

ASSET PURCHASE AGREEMENT

BETWEEN

**ALLIANT INTERNATIONAL
UNIVERSITY, INC.,
A CALIFORNIA BENEFIT CORPORATION**

AND

**ALLIANT INTERNATIONAL
UNIVERSITY, A CALIFORNIA NON-PROFIT
CORPORATION**

[•], 2014

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ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this “Agreement”) is entered into as of [●], 2014 (the “Effective Date”), by and among Alliant International University, Inc., a California benefit corporation (“Buyer”) and Alliant International University, a California non-profit public benefit corporation (“Seller”). Buyer and Seller are referred to collectively herein as the “Parties” or each as a “Party.”

WHEREAS, Seller owns and operates Alliant International University, the private nonprofit, WASC accredited and Title IV Programs participating (i.e. under OPEID #: 01111700) institution of postsecondary education offering all or a portion of many academic degree and credential programs at the undergraduate and graduate education levels at several locations in the U.S., internationally, and via the Internet (hereinafter, the “University”);

WHEREAS, the University was formed in 2001 as the result of the merger of two proud and distinguished institutions, the California School of Professional Psychology and the United States International University;

WHEREAS, the University has expanded programmatically and geographically and now consists of five distinct academic schools, the Alliant School of Management, the California School of Professional Psychology, the California School of Forensic Studies, the San Francisco Law School, and the Shirley M Hufstедler School of Education, offering degree programs at six locations in California (Fresno, Irvine, Los Angeles, Sacramento, San Diego and San Francisco) and three international locations (Mexico City, Tokyo and Hong Kong);

WHEREAS, Seller has built an academically and geographically dynamic organization serving a diverse group of students trained by a capable, accomplished and caring body of excellent faculty constantly striving for superior student outcomes and professional development;

WHEREAS, Seller, despite its best efforts and spectacular achievements, has, for some time, found itself a direct witness to success in academia that did not yield financial results sufficient to remedy a continuing downward trend in student enrollments, poor economic conditions and overbearing financial pressures;

WHEREAS, Seller has sought to find capital through traditional nonprofit methods but found fundraising and leveraging assets an inconsistent and instable means of pursuing its mission;

WHEREAS, Seller has contemplated but avoided transitioning its form of organization to one more capable of attracting private capital as such transactions could not provide a structure that would allow for reasonable commitments to the University’s mission, employees, students, and short and long-term objectives;

WHEREAS, Buyer is backed by University Ventures Fund, a private equity fund committed to providing transformative capital to higher education businesses like the University;

WHEREAS, Buyer is guided by higher education professionals that understand the unique dilemma that nonprofit institutions face when confronting an uncertain financial future;

WHEREAS, with such insight as a guiding hand, Buyer has developed a financial, governance, and corporate structure that seeks to address the primary concerns of nonprofit institutions by respecting the institution’s legacy and achievements, committing to the deficiencies the institutions have desired to address, and incorporating a new benefit corporation structure that allows, for example, social, environmental, employment, student and similar considerations and values to outweigh the purely financial interest of shareholders;

WHEREAS, Seller found Buyer’s structure as a genuine and feasible method of significantly alleviating the concerns of Seller and its constituencies, and together with Seller, Buyer has developed a structure for the future of the University that tests the limits of private capital markets to promote greater opportunity for educational institutions that desire to maximize access to capital with social responsibility; and

WHEREAS, Seller desires to sell and transfer to Buyer, and Buyer desires to purchase from Seller, substantially all of the assets of Seller necessary for the operation of the University on the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

1. **DEFINITIONS**. Except as otherwise expressly provided in this Agreement, the capitalized terms used in this Agreement shall have the meanings specified in Appendix A hereto and shall be equally applicable in both the singular and plural forms. Any agreement referred to herein shall mean such agreement as amended, supplemented and modified from time to time to the extent permitted by the applicable provisions hereof and thereof.

2. **PURCHASE AND SALE OF ASSETS**.

2.1 Transactions on the Closing Date. On and subject to the terms and conditions of this Agreement, on the Closing Date:

(a) Buyer agrees to purchase from Seller, and Seller agrees to sell, transfer, convey, and deliver to Buyer, all of the Acquired Assets free and clear of all Liens and for the consideration specified in Section 2; and

~~(b) 2.1 Purchase and Sale of Assets. On and subject to the terms and conditions of this Agreement, on the Closing Date, (i) Buyer agrees to purchase from Seller, and Seller agrees to sell, transfer, convey, and deliver to Buyer, all of the Acquired Assets free and clear of all Liens and for the consideration specified below in this Section 2, and (ii) Buyer, or a newly formed subsidiary of Buyer (“SFLS LLC”), shall purchase from Seller the San Francisco Law School Real Property pursuant to a real estate purchase agreement substantially in the form attached hereto as Exhibit P (the “Real Estate Purchase Agreement”) for the consideration of [3,900,000]¹ additional shares of Series A Preferred Stock, to be~~

¹ Note to Draft: To match current fair-market-value net of anticipated cost to sell the property, including brokers fees and taxes.

issued at a price per share of \$1.00 per share, ~~equal to~~; provided, that such consideration will be automatically adjusted (by either the forfeiture of shares or issuance of additional shares of Series A Preferred Stock at \$1.00 per share) to equal the net proceeds received by Buyer or SFLS LLC, as applicable, in connection with the subsequent sale of the San Francisco Law School Real Property after the Closing, as further provided in the Real Estate Purchase Agreement and required pursuant to ~~Section 6.8 below~~6.8. Buyer agrees to cause the sale of the San Francisco Law School Real Estate in a commercially reasonable manner promptly after the Closing, in accordance with Section 6.8. After the foregoing sale is complete, Buyer shall deliver a notice to Seller of the actual net proceeds of such sale with a certificate of adjustment indicating the actual number of shares of Series A Preferred Stock issued; until such time, Seller shall not be permitted to transfer such shares.

2.2 Assumption of Liabilities. On and subject to the terms and conditions of this Agreement, Buyer agrees to assume and become responsible for all Assumed Liabilities at the Closing; provided, however, that Buyer will not assume or have any responsibility with respect to any other Liability of Seller not included within the definition of Assumed Liabilities.

2.3 Purchase Price. The aggregate consideration (the “Purchase Price”) for the Acquired Assets shall be equal to Twenty-Seven Million Nine Hundred Sixty Thousand Dollars (\$[27,960,000]); provided, however, that the Purchase Price will be automatically recalculated prior to Closing in the event that there is material error in the assumptions or calculations set forth in the valuation analysis provided by the Independent Appraiser, in which case the Parties shall cause the Independent Appraiser to revise the valuation analysis prior to Closing and the Purchase Price will be automatically revised accordingly.

2.4 Manner of Payment. At the Closing, Buyer shall pay the Purchase Price due and payable at Closing, as follows:

(a) deliver to Seller, by wire transfer of immediately available funds to a bank account previously designated by Seller, an amount (the “Closing Cash”) equal to the Purchase Price, as adjusted by the Acid Test Ratio Adjustment, minus (i) the Escrow Amount, minus (ii) the Payoff Amount, and minus (ii) the product of (a) the Purchase Price, multiplied by (b) the Closing Share Percentage;

(b) pay to the holders of Long-Term Indebtedness the amounts required to pay in full the Long-Term Indebtedness (such aggregate amount, the “Payoff Amount”), as evidenced by payoff letters executed by such holders and delivered to Buyer on or prior to the Closing Date; and

(c) if elected by Seller in writing no later than thirty (30) days prior to the Closing Date, issue to Seller the number of shares of Common Stock and Series A Preferred Stock (the “Closing Shares”) together equal to the percentage (the “Closing Share Percentage”) of Buyer’s common stock (calculated on a fully-diluted basis as of immediately before the Closing) set forth in such writing; provided, however, that the Closing Share Percentage shall be not less than Five Percent (5.0%) and not more than Nineteen Point Nine Percent (19.9%); provided, further, Seller shall receive such Closing Share Percentage of the

Common Stock (excluding any shares reserved for issues under the 2014 Stock Plan) and the Closing Share Percentage of the Series A Preferred Stock.

2.5 Escrowed Portion of the Purchase Price. For the purpose of securing Seller's obligations pursuant to Section 9.2, the Escrow Amount shall be delivered by Buyer at Closing to Escrow Agent by wire transfer of immediately available funds to an account (the "Escrow Account") to be designated and administered by Escrow Agent pursuant to an escrow agreement in substantially the form attached hereto as Exhibit L (the "Escrow Agreement"). The Parties hereby acknowledge and agree that the Escrow Account shall be treated as an installment obligation for purposes of Section 453 of the Code, and no party shall take any action or filing position inconsistent with such characterization. The parties further agree that, consistent with Proposed Treasury Regulation Section 1.468B-8, for Tax reporting purposes, all interest or other income earned from the investment of the Escrow Account or any portion thereof in any Tax year shall be reported as allocated to Seller until the distribution of the Escrow Account (or portions thereof) is determined and thereafter to Buyer and Seller in accordance with their respective interests in the Escrow Account consistent with Proposed Treasury Regulation Section 1.468B-8.

2.6 Acid Test Ratio Adjustment. Within five (5) business days prior to the Closing, Seller shall deliver an estimated statement of Acid Test Ratio Adjustment as of the Closing substantially in the form of Exhibit A (the "Initial Acid Test Ratio Adjustment"). In the event the statement of Acid Test Ratio Adjustment delivered by Seller and accepted by Buyer indicates a deficit, then Buyer shall reduce the Closing Cash by such deficit. In the event the statement of Acid Test Ratio Adjustment delivered by Seller and accepted by Buyer indicates a surplus, then Buyer shall increase the Closing Cash by such surplus. As soon as reasonably practicable following the Closing Date, but in no event more than ninety (90) days after the Closing Date, Buyer shall cause to be prepared and delivered to Seller a statement of Acid Test Ratio Adjustment as of the Closing Date substantially in the form of Exhibit A. Seller and Buyer each shall bear its own expenses in the preparation and review of the Acid Test Ratio Adjustment statements. Seller and Buyer will use commercially reasonable efforts to cooperate with each other in connection with the preparation of the Acid Test Ratio Adjustment statements. If Seller disagrees with the calculation of Buyer's statement of Acid Test Ratio Adjustment, Seller shall, within fifteen (15) Business Days after its receipt of such statement, notify Buyer of such disagreement in writing, setting forth in reasonable detail the particulars of such disagreement. In connection therewith, Buyer will provide Seller reasonable access to all of Buyer's records not otherwise available to Seller as a result of the transactions contemplated by this Agreement, to the extent reasonably related to Seller's review of Buyer's Acid Test Ratio Adjustment statement and the calculation of Acid Test Ratio Adjustment. In the event that Seller does not provide such notice of disagreement within such period, Seller shall be deemed to have accepted Buyer's Acid Test Ratio Adjustment statement and the calculation of the Acid Test Ratio Adjustment. In the event any such notice of disagreement is timely provided, Buyer and Seller, in conjunction with their respective independent accounting firms, shall use commercially reasonable efforts for a further period of fifteen (15) business days (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculation of Acid Test Ratio Adjustment. If, at the end of such period, Buyer and Seller are unable to resolve such disagreements, then [●], an independent accounting firm of recognized national standing (the "Auditor") shall resolve any remaining disagreements. The Auditor shall determine as promptly as practicable (and in any

