I. EMPLOYMENT AGREEMENT

A. Given the significant public health, fiscal, and other challenges facing the University at this time, and in recognition of his exemplary dedication and service to the University, the President and the University enter into this agreement that replaces and supersedes any and all prior agreements between the parties and may be modified only in a writing signed by the Regents and the President of the University. This Agreement is entered into and effective on September 2, 2021 between the Regents of the University of Michigan (“the Regents” or “the University”) and Mark S. Schlissel, M.D., Ph.D. (“he,” “you,” “your,” or “President.”

B. Dr. Schlissel will serve as President of the University of Michigan, under the supervision of the Regents, and will perform all duties normally attendant to the position of President of a public research university and an institution of higher education of the type and size of the University and as determined by the Regents’ Bylaws, Michigan law, and any other applicable rules, policies, and regulations. Your conduct and comportment shall at all times be consistent with promoting the dignity, reputation, and academic excellence of the University.

II. TERM OF AGREEMENT AND COMPENSATION

A. The term of the appointment as President is from the date of this Agreement to June 30, 2023, subject to the transition provisions described in section III and the termination provisions described in section V.D. Your appointment may be extended by mutual written agreement.

B. If the President should retire at any time on or after June 30, 2023, the university will waive the service requirement to retire and President will be eligible for all attendant retiree benefits; in such case, he shall receive the university contribution for retiree health plan coverage applicable for a retiree with a date of service on or after January 1, 2013, with 20 or more years of service.

C. As compensation for the services performed under this Agreement, President will receive:

1. An annual base salary commencing on September 1, 2021, of $927,000. The President’s salary may be increased at the discretion of the Regents, annually, based on performance and other considerations.

2. All the standard University employee benefit plans and programs extended to executive officers of the University under the terms of those plans and programs (e.g., vacation, full family health insurance coverage, life insurance, long-term disability insurance), as amended from time to time, subject to meeting eligibility criteria for the plans and programs. President’s fringe benefits will be calculated on his base salary only. Perquisites are to include, by way of illustration and not limitation: an automobile for business and personal use; use of a driver who provides
security and transportation when appropriate and in accordance with University policy; travel accommodations commensurate with the position; and reasonable business and entertainment expenses you incur in connection with the performance of your duties under this Agreement. Nothing in this section, II.C.2, shall limit the University's right to modify or terminate any of its employee benefit plans at any time.

3. A retirement package that includes participation in the University's retirement plan, which currently provides that the University will match the President's five percent contribution with a ten percent University contribution on salary of up to $290,000. (This number for 2021 is set by federal law and will be indexed periodically.) Nothing in this section, II.C.3, shall limit the University's right to modify or terminate the University's retirement plan. In addition, the University will provide the President with an annual supplemental 403(b) contribution of $20,000. This contribution will continue through 2024 in the event of Disability (defined below) or termination not for Cause (defined below).

4. (a) Pursuant to Section 2.3 of the University of Michigan 403(b) Supplemental Defined Contribution Retirement Plan (the “403(b) Plan”), the University has determined that the Nonelective Employer Contributions awarded to the President, including as University Special Advisor (as defined in section III), for the Plan Years indicated shall be the amounts specified in the table below. These amounts are in addition to the amounts in Section 3. The University previously made annual contributions for Plan Years 2019 and 2020 of $300,000 per year to the 403(b) Plan.

The amount of the Nonelective Employer Contribution in excess of the amount that can be contributed to and allocated under the 403(b) Plan for the benefit of the President under the limitations of Internal Revenue Code section 415(c) shall be credited as an Excess Benefit Contribution for the President under the University of Michigan Code Section 415(m) Defined Contribution Excess Benefit Arrangement.

The President’s rights with respect to the Nonelective Employer Contribution and the Excess Benefit Contribution are subject to the terms of the University of Michigan 403(b) Supplemental Defined Contribution Retirement Plan and University of Michigan Code Section 415(m) Defined Contribution Excess Benefit Arrangement.
<table>
<thead>
<tr>
<th>Plan Year</th>
<th>Contribution Date</th>
<th>Amount of Nonelective Employer Contribution for the Plan Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>June 30, 2022</td>
<td>$300,000</td>
</tr>
<tr>
<td>2022</td>
<td>June 30, 2023</td>
<td>$300,000</td>
</tr>
<tr>
<td>2023</td>
<td>June 30, 2024</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

Fifty percent of each annual contribution will be immediately vested when made. The President will become vested and entitled to the remaining fifty percent of each annual contribution contingent upon remaining employed as the President of the University of Michigan through and including June 30, 2023. Contributions made after June 30, 2023, vest fully when made.

