May 10, 2006

Dear Colleagues:

I am writing regarding two important announcements that you will no doubt read about this morning and in the coming days: Boston University’s reporting of President Emeritus John Silber’s compensation for Fiscal Year 2005 and a decision made by our Board of Trustees to end direct investments in companies with involvement in Sudan.

Report of Compensation for President Emeritus John Silber

Boston University has released information on our report to the Internal Revenue Service for Fiscal Year 2005 that shows total compensation to President Emeritus John Silber of $6.1 million. As our disclosure clearly states, the majority of this payment reflects obligations to Dr. Silber made by the Board of Trustees for deferred compensation, leave benefits, and imputed income on insurance policies over his 34 years of service to the University as President and Chancellor. These funds were budgeted and accrued in the years that the benefit was earned by Dr. Silber so the payments have no impact on the current operating budget. The BU Today story on this announcement can be found at http://www.bu.edu/phpbin/news-cms/news/?dept=4&id=39198&template=4.

In the last three years, the Board of Trustees has adopted a number of changes in the governance of the university so our policies and practices keep pace with evolving best practices for American universities. As a part of this effort, this spring the Executive Compensation Committee of the Board commissioned an external review of our compensation levels and practices for all senior executives at Boston University. The study showed that our current practices are well within prevailing standards.

Dr. Silber’s role in transforming Boston University into a major private urban research university cannot be overstated. Even so, the press surrounding the announcement of his compensation will be unpleasant for many in the University community. We will
continue our efforts to get the correct information out to our alumni, friends and the media and make clear the outstanding progress that Boston University is making on many fronts.

Direct Investments in Corporations that Conduct Business in Sudan

At its meeting this week, the Executive Committee of the Board of Trustees of Boston University voted to end direct investments in corporations that conduct business with the Sudanese government. The University should consider a divestment action only in the face of human atrocities that are completely inconsistent with the moral and ethical values of Boston University. We believe the ongoing violence and genocide in the Darfur region of Sudan represent such a situation.

This position is supported by the actions of others. On July 23, 2004, the U.S. Senate and House of Representatives unanimously adopted a joint resolution declaring the atrocities in Darfur to be genocide. A January 2005 report by the United Nations recognized that elements of genocide are evident in the gross violations of human rights perpetrated by Sudanese government forces and the militias under their control. On June 2, 2005, President Bush reiterated that the U.S. government believes genocide is taking place in Darfur, and on April 27, 2006, he issued an executive order freezing the assets of, inter alia, those found to be “responsible for heinous conduct with respect to human life” in Darfur.

The Investment Committee of the Board of Trustees considered divestment from multinational companies with business interests in Sudan that directly support the activities of the Sudanese government. In this situation, divestment is an appropriate response because a number of multinational companies, principally in the oil, energy, and telecommunications industries, provide the Sudanese government with substantial financial resources and the infrastructure to continue the sponsorship of genocidal actions in Darfur.

The Executive Committee voted to adopt the following resolution: to divest any and all direct investments in multinational companies (i) identified as having direct business ties to the Sudanese government, or (ii) whose business activities are in direct support of these companies and the activities of the government. Although the University does not currently have direct investments in such companies, this action will preclude future direct investment in these companies. The University, through the Investment Committee, will also communicate its decision to its external investment managers in the hope that they will take into consideration the University’s actions and the situation in Sudan as these managers develop and implement their own investment strategies. As a result of this action, companies identified as having direct business ties to the Sudanese government are currently banned for direct investment.
The link to the BU Today article on this action is http://www.bu.edu/phpbin/news-cms/news/?dept=4&id=39205&template=4.

I look forward to seeing you at activities leading up to and including Commencement.

Sincerely,

Robert A. Brown  
President