



THE AMERICAN UNIVERSITY
WASHINGTON, DC

Board of Trustees

Edward R. Carr, Chairman
Stuart A. Bernstein, Vice Chairman
Joseph H. Yeakel, Secretary

AGREEMENT

Anthony C. Morella, Assistant Secretary

THIS AGREEMENT (the "Agreement"), effective as of July 1, 1994, is made in Washington, D.C., by and between The American University (the "University"), and Benjamin Ladner ("Ladner").

WITNESSETH:

For good and valuable consideration to each accruing, the parties hereto agree as follows:

1. The University hereby employs Ladner to serve as President of the University, commencing on the 1st day of July, 1994, and continuing for an initial term of three (3) years. Prior to the first anniversary of the commencement of the initial term and each such anniversary thereafter, Ladner's employment as President may be extended for additional one-year periods as, and on such terms and conditions as, Ladner and the University may mutually agree.
2. Ladner accepts said employment on the terms and conditions herein agreed upon and agrees to assume the office of President of the University, to devote his full working time and attention

to the interests of the University, and to perform such acts, duties, and responsibilities as shall promote the interests of the University consistent with the Act of Incorporation, the Bylaws, and the policies established by the Board of Trustees.

(A) Ladner shall be entitled to accept outside speaking, and/or writing engagements to the extent that such engagements do not impair Ladner's ability to perform his duties and responsibilities as President of the University.

(B) Any existing or future corporate directorships held by Ladner will be subject to the approval of the Finance Committee of the Board of Trustees of the University.

(C) On an annual basis and prior to the regular Fall Meeting of the Board of Trustees, Ladner will report in writing to the Finance Committee of the Board of Trustees on all his outside speaking and/or writing engagements, and any outside corporate directorships, including the amounts of income, if any, derived therefrom by Ladner.

Acceptance by the Finance Committee shall constitute approval, and any derived income so reported by Ladner remains the property of Ladner.

3. In the event that Ladner's appointment as President is terminated by the University for any reason other than "for cause" prior to the expiration of the initial three-year term, Ladner will receive, in lieu of any other compensation or

severance benefit, an amount equal to Ladner's then base salary plus benefits set forth in paragraphs 6(A) and 6(B) for the unexpired portion of such term, pro-rated and payable monthly in arrears during such period. In the event Ladner terminates his appointment as President or his appointment is terminated by the University "for cause", Ladner will not be entitled to any severance benefits whatsoever and Ladner agrees to a requirement to resign from his tenured faculty appointment.

(a) This Agreement and Ladner's employment hereunder may only be terminated prior to the expiration of the term hereof:

- (i) by the University "for cause," as hereinafter defined;
- (ii) upon the death or Disability (as hereinafter defined) of Ladner.

(b) Upon termination of Ladner's employment hereunder by reason of his voluntary resignation or his death or Disability, Ladner or his estate or personal representative, as the case may be, shall be paid all base salary and other benefits to be provided to Ladner hereunder that are earned or accrued but unpaid at the effective date of the termination of such employment, including in the case of termination upon Ladner's death or Disability all proceeds of any life insurance or disability income insurance policies maintained for the benefit of or insuring Ladner as contemplated by paragraphs 6(A) and 6(B).

For purposes of this Agreement "for cause" includes: (a) a conviction of or a plea of nolo contendere to a felony; (b) verified fraud or dishonesty against the University; (c) continued use, after written notice from the Board of Trustees (and a 90 day time to cure such) of alcohol or drugs to an extent that materially interferes with the performance of the duties of the office; (d) failure to follow the reasonable and good faith directives of the Board of Trustees or the published policies of the University.

"Disability" means incapacity due either to physical or mental illness or to injury that is permanent in nature and prevents Ladner from performing the material duties of his employment by the University. Any disability shall be deemed to be permanent in nature if a physician competent in the branch of medicine or psychiatry to which such disability relates certifies in writing to the University that such disability can be expected to last for a period of at least twelve (12) consecutive months.

