

Law Office
Of
TIMOTHY H. FARR
ATTORNEY AND COUNSELOR AT LAW

115 McGee Street
Greenville, SC 29601

Telephone (864) 232-1983
Fax (864) 233-1986

February 18, 2014

Ms. Sue E. Harper and
Mr. Edward D. Barnhill, Jr.
Nelson, Mullins, Riley, & Scarborough, LLP
PO Box 11070
Columbia, SC 29211

In re: Day One Ministries

Dear Corky and Butch:

I have been asked by Mr. James Holmes to assist him in dealing with the termination of the operations of Day One here in South Carolina and, as a result thereof, the termination of his employment. It is my understanding that Day One has offered to compensate Mr. Holmes for three months beyond the March 31 anticipated termination date and to bear the cost of moving Mr. Holmes and his family back to the UK if he decides to relocate there. Before giving you Mr. Holmes proposal for the severance package I felt that it would be helpful to provide to you some factors that have gone into Mr. Holmes thinking regarding this matter. Mr. Holmes believes the following should be considered in connection with his severance package:

1. Mr. Holmes has faithfully served Day One for a period of ten years (seven years in the UK and three years in the US).
2. During his time of service to the company, in an effort to serve the company, he has regularly refrained from using all of his allotted leave time. Over the ten year period this would amount to at least twenty weeks of unused annual leave which would have a dollar value, based upon his current compensation, of \$22,000.00.
3. Mr. Holmes has not received any salary increases during the last two years in the US. Prior to his coming to the US an annual salary increase was always given. In addition, there was no provision for any annual bonus for 2012 and 2013.
4. When Mr. Holmes came to the US he was assured that Day One would cover the cost of an annual return by Mr. Holmes and his family to the UK. That was not exercised in 2013 and has not been exercised in 2014. Based on average air fare the amount for these two years would be \$6,000.00.
5. When Mr. Holmes came to the US he did not attempt to move many of his belongings, some of which would not have been functional in the US anyway. However, with his move there was no initial allowance given to help with the cost of replacing items that had to be purchased such as appliances and

household items. Mr. Holmes believes that \$5,000.00 is a very reasonable allowance for these type of expenses incurred in connection with the move.

6. There has been no provision made for contribution to a retirement plan for the three years in which Mr. Holmes has been in the US. He has not been able to make any such contribution due to the cost of living relative to his compensation. He is requesting \$3,600.00 per year (\$10,800.00 total) for the years 2011, 2012, and 2013.

7. One matter that is very problematic for Mr. Holmes is an abdominal injury which he suffered in handling cases of books at the Day One facility which will require surgery. Mr. Holmes has negotiated with the medical providers to obtain a substantial discount. Even with this discount the anticipated costs for this surgical repair is \$25,000.00. Surgical correction for this injury is not covered by either the healthcare arrangements Mr. Holmes has in place in the US and neither is he eligible for treatment under the national health care system of the UK. At the present time he is looking at having to deal with this expense out of pocket. As a side note, because of the difficult financial position the US subsidiary was in during 2012 and 2013, and the lack of timely monthly pay to Mr. Holmes that is noted in this letter, Mrs. Holmes developed some stress/anxiety issues for which she is now taking medication. While we are not seeking any allowance for this situation I believe it is worth noting for your consideration.

8. Because of the time that will be involved in getting the abdominal injury corrected, which will not allow for working, together with trying to find employment in a difficult economic time, Mr. Holmes believes that his compensation should continue for a period of one year from date of termination. He is aware of situations in the UK of severance packages that would be comparable in time.

9. Finally, as to Mr. Holmes dwelling, which Day One kindly provided the financing for when it was initially purchased, it will be difficult, if not impossible, for Mr. Holmes to obtain any kind of financing at this time because he will be unemployed in the near future. As a result, Mr. Holmes would propose that the company continue to finance his home for the next five years. This would give him time to get employed and to secure financing for the home. He will try to do so as quickly as possible which will be to his advantage in obtaining lower interest rates for a long term loan. However, under the present conditions, we would like to propose that Day One finance the home on the terms set forth below.

In light of the above, Mr. Holmes would propose the following severance package:

1. An immediate cash payment of \$50,000.00. One-half of this would provide for the medical treatment that is needed. The additional amount would be in lieu of many of the things above and a redirected use of the costs to repatriate to the UK.

2. Mr. Holmes did not make payments on the home loan during 2013. The primary reason for this was funds were not available from the company to compensate Mr. Holmes for his salary on a regular monthly basis which in turn made it impossible for him to make payments. In lieu of any bonus for 2012 and 2013, the company would credit Mr. Holmes for these payments considering the loan to be current as of the end of 2013. In lieu of the offers to pay for the Holmes to return to the UK for 2013 and 2014 totaling \$6,000.00, this sum would be used to provide for payment of interest on the loan for the three months in 2014 (January

– March) with any additional amount applied to the principal balance reducing it accordingly. The balance of the loan would then be refinanced based on a 4% annual interest rate. To minimize cash outlay to Mr. Holmes during the first year of this loan interest only payments would be due. Beginning the second year full monthly payments would be due based on a 30 year amortization. The balance on the loan would be due and payable not later than five years from date of the new loan. This loan would be represented by a Note and secured by a mortgage on Mr. Holmes current dwelling.

3. Mr. Holmes will be given one year severance plus contribution toward his retirement plan of \$10,800.00. This amount can be paid on a monthly basis if that is desired by Day One.

Mr. Holmes has given himself to the company for a period of ten years. He is saddened by the fact that his relationship with Day One, and the ministry that it has, is coming to an end. However, knowing that the Lord does all things well, he is seeking to move forward in a manner that is fair to him and his family while seeking to be fair to Day One. Much of the consideration involved in Mr. Holmes proposal is due to the abdominal injury which he has sustained and for which he must get some medical attention. This expense coupled with the impact it will have on his seeking new employment has put him in a position of requesting the company provide for him for a longer period than he might otherwise be agreeable to but yet within parameters not that different from what the company has done for other employees in the past. The remaining items for which he is seeking compensation all relate to that which he has done for the company over the years much of which he would otherwise have been compensated for during that time period had he chosen to take the compensation. Mr. Holmes believes this proposal to be the least he could afford to take in light of the circumstances which the termination of his employment has placed him and Day One's acceptance of this proposal as being a fair treatment of Mr. Holmes in connection with his termination.

If you have questions regarding any of these please let us know. I look forward to working with you in an effort to conclude the matters involved. Also, Mr. Holmes will do all he can to make the conclusion of the company's operations to be as smoothly transitioned as possible.

Very truly yours,

LAW OFFICE OF TIMOTHY H. FARR

A handwritten signature in black ink, appearing to read "Timothy H. Farr", written over a horizontal line.

Timothy H. Farr, Attorney

THF/bac

Copy: Mr. James Holmes