AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Agreement (the "Amendment") is entered into as of the ____ day of November, 2010 by and between Mary Sue Coleman (the "President" or "President Coleman") and the Regents of the University of Michigan (the "Regents") and amends the Employment Agreement dated as of October 20, 2006 between the President and the Regents (the "Agreement").

Preamble

President Coleman is in the ninth year of her tenure as President of the University of Michigan. Her appointment as President currently expires on July 31, 2012.

The Regents have recently completed their annual evaluation of the President's performance, have recognized her exemplary leadership and numerous achievements and have engaged in extensive conversations with her about both the current state of the University and its future needs and her professional objectives.

As a result of those conversations, the Regents have elected to extend President Coleman's appointment and the Regents and President Coleman have elected to amend the Agreement on the terms set forth below. Such extension and amendment are intended to enable President Coleman and the Regents to implement a thoughtful plan for further development of strong candidates for leadership positions throughout the University, including its presidency, and to identify and focus on various important goals for the University during the coming four years.

Accordingly, it is agreed as follows:

1) **Extension** – The term of the President's appointment as President of the University of Michigan is extended for an additional two years, subject to the provisions set forth in this Amendment and in the Agreement. The date "July 31, 2012" set forth in Section II – A of the Agreement is changed to "July 31, 2014".

2) **Collaboration and Succession Plan** – President Coleman and the Regents will work collaboratively on the creation of a plan to develop strong candidates for leadership positions throughout the University, including its presidency. This plan is intended to enrich the University's leadership pool but not to supplant the conducting of national leadership searches. With regard to the presidency, the goal will be to develop leaders who would be fully prepared and could be considered to take over the University's presidency at any time in the event of unforeseen circumstances and, in any event, who could also be considered as potential candidates for the presidency in the course of a national search conducted in anticipation of the July 31, 2014 expiration of President Coleman's appointment.

If during the last year of her appointment, the President resigns **or** the Regents conclude that either the fulfillment of the succession plan as it pertains to presidential leadership or the attainment of the University's goals will best be achieved by the appointment of a new president for a term commencing before July 31, 2014, then and in either such event, President Coleman will be entitled to receive full salary and all benefits (excepting only presidential perquisites) set forth in the Agreement and this Amendment through July 31, 2014. In the latter event, she will assume the role of President Emerita on such transition date as the Regents choose. From and after such transition date to July 31, 2014, President Coleman, as President Emerita, will perform such duties as are mutually acceptable to the Regents and to her. She also will be entitled to undertake such additional employment outside the University as she shall desire.

Nothing in this Amendment is intended to modify or limit the provisions of the Agreement regarding President Coleman's right to return to a faculty position.

3) **Goals -** During the extended term of her appointment, President Coleman and the Regents will focus on the attainment of the goals for the University set forth in this Amendment. These goals are not intended to supplant existing goals of the University, and the President and the Regents recognize, and do not intend to limit in any way, the power and responsibility of the President and the Regents to review and modify these goals and set new goals for the University from time to time. The goals are:

(a) To strengthen the University's core academic mission and enhance its world wide stature as a center for excellence in teaching and scholarship.

(b) To develop financial strategies for a spectrum of resources (tuition, state support, research grants and contracts, philanthropy and other revenue sources) to preserve and enhance the University's academic excellence, accessibility and affordability.

(c) To enhance the University's mission and its campus life with improved facilities across the campus, including, but not limited to, building on the success of the Residential Life Initiative to improve University housing across the campus.

(d) To position the University for continued success and to maximize the University's reputation for quality and innovation in the rapidly developing global market for higher education.

(e) To develop plans for a new capital campaign.

(f) To strengthen the position and preserve the excellence of the University's Health Care System.

4) Benefits– Section II-C of the Agreement is amended as follows:

(a) Annual 403(b) contributions will continue through July 31, 2014. Contributions in 2012 and 2013 will be equal to the contribution made in 2011, subject to any changes in the President's base salary and to applicable federal limits. The final contribution will be prorated for the partial calendar year ending July 31, 2014.

(b) For each of the years ending July 31, 2013 and July 31, 2014, the retention bonus will be extended and payable in an annual installment equal to the annual installment payable for the year ending July 31, 2011.

(c) Annual deferred compensation contributions described in Attachment A will continue through the year ending July 31, 2014 and will be equal to the contributions made in the year ending July 31, 2011. The balance in the account for these deferred compensation payments for the years ending July 31, 2013 and July 31, 2014 shall be paid to the President according to the "Election of Payment Date and Method" terms described in Section B.ii of Attachment B to this Amendment.

