

TRANSITION AGREEMENT

This Transition Agreement (this "Agreement") is made and entered into to be effective as of the Effective Date (as defined herein), between Dr. R. Bowen Loftin ("Loftin") and The Texas A&M University System (the "System") (collectively, the "Parties").

WHEREAS, Loftin has served with distinction as President of Texas A&M University (the "University"), a member of the System, since February 2010;

WHEREAS, Loftin will step down as President of the University and return to his faculty position and to other roles within the University; and

WHEREAS, the System accepts Loftin's resignation from his position of President of the University effective on January 13, 2014 (the "Resignation Date").

Now, therefore, as part of Loftin's transition to the faculty, it is agreed by the Parties as follows:

1. As noted above, Loftin resigns from his position as President of Texas A&M University effective on the Resignation Date. The System accepts Loftin's resignation effective on such date.
2. In consideration of the covenants and agreements contained herein, Loftin's resignation from his position of President of the University effective on the Resignation Date, the System's agreement to pay Loftin in cash the sum equal to two (2) times his current annual salary of \$425,000, to be paid no later than ten (10) business days after the Effective Date, and the mutual releases described in this Agreement, the receipt and sufficiency of which are hereby acknowledged, Loftin has this day released and by these presents does hereby release, acquit and forever discharge The Board of Regents of The Texas A&M University System (the "Board"), the System, the University, their officers, employees, agents and representatives from any and all claims, demands and causes of action of any kind whatsoever, which Loftin has or might have, known or unknown, directly or indirectly, based upon any matters that have occurred prior to the execution of this Agreement (with only the exceptions set forth in paragraph 7 below), and, the System (for itself, the University, and the Board) has this day released and by these presents does hereby release, acquit and forever discharge Loftin, together with his heirs, assigns and representatives, from any and all claims, demands and causes of action of any kind whatsoever, which the System has or might have, known or unknown, directly or indirectly, based upon any matters that have occurred prior to the execution of this Agreement.
3. In addition to the above, the System agrees to pay for up to twelve (12) months actual and reasonable expenses to remove, store, if necessary, and relocate Loftin's personal furnishings and other personal items and for his professional library (including university-owned bookcases to be transferred to his host unit), records, and other personal items located in the Office of the President. Loftin shall be allowed to remain in the

President's Home for a period not to exceed 30 days following the Resignation Date to enable him to locate and/or move his furniture and belongings to another home and a period not to exceed 10 days following the Resignation Date to vacate the Office of the President. Furthermore, the University acknowledges and agrees that Loftin shall remain eligible for the payment of his non-vested and outstanding deferred compensation under of The Texas A&M University System 457(f) Deferred Compensation Plan (the "Deferred Compensation Plan"). The payment of his award of deferred compensation due on September 30, 2013 shall be paid on September 30, 2013. The other two deferred compensation awards will be due and payable in accordance with the Deferred Compensation Plan. Upon his resignation from his position as President, Loftin shall be permitted to continue to use the iPad and laptop computer that he currently uses, together with the two docking stations (including keyboards and monitors) in his faculty and administrative roles.

4. Loftin's distinguished service to the University over the course of his career justifies his recognition as "President Emeritus," which title was bestowed upon Loftin by resolution of the Board adopted on August 8, 2013, and Loftin shall receive the benefits that customarily extend to such status.
5. After the Resignation Date and continuing until the beginning of the fall semester in 2014, Loftin will serve as a Special Advisor to the Provost to assist and advise on special projects and strategic matters. In that role, Loftin will receive a salary of \$25,875 per month. Upon the beginning of the fall semester in 2014, Loftin will serve the University as a tenured Professor in the department of Industrial and Systems Engineering ("Department") in the Dwight Look College of Engineering as well as administrative duties as a special advisor to the provost and relating to the creation of a university institute as described in Section 8 below. Loftin will receive a salary of \$215,500 per year, based on a twelve-month appointment, for his duties as a faculty member, and Loftin will receive a stipend of \$95,000 per year for his administrative duties. As with any other member of the faculty, Loftin will be eligible for salary increases and merit bonuses. Additionally, Loftin will have available for his use in carrying out his official duties as a Professor of the University a departmental budget of \$50,000 per year for three years, as well as start-up funds to be granted based on the requirements of Loftin with the approval of the Provost, Dean, and Vice President for Research, which will include funds for necessary renovation of office and laboratory space, funds for postdoctoral fellows and graduate students, equipment, software, research materials, travel, etc. Commencing one year (*i.e.*, two long academic semesters) after the date Loftin resumes his service as a tenured Professor, Loftin agrees to carry a teaching and research workload comparable to and customary with others in the Department. Loftin's annual salary and merit bonuses as a tenured Professor in the Department, and his \$50,000 per year departmental budget, will come from a source other than the Dwight Look College of Engineering's operating budget for a period of at least three (3) years. Loftin will be permitted to take one or more leaves of absence from his resumption of his service as a tenured Professor in the Department for periods, not to exceed 2 years each, to engage in an intergovernmental personnel act (IPA) agreement with a federal agency, be temporarily employed by a federal agency, or be temporarily employed by a non-profit

organization (e.g., the Institute for Defense Analyses or the Center for Naval Analysis). During any such leaves of absence, Loftin's compensation will be provided by a third party, but he shall retain tenure and upon his return will resume his service to the University as a tenured Professor in the Department under the same terms that were in place when he left, and Loftin's leaves of absence under any such engagements shall not be deemed to constitute a termination of employment from the University under the Deferred Compensation Plan.