event, within thirty (30) days) whether the Acid Test Ratio Adjustment statement was prepared in accordance with the standards set forth in this Agreement and, only with respect to the disagreements submitted to the Auditor, whether and to what extent (if any) Closing Date Acid Test Ratio requires adjustment. The Auditor shall promptly (and in any event, within thirty (30) days) deliver to Buyer and Seller its determination in writing, which determination shall be made subject to the definitions and principles set forth in this Agreement, and shall be (i) consistent with either the position of Seller or Buyer or (ii) between the positions of Seller and Buyer. The fees and expenses of the Auditor shall be borne by Buyer and Seller in proportion to the degree to which the Acid Test Ratio Adjustment differs from the amount of Acid Test Ratio Adjustment proposed by the payer. The determination of the Auditor shall be final, binding and conclusive for purposes of this Agreement and not subject to any further recourse by Buyer or Seller under any provision hereof. The date on which Acid Test Ratio Adjustment is finally determined in accordance with this Section is hereinafter referred to as the “Determination Date.” Within ten business days of the Determination Date, the Acid Test Ratio Adjustment (as adjusted by any Initial Acid Test Ratio Adjustment, the “Final Acid Test Ratio Adjustment”) shall be paid in cash by wire transfer of immediately available funds from Buyer to Seller (if the Acid Test Ratio Adjustment is a positive amount), or from Seller to Buyer (if the Final Acid Test Ratio Adjustment is a negative amount).

2.7 Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the offices of Orrick, Herrington & Sutcliffe, LLP, at 405 Howard Street, San Francisco, California 94105, commencing at 9:00 a.m. local time on the first (1st) business day of the calendar month following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the respective Parties will take at the Closing itself) or such other date as Buyer and Seller may mutually determine (the “Closing Date”).

2.8 Allocation. Buyer shall prepare an allocation of the Purchase Price (and all other capitalized costs) among the Acquired Assets in accordance with Code §1060 and the Treasury regulations thereunder (and any similar provision of state, or local law, as appropriate), which allocation shall be binding upon Seller. Buyer shall deliver such allocation to Seller within sixty (60) days after the Closing Date. Buyer, as required by law, and Seller and their Affiliates shall report, act and file Tax Returns (including, but not limited to Internal Revenue Service Form 8594 and supplements thereto) in all respects and for all purposes consistent with such allocation prepared by Buyer. Seller shall timely and properly prepare, execute, file and deliver all such documents, forms and other information as Buyer may reasonably request to prepare such allocation. Neither Buyer nor Seller shall take any position (whether in audits, tax returns or otherwise) that is inconsistent with such allocation unless required to do so by a taxing authority after audit or other examination.

2.9 No Expansion of Third-Party Rights. The assumption by Buyer of the Assumed Liabilities shall not expand the rights or remedies of any third party against Buyer or Seller as compared to the rights and remedies which such third party would have had against Seller had Buyer not assumed the Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Buyer of the Assumed Liabilities shall not create any third-party beneficiary rights.

3. REPRESENTATIONS AND WARRANTIES CONCERNING SELLER AND ITS SUBSIDIARIES. Seller represents and warrants to Buyer that the statements contained in this Section 3 are correct and complete as of the Effective Date, and will be correct and complete as of the Closing Date (except for statements that speak as of a specific date, in which case such statements are true and correct as of such specified date) except as set forth in the disclosure schedule delivered by Seller to Buyer on the date hereof (the “Disclosure Schedule”). Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made herein, *however*, unless the Disclosure Schedule identifies the exception with particularity and describes the relevant facts in detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty pertains to the existence of the document or other item itself). The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Agreement.

3.1 Organization, Qualification, Corporate Power and Minute Book.

(a) Seller is a nonprofit public benefit corporation duly incorporated, validly existing, and in good standing under the laws of California. Each of Seller’s Subsidiaries is duly organized, validly existing, and in good standing (to the extent applicable) under the laws of the jurisdiction of its incorporation. Seller and each of its Subsidiaries is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required. Seller and its Subsidiaries have full corporate power and authority and all licenses, permits, and authorizations necessary to carry on the businesses in which it is engaged and in which it presently proposes to engage and to own and use the properties owned and used by it and to perform its obligations under the agreements to which it is currently a party.

(b) Section 3.1 of the Disclosure Schedule lists officers of Seller and its Subsidiaries, the members of the Board of Trustees of Seller and its Subsidiaries and each committee thereof (and the members thereof). Seller has delivered to Buyer correct and complete copies of the Charter and Bylaws of Seller and its Subsidiaries, each as amended to date. The minute books (containing the records of meetings of the Board of Trustees and any committees thereof) and the record books of Seller and its Subsidiaries which have been delivered to Buyer are correct and complete. Neither Seller nor any of its Subsidiaries is in default under or in violation of any provision of its Charter or Bylaws.

3.2 Due Authorization and Enforceability. All corporate and other action on the part of Seller and its Subsidiaries and their respective officers, boards of directors and boards of trustees necessary for the authorization, execution and delivery of the Transaction Agreements, including this Agreement, and the performance of all obligations of Seller thereunder has been taken or will be taken prior to the Effective Date, and the Transaction Agreements, including this Agreement, when executed and delivered by Seller, shall constitute valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of

creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.3 Non-contravention; Consents. Neither the execution and the delivery of this Agreement or the other Transaction Agreements, nor the consummation of the transactions contemplated hereby or thereby, will (a) except as listed in Section 3.3 of the Disclosure Schedule (the "Educational Notices/Consents") violate or require notice or consent relating to any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, court or Educational Agency, Educational Law, Educational Approval, Accrediting Body, State Educational Agency, Financial Assistance Programs and Title IV Programs to which Seller or its Subsidiaries is subject, (b) except as listed in Section 3.3 of the Disclosure Schedule, violate any provision of the Charter, Bylaws of Seller, the organizational documents of any Subsidiary of Seller or any other Contract or understanding with any director or trustee of Seller or its Subsidiaries; or (c) except as listed in Section 3.3 of the Disclosure Schedule, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any arrangement or Contract to which Seller or any Subsidiary of Seller is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets), including, without limitation the agreements set forth in Section 3.21(a)(ii) of the Disclosure Schedule. Except for items listed in Section 3.3 of the Disclosure Schedule, neither Seller nor any Subsidiary of Seller needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of (a) any Governmental Authority (including any Educational Agency or State Educational Agency) or Accrediting Body in order for the Parties to consummate the transactions contemplated by this Agreement or (b) any third party.

3.4 Brokers' Fees. Neither Seller, any Subsidiary of Seller nor any Person acting on behalf of Seller or its Subsidiaries or the Board of Trustees of Seller has agreed to pay a commission, finder's or investment banking fee, or similar payment in connection with this Agreement or any matter related hereto to any Person, nor has any such Person taken any action on which a claim for any such payment could be based.

3.5 Title to Assets. Except as set forth on Section 3.5 of the Disclosure Schedule, Seller and its Subsidiaries have good and marketable title to, or a valid leasehold interest in, the properties and assets used by them, located on their premises, or shown on the Most Recent Balance Sheet or acquired after the date thereof, free and clear of all Liens, except for properties and assets disposed of in the Ordinary Course of Business since the date of the Most Recent Balance Sheet.

3.6 Subsidiaries.

(a) Section 3.6 of the Disclosure Schedule sets forth for each Subsidiary of Seller its name and jurisdiction of incorporation or organization, and, if applicable, (A) the number of authorized shares for each class of its capital stock or other equity interests, (B) the number of issued and outstanding shares of each class of its capital stock or other equity interests, the names of the holders thereof, and the number of shares held by each such holder, and (C) the number of shares of its capital stock or other equity interests held in treasury.

(b) All of the issued and outstanding shares of capital stock or other equity interests of each Subsidiary of Seller have been duly authorized and are validly issued, fully paid, and non assessable, if applicable. Seller or one or more of its Subsidiaries hold of record and own beneficially all of the outstanding shares of capital stock or other equity interests of each Subsidiary of Seller, if any, free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws and laws of such Subsidiary's jurisdiction of incorporation or organization), Taxes, Liens, options, warrants, purchase rights, Contracts, commitments, equities, claims, and demands. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other Contracts that could require any of Seller, or its Subsidiaries, to sell, transfer, or otherwise dispose of any capital stock or other equity interests of any of its Subsidiaries or that could require any Subsidiary of Seller to issue, sell, or otherwise cause to become outstanding any of its own capital stock or other equity interests. There are no outstanding stock appreciation, phantom stock, profit participation, or similar rights with respect to any Subsidiary of Seller. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any capital stock or other equity interests of any Subsidiary of Seller.

(c) Neither Seller nor any of its Subsidiaries controls directly or indirectly or has any direct or indirect equity participation in any corporation, partnership, trust, or other business association that is not a Subsidiary of Seller. Except for the Subsidiaries set forth in Section 3.6 of the Disclosure Schedule, neither Seller nor any of its Subsidiaries owns or has any right to acquire, directly or indirectly, any outstanding capital stock of, or other equity interests in, any Person.

3.7 Financial Statements. Seller has delivered to Buyer the following financial statements (including the notes thereto) (collectively the "Financial Statements") (i) audited balance sheets and statements of income and cash flow as of and for the fiscal year ended June 30, 2013 (the "Most Recent Fiscal Year End"), and (ii) unaudited balance sheets and statements of income, changes in shareholders' or net assets equity, as applicable, and cash flow (the "Most Recent Financial Statements") as of and for the month[s] ended [January 31], 2014 (the "Most Recent Fiscal Month End") for Seller and its Subsidiaries. The Financial Statements have been prepared in accordance with GAAP throughout the periods covered thereby, present fairly the financial condition of Seller and its Subsidiaries as of such dates and the results of operations of Seller and its Subsidiaries for such periods, are correct and complete in all material respects, and are consistent with the books and records of the (which books and records are correct and complete in all material respects); *provided, however*, that the Most Recent Financial Statements are subject to normal year-end adjustments (which will not be material individually or in the aggregate) and lack footnotes and other presentation items. Since the Most Recent Fiscal Month End, there has not been any Material Adverse Changes in the business, operations, assets, results of operations or condition (financial or other) of Seller and its Subsidiaries; *provided, however*, that in no event shall any of the following constitute such a Material Adverse Change: (a) Seller and its Subsidiaries' continued financial losses and cash flow deficits, or (b) any change resulting from conditions affecting the industry in which Seller and its Subsidiaries operate or from changes in general business or economic conditions.

