

SPECIAL MEETING, JANUARY 2014

Approved by the
Regents
February 20, 2014

*The University of Michigan
Ann Arbor
January 24, 2014*

The regents met at 10:00 a.m. in the Kuenzel Room, Michigan Union. Present were President Coleman and Regents Bernstein, Darlow, Deitch, Diggs, Ilitch, Newman, Richner and White.

President Coleman called the meeting to order, saying that this was a special meeting of the Board of Regents called at the request of all board members. She then turned the proceedings over to Board Chair, Andrea Fischer Newman.

Regent Newman began by welcoming to the meeting Dr. Mark Schlissel and his wife Monica Schwebs.

She continued, saying: "The Michigan Constitution provides that 'the board of regents shall have general supervision of its institution and the control and direction of all expenditures from the institution's funds.' The Board of Regents 'shall, as often as necessary, elect a president of the institution, under its supervision. He shall be the principal executive officer of the institution, be ex-officio a member of the board, without the right to vote, and preside at meetings of the board.' The Regents take this constitutional duty seriously. As the current chair of the Board of Regents, and as a member of the Presidential Advisory Search Committee, I am pleased to announce that we have completed the search process and have identified one finalist for election as the 14th President of the University of Michigan. As befits a decision of this magnitude, the process of getting to this happy moment has been long, intense and involved. We have dug deep and our efforts have borne great fruit. On July 18, 2013, the regents announced

the appointment of a Presidential Search Advisory Committee that included the entire board of regents and a truly outstanding set of faculty members. Not surprisingly, a superb set of candidates wished to lead this superlative institution. Through this process we have found a leader to follow in the footsteps of the 13 great presidents of this most wonderful institution, the most recent being our current President, Mary Sue Coleman. Like those who came before, our new President will start with a great foundation and take the university to even greater heights.

“Before we elect our new President I want to begin by thanking my colleagues on the Board of Regents for their hard work and for the collegial manner in which this search process was conducted. This was not an easy or simple deliberation. But as always, in the end, what unites us is our love for this wonderful institution, and our desire to see it flourish. I also want to personally thank the faculty members of the Presidential Advisory Search Committee and know that one of my colleagues will talk more about them later. This powerhouse group of distinguished faculty played a vital role in the selection process and served as vital representatives of the faculty as a whole. Thank you for your services. I would next like to thank President Mary Sue Coleman. There will be plenty of time to celebrate Mary Sue for her tremendous service to the university over the next months, but as we look forward to the future with our new President, we must also stop to cherish and remember where we have been. Thank you Mary Sue. Before I turn the floor over to Regent Ilitch, I also want to thank everyone who came to the six public outreach meetings sponsored by the Regents to hear from the community, particularly the many students who attend the various forums. We heard your message, we heard your

passion, and we greatly appreciate your input. I can tell you without any doubt, your concerns were a driving force in our deliberations.

“This is an exciting time for the University of Michigan, and I am confident that our next president will lead the University into its next century focused on our deepest ideals of world class academic excellence and public impact. I now turn the floor over to Regent Ilitch.”

Regents Ilitch said “The presidential search process was a first for me. It was an extremely rewarding and enriching experience. What a privilege to meet so many devoted higher education professionals that are committed to providing academic excellence and preparing the world’s future leaders. Dr. Schlissel’s qualifications are unquestionable and so in situations such as this, the selection falls on character, values and fit. What set Dr. Schlissel apart from the other highly qualified candidates (for me) was his heart. As a parent first and foremost, I am confident that Dr. Schlissel will lead with our students’ welfare as his top priority. He understands our mission and will work tirelessly to continue our academic and research excellence, our passionate desire for access and affordability and a learning environment that is inclusive and promotes diversity. It is a rare combination to find a person who brings compassion and kindness with brains and brawn! Welcome to the University of Michigan! I also want to acknowledge and welcome a talented lawyer in her own right, Monica Schwebs.” She then offered the following:

Resolution

On behalf of the Presidential Search Committee and the Presidential Search Advisory Committee, and pursuant to Article VIII, Section 5 of the Michigan Constitution, and in accordance with the terms and conditions of a certain letter agreement that has been previously agreed upon, with its effectiveness being subject to approval and ratification at this meeting, I enthusiastically present the finalist, and

hereby nominate Dr. Mark Schlissel as the 14th President of the University of Michigan. The letter agreement will be attached to the minutes of this meeting.

