

# BAIN & COMPANY

February 9, 2009

Dr. Richard L. Mann  
Vice Chancellor for Finance and Administration  
The University of North Carolina at Chapel Hill  
300 South Building  
Campus Box 1000  
Chapel Hill, NC 25799-1000

Dear Dr. Mann:

The purpose of this letter is to document the terms under which the University of North Carolina at Chapel Hill ("you" or the "University") and Bain & Company, Inc. ("we" or "Bain") will share information with one another in connection with an Efficiency and Effectiveness Project (the "Project") to be undertaken by Bain for the benefit of the University.

## University Confidential Information

In the course of our work, we may have access to certain of the University's Confidential Information, which means any information provided by you or your representatives to Bain relating to your management, operations, finances, personnel, students, products, and services, other than information which is publicly available or which is lawfully available to Bain from any third party.

We agree to maintain your Confidential Information in trust and confidence and to use appropriate safeguards to prevent its use or disclosure other than as permitted by this engagement letter. We understand that we may make your Confidential Information available only to Bain employees working on the Project and only so long as those employees are advised by us regarding the restrictions that apply to use of the University's Confidential Information and required to adhere to those restrictions.

To the extent that the University makes any of its information, whether or not it falls within the definition of Confidential Information, available to Bain and its employees through remote access to a secure place on a University server, we agree that we will access the data only on the secure University server and will not download or attempt to download the data without the University's prior written consent. To the extent Bain receives prior written consent to download the data, Bain will limit the transfer and storage of the data to only those systems which meet the security requirements defined by the University's Information Security Officer and only when there is a

business need to do so. When the data must be stored on Bain's equipment, Bain will ensure that the data is encrypted (at rest). Bain understands that full-disk encryption is preferred, but that file/folder encryption may be used instead so long as the data will be encrypted (at rest) using the Advanced Encryption Standard (AES) encryption algorithm. Bain also agrees that we will adhere to any additional security protocols established by the University with respect to accessing University information on a University server.

Bain further agrees that it will use the University's information only to the extent required to accomplish the purposes of the Project and that it will not reproduce the University's information in any form except as required to accomplish the purposes of the Project.

Without the University's written consent, Bain will not disclose any of the University's information to other clients of Bain, the general public, or the media, unless required by law or court order. Bain will immediately notify the University in writing and provide University with a copy of any subpoena or other discovery request or any judicial, governmental, or administrative order requesting or requiring Bain to disclose the University's information, including its Confidential Information, and will give the University the opportunity to contest or oppose such requirement to the extent legally permissible and at the University's sole expense. We will advise our employees and agents of these commitments. If at any time we become aware that any of the University's information may have been exposed or disclosed to a third party by Bain without the University's prior written consent, we will immediately notify the University and cooperate fully with University efforts to investigate or respond to such data breach. The restrictions set forth above shall not apply to information in Bain's possession prior to the commencement of the Project or information independently generated by Bain.

Upon the termination of work on the Project, we will either destroy or return all copies of the information that you have provided to us and any analyses or other documents prepared by us which reflect your information. We may retain for archival purposes a copy of the final report that we develop. We may also retain any materials (together with necessary supporting documents) that we generated in the course of the Project and such materials will be maintained in a secure archive, access to which is controlled by Bain's General Counsel's office, and shall be used only as necessary (1) to defend Bain in the event of litigation or similar claims arising out of the engagement or (2) to extract Bain IP (as defined below) in a restricted manner that protects any Confidential Information.

In the event Bain breaches its obligations under this Section, Bain agrees to reimburse the University on an ongoing basis for all costs of such breach, including the fees and expenses of legal counsel retained to assist the University in responding either to the breach itself or to the claims of third parties arising out of such breach. In the event that the University breaches its obligations hereunder concerning the use or disclosure of Bain's name and/or materials, the University agrees to reimburse Bain for the fees and expenses of legal counsel retained to assist Bain in responding either to the breach itself or to claims of third parties arising out of such breach.

#### Developed Materials

Bain does not convey any ownership or rights in the frameworks, methodologies, analytical tools and industry data and insights that may be used or developed by Bain in the performance of Bain's services (collectively referred to as "Bain IP"). Industry data includes historical operational and

financial data provided in connection with an engagement, as well as data from customer surveys conducted by Bain, that are included in industry benchmarks on a confidential non-attributed basis.

Upon request by UNC, Bain will provide the supporting data or information used by Bain and reflected in any analysis contained in Bain's final report.

#### Project Communications

Bain will not disclose to any third party either the fact that you are a client of Bain or any details of the work we perform for you without your prior approval. Except to the extent disclosure is required by law or regulation, the University agrees not to release any Bain materials without Bain's prior consent other than the final report issued by Bain, which the University shall have the right to disclose at the University's sole discretion. The University also agrees that it will not issue any written public statements referencing the Bain name or Bain's services without Bain's prior consent, which consent shall not be unreasonably withheld. The University agrees that any oral communications made by University employees that reference the Bain name or Bain's services will be consistent with talking points mutually agreed to by the University and Bain.