3.8 Events Subsequent to Most Recent Fiscal Year End. Except as set forth on Section 3.8 of the Disclosure Schedule, since the Most Recent Fiscal Year End, there has not been any Material Adverse Change. Without limiting the generality of the foregoing, since that date:

(a) Neither Seller nor any Subsidiary of Seller has sold, leased, transferred, or assigned any of its assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

(b) Neither Seller nor any Subsidiary of Seller has entered into any Contract (or series of related Contracts) outside the Ordinary Course of Business other than this Agreement;

(c) No party (including Seller and its Subsidiaries) has accelerated, terminated, modified, or cancelled any Contract (or series of related Contracts) to which Seller or any Subsidiary of Seller is a party or by which any of them is bound;

(d) Neither Seller nor any Subsidiary of Seller has imposed any Liens upon any of its assets, tangible or intangible;

(e) Neither Seller nor any Subsidiary of Seller has made any capital expenditure (or series of related capital expenditures) outside the Ordinary Course of Business;

(f) Neither Seller nor any Subsidiary of Seller has made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) outside the Ordinary Course of Business;

(g) Neither Seller nor any Subsidiary of Seller has issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any Indebtedness for borrowed money or capitalized lease obligation;

(h) Neither Seller nor any Subsidiary of Seller has delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;

(i) Neither Seller nor any Subsidiary of Seller has transferred, assigned, or granted any license or sublicense of any rights under or with respect to any Intellectual Property outside the Ordinary Course of Business;

(j) There has been no change or amendment or waiver of any rights relating to the Charter;

(k) Neither Seller nor any Subsidiary of Seller has experienced any damage, destruction, or loss (whether or not covered by insurance) to its property;

(l) Neither Seller nor any Subsidiary of Seller has made any loan to, or entered into any other transaction with, any of its directors, trustees, officers, employees, or Affiliates outside the Ordinary Course of Business;

(m) Neither Seller nor any Subsidiary of Seller has entered into or terminated any employment Contract or collective bargaining agreement, written or oral, or modified the terms of any existing such Contract;

(n) Neither Seller nor any Subsidiary of Seller has granted any increase in the base compensation of any of its directors, trustees, officers, and employees outside the Ordinary Course of Business;

(o) Neither Seller nor any Subsidiary of Seller has adopted, amended, modified, or terminated any bonus, profit sharing, incentive, severance, or other plan, Contract, or commitment for the benefit of any of its directors, trustees, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan);

(p) Neither Seller nor any Subsidiary of Seller has made any other change in employment terms for any of its directors, trustees, officers, and employees outside the Ordinary Course of Business;

(q) Neither Seller nor any Subsidiary of Seller has made or pledged to make any charitable or other capital contribution outside the Ordinary Course of Business;

(r) There has not been any other occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business involving Seller or any Subsidiary of Seller;

(s) Neither Seller nor any Subsidiary of Seller has discharged a material Liability or Lien outside the Ordinary Course of Business;

(t) Neither Seller nor any Subsidiary of Seller has made any loans or advances of money;

(u) Neither Seller nor any Subsidiary of Seller has disclosed any Confidential Information in violation of the terms hereof; and

(v) Neither Seller nor any Subsidiary of Seller has committed to any of the foregoing.

3.9 Undisclosed Liabilities. Neither Seller nor any Subsidiary of Seller has any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any Liability), except for (a) Liabilities set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto), (b) Liabilities that have arisen after the Most Recent Fiscal Month End in the Ordinary Course of Business (none of which results from, arises out of, relates to, is in the

nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law), and (c) the items set forth in Section 3.9 of the Disclosure Schedule.⁺²

3.10 General Legal Compliance. Seller and its Subsidiaries and their respective predecessors and Affiliates have complied with all other applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of Governmental Authority (and all agencies thereof), other than Educational Laws, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against any of them alleging any failure so to comply. Seller and each Subsidiary of Seller holds and is in compliance with all material Permits required under applicable Law for the conduct of its business.

3.11 Foreign Corrupt Practices Act. Neither Seller, its Subsidiaries and Affiliates nor any of their respective directors, trustees, officers, agents or employees when acting for or on behalf of such Target or any of its Subsidiaries or Affiliates has (i) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (ii) made any unlawful payment or other transfer to foreign or domestic government officials or employees, officers or employees of government controlled entities, or foreign or domestic political parties or campaigns, or violated the Foreign Corrupt Practices Act, 15 U.S.C. 78dd 1 *et seq.*, as amended, or (iii) made any other payment in violation of applicable Law. There are no pending or, to the Knowledge of Seller, threatened investigations or claims against Seller or its Subsidiaries with respect to anti-corruption legal requirements.

3.12 Tax Matters.

(a) Seller and each Subsidiary of Seller has filed all Tax Returns that it was required to file under applicable laws and regulations. All such Tax Returns were correct and complete in all respects and were prepared in compliance with all applicable laws and regulations. All Taxes due and owing by Seller and its Subsidiaries (whether or not shown on any Tax Return) have been paid. Neither Seller nor any Subsidiary of Seller is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where Seller and its Subsidiaries do not file Tax Returns that Seller or any Subsidiary of Seller is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Seller or any Subsidiary of Seller.

(b) Seller and each Subsidiary of Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder, or other third party and all Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

(c) No officer, director, trustee or employee responsible for Tax matters of Seller or its Subsidiaries expects any authority to assess any additional Taxes for any period

⁺² Note to Draft: To include loan origination in connection with Presidio Graduate School.

for which Tax Returns have been filed. No foreign, federal, state, or local tax audits or administrative or judicial Tax proceedings are pending or being conducted with respect to Seller or its Subsidiaries. Neither Seller or any Subsidiary of Seller has received from any foreign, federal, state, or local taxing authority (including jurisdictions where neither Seller nor such Subsidiary has filed Tax Returns) any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against Seller or such Subsidiary.

(d) Seller has delivered to Buyer correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Seller or any of its Subsidiaries filed or received since June 30, 2010.

(e) Neither Seller nor any Subsidiary of Seller has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(f) Neither Seller nor any Subsidiary of Seller is a party to any arrangement, Contract or plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any “excess parachute payment” within the meaning of Code §280G (or any corresponding provision of state, local or foreign Tax law) and (ii) any amount that will not be fully deductible as a result of Code §162(m) (or any corresponding provision of state, local or foreign Tax law). Seller and each Subsidiary of Seller has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code §6662. Neither Seller nor any Subsidiary of Seller is a party to or bound by any Tax allocation or sharing agreement. Neither Seller nor any Subsidiary of Seller (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return or (B) has any Liability for the Taxes of any Person (other than Seller or such Subsidiary) under Reg. §1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise. Buyer will not have any successor or transferee liability for Taxes as a result of the transactions contemplated by this Agreement, and any such liability will be paid by Seller.

(g) The unpaid Taxes of Seller and its Subsidiaries (i) did not, as of the Most Recent Fiscal Month End, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Seller and each Subsidiary of Seller in filing its Tax Returns. Since the date of the Most Recent Balance Sheet, neither Seller nor any Subsidiary of Seller has incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the Ordinary Course of Business consistent with past custom and practice.

(h) Neither Seller nor any Subsidiary of Seller will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) “closing agreement” as described in Code §7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date;

(iii) intercompany transaction or excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local or foreign income Tax law);

(iv) installment sale or open transaction disposition made on or prior to the Closing Date; or

(v) prepaid amount received on or prior to the Closing Date.

(i) Neither Seller nor any Subsidiary of Seller has distributed stock of another Person, or, if applicable, has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

(j) All applicable transfer pricing Law with respect to Taxes have been complied with, and all documentation required by all relevant transfer pricing Laws with respect to Taxes has been timely prepared.

(k) Seller and each Subsidiary of Seller is in compliance with all terms and conditions of any Tax exemptions, or order of a foreign government, and the consummation of the transactions contemplated hereby will not have any adverse effect on the continued validity and effectiveness of any such Tax exemptions or order.

(l) Seller has been organized as described in Code §501(c)(3) at all times during its existence and Seller will continue to be such an organization up to and including the Closing Date. Seller has not conducted an activity that would be considered an unrelated trade or business within the meaning of Code § 513 and has not generated any unrelated business taxable income within the meaning of Code § 512.

(m) The Application for Recognition for Exemption Under Code § 501(c)(3) (IRS Form 1023) and accompanying materials submitted to the IRS, and any supplemental materials and correspondence submitted to the IRS (collectively, the “Application”), contained a complete and accurate description of the planned activities of Seller and did not contain any material misstatements. Seller has continually conducted only those activities that were described to the IRS in connection with the Application and in strict compliance with such description.

(n) Seller received a letter from the IRS, dated [●],²³ stating that the IRS had determined Seller to be an organization described in Code § 501(c)(3) (the “Determination Letter”). Seller has not received any other letter, correspondence or communication from the IRS regarding its status as an organization described in Code § 501(c)(3). Seller’s Determination Letter has not been modified, revoked, or suspended, and Seller is in compliance with all of the terms and conditions of the Determination Letter. No administrative or judicial proceeding is pending that may affect the classification of Seller as a corporation described in Code § 501(c)(3) or that is exempt from federal income tax under Code § 501(a).

(o) The sale of the Acquired Assets pursuant to this Agreement will not adversely affect the Sellers’s status as an organization described in Code § 501(c)(3) and will not subject Seller to unrelated business taxable income within the meaning of Code § 512.

3.13 Real Property. Seller represents and warrants that Jose Garcia (“Facilities Manager”) manages the San Diego Campus Real Property and is the only employee of Seller with material knowledge of the San Diego Campus Real Property. To the Knowledge of Seller and the actual knowledge of Jose Garcia (the facilities manager/director):

(a) Section 3.13 of the Disclosure Schedule sets forth the address and description of each parcel of Owned Real Property. With respect to San Diego Campus Real Property:

(i) Seller or one of its Subsidiaries has good and marketable indefeasible fee simple title, free and clear of all liens and encumbrances, except Permitted Encumbrances;

(ii) except as set forth in Section 3.13(a)(ii) of the Disclosure Schedule, neither Seller nor any Subsidiary of Seller has leased or otherwise granted to any Person the right to use or occupy such property or any portion thereof; and

(iii) other than the right of Buyer pursuant to this Agreement, there are no outstanding options, rights of first offer or rights of first refusal to purchase such property or any portion thereof or interest therein.

(b) Section 3.13(b) of the Disclosure Schedule sets forth the address of each parcel of Leased Real Property, and a true and complete list of all Leases for each such Leased Real Property (including the date and name of the original parties and any assignees to such Lease document). Seller has delivered to Buyer a true and complete copy of each such Lease document, and in the case of any oral Lease, a written summary of the material terms of such Lease. Except as set forth in Section 3.13(b) of the Disclosure Schedule, with respect to each of the Leases:

²³ Note to Draft: To be provided by Seller.

(i) such Lease is legal, valid, binding, enforceable and in full force and effect;

(ii) the transactions contemplated by this Agreement do not require the consent of any other party to such Lease (except for those Leases for which Lease Consents are obtained prior to Closing), will not result in a breach of or default under such Lease, and will not otherwise cause such Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing;

(iii) neither Seller's nor any of Seller's Subsidiaries' possession and quiet enjoyment of the Leased Real Property under such Lease has been disturbed and there are no disputes with respect to such Lease;

(iv) neither Seller nor any Subsidiary of Seller or any other party to the Lease is in breach of or default under such Lease, and no event has occurred or circumstance exists that, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease;

(v) no security deposit or portion thereof deposited with respect to such Lease has been applied in respect of a breach of or default under such Lease that has not been redeposited in full;

(vi) Neither Seller nor any Subsidiary of Seller has subleased, licensed or otherwise granted any Person the right to use or occupy the Leased Real Property or any portion thereof; and

(vii) Neither Seller nor any Subsidiary of Seller has collaterally assigned or granted any other Lien in such Lease or any interest therein.