The motion was seconded by Regents Bernstein, Darlow, Deitch, Diggs, Newman, Richner and White.

Regent Newman continued saying, “President Elect Mark Schlissel is a distinguished biomedical researcher, and a leader in higher education. He currently serves as the Provost of Brown University. He earned his bachelor of arts from Princeton University, *summa cum laude*, in biochemical sciences. He earned both his M.D. and Ph.D. degrees at the Johns Hopkins University School of Medicine. He did his residency in internal medicine at The Johns Hopkins Hospital and was a postdoctoral research fellow at the Massachusetts Institute of Technology's Whitehead Institute for Biomedical Research. His research program has focused on the developmental biology of the immune system.

“Mark began his faculty career at Johns Hopkins, moving to the University of California at Berkeley in 1999. He was Berkeley’s dean of biological sciences, in the College of Letters and Science from 2008 to 2011, and he held the C. H. Lee Chair in biochemistry. He is the author of nearly 100 papers, has trained more than 20 doctoral candidates in his lab, and is a member of the American Society of Clinical Investigation, and the American Association of Physicians among many honors, awards and memberships.”

Comments from Regent Katherine E. White

“As part of the Presidential Search Process, the Presidential Search Advisory Committee engaged in listening sessions with our communities on all three campuses:

Ann Arbor, Flint and Dearborn. We met with faculty, staff, students and alumni. Throughout this process we learned a great deal about what qualities, experiences, and values you desire in the next President of the University of Michigan. In particular, I want to recognize the Central Student Government University Council Committee for consolidating the student perspectives in an outstanding report that gave us much guidance throughout our process. Thanks, again, to CSG President Mike Proppe and Vice President Bobby Dishell for your exceptional leadership through this process.

“The Presidential Search Advisory Committee heard many concerns about affordability and the cost of attendance at the University of Michigan, concerns about having a diverse campus across all levels, faculty, staff, and students, but also to promote a climate that fosters inclusion so that our faculty, staff, and students can thrive.

“Top of mind was also the need for fundraising efforts to positively impact each and every student. Importantly, we also heard from graduate students who have unique concerns separate from those of undergraduates. At the Flint and Dearborn campuses, we heard about the desire for deeper collaboration, engagement, partnerships, and leveraging of resources across and between the campuses. Throughout this process, your voices have been heard. And, most importantly, the listening continues.

“I am pleased to report that, in addition to being a thoughtful leader with extraordinary experience in higher education at the highest levels, President-Elect Mark Schlissel is an outstanding listener. He has demonstrated that he listens and solicits input from the campus community, including fostering a diverse and inclusive campus environment. He is recognized as a highly rated scholar and teacher. Having both an M.D. and a Ph.D., he has experience at the lab bench. He has won numerous awards as a

researcher and teacher. He has experience as an academic administrator at virtually every level, except as President, and we are fixing that right now. We look forward to our continued conversations as the listening continues. I welcome you, Dr. Schlissel, and your extraordinarily wife Monica Schwebs, to Michigan.”

Comments from Regent Laurence B. Deitch

“My colleagues honored me with the privilege and responsibility of coordinating the work of the Presidential Search Advisory Committee and the Presidential Search Committee on their behalf. As Regent Newman said, this was an intense job, but it was also a very exhilarating process. Everyone involved was deeply committed and did a spectacular job. The Board all know that we would not have been able to recruit the distinguished leader that we have presented today without the active involvement and guidance of our faculty colleagues. I would like to acknowledge them by name:

Alec Gallimore, Arthur F. Thurnau Professor; Professor of Aerospace Engineering and Associate Dean for Research and Graduate Education, College of Engineering; David Ginsburg, James V. Neel Distinguished University Professor of Internal Medicine and Human Genetics and Warner-Lambert/Parke-Davis Professor of Medicine, Medical School; Research Professor, Life Sciences Institute; Howard Hughes Medical Institute Investigator; Timothy R.B. Johnson, Arthur F. Thurnau Professor; Bates Professor of the Diseases of Women and Children and Chair of Obstetrics and Gynecology, Medical School; Professor of Women’s Studies, College of Literature, Science and the Arts; Research Professor, Center for Human Growth and Development; Jeffrey MacKie-Mason, Dean, Arthur W. Burks Collegiate Professor of Information and Computer Science, School of Information; Professor of Economics, College of Literature, Science

