

December 14, 1999

VIA FAX NO. 307-789-1014

Mr. Richard Keeler
President
Urantia Foundation
1049 Center Street
Evanston, WY 82931

RE: Operating the Public 501 C 3 Urantia Foundation's Board of Trustees According to U.S. Federal Law, Illinois State Corporate and Non-Profit Law, and Urantia Foundation's Declaration of Trust and By-Laws

Dear Richard:

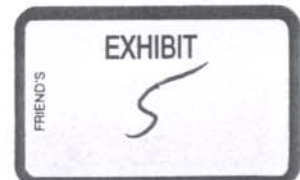
Since 1988, Urantia Foundation has experienced a constant turnover of Trustees resulting in internal instability and external distrust. In the last 12 months, three out of five of the current Trustees were either asked to resign or private individual attempts were made to remove them. Simultaneously, numerous standard operating procedures have been consistently violated in an attempt to exclude certain Trustees from participating in routine, yet important, decision making.

Neither of us is pleased that we must resort to legal solutions to solve internal Board of Trustee operating problems. Yet, if that is the only course of action left to us, we shall not hesitate to protect Urantia Foundation by means of law. After considerable legal counsel, we feel the necessity of clarifying numerous Trustee duties at risk under the current Board operating processes.

It is our united belief that the minimal moral and ethical governance of this Board should be regulated by law. We are intent that Urantia Foundation Trustees obey the standards of U. S. law while attempting to reflect higher administrative standards set by the universe government.

Current problems that need immediate rectification:

1. Information. Any action or inaction by certain Trustees of Urantia Foundation that hinders or prevents other Trustees from their obligations as Trustees is invalid and



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likely violates Federal and Illinois law. The Trustees are responsible for all aspects of the Foundation's business and they act as a group. All Trustees are entitled to receive every bit of information about the Foundation that is (a) routinely sent to other Trustees and (b) that a Trustee requests - EVERY BIT. The rights to information include monthly financial reports, sales reports, CC and IUA E-mail dialogue, legal matters, and minutes of all past and present Board of Trustee meetings, etc.

Further, all press releases signed from the Trustees must be distributed to all Trustees while allotting ample time for all Trustees to respond to the release before it is broadcast.

Attempts to cut off information from certain Trustees shall most likely result in a court petition that compels certain Trustees to cease their illegal activities.

2. Meetings. Any action or inaction by certain Trustees of Urantia Foundation that hinders or prevents other Trustees from attending meetings (telephonic or in person) is invalid and likely violates Federal and Illinois law. The Trustees are responsible for all aspects of the Foundation's business and they act as a group. All Trustees are entitled to attend every meeting and due notice of the meetings must be provided by either the President, Executive Director, Secretary, or an appointed designee. Due notice of meetings is described in Section 3.3 of the By-Laws of Urantia Foundation.

Any action taken at a meeting for which proper notice was not given to all Trustees, at which certain Trustees were intentionally excluded, or at which information was not properly and evenly disseminated would certainly be ruled invalid. Lack of proper notice of future meetings, exclusion of certain Trustees from meetings, or meetings where all Trustees are invited to attend but certain Trustees are not furnished with complete and pertinent information shall be viewed as direct violations of the general principles of Illinois corporate law and, specifically, in violation of Section 3.3 of the Foundation's By-Laws. Other relevant details on the conducting of meetings are clearly defined in Article 3 of Urantia Foundation By-Laws.

Attempts to keep certain Trustees out of meetings shall most likely result in a court petition that compels certain Trustees to cease their illegal activities. Any actions taken at such meetings would presumably be found invalid.

Additionally, State corporate law requires that due notice of all Board of Trustee meetings is furnished to all Trustees. If the notice is not given, the meeting is automatically invalid.

3. Material Changes. All material changes to the annual budgets, financial conditions, and operating procedures that are reported to any subset of the Board must be made available to the entire Board of Trustees. All formal discussions relating to hiring and firing of key Urantia Foundation personnel or consultants must likewise go before the entire Board.

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Attempts to keep certain Trustees out of critical decisions shall most likely result in a court petition that compels certain Trustees to cease their illegal activities. Such attempts shall most likely result in invalidating the actions of the invalid meetings.

4. Conflict of Interest. After due consideration and legal counsel, we do not agree that either of us is in a legal conflict of interest regarding the McMullan lawsuit or ANY matters related to The Fellowship. Under the law, conflict of interest does not mean philosophical or moral disagreement. Rather a conflict of interest arises when a Trustee benefits or seeks to benefit personally from transactions involving the Foundation. For example, a conflict of interest would exist if we wanted the Foundation to buy office products from a stationery store owned by us.

Unsubstantiated suspicions that we favor The Fellowship over the Foundation are untrue and irrelevant claims for conflict of interest exclusions. If Board members disagree over theological, social, and philosophical matters, that is exactly the functioning of good Board practices. Board members are charged with wrestling over tough decisions to find the best interests for Urantia Foundation. We are expected to rely on our own judgment on such matters. This is not a conflict of interest.

While Illinois law is silent, under Delaware law it is clear that refusal of directors to cooperate or agree with each other, in cases such as ours, is not a breach of duty to the entity. Attempts to keep certain Trustees out of critical decisions relating to McMullan or The Fellowship shall most likely result in a court petition that compels certain Trustees to cease their illegal activities. Such attempts shall most likely result in invalidating the actions of the invalid meetings.

5. Private Use of Foundation Lawyers. During the last six months, certain Trustees have privately used the services of Urantia Foundation's corporate legal counsel, Gardner, Carton & Douglas, to ascertain how to remove or exclude other Trustees from the Board. If certain Trustees want legal counsel to help determine their rights, they must either hire their own outside counsel or invite all Trustees to participate in the use of the Foundation's corporate counsel. Urantia Foundation's legal counsel is not to be used to further the interests of a subset of the Board of Trustees.

The entire Board of Trustees has full and complete rights to any and all corporate counsel information provided to any subset of Trustees in the past or in the future. If Urantia Foundation's corporate counsel continues to be privately used by a subset of the Board against other Board members, this act shall be viewed as an unacceptable "Conflict of Interest" practiced by Gardner, Carton & Douglas.

Having shared our viewpoint and the viewpoint of counsel, we stand unequivocally committed to the Declaration of Trust of Urantia Foundation and to the success of the revelation. Such success requires motivations that transcend fear and are not controlled by unreasoned emotions. It requires faith in a process that is guided by a Divine hand and not our own. It requires a love that eliminates bias and bigotry. It requires the courage to