American University

EXECUTIVE COMPENSATION PROGRAM

FOR

BENJAMIN LADNER

Adopted by the Board of Trustees

November 16, 2001

AUSF 000011

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American University

Executive Compensation Program for President Benjamin Ladner

ARTICLE I - PURPOSE

1. Rationale. In order to motivate, reward, and retain American University ("University") President Benjamin Ladner ("Ladner"), the Board of Trustees ("Board") maintains an executive compensation program ("Program") that is intended to be appropriate, fair, and competitive.

2. Basis of Reward. Compensation and reward are tied to actual performance in light of goals set for Ladner. Merely continuing in a position (i.e., length of service) is not by itself sufficient grounds for reward. Ladner is expected to work diligently and in ways that can be demonstrated to advance the university's values and goals.

3. Adaptability. The Program is responsive to changing economic and business conditions, current and future regulatory issues (including intermediate sanctions), tax and accounting considerations, and business operations. It is periodically reviewed and updated by the Board Compensation Committee ("Committee") and the Board.

4. Effective Date. The Program is effective July 1, 1998.

ARTICLE II - ADMINISTRATION

1. Committee Appointment. The Chair of the Board appoints a Compensation Committee of not less than three trustees, selected for their competence, experience, and ability to contribute to the work of the Committee. The Committee includes the Board Chair and the Chair of the Finance Committee. A major responsibility of the Committee is to assure that the Program is effective in motivating, rewarding, and retaining Ladner.

2. Committee Authority. The Committee reviews and monitors Ladner's total compensation, including base salary, annual incentives, deferred compensation, other compensation, benefits, perquisites, and employment/severance contracts. Subject to the Board's review and approval, the Committee sets compensation policy for Ladner, administers approved plans for him, and makes recommendations with respect to his compensation. It may retain independent consultants.

3. Committee Reviews. The Committee reviews Ladner's performance each year in light of mutually agreed-upon goals.

4. Scope of Work. The scope of the Committee's work each year includes:
   (a) reviewing Ladner's performance;
   (b) evaluating the value his total compensation;
   (c) aligning changes in total compensation with changes in performance;
   (d) comparing pay ratios, compensation, and positions with peer institutions;
   (e) reporting its recommendations to the full Board for review and approval.

5. Annual Reports. The Committee's annual report to the Board includes:
   (a) a rationale for participation;
   (b) a summary of existing agreements with Ladner;
   (c) an estimated dollar amount of maximum benefits payable;
   (d) comparable standards and practices in higher education;
   (e) any proposed policy changes.

6. Disclosure and Exclusion. All of Ladner's compensation transactions, including costs and benefits, will be fully reviewed by the Board. Trustees will avoid self-dealing, conflicts of interest, breaches of fiduciary responsibility, and waste of university assets. Their decisions will be made in good faith to benefit the university rather than private individuals. With the exception of the president, no trustee can participate in any university compensation plan or program.

7. Communication. The Committee will assure that Ladner understand the policies, program, and decisions of the Committee and the Board.

ARTICLE III – AREAS OF REWARD

1. Risk and Reward. A portion of Ladner's total compensation is placed at risk and linked to the accomplishment of specific objectives to benefit the university. Ladner will be rewarded when these objectives have been achieved. Rewards will be reflected in the following areas:
   - annual base salary;
   - annual incentive compensation;
   - supplemental retirement compensation;
   - deferred and retention compensation;
   - voluntary deferred compensation; and
   - benefits/perquisites.

2. Annual Base Salary. Ladner's salary will be competitive with salaries for similar positions at peer institutions nationally. Using up-to-date comparative data, the Committee reviews president's positions relative to those in peer institutions, including the scope of responsibility and overall performance. The Committee sets performance goals for Ladner and recommends salary levels in light of his accomplishments.

3. Annual Incentive Compensation. Annual compensation incentives may be given to Ladner based upon the achievement of pre-determined performance goals and standards. The amount depends upon the level of performance.

   (a) The Committee sets annual target performance standards for Ladner.
   (b) Each year, the Committee sets and reviews payment standards as a percentage of base annual salary.
   (c) Annual lump sum cash payments will be made to Ladner by August 31.
   (d) While the intent is to pay annual incentive compensation to Ladner when he meets or exceeds performance goals and standards, the Board can make no payments under this program if the university does not meet certain minimum financial and other performance standards.

4. Supplemental Retirement Compensation. The university will sponsor an automatic "excess" retirement plan for Ladner, whose retirement plan contributions are limited by the IRS $170,000 cap on compensation.

5. Deferred and Retention Compensation. Deferred compensation may be given to Ladner based upon the performance of current and future services to the university.

(a) A percentage of base annual salary will be contributed annually, with assumed interest based on an investment instrument selected by Ladner.
(b) Other elements of the plan include the following:
   i. constructive receipt/risk of forfeiture requirements;
   ii. accrued liability for the university;
   iii. 100% vesting after five years of service;
   iv. taxation of Ladner deferred until risk of forfeiture lapses;
   v. vesting lapses the risk of forfeiture and triggers immediate taxation to Ladner unless he elects to amend at least one (1) year prior to the risk-of-forfeiture lapse period;
   vi. required annual disclosure of Form 990.

6. Voluntary Deferred Compensation. Ladner may elect to defer a portion of his gross annual salary.

7. Benefits/Perquisites. Benefits and perquisites will be provided to Ladner for his protection and security in the event of catastrophic medical, dental, disability, and unexpected mortality events. Additional benefits and perquisites related to such matters as financial management, business travel, or other programs deemed appropriate by the Board may be provided to Ladner.

ARTICLE IV – EXECUTIVE COMPENSATION PLANS AND DEFINITIONS

1. Plans Included. The following Executive Compensation Plans are included in Ladner's Executive Compensation Program:

- Annual Incentive Compensation Plan
- Supplemental Retirement Compensation Plan
- Deferred and Retention Compensation Plan
- Voluntary Deferred Compensation Plan.

Items 2 - 27 set forth in this section (Article IV) apply to each Plan, unless otherwise stated in a particular Plan.

2. Administration of the Plans. The Committee will administer the Plans. Committee actions and decisions regarding any question in connection with the administration, interpretation, and application of the Plans and their regulations will be final and binding upon all persons having an interest in the Plans. The Committee may employ other agents and delegate to them such duties as it sees fit, and may consult with outside counsel.

3. Amendment and Termination. With the approval of the Board, the Committee has the right to amend the Plans from time to time and to terminate them at any time, provided such actions do not modify the obligation of the university to pay Ladner any benefits due at the date of such actions, except by mutual agreement of Ladner and the university.