and the Arts; Professor of Public Policy, Gerald R. Ford School of Public Policy; Tiya Miles, Elsa Barkley Brown Collegiate Professor of African American Women's History, Chair, Department of Afroamerican and African Studies, Professor of Afroamerican and African Studies, Professor of American Culture, Professor Native American Studies, Professor of History and Professor of Women's Studies, College of Literature, Science, and the Arts; Rebecca Scott, Arthur F. Thurnau Professor; Charles Gibson Distinguished University Professor of History, College of Literature, Science and the Arts; Professor of Law, Law School; and Lynn Perry Wooten, Clinical Associate Professor of Strategy and Management and Organizations and Associate Dean for Undergraduate Programs, Stephen M. Ross School of Business."

Comments from Regent Mark J. Bernstein

"Today is a great day for the University of Michigan. We go today from strength to strength, from one great leader, Mary Sue Coleman, to Dr. Schlissel. Mark's journey from Brooklyn to Ann Arbor, through Princeton, Johns Hopkins, and MIT, UC-Berkeley, and then Brown, is a uniquely American story about opportunity and achievement. It is one that is familiar to this University where we are also passionate about the transformative power of high education. We know Mark shares this passion.

"At the very first interview he was asked, 'What are the qualities of a great president?' Mark said, 'You have to love and be amazed by students. You have to love and be amazed by faculty, and you have to love and be amazed by discovery.' I know that we all agree with you, and those indeed are the qualities of a great president. It is a great privilege and honor to serve together with you as you take the helm of this great University."

Comments from Regent Julia Donovan Darlow

“I want to take a minute to express our appreciation to Mary Sue Coleman for her role in creating a near perfect environment for our recruitment of a new President. While we will have many opportunities to thank her for her extraordinary contributions to this university but I wanted to note that she gave us the luxury of time to do our work as thoroughly and carefully as possible. She also gave us the luxury of choosing among a splendid group of eager brilliant candidates because of the great stature, excellence and stability that this institution has achieved under her leadership.

“As to the wonderful incoming president presented today, I believe that Mark’s deeply probing, visionary mind; his commitment to the values this university cherishes, including diversity and access; his compassionate nature; and the breadth and depth of his experience will enable this greatest of public universities to preserve its heritage and to meet the challenges of the future at the highest level.”

Comments from Regent Shauna Ryder Diggs

“When we began our search process for our new President in March, we began with an introspective assessment of our needs and discussed our goals. We desired a university achieving academic excellence in our undergraduate colleges, graduate programs and professional schools, and research; a university attracting bright youth with drive and intellectual curiosity and then enabling them to join our community regardless of socioeconomic status, race, ethnicity, circumstance or lack of opportunity; a university providing a supportive educational and social environment for those very students with an accepting and encouraging culture on campus, and with resources available; a university attracting innovative, accomplished faculty and supporting their teaching and

research efforts within their disciplines and interdisciplinary; a university practicing fiscal responsibility respecting the investments by our students, their families, our state and our donors, allowing monies to be spent towards our primary academic mission; and a university contributing to knowledge and translating it into health, economic, and social benefits for citizens of our city, our state, our nation and the world.

“We desired a president who would articulate a vision and develop a strategy to accomplish it. We found this person in our next President, Dr. Mark Schlissel. He is an academic scholar, a thoughtful and strategic leader, and an empathetic, contemplative person. I personally welcome another physician to our team, and I am proud to have him lead us into the future. Welcome Dr. Schlissel, and Monica Schwebs.”

Comments from Regent Andrew C. Richner

“In Mark Schlissel, we have found a brilliant academic leader who has the vision to build on the University of Michigan’s standing as one of the world’s great institutions of higher education. Mark understands and embraces the mission of our public research university and the important role it plays in the future lives of our students and in the future of our state. He is superbly qualified to guide us into our third century. We welcome Mark and Monica, and look forward to working with him.”

Regent Newman called for a vote on the motion, and the regents unanimously approved the appointment Dr. Mark Schlissel as the 14th President of the University of Michigan.

Comments from President Mary Sue Coleman

“I want to join in the tremendous enthusiasm about the naming of Mark Schlissel as the university's 14th president. I'm thrilled they picked another biochemist! I also want

to thank the Presidential Search Committee and the faculty of the Search Advisory Committee for their thoughtful, diligent work.