6. As part of his transition, Loftin has incurred and will incur fees and expenses associated with the retention of counsel and/or tax advisors. The System agrees to pay for these fees and costs to an amount up to but not exceeding \$25,000. Such payment or reimbursement will be subject to the normal review and approval of the invoices for the actual fees and expenses incurred for his counsel and/or tax advisors.
7. Notwithstanding any provision in this Agreement to the contrary, nothing in this Agreement releases, waives, or adversely affects any right Loftin has under any compensation plan, benefit plan, or welfare benefit plan, including, without limitation, the Optional Retirement Plan, the Supplemental Optional Retirement Plan, and, if applicable, the Nonqualified Share Option Plan.
8. After the Resignation Date, the University shall provide funding to Loftin in the amount of \$50,000 per year for two years, to support his activities toward the development and creation of an institute (the "Institute"), with Loftin as its initial director, to be housed within the Texas A&M Engineering Experiment Station (TEES), with appropriate ties to the Dwight Look College of Engineering, the Bush School of Government and Public Service, the College of Liberal Arts, the College of Veterinary Medicine and Biomedical Sciences, the College of Agriculture and Life Sciences, the Texas A&M Veterinary Diagnostic Laboratory, the Texas A&M Health Science Center, and other appropriate TAMUS units, that will focus on advanced state-of-the-art Modeling and Simulation ("M&S") to address the needs of the State of Texas and the nation. Of particular importance, such Institute will focus its efforts on the application of M&S in human behavioral modeling in terrorist organizations, internal dynamics of failed states, asymmetrical engagements, and spread of diseases among human and animal populations. It is contemplated that this Institute will be funded through funds identified and solicited by Loftin from internal and external sources, in accordance with the normal mechanisms used by the University and the TAMUS agencies, and with Loftin's assistance in the preparation of budget therefor. The System agrees to cooperate with and support Loftin's efforts to identify and designate sponsoring organizational units and the team of initial faculty contributors, as well as Loftin's efforts to secure the active support for the Institute by the Vice Chancellors for Agriculture and Engineering, appropriate agency directors, the Provost, the Vice President for Research, and the Executive Vice President for Health Affairs (formerly Texas A&M Health Science Center President), and appropriate Deans.
9. Loftin specifically represents and warrants that he understands that by signing this Agreement and acceptance and receipt of the compensation and other benefits provided

to Loftin herein, he is waiving his rights and releasing the Board, the System, the University, its officers, employees, agents and representatives from any and all claims or liabilities, however determined, arising prior to the execution of this Agreement associated with his employment with University, with the exceptions set out in paragraph 7 above. This release and waiver is intended by the Parties to bar any and all legal and/or equitable actions in any judicial or administrative forum, including but not limited to, claims or actions under any federal or state civil rights or employment statutes, including the Age Discrimination in Employment Act.

- 10. It is expressly understood and agreed that the terms hereof are contractual and not merely recitals and that the agreements herein contained, and consideration transferred, is to compromise doubtful and disputed claims, avoid litigation and buy peace, and that no payment made nor release or other consideration given shall be construed as an admission of any obligation or liability by Loftin, the Board, the System, or the University, its officers, employees, agents and representatives. Each person executing this Agreement represents that he/she has the authority to bind the entity on whose behalf he/she is signing.
- 11. Each Party executing this Agreement acknowledges that he/she has had the opportunity to secure the advice of counsel, including legal counsel, and he/she understands the terms of this Agreement and freely enters into this Agreement. Loftin also acknowledges that he has been advised that he may revoke this Agreement by written notice to Ray Bonilla, General Counsel of The Texas A&M University System, at any time within seven (7) days of the Effective Date.
- 12. It is understood and agreed that this Agreement contains the entire agreement between the Parties and supersedes any and all prior agreements, arrangements or understandings between the Parties relating to this matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist.
- 13. This Agreement shall be governed by the laws of the State of Texas.
- 14. This Agreement becomes effective upon the date that it has been executed by both Loftin and an authorized representative of the System (the "Effective Date").

THE TEXAS A&M UNIVERSITY SYSTEM

R. BOWEN LOFTIN

By


John Sharp, Chancellor



Date: August 20, 2013

Date: August 20, 2013