4. Participation. The Committee will approve Ladner as a "key employee" to participate in the Plans. He must complete an election form for the Plans that require it.

5. Employee Status. Nothing in the Plans limits the right of the university or any related entity to terminate Ladner's employment at any time, or to be evidence of any agreement or understanding, express or implied, that the university or any related entity will employ him in any position, at any remuneration, or for any period of time.

6. Indemnification. The university will indemnify and hold harmless the Committee that administers the Plans and any participant who acts on behalf of the university in administrating them. They will be indemnified from and against any liability, loss, cost or expense (including reasonable attorneys' fees) incurred at any time in connection with any claims, demands, actions, or causes of action by Ladner, by any person claiming through him, or by any other person, party, or authority claiming to have an interest in the Plans (or who acts on behalf of any such persons or groups), on account of any acts or omissions (or alleged acts or omissions) of the Committee or Ladner, except for such persons' gross negligence or willful misconduct.

7. Severability. If any provision of the Plans is held to be invalid, illegal, or unenforceable for any reason, this will not affect or render invalid or unenforceable the remaining provisions of the Plans, and the Plans will be construed and enforced as if such provision had not been included.

8. Funding. Payments in accord with the Plans will be made from the university's general funds. Claims for payment by Ladner or his beneficiaries will have the same status as those of any other general and unsecured creditor.

9. Promise of Payment. The Plans are only a promise by the university to make benefit payments in the future to Ladner or his beneficiaries and will be unfunded for tax purposes and purposes of Title I of ERISA.

10. Investment Instrument. Before the beginning of each Plan Year, Ladner will select and direct his own investment fund (mutual fund) for his individual investment account from the group of mutual funds offered by the university's qualified 403 (b) retirement program. Should he not designate an investment instrument, the monthly investment return will be calculated based on the same instrument as during the prior Plan Year. With respect to Ladner's investment account, neither the Committee, the university, any university employees or affiliates, nor the Board of Trustees will be liable for the selection of the investment instrument, the rate of return, any increase or decrease, or any tax obligation of Ladner with respect to the deferral of compensation under this Plan.

11. Trust. The university will establish a Trust for the purpose of providing benefits due under the following Plans: Supplemental Retirement Compensation, Deferred Compensation, and Voluntary Deferred Compensation. The Trust will conform to the terms of the IRS model trust as described in Revenue Procedure 92-64, 1992-33 I.R.B. 11 (August 17, 1992). It will be administered by the

Trustee pursuant to the terms of the Trust Agreement. Assets of the Trust will be subject to the claims of the general creditors of the university. Ladner or his beneficiaries will have no interest in assets held by the Trust or in the university's general assets, other than as a general, unsecured creditor. The university will not grant a security interest in the assets held in the Trust in favor of Ladner, his beneficiaries, or any creditor.

12. Disability. "Disability" (or disabled) means that Ladner is unable to engage in any substantial gainful activity consistent with his education and training by reason of a medically determined physical or mental impairment that can be expected to be of long and indefinite duration or to result in death. The Committee will determine whether Ladner is disabled, and may require medical proof it deems necessary to make such a determination.

13. Notice. Any notice, consent, election, or demand required or permitted to be given under the provisions of the Plans will be in writing and signed by the party giving such notice. If such notice is to be mailed, it will be sent by prepaid United States certified mail to the addressee's last known address. The date of the mailing will be regarded as the date of notice.

14. Guarantee of Benefits. Nothing in the Plans constitutes a guarantee by the university, Committee, or any other person or entity that the general funds of the university will be sufficient to pay any benefits accrued under the Plans.

15. Designation of Beneficiary. A "beneficiary" is a person(s) designated by Ladner in the university beneficiary form to receive his investment account at his death; or it is Ladner's estate, if no such person survives him or if no such designation is made. Ladner may at any time designate any person(s) as his beneficiary (primary and secondary) to whom benefits will be paid in the event of his death prior to the complete distribution of his benefits. Each beneficiary must be designated in the university beneficiary form, which must be filed with the Committee during Ladner's lifetime. Ladner may change beneficiaries without the consent of any designated beneficiary by filing a new university beneficiary form with the Committee, thereby canceling all beneficiary designations previously filed. Payments to beneficiaries will completely discharge the university's obligations under the Plans.

16. Payment of Expenses. The university will pay all expenses incurred in the administration and operation of the Plans, including any taxes payable by the university with respect to the Plans.

17. Tax Effects. The university believes it is in compliance with tax law and makes no warranties or representations with regard to the tax effects or results of the Plans on Ladner. Ladner will be deemed to have relied upon his own tax advisors with regard to such effects. However, the university has the right to deduct from payments pursuant to the Plans any federal, state, or local taxes required by law to be withheld.

18. Assignment. Neither Ladner nor his beneficiaries have the right to alienate, assign, commute, or otherwise encumber benefits for any purpose; any attempt to do so will be disregarded and treated as null and void.

19. Binding. The provisions of the Plans are binding on Ladner and on any person who claims a benefit under him, and also on the university and any successor to the university.

20. Self-Interest. Ladner has no right to vote or to decide any matter related directly or indirectly to him under the Plans.

21. Payments to Beneficiary or Guardian. Plan payments will be made to Ladner or, if he is deceased, to his beneficiaries, provided the Committee in its sole discretion may direct the university to make payments to the guardian or other legal representative of Ladner or his beneficiary. Such payments will fully satisfy any claims by or on behalf of the participant against the university, the Committee, Board members, or other university employees, shareholders, or any other person acting on their behalf.

22. Mental or Legal Incompetence. The university in its sole discretion may pay benefits to the guardian or other legal representative of Ladner or beneficiary if either Ladner or his beneficiary is determined by a court of proper jurisdiction to be mentally or legally incompetent to receive the payment. Such payment will fully satisfy any claims by or on behalf of Ladner against the university, Committee, Board members, university officers, participants, shareholders, and any other person acting on their behalf.

23. Forfeiture of Benefits. If Ladner engages in any acts or omissions that, in the view of the Committee, constitute dishonesty, intentional breach of fiduciary obligation, or intentional wrongdoing and that result in substantial harm to the business or property of the university, he will be ineligible to receive and forfeit for himself and his beneficiaries the receipt of any future benefits under the Plans. The university may take other actions against Ladner.