“Dr. Schlissel, welcome to a university unlike any other. You will find the Michigan community to be engaging, thoughtful, energetic and impassioned about making a difference. More than any characteristic, it is a community of academic excellence. Our students, faculty, staff and alumni have a profound affection for this institution, which I am certain you yourself will come to embrace.

“When the university's first president, Henry Philip Tappan, laid out his vision for Michigan, he described a ‘great center of intellectual activity, and a fountain of learning open to the whole populace.’ That vision has been realized again and again.

“In addition to leading an exceptional university, you and your wife, Monica, are joining a remarkable community and state — both of which look to the University of Michigan for ideas, solutions and talent. I have often said that being president of the University of Michigan is the best job in the country. I could not be more pleased to know that you, as the 14th president, will soon experience this firsthand. Again, welcome and Go Blue.”

Comments from President-Elect Mark Schlissel

"I am honored to be chosen to lead the jewel of the American educational system. The University of Michigan is held in high regard throughout the academy. The students you train here are leaders around the world. The doctoral students you train populate the academy, perhaps more so than any other university. It's beyond a privilege and an honor. I also want to thank and point out the role of both the Presidential Search Advisory Committee and the Regents played in this process. It was obvious to me from

the very first meeting that everyone here is passionate about Michigan. There are different views, but the common denominator is a deep level of commitment to the institution, to its students and faculty, to its legacy and future. This made it attractive for me to come and join the Regents in partnership, and join the faculty as a colleague. I hope to spend the coming months getting to know you, learning about the institution and working together to develop ideas that build upon the great success of President Coleman for the years ahead. Thank you for coming today, and Go Blue!”

President Coleman said that this concludes the meeting. The meeting adjourned at 10:28 a.m.



THE REGENTS OF
THE UNIVERSITY OF MICHIGAN

Dr. Mark S. Schlissel

Dear Mark:

On behalf of the Regents of the University of Michigan ("Regents"), we are pleased to confirm the terms and conditions of your employment by the University of Michigan (the "University") as President as follows:

1. Term. Your employment with the University will commence on July 1, 2014. The term of your appointment as President will commence on or after July 1, 2014 (but in no event later than August 1, 2014), on a date selected by the Regents in their sole discretion; provided that, during the period (if any) from July 1, 2014 to the effective date of your appointment as President (the "Effective Date"), the terms of this Agreement shall apply as though you had commenced your appointment as President on July 1, 2014, and during such period you shall have the title as President Elect with such duties as mutually agreed upon by you and the Regents. Your appointment as President will end on June 30, 2019, subject to earlier termination as provided herein. The parties may extend the term of your appointment by mutual written agreement.

2. Your Duties. Your duties as President of the University shall include all of the duties normally attendant to the position of President of a university and an institution of higher education of the type and size of the University and such other executive duties and responsibilities as may be assigned to you from time to time by or under authority of the Regents. You will report to the Regents. You will devote substantially all of your business and academic time and attention and your best efforts, skill and ability to promote the interests of the University, carry out your duties in a competent and professional manner and work with other employees of the University in a cooperative and professional manner. Your conduct and comportment shall at all times during your employment be consistent with preserving and promoting the dignity and reputation of the University and your office. You may give speeches and publish articles in accordance with University policy. You may serve on one (1) for-profit corporate board and on charitable and academic boards, but all subject to the prior written approval of the Regents and only so long as such activities in the aggregate do not interfere with the performance of your duties to the University. If at any time the Regents notify you that service on any such board is interfering with your duties or is otherwise inconsistent with your position with the University, you shall resign from such board as promptly as reasonably possible. If you serve on the board of any entity that does business with the University, you shall promptly disclose this information to the Regents in writing and take appropriate steps in accordance with the University policies to recuse yourself on such matters.

3. Tenured Academic Appointment. In addition to being appointed as President, you will be appointed to a tenured position on the University faculty in a department to be mutually agreed upon by the University and you. During your appointment as President, you may teach a course if you so desire, but shall have no obligation to teach.

4. Compensation. (a) You will receive an annual base salary ("Base Salary") for the term of your employment as President under this Agreement at a rate of \$750,000, payable in installments in accordance with the University's customary payment practices, and subject to withholding and deductions required by law or authorized. Your Base Salary will be subject to annual review for increase by the Regents commencing July 1, 2015. You and the Regents shall develop a mutually acceptable annual review process. Such process shall establish goals and shall monitor progress toward the attainment of such goals; provided, however, that the Regents shall retain the right, in their sole discretion, to grant or not grant an increase in your Base Salary in any particular year.

