



AMERICAN UNIVERSITY
WASHINGTON DC

February 10, 2006

Senator Charles E. Grassley
Chairman, United States Senate Committee on Finance
c/o Mr. Dean Zerbe
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator:

This letter is an interim response from American University to your February 8, 2006 letter regarding Dr. Ladner's departure from the residence provided to the president by the University.

Prior to Dr. Ladner's departure from the residence, the University performed an inventory to determine which of the residence's furniture and furnishings had been paid for by the University; which items had been purchased and paid for by the Ladners; and which items were the personal property of the Ladners which they brought to the residence. All University-owned furnishings remain in the residence.

While the Ladners were in the process of vacating the residence, the University determined that it wished to purchase some of the furniture and furnishings owned by the Ladners to maintain the character of the residence. This resulted in savings in two ways -- on the expense of replacing the furnishings by having to buy new furniture, and on the expense of having to transport the items as part of the moving expenses. The University created an inventory of the furnishings it wished to purchase from the Ladners, and established a value of the items through discussions with a third party expert. We are confident the amount the University actually paid is less than replacement costs for new furnishings which would have been higher.

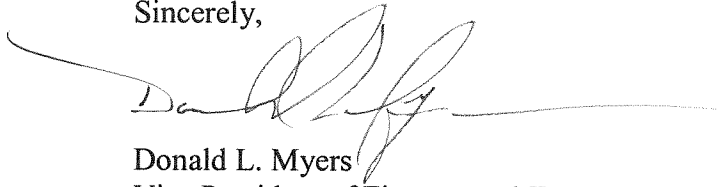
The Ladners initially proposed a greater dollar value for the furnishings, but accepted the University's offer of \$18,000. The \$18,000 referred to in your letter was, in fact, payment for furniture and other items the Ladners owned and used in the residence that they agreed to sell to the University.

The settlement agreement between the University and Dr. Ladner provided that the University would pay up to \$20,000 towards moving expenses the Ladners incurred in vacating the residence. The Ladners' reimbursable moving expenses were \$6,500, or well below the \$20,000 budgeted. The purchase of the items led to savings by the university from shipping fewer items.

Senator Charles E. Grassley
February 10, 2006
Page Two

We will respond to the document request in your letter. Our outside counsel, Mr. Stephen Ryan, will see that the documentation is delivered and will be available to respond to any other questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Myers", with a long horizontal flourish extending to the right.

Donald L. Myers
Vice President of Finance and Treasurer
American University

cc: Senator Baucus, Ranking Minority Member
c/o Jon Selib, Esq.
Stephen M. Ryan, Esq.