24. Investment Account Claims. No person can have any claim against the Committee, Board members, university officers, the president, other employees, shareholders, or any other persons acting on behalf of the university in their individual capacities for the payment of Ladner's investment account or for the payment of any other amounts under the Plans. Ladner and his beneficiaries, heirs, successors, and assigns will have no legal or equitable rights, interests, or claims in any property or assets of the university, nor will they be beneficiaries of or have any rights, claims, or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or acquired by the university. Such policies or other assets of the university will not be held under any trust for the benefit of Ladner, his beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for fulfilling the obligations of the university under the Plans. All university assets will remain as general, unpledged, unrestricted university assets. The university's obligation under the Plans will be that of an unfunded and unsecured promise of the university to pay money in the future.

25. Claims Procedures. Any person claiming a benefit, requesting an interpretation, ruling, or information under the Plans must present a written request to the Committee or its designee. The Committee will respond in writing within 30 business days. If the claim is denied, the written denial will state the reason for the denial, with specific reference to the Plan's provisions on which the denial is based; a description of any additional material or information required, with an explanation of why it is necessary; and an explanation of the Plan's claims review procedure. Any person whose claim or request is denied or who has not received a response within 30 business days may request review by submitting a written notice to the Committee. The claim or request will be reviewed by the Committee, which may (though is not required to) grant the claimant a hearing. Upon review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing. The decision of the review will normally be made within 60 business days. If

an extension of time is required for a hearing or other special circumstances, the claimant will be notified and the time limit will be 120 business days. The decision will be in writing and will state the reason and the relevant plan provisions. All decisions from the review will be final and will bind all parties concerned.

26. Termination. Ladner's participation in the Plans ends when his university employment is terminated or when he is no longer designated as a participant. However, he remain eligible to receive payment of his accounts in accord with the requirements set forth in the Plans.

27. Construction. The Plans will be construed in accordance with the laws of the District of Columbia.

Annual Incentive Compensation Plan for President Benjamin Ladner

ARTICLE I - PURPOSE

1. Purpose. The purpose of the Annual Incentive Compensation Plan ("Plan") is to provide annual incentive payments to American University President Benjamin Ladner ("Ladner") in order to motivate, reward, and retain him.

2. Effective Date. The Plan is effective July 1, 1999.

ARTICLE II - PERFORMANCE GOALS AND EVALUATION

1. Evaluation Period. The performance evaluation period is July 1 – June 30.

2. Setting Goals and Evaluating. By July 1 each year, the Committee will set annual performance goals in writing for Ladner. By the following June 30, the Committee will evaluate his performance in light of the goals. The quality of his performance will be assessed at one of the following levels: "Threshold," "Target," and "Exceptional."

3. Adjustments. The Committee can make adjustments in the goals from time to time, (a) to ensure that the goals fully support the mission and goals of the university; (b) to reflect material changes in the university's accounting practices, material assets, or business acquisitions or dispositions; or (c) to respond to any other extraordinary items that may materially affect the university's revenue but do not result from the normal business operations of the university.

ARTICLE III - PAYMENTS AND TERMINATION

1. Payments. Payments to Ladner will be in a lump sum no later than August 31.

2. Termination. If Ladner's university employment is terminated by retirement, voluntary termination, disability, or death prior to the completion of his performance evaluation period, he will receive a payment for the portion of the period prior to such termination. In the event of his death, the beneficiary will receive such payment.

Supplemental Retirement Compensation Plan for President Benjamin Ladner

ARTICLE I - PURPOSE

1. Purpose. The purpose of the Supplemental Retirement Compensation Plan ("Plan") is to provide certain retirement and other employment benefits to President Benjamin Ladner ("Ladner") as a highly compensated participant in the Plan within the meaning of ERISA Regulation Section 2520.104-23. Benefits of the Plan supplement any other retirement or termination benefits provided by American University through plans qualified under Section 401(a) of the Internal Revenue Code of 1986 ("Code") or through Section 403(b) tax-sheltered annuity plans. The Plan is designed to provide retirement benefits described in the Articles set forth below.

2. Risk of Forfeiture. The Plan is not subject to the provisions of Code Section 457 (a) but is subject to a substantial risk of forfeiture as defined in Code Section 457(f).

3. Effective Date. The Plan is effective July 1, 1998.

ARTICLE II - BENEFIT ELIGIBILITY

1. Eligibility. Ladner is eligible to receive the benefits described in Article III of the Plan provided that (a) his Section 403(b) tax-sheltered annuity contribution for the year is limited by maximum compensation limitations under Section 401(a)(17) of the Code, and (b) the Committee approves his coverage under the Plan.

ARTICLE III - SUPPLEMENTAL RETIREMENT COMPENSATION

1. Participant Deferrals. Prior to his participation in the Plan and before the beginning of each Plan Year (July 1–June 30), Ladner will complete the university's election form on which contributions and investment instrument (mutual fund) selections are made and beneficiaries are designated. He may defer amounts equal to the amount of his salary deferral election under the university's Pension Plan [403(b) Plan] to the extent such deferrals are limited by the compensation limit of Section 401(a)(17) of the Code.

2. Employer Contributions. The university will credit to Ladner's investment account for each Plan Year the amount of contributions that would have been made by the employer to his account under the university's Pension Plan, but for the limits of Section 401(a)(17) of the Code.

ARTICLE IV - VESTING AND PAYMENT OF BENEFITS

1. Vesting. Ladner will be 100% vested in his investment account upon completion of five continuous years of university employment from date of entry into the Plan. He will be credited with a year of employment for each university Plan Year, including past years, in which he serves in a Committee-approved executive position for a full year. Credit will be given only for full years of employment. All future contributions to Ladner's Plan after the initial five years will be 100% vested after completion of two additional years of continuous university employment, with no intermediate

vesting. Notwithstanding the above, Ladner will be fully vested in his investment account upon the event of voluntary termination after attaining age 62, involuntary termination, disability, or death.

2. Account Payments. Payments of the vested portion of investment accounts will be made to Ladner or his beneficiaries in a lump sum as soon as administratively feasible upon the event of voluntary termination after attaining age 62, involuntary termination, disability, or death. In the event of voluntary termination before age 62, payments will be made in equal installments over ten (10) years, unless the Committee decides for administrative reasons to pay in a lump sum.