(b) During the term of your employment as President, you will be eligible to earn a retention incentive (the "Retention Incentive"), credited to you in installments of \$100,000 each on June 30 of each of the years 2015 through 2019, subject to your continuous employment as President of the University through the applicable crediting date. The Retention Incentive shall vest and become payable on June 30, 2019, provided that you are employed as President of the University on such date. The amount of the Retention Incentive will be adjusted from crediting until payout for any earnings and losses based on your selection of investment measurement factors from those made available by the University. In the event of your termination as President for Disability, death or by the Regents without Cause, you (or your estate in the case of your death) shall be paid, in a lump sum promptly after such termination (but in no event later than March 15 of the calendar year following the calendar year in which such termination occurs), any Retention Incentive credited to you on or prior to the date of such termination (subject to adjustment in accordance with this Section 4(b)) through the date of termination as President). In the event of any other termination of your service as President prior to June 30, 2019, you shall not be entitled to the Retention Incentive and it shall be forfeited.

(c) The University's obligations as to the Retention Incentive shall be an unfunded and unsecured promise to pay money in the future. Your right to receive it shall be no greater than the right of any unsecured general creditor of the University. You shall have no right to transfer, assign or otherwise encumber any portion of the Retention Incentive and any attempt to do so shall be null and void.

5. Other Benefits. You shall be entitled to participate in the employee benefit plans offered to the University's employees generally (e.g., retirement, health, life, long-term disability and other insured and uninsured benefits programs). Your participation in such plans shall be subject to the terms of the applicable plan, applicable law and the University's policies. In addition, you shall be entitled to an annual supplemental contribution to the University's Section 403(b) plan, in an amount equal to \$20,000 (prorated for any partial calendar year). Nothing in this Section 6 shall limit the University's right to modify or terminate any of its employee benefit plans at any time.

6. Vacation. You shall be entitled to paid vacation in accordance with the terms of the University's vacation policy as in effect from time to time at such times as shall be agreed upon by you and the Regents.

7. Expense Allowance. The University shall reimburse you in accordance with the University's normal policies and practices for reasonable travel (at a level commensurate with your position), business, and entertainment expenses you incur in connection with your performance of your duties under this Agreement. The University will provide you with the use of an automobile for business and personal use in accordance with University policies, and you shall have the use of a driver from the University's pool of drivers when appropriate, in accordance with University policy.

8. University Housing. As a condition of your employment as President and for the University's convenience, you shall be required to reside in the President's house on the University's campus (the "House") during the term of your service as President. To the extent renovations to the House have not been completed as of the Effective Date or the House remains occupied by the current President, the University shall provide you with temporary housing until such renovations are complete. The University will furnish the House, including family areas therein, to the extent you elect not to use your own furniture. The University shall be responsible for upkeep and cleaning services related to the House in accordance with University policies. The University will reimburse you for reasonable moving expenses (in accordance with University policies) you incur in connection with moving an automobile, furniture, clothing and personal effects to the House from both your east and west coast residences, and shall provide you with a tax gross-up for such reimbursement to the extent such reimbursement is not tax deductible to you so that you have no after tax costs. You shall promptly vacate the House upon termination of your appointment as President for any reason.

9. Post-Presidency Employment and Other Matters. (a) Upon the termination of your appointment as President (other than for Cause, death or Disability), on or after June 30, 2019, you shall be entitled to take a one (1) year sabbatical immediately following the termination of such appointment, during which you shall continue to receive your then-current Base Salary and University benefits (but not any retention amounts or supplemental 403(b) payment). The sabbatical shall be subject to the terms of the University's sabbatical policy as may be in effect from time to time, including as to activities and intent to return to the University in your tenured position. If you cease to serve as President prior to June 30, 2019, Sections 10 and 11 below will apply to your rights, if any, to a sabbatical.

(b) Following the completion of your sabbatical, you shall have the responsibilities commensurate with your position as a tenured professor, as well as transitional and fundraising responsibilities consistent with your status as a former President. Your salary and benefits shall be commensurate with that of a senior faculty member, as determined in accordance with the applicable compensation policies of the University as may be in effect from time to time but in no event will such salary be less than \$255,000 per year; provided, that, if you remain continuously employed as President of the University through June 30, 2019, your salary

during the first year following the completion of your sabbatical shall be no less than fifty percent (50%) of your Base Salary as President; and provided, further, that if your appointment as President is terminated by the University without Cause prior to June 30, 2019, your salary during the first year following the completion of your sabbatical shall be equal to your Base Salary as President.