#### Release

Because Bain's services involve the expression of professional ideas, judgments and opinions by Bain that cannot amount to a guarantee of future events, University agrees to release Bain and its affiliates and their respective personnel (each, a "Released Party") from and against any and all claims, liabilities, costs and expenses resulting from Bain's services or the University's implementation of any options presented by Bain in the course of the Project, except to the extent any claim, liability or expense results from the breach of the confidentiality obligations set forth above, or otherwise from the gross negligence or intentional misconduct of Bain or a Released Party, as determined in a final judgment by a court.

In no event will Bain be liable for any lost profits, or other indirect, special, punitive or consequential damages. Bain will not be liable for any amount in excess of the total of fees (excluding reimbursement of expenses) actually paid to Bain in connection with the project with respect to which any liability arises, except that Bain will not be liable for any amount in excess of two times the total of fees (excluding reimbursement of expenses) actually paid to Bain in connection with Bain's breach of the confidentiality obligations set forth above. The liability limitations in the preceding sentence shall not apply to the extent any claim or liability results from Bain's gross negligence or intentional misconduct.

#### Personal Data

In providing services to you we may need to gather information about you, the Chancellor's Cabinet members, and the Deans (each a "Contact"). Information about a Contact, such as telephone numbers and email addresses, may be transferred to, accessible from, and/or retained in Bain offices around the world for these purposes or for the purposes identified in the next sentence. We may from time to time invite Contacts to events that may be of interest, or we may send them general correspondence, which we believe may be of interest. If a Contact does not wish to receive this information, please let us know by sending an email to [marketing.preferences@bain.com](mailto:marketing.preferences@bain.com).

Other Matters

Bain's relationship to you is that of an independent contractor, except that Bain will be acting as the University's agent in terms of Bain's access to and use of the University's Confidential Information.

Attached to this letter is a copy of our Client Service and Confidentiality Principles, which shall apply to all aspects of our relationship.

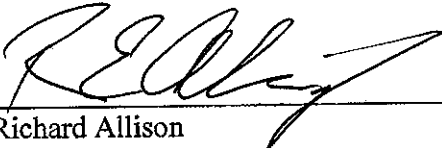
This letter may not be amended or waived except with the written consent of both parties. The agreements in this letter will survive the termination or completion of Bain's engagement.

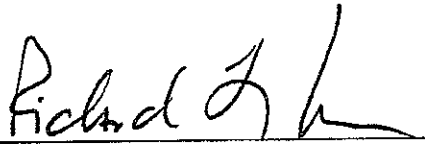
This letter shall be governed by North Carolina law.

Please have one copy of this letter signed and returned to me. Feel free to contact me at with any questions or comments that you might have.

Very truly yours,

Agreed:  
The University of North Carolina at Chapel Hill

  
Richard Allison  
Vice President of Bain & Company, Inc.

  
Richard L. Mann  
Vice Chancellor for Finance and Administration

## Client Service and Confidentiality Principles

1. Bain & Company's mission is to help our clients create and sustain such high levels of economic value that together we set new standards of excellence in our respective industries.
2. To accomplish this mission, we are committed to successful teaming with our clients. Given this close collaboration, we often receive confidential information from our clients. We always maintain the highest standards of protection of confidential or competitively sensitive information.
3. While as a global firm we serve clients in the same industry, we understand and are committed to the diligence required to protect the confidentiality of competitively sensitive information.
4. We instill in all of our consultants their professional obligations to our clients. Each staff member must acknowledge their understanding and acceptance of these obligations by their execution of a confidentiality agreement with Bain. We further reinforce these standards through regular training at all levels. We firmly believe that reliance on the integrity and professionalism of our staff is the first, and best, means of ensuring confidentiality for our clients.
5. To better serve a particular client, we apply our accumulated knowledge and experience gained from serving a broad range of clients. To accomplish this we share frameworks, methodologies, approaches, analytical tools and general industry data and insights that we used or created in the context of serving our clients. This sharing happens in a manner that does not disclose client-specific confidential information.
6. We also serve our clients by making available to them our more senior professionals who have developed a particular expertise in a given industry or capability area. These expert advisors develop and maintain such expertise by working for a range of clients in the same industry, and we fully expect them to do so. These senior professionals have the experience and professional judgment required to serve multiple clients in an industry while always protecting client-specific confidential information.
7. We explicitly advise our clients of the unique nature of an expert advisor's role before getting individual advisors involved in a project.
8. Our working relationship with clients is ultimately based on trust. Our clients have placed their trust in us by their willingness to share confidential information. We are committed as individuals and as a firm to honoring this trust.