3. Agreement to Defer Period of Risk. The Committee and Ladner can mutually agree that it is in the university's best interest to provide further incentives for him to perform future services for the university. If so, they may agree to defer vesting of his investment account under Article IV.1 above for at least two or more additional years. Such an agreement must be made not less than 12 months before the vesting date in Article IV.1. In the event that the vesting date is deferred, Ladner will forfeit his investment account, in accordance with Article IV.1, upon voluntary termination of employment before attaining age 62 and prior to the deferred vesting date. The agreement will have the effect of substituting a number of years exceeding five in Article IV.1 with respect to the amount contributed into Ladner's investment account for the Plan Year to which the agreement refers. A substantial risk of forfeiture will continue during the period in which Ladner's investment account is not vested, in accordance with Code Section 457(f), and thereby avoid taxation of his investment account until the risk of forfeiture lapses and the account is vested, in accordance with Article IV.1. At the end of the "risk of forfeiture" period, the decision to defer will have tax consequences that may exceed any actual distribution.

4. Substantial Risk of Forfeiture. Until Ladner becomes vested, the benefits under this Plan are subject to a substantial risk of forfeiture. If he voluntarily terminates employment before age 62 and before completing the requisite period of service, the non-vested amount of the benefit that would be available for payment under the Plan is forfeited. Should Ladner voluntarily terminate after attaining age 62, be involuntarily terminated, disabled, or die prior to the date he would otherwise be vested, this substantial risk of forfeiture clause is waived and payments from the Plan will be made. No payments will be due to Ladner until Plan benefits are no longer subject to a substantial risk of forfeiture.

Deferred and Retention Compensation Plan for President Benjamin Ladner

ARTICLE I – PURPOSE

1. Purpose. The purpose of the Deferred Compensation Plan ("Plan") is to provide certain deferred and other employment benefits to President Benjamin Ladner ("Ladner") as a highly compensated participant in the Plan within the meaning of ERISA Regulation. Benefits of the Plan supplement any other retirement or termination benefits provided by American University through plans qualified under Section 401(a) of the Internal Revenue Code of 1986 ("Code") or through Section 403(b) tax-sheltered annuity plans. The Plan is designed to provide deferred compensation described in the Articles set forth below.

3. Risk of Forfeiture. The Plan is not subject to the provisions of Code Section 457 (a) but is subject to a substantial risk of forfeiture as defined in Code Section 457(f).

4. Effective Date. The Plan is effective July 1, 1998.

ARTICLE II – DEFERRED COMPENSATION

1. Employer Deferred Contribution. At the end of each Plan Year, the university will credit Ladner's account with 25% of his annual base salary. The Committee may adjust the schedule in advance of a new Plan Year.

2. Employer Retention Contribution. As a retention incentive, the university will credit Ladner's account with an additional $400,000, effective July 1, 1999.

ARTICLE III – VESTING AND PAYMENT OF BENEFITS

1. Vesting. Ladner will be 100% vested in his investment account upon completion of five continuous years of university employment from date of entry into the Plan. He will be credited with a year of employment for each university Plan Year, including past years, in which he serves in a Committee-approved executive position for a full year. Credit will be given only for full years of employment. All future contributions to Ladner's Plan after the initial five years will be 100% vested after completion of two additional years of continuous university employment, with no intermediate vesting. Notwithstanding the above, Ladner will be fully vested in his investment account upon the event of voluntary termination after attaining age 62, involuntary termination, disability, or death.

2. Account Payments. Payments of the vested portion of investment accounts will be made to Ladner or his beneficiaries in a lump sum as soon as administratively feasible upon the event of voluntary termination after attaining age 62, involuntary termination, disability, or death. In the event of voluntary termination before age 62, payments will be made in equal installments over ten (10) years, unless the Committee decides for administrative reasons to pay in a lump sum.

3. Agreement to Defer Period of Risk. The Committee and Ladner can mutually agree that it is in the university's best interest to provide further incentives for him to perform future services for the university. If so, they may agree to defer vesting of his investment account under Article IV.1 above for at least two or more additional years. Such an agreement must be made not less than 12 months before the vesting date in Article IV.1. In the event that the vesting date is deferred, Ladner will forfeit his investment account, in accordance with Article IV.1, upon voluntary termination of employment before attaining age 62 and prior to the deferred vesting date. The agreement will have the effect of substituting a number of years exceeding five in Article IV.1 with respect to the amount contributed into Ladner's investment account for the Plan Year to which the agreement refers. A substantial risk of forfeiture will continue during the period in which Ladner's investment account is not vested, in accordance with Code Section 457(f), and thereby avoid taxation of his investment account until the risk of forfeiture lapses and the account is vested, in accordance with Article IV.1. At the end of the "risk of forfeiture" period, the decision to defer will have tax consequences that may exceed any actual distribution.

4. Substantial Risk of Forfeiture. Until Ladner becomes vested, the benefits under this Plan are subject to a substantial risk of forfeiture. If he voluntarily terminates employment before attaining age 62 and before completing the requisite period of service, the non-vested amount of the benefit that would be available for payment under the Plan is forfeited. Should Ladner voluntarily terminate after attaining age 62, be involuntarily terminated, disabled, or die prior to the date he would otherwise be vested, this substantial risk of forfeiture clause is waived and payments from the Plan will be made. No payments will be due to Ladner until Plan benefits are no longer subject to a substantial risk of forfeiture.

Voluntary Deferred Compensation Plan for President Benjamin Ladner

ARTICLE I - PURPOSE

1. Purpose. The purpose of the Executive Voluntary Deferred Compensation Plan ("Plan") is to provide certain deferred and other employment benefits to President Benjamin Ladner ("Ladner") as a highly compensated participant in the Plan within the meaning of ERISA Regulation. Benefits of the Plan supplement any other retirement or termination benefits provided by American University through plans qualified under Section 401(a) of the Internal Revenue Code of 1986 ("Code") or through Section 403(b) tax-sheltered annuity plans. The Plan is designed to provide voluntary deferred executive compensation described in the Articles set forth below.

2. Risk of Forfeiture. The Plan is not subject to a substantial risk of forfeiture as defined in Code Section 457(f) but is subject to all the provisions of Code Section 457 (b).

3. Effective Date. The Plan is effective January 1, 2002.

ARTICLE II - DEFERRED COMPENSATION

1. Employee Contributions. Ladner may elect to defer a portion of his gross annual salary for each Plan Year. The university will credit the deferred portion to his investment account. The annual dollar limitation amounts for deferrals under the Code are as follows: Year 2002 - $11,000; Year 2003 - $12,000; Year 2004 - $13,000; Year 2005 - $14,000. On or after 2006, this amount is $15,000 plus any adjustment for cost of living. Additionally, Ladner may defer twice the annual permitted amount in each of the three years before attaining normal retirement age.

ARTICLE III – VESTING AND PAYMENT OF BENEFITS

1. Vesting. The balance of Ladner's investment account is 100% vested at all times.

2. Account Payments. Payments of the entire balance of the investment account will be made in a lump sum to Ladner or his beneficiaries as soon as administratively feasible upon the event of his termination, disability, or death. Ladner has the option to defer payment as permitted by law.

