

MARY SUE COLEMAN
PRESIDENT



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February 24, 2010

Personal and Confidential

Dr. Philip Hanlon
Vice Provost for Academic and Budgetary Affairs
University of Michigan
3056 Fleming
Ann Arbor, Michigan 48109-1340

Dear Phil,

Beginning July 1, 2010, when you assume the position of Provost and Executive Vice President for Academic Affairs, your base salary will be set at the annual rate of \$470,000 on a 12-month basis.

This base salary incorporates compensation that might otherwise have been deferred, as we have previously agreed, and in terms of total compensation is competitive based on market data. A copy of the agreed upon revision of your deferred compensation agreement is attached. Please indicate your concurrence with this salary agreement and with the revised terms of your deferred compensation agreement by signing and returning one copy of this letter, retaining the second copy for your records.

Sincerely,

A handwritten signature in cursive script that reads 'Mary Sue Coleman'.

Mary Sue Coleman
President

Agreed:

A handwritten signature in cursive script that reads 'Philip J. Hanlon'.

Philip J. Hanlon

2/25/10
Date

Deferred COMPENSATION Agreement
February 2010

This agreement revises and supersedes the July 2009 deferred compensation agreement with Dr. Philip Hanlon. Dr. Hanlon, Provost and Vice President for Academic Affairs effective August 1, 2010, shall receive deferred compensation under the following conditions:

1. Funding

The University of Michigan will provide deferred compensation according to the following schedule and amounts:

Year	Begin Date	End Date	Contribution
One	September 1, 2009	June 30, 2010	\$75,000

The account established under the July 2009 agreement is carried forward under this agreement and will be maintained and invested by the University. It is intended that the deferred compensation arrangement will be taxable to Dr. Hanlon under the provisions of section 457(f) of the Internal Revenue Code.

2. Vesting/Entitlement to Deferred Compensation

a. Serves Five Years

If Dr. Hanlon remains employed with the University of Michigan until August 31, 2014 as Executive Vice President for Academic Affairs and Provost he shall become vested and entitled to the contributions and earnings in the account as of that date. Applicable federal and state taxes are due on contributions and earnings once vested and these amounts will be reported by the University of Michigan as taxable compensation once vested. The entire value of the account shall be paid to Dr. Hanlon in a single lump sum within 21 days after August 31, 2014.

b. Involuntary Termination or Resignation

If, while serving in any capacity as outlined in 2.a., Dr. Hanlon is involuntarily terminated for any reason (except as outlined in 2.c.), including termination by the University for unsatisfactory performance, or voluntarily resigns his employment prior to August 31, 2014, he shall not be entitled to, nor have any rights to the deferred compensation payment or any amount in the account.

c. Termination without Cause

If prior to completion of vesting on August 31, 2014 Dr. Hanlon is terminated without cause, he or his beneficiary (or if no beneficiary is designated, his estate) shall be entitled to a payment equal to a prorated vested portion of the amount attributable as of the date of termination, with the proration based on a fraction with the numerator equal to the number of his full months of completed service, and the denominator equal to 60. The payment shall be made as a single lump sum within 21 days of termination.