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THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

As you know, the University has begun an intensive effort to review and reform its compensation policies and practices, particularly those pertaining to senior management. This effort is focused on identifying poor decisions that may have been made in the past, adopting new policies and procedures to improve our compensation programs for the future, and implementing control mechanisms to ensure compliance and oversight.

We are only part of the way through this process, but I assure you that these efforts have my full personal attention and that of the entire University administration.

Today, I am testifying in Sacramento on these matters before the State Senate Education Committee and the Senate Budget Subcommittee on Education Finance. I enclose a copy of my prepared testimony for your information. In two weeks, on February 22, Chairman Parsky and Compensation Committee Chair Hopkinson are scheduled to appear before these committees.

In my testimony today, I am announcing that on an interim basis, any exceptions to employment-related policies for members of the Senior Management Group will require approval by the President in consultation with the Chair of the Regents and the Chair of the Regents' Committee on Compensation, until such time as we have had an opportunity to examine more fully our practices related to exceptions to policy. This examination will occur through the external audits and task force review mentioned above, a process I expect to take three or four months. The University strives to make hiring and compensation decisions with great care and consideration. But I believe this action is a necessary step until the results of these reviews are available, and I wanted to bring the matter to your attention.

I will continue to be in touch with you on these issues. Please let me know if you have any questions in the meantime.

Sincerely,

A handwritten signature in black ink, appearing to read "R. C. Dynes".

Robert C. Dynes

Enclosure

cc: Chancellors
Laboratory Directors