(c) Upon (i) the termination of your appointment as President on or after June 30, 2019, or (ii) the termination of your appointment as President by the University without Cause before June 30, 2019, the University will make appropriate laboratory space and up to \$2 million (the "Start-Up Fund") available for the establishment of a biological laboratory at the University for your use as a tenured faculty member after termination of your appointment as President. Additionally, during the pendency of your Presidency, the University shall pay the cost of storing certain research materials in the "freezer farm" at Brown University or an equivalent substitute location. The cost of such storage will be deducted from the Start-Up Fund.

10. Termination for Death, Disability or Cause. (a) If, during the term of your employment, you have not been able to perform your duties as President for 180 days (including weekends and holidays) in any 365 day period, or you are projected in good faith by the Regents after seeking medical advice to be unable to perform your duties under this Agreement for 180 consecutive days, in either case by reason of your physical or mental illness or incapacity, the University may, immediately upon notice to you, terminate your employment as President for Disability. Your employment as a tenured faculty member will be in accordance with the tenure policies then in effect. Your employment with the University shall automatically terminate upon your death. In the event of your termination as President for Disability and you continue as a tenured faculty member, you shall receive the Retention Incentive as provided herein upon termination as President and all other amounts and benefits shall continue or be terminated as provided under the applicable University plan or policy, except as specifically provided otherwise in this Agreement. In such event you shall not be entitled to the sabbatical. If you continue as a tenured faculty member after your termination as President for Disability, your right to a sabbatical shall not arise until the later of you having recovered and are ready to rejoin the faculty and July 1, 2019. In the event of your termination as a result of your death or you also terminate as a tenured faculty member as a result of your Disability, the Retention Incentive shall be paid as provided herein and all other amounts and benefits shall be paid or provided in accordance with the applicable University plans or policies, except as specifically provided otherwise herein, and you shall not be entitled to any sabbatical.

(b) The Regents may terminate your employment as President for Cause immediately upon notice to you. As used in this Agreement, "Cause" shall mean: (i) your failure to attempt in good faith to perform your duties or follow the legal direction of the Regents, which in either case is not cured, if curable, within ten (10) days after your receipt of written notice of such failure; (ii) your material breach of this Agreement, which is not cured, if curable, within ten (10) days after your receipt of written notice of such breach; (iii) your willful misconduct, including, but not limited to, acts of fraud or misappropriation of University funds or assets, or gross negligence with respect to the University or in the performance of your duties; (iv) your violation of any material University policy, including those as to discrimination, sexual harassment or use of public funds; (v) your misconduct not with regard to the University or the

performance of your duties which has or could have, in the good faith judgment of the Regents, more than a *de minimis* adverse effect on the University (economic or reputational) or on your ability to perform your duties; or (vi) your conviction of, indictment for, or plea of guilty or *nolo contendere* to, any crime involving moral turpitude or any felony. Upon your termination as President for Cause, the University shall have no further obligation to you (or your estate), other than accrued salary and similar accrued amounts for the period prior to termination in accordance with the University policies and programs or as otherwise required by applicable law. In the event such Cause termination is not also Cause under the University's tenure policies, you shall have your rights as a tenured faculty member.

11. Other Termination. (a) At the discretion of the Regents, the University may terminate your employment at any time without Cause upon written notice to you. In the event of your termination without Cause, you will be entitled to take a sabbatical and join the faculty in accordance with Section 9 hereof and shall be entitled to the Retention Incentive in accordance with, and subject to, Section 4(b) hereof.

(b) You may voluntarily terminate your employment as President upon six (6) months' notice, which termination date the University may accelerate at the discretion of the Regents. If you voluntarily terminate your employment prior to June 30, 2019, you will forfeit any Retention Incentive, and you will be entitled to join the faculty in accordance with Section 9 hereof and will be entitled to a sabbatical after June 30, 2019 in accordance with University policy.