FAM/CM

TO: JIM JOSEPH,

FROM: DON MYERS

4/15/05

PLEASE FIND ATTACHED

BEW'S "VESTING DATE AMENDMENT FORMS"

CHEERS,

American University
DEFERRED COMPENSATION PLAN

VESTING DATE AMENDMENT FORM

Please Print in Ink:
PARTICIPANT INFORMATION

Name: Benjamin Ladner
Social Security Number: [redacted]
Address: [redacted]

Telephone Number: [redacted]

Pursuant to the terms of American University's Deferred Compensation Plan, I agree to amend my Vesting Date to June 30, 2010. This amended Vesting Date is at least two (2) years after the current Vesting Date. This election to amend the Vesting Date is no later than one (1) year prior to the Vesting Date stated in the Plan.

Participant's Signature: Benjamin Ladner
Print Name: Benjamin Ladner
Date: May 21, 2002

APPROVED: **AMERICAN UNIVERSITY**

By:
Print Name: Donald L. Myers
Date: May 21, 2002

EXECUTIVE COMPENSATION PROGRAM

Adopted by the Board of Trustees

November 16, 2001

AMERICAN UNIVERSITY

CONFIDENTIAL

AUSF 000028

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2. Basis of Reward. Compensation and reward are tied to actual performance in light of goals set for each executive. Merely continuing in a position (i.e., length of service) is not by itself sufficient grounds for reward. Executives are expected to work diligently and in ways that can be demonstrated to advance the university's values and goals.

3. Adaptability. The Program is responsive to changing economic and business conditions, current and future regulatory issues (including intermediate sanctions), tax and accounting considerations, and business operations. It is periodically reviewed and updated by the Board Compensation Committee ("Committee") and the Board.

4. Effective Date. The Program is effective September 1, 1998.

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1. Committee Appointment. The Chair of the Board appoints a Compensation Committee of not less than three trustees, selected for their competence, experience, and ability to contribute to the work of the Committee. The Committee includes the Board Chair and the Chair of the Finance Committee. The major responsibility of the Committee is to assure that the Program is effective in attracting, motivating, rewarding, and retaining key university executives.

2. Committee Authority. The Committee reviews and monitors the total compensation of university executives, including base salaries, annual incentives, deferred compensation, other compensation, benefits, perquisites, and employment/severance contracts. Subject to the Board's review and approval, the Committee sets executive compensation policy, administers approved executive plans, and makes recommendations with respect to executive compensation. It may retain independent consultants.

3. Committee Reviews. The Committee reviews the president's recommendations for compensation of executives who report to the president, based upon performance evaluations.

4. Scope of Work. The scope of the Committee's work each year includes:
   (a) reviewing the performance of each executive in the Program;
   (b) evaluating the value of total compensation for each executive;
   (c) aligning changes in total compensation with changes in performance;
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   (a) a list of executives in the Program, and a rationale for their participation;
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7. Communication. The Committee will assure that participating executives understand the policies, program, and decisions of the Committee and the Board.

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- annual base salary;
- annual incentive compensation;
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- voluntary deferred compensation; and
- benefits/perquisites.

2. Annual Base Salary. Executive salaries will be competitive with salaries for similar positions at peer institutions nationally. Using up-to-date comparative data, the Committee reviews executive positions relative to those in peer institutions, including the scope of responsibility and overall performance. The president sets performance goals for each executive and recommends salary levels in light of their accomplishments.

3. Annual Incentive Compensation. Annual compensation incentives may be given to executives based upon the achievement of pre-determined performance goals and standards. The amount depends upon the level of performance.

   (a) Executives eligible to participate are the provost and the vice presidents. The president can recommend others.
   (b) The president sets annual target performance standards for executives and administers their implementation.
   (c) Each year, the Committee will set and review payment standards as a percentage of base annual salary.
   (d) Annual lump sum cash payments will be made to executives by October 31.

(e) While the intent is to pay annual incentive compensation to those who meet or exceed performance goals and standards, the Board can make no payments under this program if the university does not meet certain minimum financial and other performance standards.

4. Supplemental Retirement Compensation. The university will sponsor an automatic "excess" retirement plan for executives whose retirement plan contributions are limited by the IRS $170,000 cap on compensation.

5. Deferred Compensation. Deferred compensation may be given to executives based upon the performance of current and future services to the university.

(a) Executives eligible to participate are the provost and the vice presidents. The president can recommend others.
(b) A percentage of base annual salary will be contributed annually, with ~~assumed interest~~ income based on an investment instrument selected by each executive.
(c) Other elements of the plan include the following:
 i. constructive receipt/risk of forfeiture requirements;
 ii. accrued liability for the university;
 iii. 100% vesting after five years of service;
 iv. taxation of executives deferred until risk of forfeiture lapses;
 v. vesting lapses the risk of forfeiture and triggers immediate taxation to executives unless they elect to ~~delay~~ amend at least one (1) year prior to the risk-of-forfeiture lapse period;
 vi. required annual disclosure of Form 990.

6. Voluntary Deferred Compensation. Executives may elect to defer a portion of their gross annual salary.

7. Benefits/Perquisites. Benefits and perquisites will be provided to executives for their protection and security in the event of catastrophic medical, dental, disability, and unexpected mortality events. Additional benefits and perquisites related to such matters as financial management, business travel, or other programs deemed appropriate by the Board may be provided ~~to the president and~~ to ~~other~~ executives upon the president's recommendation.

ARTICLE IV - EXECUTIVE COMPENSATION PLANS AND DEFINITIONS

1. Plans Included. The following Executive Compensation Plans are included in the Executive Compensation Program:

- Annual Incentive Compensation Plan
- Supplemental Retirement Compensation Plan
- Deferred Compensation Plan
- Voluntary Deferred Compensation Plan.

Items 2 - 27 set forth in this section (Article IV) apply to each Plan, unless otherwise stated in a particular Plan.

2. Administration of the Plans. The Committee will administer the Plans. Committee actions and decisions regarding any question in connection with the administration, interpretation, and application of the Plans and their regulations will be final and binding upon all persons having an interest in the Plans. The Committee may employ other agents and delegate to them such duties as it sees fit, and may consult with outside counsel.

3. Amendment and Termination. With the approval of the Board, the Committee has the right to amend the Plans from time to time and to terminate them at any time, provided such actions do not modify the obligation of the university to pay participants any benefits due at the date of such actions, except by mutual agreement of the participant and the university.