(c) Except as set forth in Section 3.13(c) of the Disclosure Schedule, all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection, security and surveillance systems, and telecommunications, computer, wiring and cable installations, included in the Real Property (the "Improvements") are in good condition and repair and sufficient for the operation of Seller's business and its Subsidiaries' business as currently conducted thereon. Except as set forth in Section 3.13(c) of the Disclosure Schedule, there are no facts or conditions or other Basis affecting any of the Improvements that would, individually or in the aggregate, interfere in any respect with the use or occupancy of the Improvements or any portion thereof in the operation of Seller and its Subsidiaries' business as currently conducted thereon.

(d) Except as set forth in Section 3.13(d) of the Disclosure Schedule, the Real Property is in compliance with all applicable building, zoning, subdivision, health and safety and other land use laws, including the Americans with Disabilities Act of 1990, as

amended, and all insurance requirements affecting the Real Property (collectively, the “Real Property Laws”), and the current use and occupancy of the Real Property and operation of Seller and its Subsidiaries’ business thereon do not violate any Real Property Laws. Neither Seller nor any Subsidiary of Seller has received any notice of violation of any Real Property Law and there is no Basis for the issuance of any such notice or the taking of any action for such violation.

(e) Except as set forth in Section 3.13(e) of the Disclosure Schedule, all certificates of occupancy, permits, licenses, franchises, approvals and authorizations (collectively, the “Real Property Permits”) of all governmental authorities, boards of fire underwriters, associations or any other entity having jurisdiction over the Real Property that are required or appropriate to use or occupy the Real Property or operate Seller and its Subsidiaries’ business as currently conducted thereon, have been issued and are in full force and effect. Section 3.13(e) of the Disclosure Schedule lists all material Real Property Permits held by Seller or any Subsidiary of Seller with respect to each parcel of Real Property. Seller has delivered to Buyer a true and complete copy of all Real Property Permits. Neither Seller nor any Subsidiary of Seller has received any notice from any governmental authority or other entity having jurisdiction over the Real Property threatening a suspension, revocation, modification or cancellation of any Real Property Permit and there is no Basis for the issuance of any such notice or the taking of any such action. The Real Property Permits are transferable to Buyer without the consent or approval of the issuing governmental authority or entity; no disclosure, filing or other action by Seller or any Subsidiary of Seller is required in connection with such transfer; and Buyer shall not be required to assume any additional liabilities or obligations under the Real Property Permits as a result of such transfer.

3.14 Intellectual Property.

(a) Seller and its Subsidiaries own and possess or has the right to use pursuant to a valid and enforceable written license, sublicense, agreement, or permission all Intellectual Property necessary or desirable for the operation of the business of Seller and its Subsidiaries as presently conducted and as proposed to be conducted prior to the Closing. Each item of Intellectual Property owned or used by Seller and its Subsidiaries in connection with the Acquired Assets or immediately prior to the Closing will be owned or available for use by Buyer on identical terms and conditions immediately subsequent to the Closing.

(b) To the Knowledge of Seller, and subject to the Seller’s Intellectual Policy in Seller’s faculty handbook (“Seller’s IP Policy”), neither Seller nor any Subsidiary of Seller has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the directors, trustees and officers (and employees with responsibility for Intellectual Property matters) of Seller or any Subsidiary of Seller has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that Seller or such Subsidiary must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of Seller, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of Seller and its Subsidiaries.

(c) Section 3.14(c) of the Disclosure Schedule identifies each patent or registration that has been issued to Seller or any Subsidiary of Seller with respect to any of its Intellectual Property, identifies each pending patent application or application for registration that Seller or any Subsidiary of Seller has made with respect to any of its Intellectual Property, and identifies each license, sublicense, agreement, or other permission that Seller or any Subsidiary of Seller has granted to any third party with respect to any of its Intellectual Property (together with any exceptions). Seller has delivered to Buyer correct and complete original copies of all such patents, registrations, applications, licenses, sublicenses, agreements, and permissions (as amended to date) and have made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 3.14(c) of the Disclosure Schedule also identifies each unregistered trademark, service mark, trade name, corporate name or Internet domain name, and each material unregistered copyright used by Seller or any Subsidiary of Seller in connection with any of its businesses. Subject to the rights or limitations thereon stated in Seller's IP Policy, with respect to each item of Intellectual Property required to be identified in Section 3.14(c) of the Disclosure Schedule:

(i) Except as set forth in Section 3.14(c) of the Disclosure Schedule, Seller or the applicable Subsidiary owns and possesses all right, title, and interest in and to the item, free and clear of any Lien, license, or other restriction or limitation regarding use or disclosure;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, use, or ownership of the item, and there are no grounds for the same;

(iv) neither Seller nor any Subsidiary of Seller has ever agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item; and

(v) no loss or expiration of the item is threatened, pending, or reasonably foreseeable, except for patents expiring at the end of their statutory terms (and not as a result of any act or omission by Seller or any Subsidiary of Seller, including without limitation, a failure by Seller or such Subsidiary to pay any required maintenance fees).

(d) Section 3.14(d) of the Disclosure Schedule identifies each item of Intellectual Property material to the operation of the University that any third party owns and that Seller or any Subsidiary of Seller uses pursuant to license, sublicense, agreement, or permission. Seller has delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, and permissions (each as amended to date). Except as set forth in Section 3.14(d) of the Disclosure Schedule, with respect to each item of Intellectual Property required to be identified in Section 3.14(d) of the Disclosure Schedule:

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following consummation of the transactions contemplated hereby;

(iii) to the Knowledge of Seller, no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred that with notice or lapse of time would constitute a breach or default or permit termination, modification, or acceleration thereunder; and

(iv) except as set forth in Section 3.14(d) of the Disclosure Schedule, the underlying item of Intellectual Property does not constitute open source, public source, or freeware Intellectual Property, or any modification or derivative work thereof, including any version of any software licensed pursuant to any GNU general public license or limited general public license, or other software that is licensed pursuant to a license that purports to require the distribution of, or access to, Source Code or purports to restrict a party's ability to charge for distribution or use of software, and was not used in, incorporated into, integrated or bundled with, any Intellectual Property that is, or was, incorporated in, or used in the development or compilation of, any Intellectual Property of Seller or any Subsidiary of Seller.

(e) To the Knowledge of Seller: (i) neither Seller nor any Subsidiary of Seller has in the past interfered with, infringed upon, misappropriated, or otherwise come into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of its business as presently conducted and as presently proposed to be conducted; (ii) there are no facts that indicate a likelihood of any of the foregoing; and (iii) no notices regarding any of the foregoing (including, without limitation, any demands or offers to license any Intellectual Property from any third party) have been received.

(f) Seller and each Subsidiary of Seller has taken all reasonable necessary and desirable actions to maintain and protect all of the Intellectual Property of Seller and its Subsidiaries.

3.15 Tangible Assets. Except as set forth in Section 3.15 of the Disclosure Schedule, Seller and its Subsidiaries own or lease all premises, machinery, equipment, and other tangible assets necessary for the conduct of their business as presently conducted and as presently proposed to be conducted. Except as set forth in Section 3.15 of the Disclosure Schedule, to Seller's knowledge, each such tangible asset that is an Acquired Asset is free from defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used and presently is proposed to be used.

3.16 Material Contracts. Section 3.16 of the Disclosure Schedule lists the following Contracts to which Seller or any Subsidiary of Seller is a party:

(a) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of \$10,000 per annum;

(b) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than 3 months or involve consideration in excess of \$10,000;

(c) any agreement concerning a partnership or joint venture;

(d) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of \$10,000 or under which it has imposed a Lien on any of its assets, tangible or intangible;

(e) any agreement concerning confidentiality or non-competition, except with Buyer;

(f) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other plan or arrangement for the benefit of its current or former directors, trustees, officers, and employees;

(g) any collective bargaining agreement, labor union contract or similar Contract (the “Collective Bargaining Agreements”);

(h) any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of \$50,000 or providing severance benefits or a term longer than three (3) months;

(i) any agreement under which it has advanced or loaned any amount to any of its director, trustees, officers, employees or their Affiliates;

(j) any agreement under which the consequences of a default or termination could have a Material Adverse Effect or damages in excess of \$10,000;

(k) any settlement, conciliation or similar agreement, the performance of which will involve payment after the Most Recent Fiscal Month End of consideration in excess of \$10,000, or imposition of monitoring or reporting obligations to any Governmental Entity outside the Ordinary Course of Business;

(l) any agreement under which Seller or such Subsidiary has advanced or loaned any other Person amounts in the aggregate exceeding \$10,000; or

(m) any other agreement (or group of related agreements) the performance of which involves consideration in excess of \$10,000.

Seller has delivered to Buyer a correct and complete copy of each written agreement (as amended to date) listed in Section 3.16 of the Disclosure Schedule and a written summary setting forth the terms and conditions of each oral agreement referred to in Section 3.16 of the Disclosure Schedule. With respect to each such agreement: (a) the agreement is legal, valid, binding, enforceable, and in full force and effect; (b) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; (c) no party is in breach or default, and no event has occurred that with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under the agreement; and (d) no party has repudiated any provision of the agreement.

3.17 Notes and Accounts Receivable. All notes and accounts receivable of Seller and its Subsidiaries are reflected properly on their books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible, and will be collected in accordance with their terms at their recorded amounts, subject only to the reserve for bad debts set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Seller and its Subsidiaries.

3.18 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of Seller or any Subsidiary of Seller.

3.19 Insurance. Section 3.19 of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Seller or any Subsidiary of Seller has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past 10 years:

- (a) the name, address, and telephone number of the agent;
- (b) the name of the insurer, the name of the policyholder, and the name of each covered insured;
- (c) the policy number and the period of coverage;
- (d) the general scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and
- (e) a description of any retroactive premium adjustments or other loss-sharing arrangements.

3.20 Litigation. Section 3.20 of the Disclosure Schedule sets forth each instance in which Seller or any Subsidiary of Seller (a) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (b) is a party or to the Knowledge of Seller, is threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before (or that could come before) any Governmental Authority or before (or that could come before) any

arbitrator, in each case, including a description of relevant insurance coverage, the identity of defense counsel and a report of such counsel, if applicable.