4. Ladner's base salary for the initial twelve (12) month portion of his initial term will equal Two Hundred Twenty-Five Thousand Dollars (\$225,000) per year, pro-rated and payable monthly in arrears. For each year of service thereafter, Ladner's base salary will be reviewed for a merit increase (but not a decrease) by the Board of Trustees or by a committee of the Board of Trustees appointed by its Chairman for that purpose. There will be a formal performance review on an annual basis by

the Board of Trustees or by a committee appointed by its Chairman for that purpose.

5. (A) Ladner, as a condition of his employment under this Agreement, is required to accept lodging on University property, and for that purpose he shall have full use, possession and enjoyment for himself and his family of a residence house for the purpose of carrying out his obligations and duties as President. All maintenance, repair and insurance costs, as well as heat, light and basic telephone service and reasonable housekeeping services, will be paid for or provided by the University. Subject to the approval of the Finance Committee of the Board of Trustees, the residence house will be furnished as Ladner and the University may agree. It is expected and required that the house will be used on a regular basis throughout the year by the President for entertaining and other purposes in the interests of the University.

(B) To assist Ladner in carrying out his duties as President, he shall have the use of an automobile, equipped with telephone, furnished by the University, as well as the services of a driver for such automobile. Maintenance, repair, insurance and operational expenses of operating such automobile shall be paid by the University.

(C) Ladner shall be entitled to reimbursement for travel and entertainment expenses reasonably incurred in the performance of his duties as President of the University, including expenses incurred by Ladner from the date of execution of this Agreement to July 1, 1994.

(D) The University will pay or reimburse Ladner for all reasonable and customary moving expenses incurred by Ladner in connection with his relocation to Washington, D.C.

(E) The University will pay or reimburse Ladner for his memberships in professional organizations, subscriptions to professional journals and acquisitions of other professional publications.

(F) In reliance on Ladner's continuing representations that membership therein is afforded on a non-discriminatory basis, the University will pay or reimburse Ladner for his membership dues to an appropriate business club in Washington, D.C.

6. (A) Ladner shall be entitled to the same educational and other benefits for himself, his spouse and dependents as are provided for other full-time faculty and staff in the Faculty/Staff Benefits Manual of the University, as amended from time to time.

(B) In addition, Ladner shall be entitled to term supplemental life insurance coverage in the amount of Two Hundred Thousand dollars (\$200,000).

7. In conjunction with Ladner's appointment as President, Ladner will also receive a tenured faculty appointment at the rank of Professor in the Department of Philosophy and Religion in the University's College of Arts and Sciences in accordance with the University's policies and procedures governing faculty appointments.

8. In the event that any dispute arises between the University and Ladner concerning the terms and conditions of this Agreement, such dispute will be submitted to arbitration in accordance with procedures to be mutually agreed on by the parties.

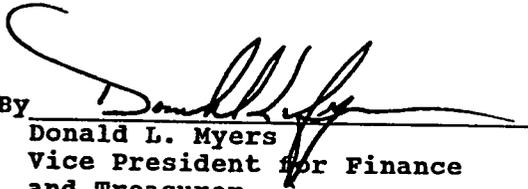
9. (A) No modification of this Agreement shall be valid unless the same is in writing.

(B) This Agreement sets forth the whole agreement between the parties hereto and there are no terms, conditions, or obligations made or entered into by the University or Ladner other than contained herein.

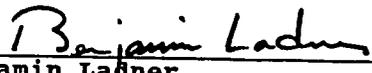
10. This Agreement shall be governed by and its provisions construed in accordance with the laws of the District of Columbia.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of July 1, 1994 this 31st day of May, 1994.

For The American University

BY 
Donald L. Myers
Vice President for Finance
and Treasurer


Edward R. Carr
Chairman
Board of Trustees


Benjamin Lapner
President
The American University