If prior to June 30, 2023 the President is terminated by the Board other than for Cause, death or Disability, he shall vest on such termination date in all unvested contributions previously made and the University shall make a contribution equal to a pro-rated portion of the Contribution for such Plan Year, in which the President shall be fully vested. In addition, contributions will continue to be made according to the above schedule and will become immediately vested when made.

If prior to June 30, 2023 the President voluntarily terminates his employment or is terminated for Cause, he shall be entitled to all vested contributions made as of the date of his termination for Cause or voluntary termination. However, no additional contributions will be made beyond the date of his termination for Cause or voluntary termination.

(b) If the current tax law treatment of the 415(m) Excess Benefit Arrangement is modified before June 30, 2024, in a manner that, in comparison to current tax law, subjects such amounts to taxation in an earlier year, the University agrees, to the extent permitted by law, to provide an additional payment to you (a “Gross-Up Payment”) in the year (or years) of earlier taxation. Any such Gross-Up Payment will be an amount such that the net amount retained by you, after deduction for any federal, state, and local income tax and employment tax upon the Gross-Up Payment, shall offset the additional federal, state, and local income tax and employment tax liability incurred by you in such earlier year over what would have been incurred by you in such year under current law.
III. TRANSITION PERIOD

A. On July 1, 2023, you will become President Emeritus of the University of Michigan. As President Emeritus, you will be engaging in a variety of activities in support of the University as well as continuing your ambassadorship of higher education more generally. Accordingly, you will be provided with suitable office space on central campus, parking, an assistant to support you, and $36,000 per fiscal year to be used in your discretion to support your activities as President Emeritus. These funds, together with the office and assistant, will be for an initial term of seven years (through July 1, 2030), and shall be automatically renewed thereafter in three-year increments, unless terminated or modified by the Board or unless you terminate this Agreement.

B. From July 1, 2023, to June 30, 2024, you will serve as University Special Advisor, under the supervision of the Regents, to promote the interests of the University, support a new president in ensuring a successful transition, and perform other reasonable, appropriate duties. In the event a new president may be in a position to begin their duties between January 1, 2023, and July 1, 2023, you will become President Emeritus on such date; you will vest in the section 11.B. benefits on such date; and your service as University Special Advisor will begin on such date and conclude on June 30, 2024. During your service as University Special Advisor, you will receive the same compensation and be subject to the terms set forth in section II.C. above as apply during your service as President.

IV. ADDITIONAL BENEFITS

A. As a condition of your employment as President, you shall be required to live in the presidential house on South University Avenue. The University will undertake all repairs and renovations and retain such housekeeping staff as is necessary and reasonable to maintain and operate the house and to carry out official University functions. You shall vacate the house within 30 days upon termination of your appointment of President for any reason. The University will pay all reasonable costs of moving out of the presidential house to a new home; provided, however, that the University shall have no obligation to pay moving expenses if the President is leaving the University either to accept full-time employment elsewhere or otherwise voluntarily relinquishing his employment with the University. You will receive a monthly housing allowance of $5,000 during your service as University Special Advisor.

V. SUPPLEMENTAL TERMS

A. President and, later, University Special Advisor, may serve on one for-profit corporate board and on charitable and academic boards, subject to prior written approval of the Regents (including addressing any conflict of interest issues), only so long as such activities in the aggregate do not interfere with the performance of your duties to the
University. Special permission would be required from the Regents in writing to join a second for-profit corporate board.

B. President, and, later, University Special Advisor, will continue to hold his appointments as a tenured faculty member in the departments of Microbiology & Immunology, Medicine, and Molecular, Cellular and Developmental biology.

C. (1) Upon the termination of your appointment as President or University Special Advisor other than for Cause, death, or Disability, you shall be entitled to take an administrative leave immediately following the termination of such appointment, during which you shall continue to receive your then-current base salary and standard University employee benefit plans. The leave shall be subject to the terms of the University’s administrative leave policy as may be in effect from time to time. The period of administrative leave will be for one year (twelve months); provided, however, that the period of administrative leave shall be eighteen months if you remain as President through June 30, 2023, or, if prior to such time, the University terminates your appointment as President or University Special Advisor other than for Cause, death or Disability.

(2) Following the completion of your administrative leave, 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 applicable compensation policies of the University as may be in effect from time to time, but in no event will such a 12-month salary be less than 50 percent of your base salary in your final year as President or during your tenure as University Special Advisor; provided, however, if your appointment as President is terminated without Cause prior to July 1, 2023, or your appointment as University Special Advisor is terminated without Cause prior to July 1, 2024, your base salary for the first six months as a member of the faculty shall be 100 percent of your base salary in your final year as President or University Special Advisor.

