

February 27, 2005

Mr. George J. Collins
[REDACTED]
[REDACTED]

Dear George:

I want to be sure I have a clear understanding of what transpired at the Board meeting with respect to my compensation.

At the November 2004 Board meeting, the Board approved the amounts listed below for my compensation from July 1, 2004—June 30, 2005. The Committee and Board decided that the Incentive and Deferred amounts could be awarded at the same percentages as the previous year, since we were still operating within the previous compensation framework established by PricewaterhouseCoopers.

| | | |
|------------------------|----------------|-------------------------------------|
| Annual Incentive | 207,500 | |
| Deferred | 115,250 | |
| Salary | <u>461,000</u> | (to be increased at Feb. 2005 mtg.) |
| Total | \$783,750 | |

The Arnold and Porter consultant's interpretation (which differs from that of PwC for the past six years) is that the split-dollar premium should be regarded as part of my declared income. It is my understanding that the premium of \$109,000 will be added to the above, making the total \$892,750 for the July 1, 2004—June 30, 2005 period.

At the recent February 2005 Board meeting, the Board approved the following revision of my compensation from July 1, 2004—June 30, 2005:

| | | |
|------------------------|----------------|--|
| Annual Incentive | 65,000 | |
| Deferred | 125,000 | |
| Salary | 500,000 | |
| Split Dollar | <u>109,000</u> | |
| Total | \$799,000 | |

Under this new formula the annual incentive is obviously a pretense, since my annual incentive is being reduced from 45% to 13% after my best performance year. Although past annual incentive and deferred categories were tied to a percentage of my salary, under the new formula for the current year these percentages are entirely

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arbitrary. Therefore, I can't see that the amount in any category matters this year. Since it is in my long-term best interest to have a higher salary at retirement, I propose the following distribution for the July 1, 2004—June 30, 2005 pay period.

| | |
|------------------------|----------------|
| Annual Incentive | 40,000 |
| Deferred | 125,000 |
| Salary | 525,000 |
| Split Dollar | <u>109,000</u> |
| Total | \$799,000 |

Two other things. First, depending on how it is figured, there could be a rather large gap between the November and the February formulas. There is a difference of \$93,750 of what was approved and given to me in November (\$892,750, if the split-dollar premium is included) and what was approved last week for the same time period (\$799,000). If the premium is not to be included in this past year's income, the difference is \$15,250. If the Board is assuming there will be a take-back of the larger amount for me to re-pay the university this will present an insurmountable difficulty for me, since I am presently financially unable to do this.

Second, it was stated in the committee meeting that a new cycle of review by Mercer and A&P would begin with the collection of new data for the coming year. Does this mean we will stay on the same cycle of having a November 2005 review, back-dated to July 1, 2005?

I'm assuming I'll see you in Miami this week, and maybe we can talk about this.

Sincerely,

Ben Ladner

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