



www.utsports.com

246 STOKELY ATHLETICS CENTER
1720 VOLUNTEER BOULEVARD
KNOXVILLE, TN 37996-3100

Mailing Address
PO BOX 15016
KNOXVILLE, TN 37901-5016

ATHLETIC DIRECTOR
(865) 974-1224
Fax: (865) 974-2060
FACILITIES
(865) 974-2977
Fax: (865) 974-0333
COMPLIANCE
(865) 974-3871
Fax: (865) 974-3077

September 9, 2010

*VIA OVERNIGHT FEDERAL EXPRESS
AND UPS*

Bruce Pearl
Head Coach, Men's Basketball
Brenda Lawson Athletic Center, Second Floor
Knoxville, TN 37996-4600

Re: Notice of Termination of Employment Agreement

Dear Bruce:

This letter constitutes notice that The University of Tennessee is exercising its right to terminate your Employment Agreement, originally executed on June 23, 2008 and subsequently amended on June 30, 2009, pursuant to Article XVII.F.1(vii), as well as Article I.A(2), Article I.B. After carefully reviewing what you told the NCAA in your interviews on June 14, 2010 and August 5, 2010 and carefully considering what you told Chancellor Cheek and me this week, Chancellor Cheek and I have formed a good faith belief that you engaged in the following course of conduct:

September 20, 2008

On September 20, 2008, you knowingly violated NCAA rules by hosting, at your house during a team cookout, three prospective student-athletes making unofficial visits and their families. At your house, you admitted to the unofficial visitors and their families that their presence at your house was a violation of NCAA rules. You also told the unofficial visitors and their families that you were not going to tell anyone about the NCAA rules violation, and you asked that they not tell anyone either. You failed promptly to self-report the unofficial visitors' visit to your house to the University, and you subsequently signed a false NCAA Certification of Compliance for the time period in question. Moreover, your comments to the prospective student-athletes and their families conveyed the wrong message about your stance, and by implication the University's stance, on compliance with NCAA rules and the importance of self-disclosing NCAA rules violations.

One of the prospective student-athletes making an unofficial visit was present at your house following your personal invitation that he and his parents attend the team cookout. You extended an invitation to the unofficial visitor and his parents despite the fact that you knew that NCAA rules prohibited the provision of off-campus entertainment or

meals to an unofficial visitor. You admitted to the unofficial visitor's parents that it would be a violation of NCAA rules for them to attend the cookout, but you told them that you were leaving it up to them whether to attend. You have admitted that you should not have put the prospective student-athlete and his parents in a position where they had to make a choice whether to violate an NCAA rule. Your conduct failed to promote an atmosphere for compliance within the men's basketball program and conveyed the wrong message to a prospective student-athlete and his family about your stance, and by implication the University's stance, on compliance with NCAA rules.

All of your assistant coaches were present at your house and knew that the three prospective student-athletes making unofficial visits also were present at your house. Your conduct failed to promote an atmosphere for compliance within the men's basketball program, specifically with regard to setting an appropriate example for your assistant coaches regarding compliance with NCAA rules.

June 14, 2010

On June 14, 2010, the first day you were interviewed by the NCAA relating to its investigation into potential rules violations in the men's basketball program, you failed to promote an atmosphere for compliance within the men's basketball program and failed to protect the integrity of the NCAA's investigation by meeting with your assistant coaches and talking about their NCAA interviews before you were interviewed by the NCAA later the same day.

Prior to and after your interview on June 14, you interfered with and failed to protect the integrity of the NCAA's investigation by calling the father of the prospective-student athlete who had been at your home during an unofficial visit on September 20, 2008. According to you, you called the father in part to "remind" him that you told the parents on September 20, 2008 that it would be a violation of NCAA rules for them to attend the team cookout at your home and that you gave them a choice whether to attend. At the very least, your calls to the father created the appearance that you were trying to influence the father's statements to the NCAA.