12. Restrictive Covenants. (a) During your employment with the University and for a period of one (1) year thereafter, you agree that you shall not, except in the furtherance of your duties to the University, directly or indirectly, individually or on behalf of any other person, firm, university, corporation or other entity, (i) solicit, aid or induce any employee, representative or agent of the University or any of its affiliates to leave such employment or retention or to accept employment with or render services to or with any other person, firm, university, corporation or other entity unaffiliated with the University or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, university, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (ii) interfere, or aid or induce any other person or entity in interfering, with the fundraising efforts of the University or any of its affiliates.

(b) You agree that you shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of your assigned duties and for the benefit of the University, either during the period of your employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the University or any of its affiliates, which shall have been obtained by you during your employment by the University. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to you; (ii) becomes generally known to the public subsequent to disclosure to you through no wrongful act of you or your representative; or (iii) you are required to disclose by applicable law, regulation or legal process (provided that you provide the University with prior notice of the contemplated disclosure and cooperate with the University in seeking a protective order or other appropriate protection of such information).

(c) Upon termination of your employment, or earlier request of the University, you shall return to the University all the University's property.

(d) Upon the receipt of reasonable notice from the University (including outside counsel), you agree that while employed by the University and thereafter, you will respond and provide information with regard to matters in which you have knowledge as a result of your employment with the University, and will provide reasonable assistance to the University, its affiliates and their respective representatives in defense of any claims that may be made against the University or its affiliates, and will assist the University and its affiliates in the prosecution of any claims that may be made by the University or its affiliates, to the extent that such claims may relate to the period of your employment with the University. You agree to promptly inform the University if you become aware of any lawsuits involving such claims that may be filed or threatened against the University or its affiliates. You also agree to promptly inform the University (to the extent that you are legally permitted to do so) if you are asked to assist in any investigation of the University or its affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the University or its affiliates with respect to such investigation, and shall not do so unless legally required.

(e) You acknowledge that the protections in (a), (b), (c) and (d) of this Section 13 are necessary for the University's business and that the University cannot be adequately compensated by damages. Accordingly, in the event of a breach or a threatened breach of (a), (b), (c) or (d) of this Section 13, you agree that the University shall be entitled to injunctive relief in addition to its remedies at law or in equity.

13. Assignment. This Agreement shall inure to the benefit of the University's successors and assigns and shall be binding upon your legal representatives. Neither party shall have the right to assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other party, provided, however, that the Regents shall have the right to assign this Agreement to any affiliate of or successor to the University, if the affiliate or successor shall assume the obligations of the University under this Agreement.

14. Notices. Any notice or communication given by either party to the other party under this Agreement shall be in writing and personally delivered, sent by overnight courier service or mailed by registered or certified mail, return receipt requested, postage pre-paid, to the addresses provided below, or to such other addresses as may be designated in the manner provided in this paragraph for notices from one party to the other. Mailed notices shall be deemed given (a) when received if delivered personally, (b) one day after sending, if sent by overnight courier service or (c) three days after mailing if sent by registered or certified mail. Your address for notices shall be:

The last address on the records of the University.

The University's address for notices shall be:

Board of Regents
2014 Fleming Administration Building
University of Michigan
Ann Arbor, Michigan 48109-1340
Attn: Chair

15. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to its subject matter and supersedes all prior agreements and understandings between them with respect to that or related subject matter.

16. Amendment; Waiver. This Agreement may not be amended, supplemented, canceled or discharged, except by written instrument executed by the affected party. No failure to exercise, and no delay in exercising, any right, power or privilege shall operate as a waiver. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision.

17. Governing Law. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Michigan applicable to contracts entered into and to be wholly performed within that State.

18. Contract Legal Fees. the University shall pay or reimburse you for up to \$7,500 in reasonable legal fees (at your attorney's normal hourly rates) for review and negotiation of this Agreement promptly upon submission of an invoice and documentation (which invoice shall be submitted no later than 45 days after execution of the Agreement).

19. Severability. If any one or more of the provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect.

20. Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement or your employment with the University, other than injunctive relief under Section 13 hereof, shall be settled exclusively by arbitration, conducted before a single arbitrator in [Ann Arbor, Michigan] (applying Michigan law) in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of outcome, (a) each party shall pay all of its own costs and expenses, including, without limitation, its own legal fees and expenses, and (b) the arbitration costs shall be borne equally by the parties.

21. Taxes and Section 457(f). (a) The University will withhold appropriate federal, state and city taxes, including employment taxes, on salary and any benefits that are determined to be subject to tax withholding.