3.21 Employees.

(a) With respect to the business of Seller and each Subsidiary of Seller:

(i) Section 3.21(a)(i) of the Disclosure Schedule sets forth the names, home addresses, compensation levels, target bonus, severance rights, share option position, if any, and job titles of all of the employees and consultants of Seller or such Subsidiary;

(ii) except as set forth in Section 3.16(g) of the Disclosure Schedule, there is no collective bargaining agreement, labor union contract or relationship with any labor organization;

(iii) no director, trustee, officer or, to Seller's Knowledge, employee of Seller or such Subsidiary (A) has expressed to Seller or such Subsidiary any present intention to terminate his or her employment, or (B) to the Knowledge of Seller is a party to any confidentiality, non-competition, proprietary rights or other such agreement between such employee and any Person besides such entity that would be material to the performance of such employee's employment duties, or the ability of such entity or Buyer to conduct the business of such entity;

(iv) except as set forth in Section 3.21(a)(iv) of the Disclosure Schedule, no labor organization or group of employees has filed any representation petition or made any written or oral demand for recognition;

(v) to the Knowledge of Seller, no union organizing or decertification efforts are underway or threatened and no other question concerning representation exists;

(vi) no labor strike, work stoppage, slowdown, or other material labor dispute has occurred, and none is underway or, to the Knowledge of Seller, threatened;

(vii) there is no workman's compensation liability, experience or matter outside the Ordinary Course of Business;

(viii) except as listed on Section 3.21(a)(viii) of the Disclosure Schedule, there is no employment-related charge, complaint, grievance, investigation, inquiry or obligation of any kind, pending or threatened in any forum, relating to an alleged violation or breach by Seller or such Subsidiary (or its officers, directors or trustees) of any law, regulation or Contract; and

(ix) no employee or agent of Seller or such Subsidiary has committed any act or omission giving rise to material liability for any violation or breach identified in Section 3.21(a)(viii).

(b) Seller, its Subsidiaries and the University have materially complied with all laws, regulations and rules relating to employment (including, but not limited to,

wage-hour rules and regulations, anti-discrimination and harassment laws, civil rights and fair employment practices, occupational health and safety and immigration laws) and, except as listed on Section 3.21(b) of the Disclosure Schedule, to the Knowledge of Seller, there is no employment-related charge, complaint, grievance, investigation or written inquiry of any kind, pending or threatened, relating to an alleged violation or breach by Seller, its Subsidiaries or the University (or its or their officers, directors or trustees) of any Law, regulation or Contract. Seller and its Subsidiaries have classified all individuals who perform services for it correctly under the Employee Benefit Plans, ERISA and the Code as common law employees, independent contractors or leased employees.

(c) Except as set forth in Section 3.21(c) of the Disclosure Schedule, (i) there are no employment Contracts or severance agreements with any employees of Seller or its Subsidiaries, and (ii) there are no written personnel policies, rules, or procedures applicable to employees of Seller or its Subsidiaries providing for severance benefits or changes the “at-will” nature of employment of employees of Seller or its Subsidiaries. True and complete copies of all such documents have been provided to Buyer prior to the date of this Agreement.

(d) Neither Seller nor any Subsidiary of Seller is delinquent in payments to any of its respective employees for any wages, salaries, commissions, bonuses, vacation pay or other direct compensation for any services performed for it, other than employee reimbursements incurred in the Ordinary Course of Business. Seller and each Subsidiary of Seller has withheld all amounts required by applicable Laws or by agreement to be withheld from the wages, salaries and other payments to employees; and neither Seller nor any Subsidiary of Seller is liable for any arrears of wages or any taxes or any penalty for failure to comply with any of the foregoing. Neither Seller nor any Subsidiary of Seller is liable for any payment to any trust or other fund or to any governmental entity with respect to unemployment compensation benefits, social security, disability, paid family leave or other benefits or obligations for employees (other than routine payments to be made in the ordinary course of business consistent with past practice).

(e) Neither Seller nor any Subsidiary of Seller has implemented any plant closing or layoff of employees that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state, or local law, regulation, or ordinance (collectively, the “WARN Act”), and no such action will be implemented without advance notification to Buyer.

3.22 Employee Benefits.

(a) Section 3.22 of the Disclosure Schedule lists each Employee Benefit Plan that Seller and each Subsidiary of Seller maintains (including a description of the benefit terms as generally applied to the covered employee groups), to which Seller or such Subsidiary contributes or has any obligation to contribute, or with respect to which Seller or such Subsidiary has any Liability. Except as set forth in Section 3.22 of the Disclosure Schedule, Buyer will incur no liability (i) with respect to, or on account of, and Seller will retain any liability for, and on account of, any Employee Benefit Plan of Seller, any of its Affiliates or any predecessor employer of any employee, including, but not limited to, liabilities Seller may have to such employees under all employee benefit schemes, incentive

compensation plans, bonus plans, pension and retirement plans, vacation, profit-sharing plans (including any profit-sharing plan with a cash-or-deferred arrangement) share purchase and option plans, savings and similar plans, medical, dental, travel, accident, life, disability and other insurance and other plans or arrangements, whether written or oral and whether “qualified” or “non-qualified,” or (ii) to any employee as a result of termination of employment by Seller as contemplated by this Agreement.

(b) None of the Employee Benefit Plans is a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA), a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA) for which Seller or any Subsidiary of Seller could incur liability under Section 4063 or 4064 of ERISA or a multiple employer welfare arrangement (within the meaning of Section 3(40)(A) of ERISA). No Employee Benefit Plan is, and no arrangement maintained, sponsored, contributed to or required to be contributed to by Seller or any Subsidiary of Seller or any ERISA Affiliate thereof has ever been, subject to the minimum funding requirements of Section 412 of the Code or subject to Title IV of ERISA.

(c) All contributions to and payments from each Employee Benefit Plan that have been required to be made in accordance with the terms of such Employee Benefit Plan, and, where applicable, the Laws of the jurisdiction in which such Employee Benefit Plan is maintained, have been timely made.

(d) Each Employee Benefit Plan has been maintained, in form and operation, and administered in all material respects in accordance with its terms and with the provisions of the Laws of each jurisdiction in which such Employee Benefit Plan is maintained. Each Employee Benefit Plan that is intended to meet the requirements of a “qualified plan” under Code Section 401(a) has received a favorable determination or opinion letter from the Internal Revenue Service to the effect that such Benefit Plan meets the requirements of Code Section 401(a) and no event has occurred that could reasonably be expected to adversely affect such qualified status.

(e) All Employee Benefit Plans are in material compliance, to the extent applicable, with the requirements of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA (or such similar state Law).

(f) There has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Plan. Neither Seller nor any Subsidiary of Seller has incurred any liability for any penalty or tax arising under Section 4971, 4972, 4980, 4980B or 6652 of the Code or any liability under Section 502 of ERISA, and no fact or event exists that could give rise to any such liability.

(g) Each “nonqualified deferred compensation plan” (within the meaning of Section 409A of the Code) to which Seller or any Subsidiary of Seller or any ERISA Affiliate thereof, is a party complies with the requirements of paragraphs (2), (3) and (4) of Section 409A(a) of the Code by its terms and has been operated in accordance with such requirements. No event has occurred that would be treated by Section 409A(b) of the Code as a transfer of property for purposes of Section 83 of the Code.

3.23 Guaranties. Neither Seller nor any Subsidiary of Seller is a guarantor or otherwise is liable for any Liability (including Indebtedness) of any other Person except as set forth in Section 3.23 of the Disclosure Schedule.³⁴

3.24 Environmental, Health, and Safety Matters.

(a) To the Knowledge of Seller, each Seller and its Subsidiaries and their predecessors and Affiliates have at all times complied and are in compliance with all Environmental, Health, and Safety Requirements.

(b) Neither Seller nor any Subsidiary of Seller or any of their predecessors or Affiliates has received any written or oral notice, report or other information regarding any actual or alleged violation of Environmental, Health, and Safety Requirements, or any Liabilities, including any investigatory, remedial or corrective obligations, relating to any of them or their facilities arising under Environmental, Health, and Safety Requirements.

(c) Neither Seller nor any Subsidiary of Seller has assumed, undertaken, provided an indemnity with respect to, or otherwise become subject to, any Liability, including without limitation any obligation for corrective or remedial action, of any other Person relating to Environmental, Health, and Safety Requirements.

(d) Seller has furnished to Buyer all environmental audits, reports, and other material environmental documents relating to Seller's or any Subsidiary of Seller's or their predecessors' or Affiliates' past or current properties, facilities, or operations that are in their possession, custody, or under their reasonable control.

3.25 Computer and Technology Security. Seller and its Subsidiaries have taken all reasonable steps to safeguard the information technology systems utilized in the operation of the business of Seller and its Subsidiaries, including the implementation of procedures to ensure that such information technology systems are free from any disabling codes or instructions, timer, copy protection device, clock, counter or other limiting design or routing and any "back door," "time bomb," "Trojan horse," "worm," "drop dead device," "virus," or other software routines or hardware components that in each case permit unauthorized access or the unauthorized disablement or unauthorized erasure of data or other software by a third party, and, to the Knowledge of Seller, to date there have been no successful unauthorized intrusions or breaches of the security of the information technology systems.

3.26 Certain Business Relationships. Except as listed in Section 3.26 of the Disclosure Schedule, none of Seller's or any Subsidiary of Seller's Affiliates, directors, trustees, officers and employees or their Affiliates have been involved in any business arrangement or relationship, other than employment Contracts entered in the Ordinary Course of Business and collective bargaining agreements, with Seller or any Subsidiary of Seller within the past six (6) months or that is currently ongoing or continues after the Effective Date, and none of such Persons owns (except as a result of Seller's IP Policy) any asset, tangible or intangible, that is

³⁴ Note to Draft: Disclosure Schedule to list indemnification agreements with trustees.

used in the business of Seller or any Subsidiary of Seller (collectively, the “Related Party Contracts”).

3.27 Data Privacy.

(a) The collection, use, transfer, import, export, storage, disposal, and disclosure by Seller and each Subsidiary of Seller of personally identifiable information, or other information relating to Persons protected by law, has not violated and, if performed after Closing in substantially the same manner as performed immediately prior to Closing, will not violate any applicable U.S. or foreign law relating to data collection, use, privacy, or protection (including, without limitation, any requirement arising under any constitution, statute, code, treaty, decree, rule, ordinance, or regulation) (collectively, “Data Laws”). Seller and each Subsidiary of Seller has complied with, and is presently in compliance with, their respective privacy policies, which policies comply with all Data Laws, and which meet any additional or higher leading industry standards or requirements. The transactions contemplated by this Agreement will not result in the violation of any Data Laws, or the respective privacy policies of Seller or any Subsidiary of Seller.

(b) (i) There is no complaint, audit, proceeding, investigation, or claim against or, to the Knowledge of the directors, trustees, and officers (and employees with responsibility for data privacy matters) of Seller and its Subsidiaries, or to Seller’s Knowledge, threatened against, Seller or any Subsidiary of Seller by any Governmental Authority, or by any Person respecting the collection, use, transfer, import, export, storage, disposal, and disclosure of personal information by any Person in connection with Seller, any Subsidiary of Seller or their respective businesses, and (ii) there have been no security breaches compromising the confidentiality or integrity of such personal information.