4. Participation. The president will recommend and the Committee will approve executives who are "key employees" to participate in the Plans. Executives eligible to participate are the provost and the vice presidents. The president can recommend others. Participants must complete an election form for the Plans that require it.

5. Employee Status. Nothing in the Plans limits the right of the university or any related entity to terminate the employment of any participant at any time, or to be evidence of any agreement or understanding, express or implied, that the university or any related entity will employ a participant in any position, at any remuneration, or for any period of time.

6. Indemnification. The university will indemnify and hold harmless the Committee that administers the Plans and any participant who acts on behalf of the university in administrating them. They will be indemnified from and against any liability, loss, cost or expense (including reasonable attorneys' fees) incurred at any time in connection with any claims, demands, actions, or causes of action by participants, by any person claiming through them, or by any other person, party, or authority claiming to have an interest in the Plans (or who acts on behalf of any such persons or groups), on account of any acts or omissions (or alleged acts or omissions) of the Committee or any participant, except for such persons' gross negligence or willful misconduct.

7. Severability. If any provision of the Plans is held to be invalid, illegal, or unenforceable for any reason, this will not affect or render invalid or unenforceable the remaining provisions of the Plans, and the Plans will be construed and enforced as if such provision had not been included.
8. Funding. Payments in accord with the Plans will be made from the university's general funds. Claims for payment by participants or beneficiaries will have the same status as those of any other general and unsecured creditor.

9. Promise of Payment. The Plans are only a promise by the university to make benefit payments in the future to participants or their beneficiaries and will be unfunded for tax purposes and purposes of Title I of ERISA.

10. Investment Instrument. Before the beginning of each Plan Year, individual participants will select and direct their own investment fund (mutual fund) for their individual investment account from the group of mutual funds offered by the university's qualified 403 (b) retirement program. Should a participant not designate an investment instrument, the monthly investment return will be calculated based on the same instrument as during the

prior Plan Year. With respect to a participant's investment account, neither the Committee, the university, any university employees or affiliates, nor the Board of Trustees will be liable for the selection of the investment instrument, the rate of return, any increase or decrease, or any tax obligation of a participant with respect to the deferral of compensation under this Plan.

11. Trust. The university will establish a Trust for the purpose of providing benefits due under the following Plans: Supplemental Retirement Compensation, Deferred Compensation, and Voluntary Deferred Compensation. The Trust will conform to the terms of the IRS model trust as described in Revenue Procedure 92-64, 1992-33 I.R.B. 11 (August 17, 1992). It will be administered by the Trustee pursuant to the terms of the Trust Agreement. Assets of the Trust will be subject to the claims of the general creditors of the university. Participants or their beneficiaries will have no interest in assets held by the Trust or in the university's general assets, other than as a general, unsecured creditor. The university will not grant a security interest in the assets held in the Trust in favor of the participants, their beneficiaries, or any creditor.

12. Disability. "Disability" (or disabled) means that a participant is unable to engage in any substantial gainful activity consistent with his/her education and training by reason of a medically determined physical or mental impairment that can be expected to be of long and indefinite duration or to result in death. The Committee will determine whether a participant is disabled, and may require medical proof it deems necessary to make such a determination.

13. Notice. Any notice, consent, election, or demand required or permitted to be given under the provisions of the Plans will be in writing and signed by the party giving such notice. If such notice is to be mailed, it will be sent by prepaid United States certified mail to the addressee's last known address. The date of the mailing will be regarded as the date of notice.

14. Guarantee of Benefits. Nothing in the Plans constitutes a guarantee by the university, Committee, or any other person or entity that the general funds of the university will be sufficient to pay any benefits accrued under the Plans.

15. Designation of Beneficiary. A "beneficiary" is a person(s) designated by participants in the university beneficiary form to receive their investment account at their death; or it is the participant's estate, if no such person survives the participant or if no such designation is made. Participants may at any time designate any person(s) as their beneficiary (primary and secondary) to whom benefits will be paid in the event of their death prior to the complete distribution of the participant's benefits. Each beneficiary must be designated in the university beneficiary form, which must be filed with the Committee during the participant's lifetime. Participants may change beneficiaries without the consent of any designated beneficiary by filing a new university beneficiary form with the Committee, thereby canceling all beneficiary designations previously filed. Payments to beneficiaries will completely discharge the university's obligations under the Plans.

16. Payment of Expenses. The university will pay all expenses incurred in the administration and operation of the Plans, including any taxes payable by the university with respect to the Plans.

17. Tax Effects. The university believes it is in compliance with tax law and makes no warranties or representations with regard to the tax effects or results of the Plans on individual participants.

Participants will be deemed to have relied upon their own tax advisors with regard to such effects. However, the university has the right to deduct from payments pursuant to the Plans any federal, state, or local taxes required by law to be withheld.

18. Assignment. Neither participants nor beneficiaries have the right to alienate, assign, commute, or otherwise encumber benefits for any purpose; any attempt to do so will be disregarded and treated as null and void.

19. Binding. The provisions of the Plans are binding on the participants and on any person who claims a benefit under the participants, and also on the university and any successor to the university.

20. Self-Interest. Participants have no right to vote or to decide any matter related directly or indirectly to them under the Plans.

21. Payments to Beneficiary or Guardian. Plan payments will be made to participants or, if they are deceased, to their beneficiaries, provided the Committee in its sole discretion may direct the university to make payments to the guardian or other legal representative of the participant or beneficiary. Such payments will fully satisfy any claims by or on behalf of the participant against the university, the Committee, Board members, or other university employees, shareholders, or any other person acting on their behalf.

22. Mental or Legal Incompetence. The university in its sole discretion may pay benefits to the guardian or other legal representative of a participant or beneficiary if either the participant or beneficiary is determined by a court of proper jurisdiction to be mentally or legally incompetent to receive the payment. Such payment will fully satisfy any claims by or on behalf of the participant against the university, Committee, Board members, university officers, participants, shareholders, and any other person acting on their behalf.

23. Forfeiture of Benefits. Participants who engage in any acts or omissions that, in the view of the Committee, constitute dishonesty, intentional breach of fiduciary obligation, or intentional wrongdoing and that result in substantial harm to the business or property of the university will be ineligible to receive and forfeit for themselves and their beneficiaries the receipt of any future benefits under the Plans. The university may take other actions against such participants.

