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July 11, 2002

Dr. Lloyd W. Benjamin III
President
Indiana State University
Terre Haute, IN 47809

Re: New Financial Services Initiative

Dear President Benjamin:

Since our Capitol Hill, insurance regulator, and trade association meetings with your team in Washington, D.C., we have continued to reflect on the ways in which the University's new financial services initiative can serve as a state, national, and international resource for the financial services sector of the economy. As we have discussed in the past, and I will mention below, there are a variety of reasons why this opportunity holds out immense promise of business and academic leadership for the University and the State of Indiana. One need only consider the testimony at the three House Financial Services hearings in June on the future of insurance/financial services regulation post-Gramm Leach Bliley, the recent WorldCom revelations, and the continuing Enron fallout to realize how important it is for us – and I include in that business, government and consumers – to have a financial services center that can bring new thoughts, new approaches, and new solutions to industries in the middle of sometimes cataclysmic change.

Our legal and financial consultants in our Indiana, Washington and China offices touch that change day in and day out. As you know, I chair our firm's 25-person Insurance and Financial Services Team. We work closely with our public policy experts in Sagamore Associates headquartered in our Washington office who have worked with the University over the past fifteen years. We regularly deal with 50 state insurance regulators, federal and state banking and securities regulators of every stripe, Congressional and state legislators searching for answers in an increasingly uncertain economic and political environment, and industry and consumer groups that interact with every layer of economic and government activity, depending

on their own perceived interest in the issue at hand. What are those issues? Here are some on the minds of our clients that we have discussed with you and others in the University:

- The changing landscape of state and federal regulation of insurance, banking and securities since the 1999 passage of the Gramm-Leach Bliley Act, including the on-going debate over insurance company optional federal charters. (In the OFC debate, we are representing the National Organization of Life and Health Insurance Guaranty Associations and the National Conference of Insurance Guaranty Funds in educating Congress on the state-based guaranty safety nets that apply to insolvent insurance companies.)
- The convergence of the financial services industry, including mega mergers, acquisitions, consolidations, and demutualizations.
- Globalization, including the aggressive movement of foreign firms into the U.S. market and the movement of U.S. firms into foreign markets less mature than those in the U.S.
- Banks and insurance companies getting into each other's business. Baker & Daniels has been named, along with KPMG, the strategic partner of the American Council of Life Insurers to examine the dynamics of the bank insurance distribution channels.
- Mind-numbing technological change that shapes how companies deliver their products, service their business, and respond to consumer demand that is changing minute by minute.
- Privacy concerns that are washing over virtually every aspect of the economy.
- The maturity of the Baby Boom generation and the resulting impact on the retirement, health care, wealth transfer, and many other systems.

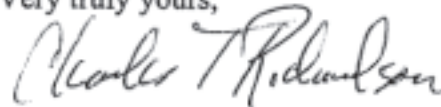
In short, we see in our practice an almost endless array of challenges – combined with an equal number of opportunities – facing society in a once sleepy sector of the economy. The question is whether (better stated, which) thought leader will have the good sense to assemble the best and the brightest minds from industry, government and academia to attack these challenges and exploit those opportunities on a national and international basis. Indiana State University has the depth, breadth, and commitment to do that, and we applaud your stepping front and center to lead the way. While there are a few existing programs around the country in limited areas, what we need is an institution willing to bring resources to bear across all disciplines, since the issues listed above cross all sectors and disciplines. For example, we could use right now new research in the areas of:

- New coordinated state/federal regulatory regimes for insurance companies.
- Bank distribution of insurance products, here and abroad.

- Post-Enron, post-WorldCom approaches to corporate responsibility, governance and financial reporting that will restore consumer confidence and give stability to the markets.
- Privacy protection mechanisms that do not slow down the delivery of services to consumers.

We are very encouraged by what the University is doing and stand ready to help as you go forward. In particular, we see this as an opportunity for an Indiana-based institution to take a leading role in a critical area of our economy that will unquestionably serve the best interests of the financial services sector, the University, your students, and the state as a whole.

Very truly yours,

A handwritten signature in cursive script that reads "Charles T. Richardson".

Charles T. Richardson

Via E-Mail and Federal Express