(3) Upon termination of your appointment as President or University Special Advisor other than for Cause, death, or Disability, the University will furnish appropriate laboratory space and make 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; provided, however, that you may begin to draw funds from the Start-Up Fund during your service as University Special Advisor, on the following schedule: up to 50 percent being available in the first year the draw down begins; the remainder being provided equally over the next four years; and any unused portion after five years being available for use after such time. Additionally, during the pendency of your Presidency or service as University Special Advisor, the University shall pay the cost of storing certain research materials in the “freezer farm” in the School of Medicine or an equivalent substitute location. The cost of such storage will be deducted from the Start-Up Fund.
D. Termination for Death, Disability or Cause.

(1) If, during the term of your employment, you have not been able to perform your duties as President or University Special Advisor 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 (a "Disability"), the University may, immediately upon notice to you, terminate your employment as President or University Special Advisor due to 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 or University Special Advisor due to Disability and you continue as a tenured faculty member, you shall receive the contributions to the 403(b) Plan as provided herein upon termination as President or University Special Advisor and all other amounts and standard University employee 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 administrative leave. If you continue as a tenured faculty member after your termination as President or University Special Advisor for Disability, your right to an administrative leave shall not arise until you have fully recovered and are ready to rejoin the faculty. In the event of your termination as a result of your death or your position as a tenured faculty member terminates as a result of your Disability, the contributions to the 403(b) Plan shall be paid as provided herein and all other amounts and benefits shall be paid or provided in accordance with the applicable standard University benefit plans or policies, except as specifically provided otherwise herein, and you shall not be entitled to any leave.

(2) The Regents may terminate your employment as President or University Special Advisor 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 that 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 or University Special Advisor for Cause, the University shall have no further obligation to you (or your estate) including further contributions to the 403(b) Plan, 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.

(3) **Other Termination.** (a) At the discretion of the Regents, the University may terminate your employment as President or University Special Advisor at any time without Cause upon written notice to you. In the event of your termination without Cause, you will be entitled to the benefit set forth in section II.B. and a lump sum payment equal to the remaining base salary at such time through June 30, 2024; and you will take an administrative leave and join the faculty in accordance with Section V.C. and shall be entitled to the remaining contributions to the 403(b) Plan and supplemental 403(b) contributions in Section II.C.

(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, 2024, you will forfeit any remaining contributions to the 403(b) Plan and supplemental 403(b) contributions, and you will be entitled to join the faculty and will be entitled to an administrative leave in accordance with Section V.C.

**VI. GENERAL PROVISIONS**

A. This Agreement will be governed by and construed in accordance with the laws (and not the law of conflicts) of the state of Michigan.

B. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be enforceable, valid, and legal under applicable law. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, invalid, or illegal in any respect under applicable law, such unenforceability, invalidity, or illegality will not affect any other provision of this Agreement, and this Agreement will be construed as if such unenforceable, invalid, or illegal provision had never been contained in this Agreement.

C. This Agreement shall not be assigned by either party.

D. Any dispute or controversy arising under or in connection with this Agreement or your employment with the University 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.

E. The University shall pay or reimburse for reasonable legal fees for the review of this contract by your private counsel.
IN WITNESS WHEREOF, University and President have executed this Agreement as of September 23, 2021:

REGENTS

Jordan B. Acker
Mark J. Bernstein
Sarah Hubbard
Ron Weiser

Michael J. Behm
Paul W. Brown
Denise Ilitch
Katherine E. White

Terms and conditions are acceptable as set forth:

PRESIDENT

Mark S. Schlissel, M.D., Ph.D.

9/23/21
Date
IN WITNESS WHEREOF, University and President have executed this Agreement as of September 23 2021:

REGENTS

Jordan B. Acker
Mark J. Bernstein
Sarah Hubbard
Ron Weiser

Michael J. Behm
Paul W. Brown
Denise Ilitch
Katherine E. White

Terms and conditions are acceptable as set forth:

PRESIDENT

Mark S. Schlissel, M.D., Ph.D.

Date
IN WITNESS WHEREOF, University and President have executed this Agreement as of September 28, 2021:

REGENTS

Jordan B. Acker

Mark J. Bernstein

Sarah Hubbard

Ron Weiser

Michael J. Behm

Paul W. Brown

Denise Ilitch

Katherine E. White

Terms and conditions are acceptable as set forth:

PRESIDENT

Mark S. Schlissel, M.D., Ph.D.

Date