24. Investment Account Claims. No person can have any claim against the Committee, Board members, university officers, participants, other employees, shareholders, or any other persons acting on behalf of the university in their individual capacities for the payment of his/her investment account or for the payment of any other amounts under the Plans. Participants and their beneficiaries, heirs, successors, and assigns will have no legal or equitable rights, interests, or claims in any property or assets of the university, nor will they be beneficiaries of or have any rights, claims, or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or acquired by the university. Such policies or other assets of the university will not be held under any trust for the benefit of participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for fulfilling the obligations of the university under the Plans. All university assets will remain as general, unpledged, unrestricted university assets. The university's obligation under the Plans will be that of an unfunded and unsecured promise of the university to pay money in the future.

25. Claims Procedures. Any person claiming a benefit, requesting an interpretation, ruling, or information under the Plans must present a written request to the Committee or its designee. The Committee will respond in writing within 30 business days. If the claim is denied, the written denial will state the reason for the denial, with specific reference to the Plan's provisions on which the denial is based; a description of any additional material or information required, with an explanation of why it is necessary; and an explanation of the Plan's claims review procedure. Any person whose claim or request is denied or who has not received a response within 30 business days may request review by submitting a written notice to the Committee. The claim or request will be reviewed by the Committee, which may (though is not required to) grant the claimant a hearing. Upon review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing. The decision of the review will normally be made within 60 business days. If an extension of time is required for a hearing or other special circumstances, the claimant will be notified and the time limit will be 120 business days. The decision will be in writing and will state the reason and the relevant plan provisions. All decisions from the review will be final and will bind all parties concerned.

26. Termination. Participants' participation in the Plans end when their university employment is terminated or when they are no longer designated as a participant. Former participants remain eligible to receive payment of their accounts in accord with the requirements set forth in the Plans.

27. Construction. The Plans will be construed in accordance with the laws of the District of Columbia.

Annual Incentive Compensation Plan

ARTICLE I – PURPOSE

1. Purpose. The purpose of the Annual Incentive Compensation Plan ("Plan") is to provide annual incentive payments to key executives of American University in order to attract, reward, and retain them.

2. Effective Date. The Plan is effective September 1, 1999.

ARTICLE II – PERFORMANCE GOALS AND EVALUATION

1. Evaluation Period. The performance evaluation period is September 1 – August 31.

2. Setting Goals and Evaluating. By September 1 each year, the president will set annual performance goals in writing for each participant. By the following August 31, the president will evaluate the performance of participants in light of the goals. The quality of performance will be assessed at one of the following levels: "Threshold," "Target," and "Exceptional.".

3. Adjustments. The president can make adjustments in the goals from time to time, (a) to ensure that the goals fully support the mission and goals of the university; (b) to reflect material changes in the university's accounting practices, material assets, or business acquisitions or dispositions; or (c) to respond to any other extraordinary items that may materially affect the university's revenue but do not result from the normal business operations of the university.

ARTICLE III – PAYMENTS AND TERMINATION

1. Payments. Payments to participants will be in a lump sum no later than October 31.

2. Termination. If a participant's university employment is terminated by retirement, voluntary termination, disability, or death prior to the completion of his/her performance evaluation period, he/she will receive a payment for the portion of the period prior to such termination. In the event of the participant's death, the beneficiary will receive such payment.

Supplemental Retirement Compensation Plan

ARTICLE I – PURPOSE

1. Purpose. The purpose of the Supplemental Retirement Compensation Plan ("Plan") is to provide certain retirement and other employment benefits to a select group of management or highly compensated participants in the Plan within the meaning of ERISA Regulation Section 2520.104-23. Benefits of the Plan supplement any other retirement or termination benefits provided by American University through plans qualified under Section 401(a) of the Internal Revenue Code of 1986 ("Code") or through Section 403(b) tax-sheltered annuity plans. The Plan is designed to provide retirement benefits described in the Articles set forth below.

2. Risk of Forfeiture. The Plan is not subject to the provisions of Code Section 457 (a) but is subject to a substantial risk of forfeiture as defined in Code Section 457(f).

3. Effective Date. The Plan is effective September 1, 1998.

ARTICLE II – BENEFIT ELIGIBILITY

1. Eligibility. Participants are eligible to receive the benefits described in Article III of the Plan provided that (a) their Section 403(b) tax-sheltered annuity contribution for the year is limited by maximum compensation limitations under Section 401(a)(17) of the Code, and (b) the Committee approves their coverage under the Plan.

ARTICLE III – SUPPLEMENTAL RETIREMENT COMPENSATION

1. Participant Deferrals. Prior to their participation in the Plan and before the beginning of each Plan Year (September 1–August 31), participants will complete the university's election form on which contributions and investment instrument (mutual fund) selections are made and beneficiaries are designated. Participants may defer amounts equal to the amount of their salary deferral election under the university's Pension Plan [403(b) Plan] to the extent such deferrals are limited by the compensation limit of Section 401(a)(17) of the Code.

2. Employer Contributions. The university will credit to each participant's investment account for each Plan Year the amount of contributions that would have been made by the employer to the participant's account under the university's Pension Plan, but for the limits of Section 401(a)(17) of the Code.

ARTICLE IV – VESTING AND PAYMENT OF BENEFITS

1. Vesting. Participants will be 100% vested in their investment accounts upon completion of five continuous years of university employment from date of entry into the Plan. They will be credited with a year of employment for each university Plan Year, including past years, in which they serve in a Committee-approved executive position for a full year. Credit will be given only for full years of employment. All future contributions to participants' Plans after the initial five years will be 100% vested after completion of two additional years of continuous university employment, with no

intermediate vesting. Notwithstanding the above, participants will be fully vested in their investment accounts upon the event of voluntary termination after attaining age 62, involuntary termination, disability, or death.

2. Account Payments. Payments of the vested portion of investment accounts will be made in a lump sum to participants or their beneficiaries as soon as administratively feasible upon the event of their voluntary termination after attaining age 62, involuntary termination, disability, or death. In the event of voluntary termination before age 62, payments will be made in equal installments over ten (10) years, unless the Committee decides for administrative reasons to pay in a lump sum.

3. Agreement to Defer Period of Risk. The Committee and a participant can mutually agree that it is in the university's best interest to provide further incentives for the participant to perform future services for the university. If so, they may agree to defer vesting of the participant's investment account under Article IV.1 above for at least two or more additional years. Such an agreement must be made not less than 12 months before the vesting date in Article IV.1. In the event that the vesting date is deferred, the participant will forfeit his/her investment account, in accordance with Article IV.1, upon voluntary termination of employment before attaining age 62 and prior to the deferred vesting date. The agreement will have the effect of substituting a number of years exceeding five in Article IV.1 with respect to the amount contributed into the participant's investment account for the Plan Year to which the agreement refers. A substantial risk of forfeiture will continue during the period in which the participant's investment account is not vested, in accordance with Code Section 457(f), and thereby avoid taxation of the participant's investment account until the risk of forfeiture lapses and the account is vested, in accordance with Article IV.1. At the end of the "risk of forfeiture" period, the decision to defer will have tax consequences that may exceed any actual distribution.

