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January 25, 2008

Anthony F. Troy, Esquire  
Troutman Sanders  
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1001 Haxall Point  
Richmond, VA 23219

Re: *Dodge v. Randolph College*

Dear Tony:

I am sorry it has taken me so long to respond to your letter of January 9, but I felt the need to take your letter to the full Board for consideration. They have considered it and respectfully decline your proposal.

In the meantime, you have moved for a stay. We will file our opposition on Monday when we respond to the other pending motions and briefs.

At this time, the Executive Committee of the Randolph College Board of Trustees would like to make a serious proposal to your clients. It is made in a sincere effort to bring the art litigation to a close in a way that will save your clients a lot of money, particularly if they are unable to raise the \$500,000 due on February 15. We expect you to share this proposal with each plaintiff in the art and co-ed litigation and the PEC Board – but not with anyone else.

In its December 3 Order, the Supreme Court set the minimum damage of the temporary injunction at \$1 million and directed your clients to post a second \$500,000 on or before February 15. If your clients do not comply with that directive, the temporary injunction will dissolve, and the College will be free to sell the Four Paintings unless later subjected to a permanent injunction, which could be imposed no earlier than April 29. If (although it has no current plans to do so) the College sells the Four Paintings between February 16 and April 29 for less than the price it would have received in November (probably in excess of \$50 million), or if the case goes to trial, there is no permanent injunction, and a later sale yields less than the expected price, your clients will be liable for at least \$1 million, half of which will come from the \$500,000 already posted, and the rest of which will come out of their pockets.

All plaintiffs, as well as PEC, should understand that they are responsible for the consequences of their actions and that they have already caused the College to incur damages that we believe substantially exceed the \$1 million acknowledged by the Supreme Court. The College reserves the right to take appropriate action to seek recovery of all such damages.

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Here is our proposal (subject to written agreement and boilerplate):

All the current plaintiffs in the art lawsuit, on behalf of themselves and all persons they purport to "represent," agree to dismiss the case with prejudice, lift the temporary injunction and release the College, its current and former employees, Trustees, etc.; and the Court carries out the dismissal.

PEC gives the College a release and covenant not to sue as to all claims it might purport to have with respect to the Four Paintings, any other art housed in the Maier Museum, and any other art owned by the College. This release includes any contributors and any other persons whom PEC purports to "represent."

Plaintiffs and PEC agree not to finance, pay for, advance funds for, or encourage any litigation against the College, Christies, any eventual purchasers or anyone else with respect to the Four Paintings, any other art housed in the Maier Museum, or any other art owned by the College.

Plaintiffs and PEC agree to hold the College harmless against any other claims by anyone regarding any of the art, to the extent it can be proved that plaintiffs or PEC were involved in any way. This hold harmless would include the College's attorneys' fees and other litigation expenses.

We are not asking for a dismissal of the co-ed cases. However, we will require that the plaintiffs in those cases agree to drop and not pursue any claims in those cases, or any other cases, that relate in any way to any of the art, or to claim that the art is the *res* of those cases or in any way affected by them.

The College will agree not to sell any art purchased from the Louise Jordan Smith Trust without approval of the Court.

The \$500,000 bond posted in December is immediately ceded to the College.

The College releases plaintiffs and PEC from any liability for the second \$500,000 or any other damages except for the current \$500,000 bond.

Again, we make this offer in the sincere hope that the art litigation can promptly be resolved. This proposal expires at 5 p.m. on Friday, February 1, and will not be renewed. Please let me know if you are interested. Thank you.

Sincerely yours,



Gilbert E. Schill, Jr.