During your June 14 NCAA interview, the NCAA enforcement staff showed you a photograph of you and a prospective student-athlete in the kitchen in your home and you were asked whether you recognized where the photograph was taken. You specifically denied that the photograph was taken at your home, which was false and misleading because you subsequently admitted to the NCAA (on August 5) and to Chancellor Cheek and me (on multiple occasions, including September 7) that you knew the photograph had been taken in your home. You also specifically and affirmatively stated on June 14 that you did not know the woman in the photograph, which was false and misleading because you subsequently admitted to the NCAA (on August 5) and to Chancellor Cheek and me (on September 7) that you knew the woman in the photograph was Coach Jason Shay's wife. Your June 14 statements regarding the photograph were dishonest, and you engaged in unethical conduct when you knowingly furnished the NCAA enforcement staff and the University's outside counsel with false and misleading information

concerning the photograph. Although not necessary to a finding of gross misconduct, our conclusion is that your false and misleading statements to the NCAA on June 14 were deliberate and premeditated given the facts that (1) your assistant coaches informed you prior to your interview that the NCAA showed them a photograph of you and the prospective student-athlete during their interviews and Coach Forbes told you that he thought the photograph was taken at your house; and (2) you initiated telephone contact with and discussed the photograph of you and the prospective student-athlete taken in your home during an unofficial visit.

When you failed to disclose to the NCAA enforcement staff on June 14 the fact that an NCAA rules violation had occurred by entertaining unofficial visitors at your house on September 20, 2008, we believe that you violated the NCAA's cooperative principle because you failed to assist the NCAA enforcement staff in collecting and developing complete information to determine whether any NCAA violations occurred in the men's basketball program.

October 10, 2007 – July 30, 2009

You failed to promote an atmosphere for compliance within the men's basketball program and monitor the activities of your assistant coaches with respect to telephone calls to prospective student-athletes. As a result, the men's basketball coaching staff made approximately 96 telephone calls to prospective student-athletes that were impermissible under NCAA rules. You made 34 of those impermissible telephone calls.

September 8, 2009

You falsely certified in writing that you had reported through the appropriate individuals in the Athletic Department to the President any knowledge of NCAA violations involving the University. The certification was false because you knew NCAA violations occurred in the men's basketball program on September 20, 2008.

Based on the facts described above, Chancellor Cheek and I have determined that you engaged in gross misconduct, including dishonesty and other acts involving intolerable behavior. As a result, the University is terminating your Employment Agreement for Adequate Cause under Article XVII.F.1(vii). The University is also terminating your Employment Agreement because it has determined that you materially breached Article I.A(2) and Article I.B of your Employment Agreement by failing to comply with the constitution, bylaws, rules, regulations, and interpretations of the NCAA, and NCAA, SEC, and University rules and regulations relating to the conduct and administration of the men's basketball program, including recruiting rules.

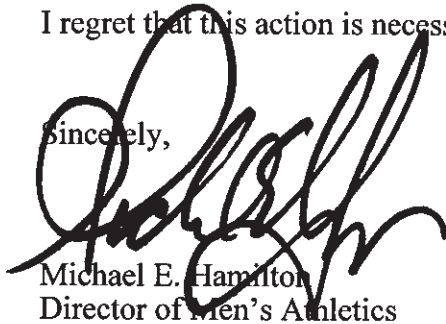
The effective date of the termination of your Employment Agreement is October 8, 2010 ("Effective Date"). On the Effective Date, you will become an employee at-will with no definite term of employment and will remain an employee at-will until the University enters into a new employment agreement with you. Prior to the Effective Date, you may meet personally and individually with me, Chancellor Cheek, and Interim President Simek to respond to the allegations against you and the University's proposed termination of your Employment

Agreement. If you wish to contest the termination of the Employment Agreement for gross misconduct, you have the right to a post-termination hearing under the Tennessee Uniform Administrative Procedures Act (TUAPA). If you desire a hearing, you must notify me in writing within fifteen (15) days following the receipt of this letter.

On or before the Effective Date, the University will provide you with a letter of appointment that will confirm that your continued employment as Head Men's Basketball Coach is at-will and without a definite term. Furthermore, it will provide that if you are found in violation of NCAA regulations, or if the University develops a good faith belief that you have engaged in additional NCAA violations not currently known to the University, you will be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures, including, but not limited to, suspension without pay or termination of employment for significant or repetitive violations.

I regret that this action is necessary.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Michael E. Hamilton".

Michael E. Hamilton
Director of Men's Athletics

c: Dr. Jimmy G. Cheek, Chancellor
David E. Gruber, Esq.
Steve Thompson, Esq.