(b) Notwithstanding anything herein to the contrary, if all or any portion of the Retention Incentive Payout becomes subject to federal, state or local taxation as a result of vesting, as determined under Code Section 457(f) of the Internal Revenue Code of 1986, as amended (the "Code") prior to the date on which the amount that is subject to taxation is scheduled to be paid (i) the University shall pay to the Employee in the year in which the taxation event occurs, a lump sum payment in an amount equal to the income and payroll withholding that would have been remitted by the University if there had been a payment of wages to the Employee equal to the income includible by the Employee under Section 457(f) of the Code (such lump sum, the "457(f) Tax Payment"), and (ii) any subsequent payment of such amounts shall be reduced by the amount of the 457(f) Tax Payment. Any decision as to whether the Employee is subject to taxation at a particular time for purposes of this Section 21 shall be made by the University in good faith after consultation with you. The University shall have no liability to the Employee for an improper determination or an improper estimate.

22. Section 409A. This Agreement is intended to be in compliance with, or to be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code Section 409A") and shall be interpreted accordingly. Any term used in this Agreement which is defined in Code Section 409A or the regulations promulgated thereunder (the "Regulations") shall have the meaning set forth therein unless otherwise specifically defined herein. Any obligations under this Agreement that arise in connection with your "termination of employment", "termination" or other similar references shall only be triggered if the termination of employment or termination qualifies as a "separation from service" within the meaning of §1.409A-1(h) of the Regulations, provided that termination of your appointment as President shall not require a separation from service. If any expense reimbursement, fringe benefit or other arrangement under this Agreement is determined to be "deferred compensation" within the meaning of Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount eligible for reimbursement or payment in one calendar year may not affect the amount eligible for reimbursement or payment in another calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (iii) reimbursements shall be made to you as soon as practicable after submission for the reimbursement, but no later than December 31 of the year following the year during which such expense was incurred, and (iv) the reimbursements shall be made pursuant to objectively determinable and nondiscretionary University policies and procedures regarding such reimbursement of expenses. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Code Section 409A, each installment shall be treated as a separate payment. In addition, if any provision of this Agreement would subject you to any additional tax or interest under Code Section 409A, then the University may reform such provision; provided that the University shall (x) maintain, to the maximum extent practicable, the original intent of the applicable provision without subjecting you to such additional tax or interest and (y) not incur any additional compensation expense as a result of such reformation. Any tax gross-up payment as provided herein shall be made in any event no later than the end of the calendar year immediately following the calendar year in which the Executive remits the related taxes, and any reimbursement of expenses incurred due to a tax audit or litigation shall be made no later than

the end of the calendar year immediately following the calendar year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or, if no taxes are to be remitted, the end of the calendar year following the calendar year in which the audit or litigation is completed. In no event shall the University be responsible for any additional tax, penalties or interest under Code Section 409A or damages as a result of noncompliance therewith. You represent that you have been advised to consult with your counsel or other tax advisor as to the tax implications of this Agreement, including under tax Code Sections 409A.

23. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

24. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

25. Execution. Upon signature by you and the approval and ratification by the Regents at a public meeting, this Agreement shall become a legally binding agreement in accordance with its terms. Until approval and ratification by the Regents at a public meeting (which is currently scheduled to be held on January 24, 2014), this Agreement shall not be legally binding.

Very truly yours,

THE UNIVERSITY OF MICHIGAN

By The Regents of the University of Michigan

By: 
Name: Andrea Fischer Newman
Title: Chair

ACCEPTED AND AGREED


Mark S. Schlissel

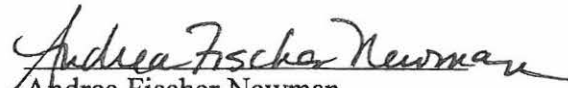
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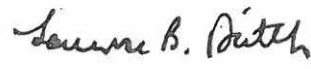
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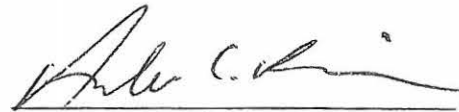

Mark J. Bernstein


Denise Ilitch

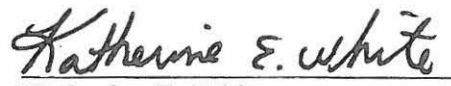

Julia Donovan Darlow


Andrea Fischer Newman


Laurence B. Deitch


Andrew C. Richner


Shauna Ryder Diggs


Katherine E. White

Effective: January 24, 2014