3.28 Education Approvals; Compliance with Education Laws.⁵

(a) Except as set forth on Section 3.28(a) of the Disclosure Schedule, Seller, its Subsidiaries and the University are each in compliance with all applicable Educational Laws ~~(as if the University was owned by a for profit entity)~~ and has not been required to post any letter of credit in support of its compliance therewith. Seller, its Subsidiaries and the University currently hold and have held, since the Compliance Date, all required Educational Approvals, including approvals required for each campus, location, or facility where the University has offered all or any portion of an educational program. Since the Compliance Date, Seller, its Subsidiaries and the University have complied with and are in compliance with the terms and conditions of all such Educational Approvals. Section 3.28(a) of the Disclosure Schedule includes a correct and complete list of all Educational Approvals issued to Seller or any Subsidiary of Seller (or the University) that are or have been in effect since the Compliance Date. Seller has made available to Buyer correct and complete copies of all Educational Approvals listed on Section 3.28(a) of the Disclosure Schedule. Each current Educational Approval is in full force and effect, and no proceeding for the suspension,

⁵ Note to Draft: Buyer to propose Mexican regulatory language.

limitation, revocation, termination or cancellation of any of them is pending or to Seller's Knowledge, threatened. Since the Compliance Date, no application made by the University to any Educational Agency has been denied or, except as set forth on Section 3.28(a) of the Disclosure Schedule, limited or conditioned. Since the Compliance Date, neither Seller, its Subsidiaries nor the University have received notice from any Educational Agency that it has been placed on probation or ordered to show cause why any Educational Approval for the University or any of its educational programs should not be revoked. Except as set forth on Section 3.28(a) of the Disclosure Schedule, since the Compliance Date, neither Seller, its Subsidiaries nor the University have received notice that any current Educational Approval will not be renewed, or alleging a violation of any Educational Law.

(b) The University meets the qualifications to be licensed or meets the exemptions from licensure by the applicable State Educational Agencies, accredited by the applicable Accrediting Bodies, and has been certified by the DOE as an eligible institution of higher education and is a party to a program participation agreement with the DOE. Except as set forth on Section 3.28(b) of the Disclosure Schedule, since the Compliance Date, neither Seller, its Subsidiaries nor the University have received any notice of any alleged material violation of any Law related to the Title IV Programs, or of any standard of any applicable Educational Agency, or of any Educational Law related to maintaining and retaining in full force and effect any and all Educational Approvals necessary for any of the University's existing operations and its Financial Assistance Programs. In addition, except as set forth on Section 3.28(b) of the Disclosure Schedule, to the Knowledge of Seller, no fact or circumstance exists or is reasonably likely to occur that would reasonably be expected to result in the delay, termination, revocation, suspension, restriction or failure to obtain renewal of any Educational Approval or the imposition of any fine, penalty or other sanctions for violation of any legal or regulatory requirements relating to any Educational Approval.

(c) Since the Compliance Date, Seller, its Subsidiaries and the University have been and are in compliance with any and all applicable Educational Laws relating to Financial Assistance Programs, including, without limitation, the program participation, financial responsibility and administrative capability requirements, as defined by the DOE at 34 C.F.R. 668 subpart B, including without limitation §§ 668.14, 668.15-16, and 34 C.F.R. §§ 668.171-175, as well as the student eligibility requirements, as defined by DOE at 34 C.F.R. § 668.31-39, and all other statutory and regulatory provisions related to the University's participation in the Title IV Programs.

(d) Seller, its Subsidiaries and the University are in material compliance with the DOE's satisfactory progress requirements, set forth at 34 C.F.R. § 668.34.

(e) Section 3.28(e) of the Disclosure Schedule sets forth the full address of the main campus of the University and each other additional campus, location, or facility where the University has offered all or any portion of an educational program and identifying those locations where the University has offered fifty percent or more of an educational program, including without limitation clinical experience sites and externship locations since the Compliance Date. Since the Compliance Date, Seller, its Subsidiaries and the University have obtained or maintained all Educational Approvals required to operate each additional campus, location, or facility of the University listed on Section 3.28(e) of the Disclosure

Schedule, as so operated by University including the disbursement of Title IV Program funds to students at such additional campus, location, or facility, as applicable.

(f) Except as set forth on Section 3.28(f) of the Disclosure Schedule, since the Compliance Date, Seller, its Subsidiaries and the University have timely reported, in compliance in all material respects with the applicable provisions of 34 C.F.R. Part 600: (i) the addition of any new educational programs or locations; and (ii) any shifts in ownership or control, including any changes in reported ownership levels or percentages. Since the Compliance Date, with respect to any location or facility that has closed or at which Seller, its Subsidiaries or the University ceased operating educational programs, Seller, its Subsidiaries or the University complied with all Educational Laws related to the closure or cessation of instruction at that location or facility, including without limitation requirements for teaching out students from that location or facility.

(g) Since the Compliance Date, Seller, its Subsidiaries and the University have complied in all material respects, with the DOE requirements that no student receive a disbursement of Title IV Program funds prior to the date for which such student was eligible for such disbursement.

(h) Since the Compliance Date, Seller, its Subsidiaries and the University have complied with Title IV Program requirements, as set forth at 20 U.S.C. § 1094(a)(20) and implemented at 34 C.F.R. § 668.14(b)(22), regarding the payment of a commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds.

(i) Seller, its Subsidiaries and the University are in compliance with 20 U.S.C. § 1085(d)(5) and 34 C.F.R. § 682.212 regarding prohibited inducements in the Federal Family Education Loan Program. Since the Compliance Date, neither Seller, its Subsidiaries nor the University have received any written notice of any investigation by any Educational Agency or other Governmental Authority regarding Seller's, any Subsidiary of Seller's or the University's student lending practices.

(j) Since the Compliance Date, neither Seller, its Subsidiaries nor the University have provided any educational instruction on behalf of any other institution or organization of any sort, and no other institution or organization of any sort has provided any educational instruction on behalf of the University.

(k) Section 3.28(k) of the Disclosure Schedule sets forth the composite score of financial responsibility for the University calculated in accordance with 34 C.F.R. § 668.172 and 34 C.F.R. Part 668, Subpart L, Appendix A (and as such requirements have been interpreted and applied by DOE), for the fiscal years ending on June 30, 2012, and 2013. Since the Compliance Date, Seller, its Subsidiaries and the University have complied in all respects with the DOE's financial responsibility requirements in accordance with 34 C.F.R. § 668.175 for the fiscal years ended June 30, 2011, 2012 and 2013 not including any compliance based on the posting of an irrevocable letter of credit in favor of the DOE, as set forth on Section 3.28(k) of the Disclosure Schedule. Except as set forth on Section 3.28(k) of

the Disclosure Schedule, since the Compliance Date, neither Seller, its Subsidiaries nor the University have received written notice of a request by any Educational Agency requiring Seller, its Subsidiaries or the University to post a letter of credit or other form of surety for any reason, including any request for a letter of credit based on late refunds pursuant to 34 C.F.R. § 668.173, or received any request or requirement that the University process its Title IV Program funding under the reimbursement or heightened cash monitoring procedures, as those procedures are set forth at 34 C.F.R. § 668.162.

(l) Seller, its Subsidiaries and the University are in compliance in all material respects with all Educational Agency and DOE requirements and regulations, including but not limited to requirements set forth at 34 C.F.R. § 668.22, relating to (i) fair and equitable refunds policy and (ii) the calculation and timely repayment of federal and nonfederal funds, and any and all refunds required thereunder as of the date of this Agreement have been timely paid by the University.

(m) To the Knowledge of Seller, there exist no facts or circumstances attributable to Seller, its Subsidiaries or the University or any other Person that exercises Substantial Control with respect to Seller, its Subsidiaries or the University, that would, individually or in the aggregate, reasonably be expected to adversely affect Seller's, any Subsidiary of Seller's or the University's ability to obtain any Pre-Closing Educational Notices/Consent, Educational Approval or other consent or approval that must be obtained in order to continue the operation of the University following the consummation of the transactions contemplated herein.

(n) Neither Seller, its Subsidiaries nor any Person that exercises Substantial Control over Seller, any Subsidiary of Seller or the University, or member of such person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together, (i) exercises or exercised Substantial Control over another institution or third-party servicer (as that term is defined in 34 C.F.R. § 668.2) that owes a liability for a violation of a Title IV Program requirement or (ii) owes a liability for a Title IV Program violation.

(o) Neither Seller, its Subsidiaries nor the University have knowingly employed in a capacity involving administration of Title IV Program funds, any individual who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of a Governmental Authority or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other material violation of Law involving funds of any Governmental Authority or Educational Agency.

(p) Neither Seller, its Subsidiaries nor the University have contracted with an institution or third-party servicer that has been terminated under § 487 of the HEA for a reason involving the acquisition, use, or expenditure of funds of a Governmental Authority or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other material violation of Law involving funds of any Governmental Authority or Educational Agency.

(q) Neither Seller, its Subsidiaries or the University, nor any owner or DOE Affiliate of the University, nor any Person or DOE Affiliate that has the power, by contract or ownership interest, to direct or cause the direction of management of policies of any the University have filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(r) None of Seller, any Subsidiary of Seller, any officer of Seller or a Subsidiary of Seller or the University's chief executive officer have pled guilty to, pled *nolo contendere*, or been found guilty of, a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or been judicially determined to have committed fraud involving funds under the Title IV Programs.

(s) Neither Seller, its Subsidiaries nor the University have contracted with or employed any Person that has been, or whose officers or employees have been, convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of any Governmental Authority or Educational Agency, or administratively or judicially determined to have committed fraud or any other material violation of Law involving funds of any Governmental Authority or Educational Agency.

(t) Seller has made available to Buyer true and complete copies of correspondence and documents currently in its possession received from, or sent by or on behalf of the University to the DOE or any Educational Agency, including, but not limited to, correspondence and documents that were (i) sent or received since the Compliance Date or relate to any issue which remains pending and (ii) relate to (A) any written notice that any Educational Approval is not in full force and effect or that an event has occurred which constitutes or, with the giving of notice or the passage of time or both, would be expected to result in revocation of such Educational Approval; (B) any written notice that the University has violated or is violating any legal requirement, regulation, rule, standard or requirement related to the Title IV Programs, or any standard or requirement of the DOE or any other applicable Educational Agency, or any legal requirement, regulation, rule, standard or requirement related to maintaining and retaining in full force and effect any Educational Approval; (C) any audits, program review, investigations or site visits conducted by the DOE or any other Educational Agency, any other Governmental Authority, or any independent auditor reviewing compliance with the statutory, regulatory or other requirements of the Title IV Programs by the University; (D) any written notice of an intent to limit, show cause, suspend, terminate, revoke, cancel, not renew or condition (including any action placing the University or location thereof on probation) the accreditation of the University; (E) any written notice of an intent or threatened intent to condition the provision of Title IV Program funds to the University, or the continued operation of the education programs offered by the University on the posting of a letter of credit or other surety in favor of the DOE or any Educational Agency; (F) any written notice of an intent to provisionally certify the eligibility of the University to participate in the Title IV Programs or (G) the placement or removal of the University, on or from the reimbursement or cash monitoring method of payment under Title IV Programs. Section 3.28(t) of the Disclosure Schedule provides a complete and correct list of all Compliance Reviews that have been conducted since the Compliance Date or conducted in an earlier period but remain unresolved as of the date of this Agreement.