4. Substantial Risk of Forfeiture. Until participants become vested, the benefits under this Plan are subject to a substantial risk of forfeiture. If they voluntarily terminate employment before attaining age 62 and before completing the requisite period of service, the non-vested amount of the benefit that would be available for payment under the Plan is forfeited. Should participants voluntarily terminate after attaining age 62, be involuntarily terminated, disabled, or die prior to the date they would otherwise be vested, this substantial risk of forfeiture clause is waived and payments from the Plan will be made. No payments will be due to participants until Plan benefits are no longer subject to a substantial risk of forfeiture.

Deferred Compensation Plan

ARTICLE I – PURPOSE

1. Purpose. The purpose of the Deferred Compensation Plan ("Plan") is to provide certain deferred and other employment benefits to a select group of management or highly compensated participants in the Plan within the meaning of ERISA Regulation. ~~Section 2520.104-23.~~ Benefits of the Plan supplement any other retirement or termination benefits provided by American University through plans qualified under Section 401(a) of the Internal Revenue Code of 1986 ("Code") or through Section 403(b) tax-sheltered annuity plans. The Plan is designed to provide deferred compensation described in the Articles set forth below.

2. Risk of Forfeiture. The Plan is not subject to the provisions of Code Section 457 (a) but is subject to a substantial risk of forfeiture as defined in Code Section 457(f).

3. Effective Date. The Plan is effective September 1, 1998.

ARTICLE II – DEFERRED COMPENSATION

1. Employer Contribution. At the end of each Plan Year, the university will credit each participant's account with an amount equal to a percentage of his/her annual base salary, according to the schedule set forth below. The Committee may adjust the schedule in advance of a new Plan Year.

Provost	15%
Vice President of Finance	15%
Vice President of Development	10%
Vice President of Enrollment Services	10%
Vice President of Student Services	10%
Vice President and University Counsel	10%

ARTICLE III – VESTING AND PAYMENT OF BENEFITS

1. Vesting. Participants will be 100% vested in their investment accounts upon completion of five continuous years of university employment from date of entry into the Plan. They will be credited with a year of employment for each university Plan Year, including past years, in which they serve in a Committee-approved executive position for a full year. Credit will be given only for full years of employment. All future contributions to participants' Plans after the initial five years will be 100% vested after completion of two additional years of continuous university employment, with no intermediate vesting. Notwithstanding the above, participants will be fully vested in their investment accounts upon the event of voluntary termination after attaining age 62, involuntary termination, disability, or death.

2. Account Payments. Payments of the vested portion of investment accounts will be made in a lump sum to participants or their beneficiaries as soon as administratively feasible upon the event of their voluntary termination after attaining age 62, involuntary termination, disability, or death. In the event of voluntary termination before age 62, payments will be made in equal installments over ten (10) years, unless the Committee decides for administrative reasons to pay in a lump sum.

3. Agreement to Defer Period of Risk. The Committee and a participant can mutually agree that it is in the university's best interest to provide further incentives for the participant to perform future services for the university. If so, they may agree to defer vesting of the participant's investment account under Article IV.1 above for at least two or more additional years. Such an agreement must be made not less than 12 months before the vesting date in Article IV.1. In the event that the vesting date is deferred, the participant will forfeit his/her investment account, in accordance with Article IV.1, upon voluntary termination of employment before attaining age 62 and prior to the deferred vesting date. The agreement will have the effect of substituting a number of years exceeding five in Article IV.1 with respect to the amount contributed into the participant's investment account for the Plan Year to which the agreement refers. A substantial risk of forfeiture will continue during the period in which the participant's investment account is not vested, in accordance with Code Section 457(f), and thereby avoid taxation of the participant's investment account until the risk of forfeiture lapses and the account is vested, in accordance with Article IV.1. At the end of the "risk of forfeiture" period, the decision to defer will have tax consequences that may exceed any actual distribution.

4. Substantial Risk of Forfeiture. Until participants become vested, the benefits under this Plan are subject to a substantial risk of forfeiture. If they voluntarily terminate employment before attaining age 62 and before completing the requisite period of service, the non-vested amount of the benefit that would be available for payment under the Plan is forfeited. Should participants voluntarily terminate after attaining age 62, be involuntarily terminated, disabled or die prior to the date they would otherwise be vested, this substantial risk of forfeiture clause is waived and payments from the Plan will be made. No payments will be due to participants until Plan benefits are no longer subject to a substantial risk of forfeiture.

Voluntary Deferred Compensation Plan

ARTICLE I – PURPOSE

1. Purpose. The purpose of the Executive Voluntary Deferred Compensation Plan ("Plan") is to provide certain deferred and other employment benefits to a select group of management or highly compensated participants in the Plan within the meaning of ERISA Regulation. Benefits of the Plan supplement any other retirement or termination benefits provided by American University through plans qualified under Section 401(a) of the Internal Revenue Code of 1986 ("Code") or through Section 403(b) tax-sheltered annuity plans. The Plan is designed to provide voluntary deferred executive compensation described in the Articles set forth below.

2. Risk of Forfeiture. The Plan is not subject to a substantial risk of forfeiture as defined in Code Section 457(f) but is subject to all the provisions of Code Section 457 (b).

3. Effective Date. The Plan is effective January 1, 2002.

ARTICLE II – DEFERRED COMPENSATION

1. Employee Contributions. Participants may elect to defer a portion of their gross annual salary for each Plan Year. The university will credit the deferred portion to the participant's investment account. The annual dollar limitation amounts for deferrals under the Code are as follows: Year 2002 - $11,000; Year 2003 - $12,000; Year 2004 - $13,000; Year 2005 - $14,000. On or after 2006, this amount is $15,000 plus any adjustment for cost of living. Additionally, a participant may defer twice the annual permitted amount in each of the three years before attaining normal retirement age.

ARTICLE III – VESTING AND PAYMENT OF BENEFITS

1. Vesting. The balance of the participants' investment account is 100% vested at all times.

2. Account Payments. Payments of the entire balance of the investment accounts will be made in a lump sum to participants or their beneficiaries as soon as administratively feasible upon the event of their termination, disability, or death. Participants have the option to defer payment as permitted by law.