(d) A supplemental deferred compensation program is provided, the terms and conditions of which are as described in a new Attachment B which is hereby added to the Agreement in the form attached to this Amendment.

(e) Relative to the August 1, 2013 – July 31, 2014 contract year, the provisions of Section 2 of this Amendment apply. Vesting of the full amounts of the annual 403(b) contribution, retention bonus installment and deferred and supplemental deferred compensation contributions for the year ending July 31, 2014 will occur if the President leaves office prior to the expiration of the contract year pursuant to Section 2.

(f) President Coleman, while serving as President Emerita, will be provided reasonable perquisites consistent with the mutually agreed to responsibilities.

5) **Ratification**

Except as set forth herein, the Agreement remains in full force and effect and may not be further amended except in a writing signed by the Regents and the President.

REGENTS

Julia Donovan Darlow	Laurence B. Deitch
Denise Ilitch	Olivia P. Maynard
Andrea Fischer Newman	Andrew C. Richner
S. Martin Taylor	Katherine E. White

Terms and conditions are acceptable as set forth:

PRESIDENT

Mary Sue Coleman

ATTACHMENT B: SUPPLEMENTAL DEFERRED COMPENSATION

The President shall receive supplemental deferred compensation under the following conditions:

A. Funding:

The University will provide deferred compensation using class-year vesting according to the following schedule and amounts:

Contribution for Completion of Each Year of Service

Begin Date	**End Date**	**Contribution**
August 1, 2010	**July 31, 2011**	**$100,000**
August 1, 2011	**July 31, 2012**	**$100,000**
August 1, 2012	**July 31, 2013**	**$100,000**
August 1, 2013	**July 31, 2014**	**$100,000**

The account is to be established, maintained, and invested by the University through its existing vendors. It is intended that the deferred compensation will be taxable to the President under the provisions of section 457(f) of the Internal Revenue Code.

B. Vesting/Entitlement to Deferred Compensation

i. Completion of Each Contract Year

For each contract year the President remains as the President of the University as of the last day of that contract year, and for the contract year ending July 31, 2014 if the

President leaves office prior to July 31, 2014 pursuant to Section 2 of the Amendment, she shall become vested and entitled to the contributions and earnings attributable to that year, less applicable federal and state taxes. Vested contributions and earnings will be reported by the University as taxable compensation for each respective year in which it vests even though the payment may be deferred (see B.ii).

ii. <u>Election of Payment Date and Method</u>

The entire balance of the account shall be paid to the President in a single lump sum within 21 days after August 1, 2014 unless she files an election with the University prior to August 1, 2013, specifying (1) a different payment date that is not earlier than August 1, 2019 and (2) either a lump sum payment or a different method of payment (such as installment payments over a fixed number of years); provided, however, that if she dies prior to payment of all vested amounts and earnings in the account, notwithstanding the election of a different date or method of payment, any remaining account balance shall be paid to her beneficiary (or if no beneficiary is designated, her estate) in a lump sum as soon as administratively feasible after her death. Except on the account of death, the time and method of payment may not be changed after August 1, 2013.

iii. <u>Termination for Cause or Resignation</u>

If the President is terminated with cause (defined as unsatisfactory performance or misconduct), or voluntarily resigns her employment for any reason (except as described below), she shall be entitled to the deferred compensation and earnings for each completed and vested contract year and for the contract year ending July 31, 2014 if the President leaves office prior to July 31, 2014 pursuant to Section 2 of the Amendment. The payment date and method shall be as specified in B.ii.

iv. Death, Disability or Involuntary Termination not for Cause

If the President dies during the term of employment, is terminated without cause (except as described in Section 2 of the Amendment) or becomes incapacitated and the Regents reasonably determine that she is unable to perform her duties as the President during the remaining term of her employment, she or her beneficiary (or if no beneficiary is designated, her estate) shall be entitled to:

a. The vested contributions and earnings of the deferred compensation as of the date of her termination, death or established disability, plus

b. A prorated portion of the current year's funding contributions as specified in "Section A. Funding" with the proration based on a fraction with the numerator equal to the number of her full months of completed service in the appointment year as of the date of her termination, death or established disability, and the denominator equal to 12.

The payment date and method shall be as specified in B.ii, except in the event of death, in which case payment shall be made to her beneficiary (or if no beneficiary is designated, her estate) in a lump sum as soon as administratively feasible after death.

This attachment B is intended to supplement but not to replace Attachment A to the Agreement.