(u) The facilities, educational programs and related products and services provided by Seller, its Subsidiaries and the University are accessible to individuals with disabilities in material compliance with applicable Laws.

3.29 Scholarships. Section 3.29 of the Disclosure Schedule sets forth a true and complete list of all Scholarships granted by the University, evidencing those Scholarships (a) required to be granted in accordance with applicable Laws; (b) granted by the University in favor of its employees or relatives of its employees; (c) required to be granted by the University under certain barter contractual obligations between Seller, its Subsidiaries, the University or others; (d) required to be granted by the University, Seller or its Subsidiaries under certain contractual obligations assumed before Governmental Authorities; and (e) that do not qualify under any of the foregoing.

3.30 Immigration. Seller employees and, to the Knowledge of Seller, independent contractors working in the United States are legally authorized to work in the United States either because of their status as United States citizens, legal permanent residents, or by virtue of possessing a visa under Laws relating to immigration control which visa allows for such employee or professor to work in the United States. Except for Seller's Subsidiaries outside the United States, neither, neither Seller nor any predecessors of any of them, has recruited or referred for a fee a Person who is not legally authorized to be employed in the United States or employed a Person that is not legally authorized to be employed in the United States or continued to employ a Person knowing the Person ceased to be legally authorized to be employed in the United States. Seller has properly completed all reporting and verification requirements pursuant to Laws relating to immigration control for all of their employees and professors, including the Form I-9. Seller has retained for each employee and independent contractor the Form I-9 throughout such employee's and independent contractor's period of employment or service as the case may be with Seller and have retained a Form I-9 for each former employee and professor working in the United States for a period of one year from the date of termination of such employee or independent contractor or three years from the date of hire, whichever is later. Seller has not received notice from any Governmental Authority that Seller is in violation of any Laws pertaining to immigration control or that any current or former employee or independent contractor is or was not legally authorized to be employed in the United States, if so required to be, or is or was using an invalid social security number and there is no pending threatened, actions or claims under the Immigration Reform and Control Act of 1986 against Seller.

3.31 Investment and Taxation Representations. In connection with the acquisition by Seller of the Closing Shares, if any:

(a) Seller is aware of Buyer's business affairs and financial condition and has acquired sufficient information about Buyer to reach an informed and knowledgeable decision to acquire the Closing Shares. Seller is acquiring the Closing Shares for investment for Seller's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act or under any applicable provision of state law. Seller does not have any present intention to transfer the Closing Shares to any other person or entity.

(b) Seller understands that the Closing Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Seller's investment intent as expressed herein.

(c) Seller further acknowledges and understands that the securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Seller further acknowledges and understands that Buyer is under no obligation to register the securities.

(d) Seller is familiar with the provisions of Rule 144, promulgated under the Securities Act, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of the securities (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Seller understands that Buyer provides no assurances as to whether he or she will be able to resell any or all of the Closing Shares pursuant to Rule 144, which rule requires, among other things, that Buyer be subject to the reporting requirements of the Exchange Act, that resales of securities take place only after the holder of the Closing Shares has held the Closing Shares for certain specified time periods, and under certain circumstances, that resales of securities be limited in volume and take place only pursuant to brokered transactions. Notwithstanding this Section 3.30(d), Seller acknowledges and agrees to the restrictions set forth in Section 3.30(e) below.

(e) Seller further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

(f) Seller represents that Seller is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act.

(g) Seller understands that Seller may suffer adverse tax consequences as a result of Seller's acquisition or disposition of the Closing Shares. Seller represents that Seller has consulted any tax consultants Seller deems advisable in connection with the acquisition or disposition of the Closing Shares and that Seller is not relying on Buyer for any tax advice.

3.32 San Francisco Law School; Family Violence and Sexual Assault Institute. Neither the execution and the delivery of this Agreement or the other Transaction Agreements, including the Real Estate Purchase Agreement, nor the consummation of the transactions contemplated hereby or thereby, including the transfer of the San Francisco Law School Campus Real Property, will conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require

any notice under the SFLS Merger Agreement, the FVSAI Agreements, or any arrangement or Contract related to either of the foregoing to which Seller or any Subsidiary of Seller is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets).

3.33 Disclosure. The representations and warranties contained in this Section 3 do not contain any untrue statement of a fact or omit to state any fact necessary in order to make the statements and information contained in this Section 3 not misleading.

4. BUYER'S REPRESENTATIONS AND WARRANTIES. Buyer represents and warrants to Seller that the statements contained in this Section 4 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 4), except as set forth in Annex I attached hereto.

4.1 Organization of Buyer. Buyer is a for profit benefit corporation duly incorporated, validly existing, and in good standing under the laws of California. Buyer is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required.

4.2 Authorization of Transaction. Buyer has full power and authority (including full corporate or other entity power and authority) to execute and deliver the Transaction Agreements, including this Agreement, the Buyer Restated Certificate, the Buyer Bylaws (collectively, the "Buyer Related Agreements") and, as of the Closing Date, to perform its obligations thereunder. The execution, delivery, and performance of the Buyer Related Agreements and all other agreements contemplated thereby have been duly authorized by Buyer or will be so authorized as of the Closing. The Buyer Related Agreements constitute the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.3 Non-contravention. Neither the execution and delivery of the Buyer Related Agreements, nor the consummation of the transactions contemplated thereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Buyer is subject or any provision of its charter, bylaws, or other governing documents or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any Contract or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets are subject.

4.4 Capitalization. The authorized capital stock of Buyer will consist, immediately prior to the Closing, of:

(a) [~~29,000,000~~35,000,000] shares of Preferred Stock, of which [29,000,000] shares have been designated Series A Preferred Stock (the “Series A Preferred Stock”), of which [23,229,000] shares are issued and outstanding prior to the Closing.

(b) [33,684,211] shares of Common Stock, [2,403,000] shares of which are issued and outstanding immediately prior to the Closing.

(c) The rights, preferences and privileges of the Preferred Stock are as stated in the Certificate of Incorporation of Buyer. All of the outstanding shares of Preferred Stock and Common Stock have been duly authorized, are fully paid and non-assessable and were issued in compliance with all applicable federal and state securities laws.

(d) Buyer has reserved [1,684,211] shares of Common Stock for issuance to officers, directors, trustees, employees and consultants of Buyer pursuant to its 2014 Stock Plan duly adopted by the Board of Directors of Buyer and approved by Buyer’s holders of outstanding voting stock (the “Stock Plan”). Of such reserved shares of Common Stock, no shares have been issued pursuant to restricted stock purchase agreements, no options to purchase shares have been granted and are currently outstanding, and [1,684,211] shares of Common Stock remain available for issuance to officers, directors, trustees, employees and consultants pursuant to the Stock Plan.

4.5 Valid Issuance of Securities. The Closing Shares, if any, will be duly and validly issued, fully paid and non-assessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, the Investors’ Rights Agreement, the Stockholders’ Agreement, applicable state and federal securities laws and liens or encumbrances created by or imposed by Seller. Based in part upon the representations of Seller in Section 3 of this Agreement and subject to the provisions of Section 4.6 below, the Closing Shares will be issued in compliance with all applicable federal and state securities laws.

4.6 Governmental Consents and Filings. Assuming the accuracy of the representations made by Seller in Section 3 of this Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of Buyer in connection with the consummation of the transactions contemplated by this Agreement, except for filings pursuant to applicable state securities laws and Regulation D of the Securities Act.

4.7 Consents. Buyer does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any third party in order for the Parties to consummate the transactions contemplated by this Agreement.

4.8 Financial Resources. Upon the waiver or satisfaction of all conditions to the obligations of Buyer set forth in Section 7.1 and Section 7.2, Buyer will have adequate financial resources to meet its obligations hereunder. On the Effective Date, Buyer shall (i) cause University Venture Fund II, L.P. (“UVF”) to issue an equity commitment letter (the “Equity Commitment Letter”) to Buyer, in the form attached hereto as Exhibit O, which shall be valid and enforceable as of the Closing, to fully fund the Purchase Price at Closing, which Equity Commitment Letter shall, subject to the waiver or satisfaction of all conditions to the obligations

of Buyer set forth in Section 7.1 and Section 7.2, provide and will continue to provide that Seller is a third party beneficiary thereof and is entitled to enforce such agreement and (ii) cause UVF to deliver a fully signed original of the Equity Commitment Letter to Seller with due authorization required by the UVF fund documents in a form reasonably satisfactory to Seller.

4.9 Disqualification. Buyer is not disqualified from relying on Rule 506 of Regulation D ("Rule 506") under the Securities Act for any of the reasons stated in Rule 506(d) in connection with the issuance and sale of the Stock to the Purchasers. Buyer has furnished to Seller, a reasonable time prior to the date hereof, a description in writing of any matters that would have triggered disqualification under Rule 506(d) but which occurred before September 23, 2013, in each case, in compliance with the disclosure requirements of Rule 506(e).

4.10 Brokers' Fees. Buyer has no Liability to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which Seller could become liable or obligated.

4.11 Ability to Obtain Consents and Approvals. To the Knowledge of Buyer, there exist no facts or circumstances attributable to Buyer, or any other Person that exercises Substantial Control with respect to Buyer, or any affiliate of Buyer, that would, individually or in the aggregate, be reasonably expected to materially and adversely affect Buyer's ability to obtain any Pre-Closing Educational Notices/Consent, Educational Approval or other consent or approval that must be obtained in order to continue the operation of the University following the consummation of the transactions contemplated herein.

4.12 Other Institutions or Servicers. Except as set forth on Section 4.12 of the Disclosure Schedule, to the Knowledge of Buyer, neither Buyer, nor any affiliate of Buyer, nor any Person that exercises Substantial Control over Buyer, or member of such person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together, (i) exercises or exercised Substantial Control over another educational institution or third-party servicer (as that term is defined in 34 C.F.R. § 668.2).‡

4.13 No Violations or Bankruptcies.

(a) ~~4.13~~ To the Knowledge of Buyer, neither Buyer, nor any affiliate of Buyer, nor any Person that exercises Substantial Control over or any affiliate of Buyer, or member of such person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together, (i) exercises or exercised Substantial Control over another institution or third-party servicer (as that term is defined in 34 C.F.R. § 668.2) that owes a liability for a violation of a Title IV Program requirement or (ii) owes a liability for a Title IV Program violation.

(b) ~~4.14~~ To the Knowledge of Buyer, neither Buyer nor any affiliate of Buyer have knowingly employed in a capacity involving administration of Title IV Program funds, any individual who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of a Governmental Authority or Educational Agency, or has been administratively or judicially determined to have committed

fraud or any other material violation of Law involving funds of any Governmental Authority or Educational Agency.

(c) ~~4.15~~ To the Knowledge of Buyer, neither Buyer, nor any affiliate of Buyer have contracted with an institution or third-party servicer that has been terminated under § 487 of the HEA for a reason involving the acquisition, use, or expenditure of funds of a Governmental Authority or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other material violation of Law involving funds of any Governmental Authority or Educational Agency.

