implementation of a targeted strategic plan for the University of Virginia Medical Center which includes important goals for advancement of clinical programs, clinical research and innovation, patient satisfaction and the quality of care; and
3. President Sullivan is presently developing an ambitious plan to enhance competitive compensation of all employees and address the challenges of recruiting and retaining the next generation of eminent scholars, an undertaking critical to the delivery of the highest quality academic experience to the University's students; and
4. President Sullivan has begun to reorganize communications and development functions in order to align external relations and communications resources to effectively articulate the University's brand and promote the growth of philanthropy and legislative support to their highest potential; and
5. President Sullivan is leading the Campaign for the 21st Century toward its completion in the spring of 2013;
6. In the summer of 2012, President Sullivan directed a comprehensive evaluation of the use of technology in academic delivery and has recently encouraged and accelerated the University's experimentation in new methods of such delivery both within and outside of the residential student community, positioning the University to lead in this arena as the future of technology in higher education unfolds in the coming years; and
7. The Board is encouraged by and appreciative of the President's recent activities in rigorously addressing the difficult issues facing all of public higher education; and
8. The Board recognizes that all of these initiatives, and others such as transition to a new responsibility-centered budgeting model which is expected to be fully

implemented in 2016, will take time to advance and accomplish and wishes to provide her additional time to make progress in these areas; and

9. The existing terms of the Employment Agreement require a discussion on the renewal of the President's employment in July of 2014, eleven months after development of the new academic strategic plan, which may be insufficient to allow the President adequate time to implement these initiatives and for the Board to evaluate performance against those objectives; and

10. The Board believes it can best serve the President by providing regular, in-depth evaluations of performance against benchmarks, Board expectations and metrics arising from the emerging academic strategic plan and against established benchmarks tied to the Medical Center strategic planning goals; and

11. The Board is committed to greater transparency and consultation in its evaluation of presidential performance and has recently augmented its annual evaluation process by adopting a policy of quarterly evaluation meetings; and

12. The Board believes that an extension of her contract through July, 2016, with a discussion regarding renewal to begin in January of 2015, to be in the best interests of the University.

13. Therefore, the Board and Ms. Sullivan have agreed to a one-year extension of the President's term of employment.

14. The University and Ms. Sullivan wish to otherwise amend the terms of Ms. Sullivan's employment with the University.

15. The University and Ms. Sullivan wish to set forth their respective rights, understandings, and obligations in this Agreement.

AGREEMENT

The Employment Agreement previously entered into between the parties on January 11, 2010 ("Agreement"), as previously amended by the First Amendment to Employment Agreement entered into on March 11, 2011 ("First Amendment"), with the Second Amendment to Employment Agreement having been revoked by mutual consent, is further amended as follows:

1. Paragraph A of the Agreement is amended to read as follows:

"A. Term.

The University agrees to employ Ms. Sullivan as its President for a term beginning August 1, 2010 and ending July 31, 2016 (the "Term"), subject to earlier

termination as provided in Section H. Ms. Sullivan accepts that employment on the terms and conditions set forth in this Agreement, as amended."

2. Paragraph B of the Agreement is amended to read as follows:

"B. Renewal

The Board of Visitors of the University and Ms. Sullivan shall meet for the purposes of discussing renewal or nonrenewal of this Agreement no later than January 31, 2015, with the goal of concluding these discussions by July 31, 2015."

3. The Base Salary provided for in Paragraph D.1 shall be paid through July 31, 2016.

4. Paragraph E of the Agreement is amended to read as follows:

"E. Performance Evaluation.

An evaluation of the President's performance shall be conducted in accordance with the Manual and policies of the Board of Visitors. "

5. Paragraph H.1 of the Agreement is amended such that the following sentence is added at the end of the paragraph: "Provided, however, that to the extent that the statutory law of Virginia in any way conflicts with the process described in this paragraph, it is the intent of the parties that Virginia's statutory provisions shall prevail."

THIS THIRD AMENDMENT TO AGREEMENT, having been approved by the Rector and Visitors of the University of Virginia, is entered into by Ms. Sullivan and the University, through its authorized officers, this 9th day of November, 2012.


TERESA A. SULLIVAN, Ph.D.

Date: 9 November 2012

RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA

By:

Helen E. Dragas
Helen E. Dragas, As its Rector

Date: November 9, 2012