(d) ~~4.16~~ To the Knowledge of Buyer, neither Buyer nor any owner or DOE Affiliate of Buyer that has the power, by contract or ownership interest, to direct or cause the direction of management of policies of any the University have filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(e) ~~4.17~~ To the Knowledge of Buyer, none of Buyer, nor any DOE Affiliate or chief executive officer of Buyer have pled guilty to, pled *nolo contendere*, or been found guilty of, a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or been judicially determined to have committed fraud involving funds under the Title IV Programs.

(f) ~~4.18~~ To the Knowledge of Buyer, neither Buyer, nor any affiliate of Buyer have contracted with or employed any Person that has been, or whose officers or employees have been, convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of any Governmental Authority or Educational Agency, or administratively or judicially determined to have committed fraud or any other material violation of Law involving funds of any Governmental Authority or Educational Agency.

5. PRE-CLOSING COVENANTS. The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing or termination of this Agreement:

5.1 General. Each of the Parties will use his, her, or its commercially reasonably good faith best efforts to take all actions and to do all things necessary proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the Closing conditions set forth in Section 7).

5.2 Notices and Consents. Seller agrees to use, and shall cause each Subsidiary of Seller to use, its commercially reasonably good faith best efforts give any notices to third parties, and to obtain any Consents referred to in Section 3.2, the Lease Consents, and the items set forth on Section 3.2 of the Disclosure Schedule. Each of the Parties will give any notices to, make any filings with, and use its best efforts to obtain any authorizations, consents, and approvals of Governmental Authorities, Accrediting Bodies and State Educational Authorities in connection with the matters referred to in Section 3.2.

(a) Pre-Closing Educational Notices/Consents. Seller shall use commercially reasonably good faith best efforts to obtain the Educational Notices/Consents and any Educational Approvals necessary for the performance of their respective obligations

pursuant to this Agreement and the other Transaction Agreements, including, without limitation, obtaining the Pre-Closing Educational Notices/Consents, including, without limitation, to (i) complete all required and voluntary pre-acquisition processes with the California Student Aid Commission and the California State Approving Agency for Veteran's Education, and (ii) file a pre-acquisition review application with the DOE in order to obtain the DOE Pre-Acquisition Review Notice. Buyer shall use commercially reasonable best efforts to assist Seller and its Subsidiaries with the foregoing, and Seller and Buyer shall each provide any additional information concerning itself and shall execute such documents as is necessary with respect to the Educational Notices/Consents and any necessary Educational Approvals.

(b) Educational Agency Communications. Seller and the University shall provide Buyer with copies of all letters, applications, or other documents to be submitted to, or received from, any Educational Agency or Governmental Authority with respect to any consent, license or Pre-Closing Educational Notices/Consent or in connection with the pre-acquisition review application to be filed with the DOE, including drafts of any such letters, applications and other documents; provided that no such letters, applications, or other documents shall be submitted to any Educational Agency without the prior review and consent of Buyer, such consent not to be unreasonably delayed or withheld. Seller and the University shall not, and Seller shall cause each Subsidiary of Seller not to, make any written or verbal statements or representations regarding the transactions contemplated hereby to any Educational Agency or other third party without the advance consultation and consent of Buyer which shall not be unreasonably withheld or delayed. Seller and the University will promptly advise Buyer concerning any discussions or other communications, whether oral or written, with any Educational Agency, Governmental Authority or other third party with respect to any such letters, applications or other documents. Seller, each Subsidiary of Seller and the University will ensure that their appropriate officers and employees shall be available to attend, as any Governmental Authority or Educational Agency may reasonably request, any scheduled hearings or meetings in connection with obtaining any consent, license, Pre-Closing Educational Notices/Consent or other Educational Approval.

(c) California Attorney General. Seller shall use commercially reasonable good faith best efforts to give written notice to the California Attorney General's Office, Charitable Trust Division, as required by Section 5913 of the California Corporations Code. Buyer shall use commercially reasonable best efforts to assist Seller and its Subsidiaries with the foregoing.

(d) Buyer Cooperation. Buyer shall use commercially reasonable best efforts to assist Seller and its Subsidiaries in obtaining the Consents, Pre-Closing Educational Notices/Consents, the other Consents and any other consent, license or Educational Approval, including, without limitation, (i) agreeing to any adjustments to the terms of the agreements with any Person (provided that neither Party hereto shall be required to agree to any increase in the amount payable with respect thereto) and (ii) executing agreements to effect the assumption of such agreements on the Closing Date.

5.3 Operation of Business. Seller will not (and shall cause each Subsidiary of Seller not to) engage in any practice, take any action, or enter into any transaction outside the Ordinary

Course of Business without the consent of Buyer, which consent shall not be unreasonably withheld. Without limiting the generality of the foregoing, without the consent of Buyer, which consent shall not be unreasonably withheld, Seller shall not (and shall cause each Subsidiary of Seller not to):

- (a) pay any bonus to an officer or Key Employee or transfer any assets (other than the Excluded Assets) to any Person;
- (b) pay or prepay accounts payable or any other Liabilities other than as set forth in Seller's expense projections as approved by Buyer (the "Expense Projections");
- (c) amend the Charter;
- (d) or amend the Bylaws or charter of any committee of the Board of Trustees;
- (e) engage in any transactions or enter any Contracts outside the Ordinary Course of Business or enter into any Contract, loan or arrangement with a shareholder or an Affiliate thereof or a director, trustee or Affiliate thereof;
- (f) hire any new or terminate any existing officer or Key Employee or contractor entitled to compensation in excess of amounts set forth in the Expense Projections;
- (g) increase any officer or Key Employee salaries, benefits or other compensation, including issuing any equity or options, or prepay debt beyond scheduled amortization or granting any additional compensation, Contract, or increase in salary or compensation of any officer, director, trustee or Key Employee of Seller, any Subsidiary of Seller or any Affiliate;
- (h) create, incur, assume or suffer to exist any Liability with respect to Indebtedness except for Indebtedness and Liabilities incurred in the Ordinary Course of Business or as set forth in the Expense Projections;
- (i) create, incur, assume or suffer to exist any Lien of any nature, upon or with respect to any of its properties, now owned or hereinafter acquired, or assign or otherwise convey any right to receive income;
- (j) issue any debt securities or securities convertible into or debt or Indebtedness of Seller or any Subsidiary of Seller;
- (k) file for bankruptcy, receivership or insolvency proceedings under any applicable law or consent to the filing for bankruptcy, receivership or similar proceedings;
- (l) purchase or otherwise acquire, or agree to purchase or otherwise acquire, the securities of any other Person; or
- (m) commit to any of the foregoing.

5.4 Preservation of Business. Seller shall (and shall cause each Subsidiary of Seller to) keep its business and properties substantially intact, including its present operations, physical facilities, working conditions, insurance policies, and relationships with lessors, licensors, suppliers, customers, and employees.

5.5 Full Access. Seller will (and shall cause each Subsidiary of Seller to) permit representatives of Buyer (including legal counsel and accountants) to have full access to all premises, properties, personnel, books, records (including Tax records), Contracts, and documents of or pertaining to Seller and its Subsidiaries. Without limiting this right, Seller will (and shall cause each Subsidiary of Seller to) give to Buyer and its accountants, legal counsel, and other representatives full access, during normal business hours, at a mutually agreeable location arranged in advance, to all of the books, records, files, documents, properties, and Contracts of Seller and its Subsidiaries relating to the Acquired Assets or reasonably related to Seller's or any Subsidiary of Seller's conduct of its business and allow Buyer and any such representatives to make copies thereof, all of which shall be made available in an organized fashion and so as to facilitate an orderly review. This Section shall not affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the transactions contemplated by this Agreement. Seller shall (and shall cause each Subsidiary of Seller to) maintain and make available the information and records specified in this Section in the ordinary course of the University's business and document retention policies, as if the transactions contemplated by this Agreement had not occurred.

5.6 Notice of Developments. Seller will give prompt written notice to Buyer of any ~~material adverse~~ development causing a breach of any of the representations and warranties in Section 3.3 or an inaccuracy in the Disclosure Schedule and will provide such information as necessary to supplement, modify or amend the Disclosure Schedule with particularity and describe the relevant facts in detail on or prior to Closing (such information collectively, the "Supplemental Information"). Buyer will give prompt written notice to Seller of any material adverse development causing a breach of any of its own representations and warranties in Section 4. NoAny disclosure by any Party pursuant to this Section 5.6, including the Supplemental Information, however, shall be disregarded for purposes of Section 9 and shall not be deemed to amend or supplement Annex I or the Disclosure Schedule or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

5.7 Exclusivity. Seller hereby agrees that from the date hereof until the termination of this Agreement or the Closing, neither Seller nor any Subsidiary of Seller nor any of their respective officers, directors, trustees, shareholders, employees, agents, Affiliates and other representatives (collectively, the "Representatives") will, directly or indirectly assist any party to solicit, encourage, initiate, entertain, review, accept, execute, support, approve or participate in any negotiations, agreements or discussions with respect to any offer, inquiry, indication of interest or proposal, whether oral, written or otherwise, formal or informal, to, directly or indirectly, (a) invest in, or acquire, Seller or any Subsidiary of Seller (or any of Seller's or such Subsidiary's equity interests or any portion thereof), whether by purchase of assets, exclusive license, joint venture, strategic partnership or other alliance formation, purchase of stock, merger or other business combination, or otherwise, (b) liquidation, dissolution or recapitalization of Seller or any Subsidiary of Seller; (c) any merger or consolidation of Seller or any Subsidiary of Seller; (d) any acquisition or sale of securities or assets of Seller or any Subsidiary of Seller,

other than Real Property; or (e) similar transaction or business combination involving the University, Seller, or any Subsidiary of Seller or any of their businesses or assets (collectively, any of the foregoing being a “Competing Proposed Transaction”). On the Effective Date, Seller and its Representatives shall immediately cease and shall cause to be terminated all existing discussions or negotiations with any parties (other than Buyer or its Affiliates) conducted heretofore. Through the Closing Date or termination of this Agreement, Seller agrees to notify Buyer immediately if any offer, indication of interest or proposal (formal or informal, oral, written or otherwise), or any inquiry or contact with any person with respect thereto, regarding a Competing Proposed Transaction is made to any of them or their Representatives, including the identity of the proposing person and the terms thereof; *provided* that this provision shall not in any way be deemed to limit the obligations of or their respective Representatives set forth in the first sentence of this paragraph.

5.8 Leases. Seller will not (and shall cause each Subsidiary of Seller not to) cause or permit any Leases or Seller or any Subsidiary of Seller to be amended, modified, extended, renewed or terminated, nor shall Seller (and shall cause each Subsidiary of Seller not to) enter into any new lease, sublease, license or other agreement with any party other than Buyer for the use or occupancy of any Real Property, without the prior written consent of Buyer.

5.9 Tax Matters. Without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), Seller shall not (and shall not permit any Subsidiary of Seller to) make or change any election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to Seller or any Subsidiary of Seller, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to Seller or any Subsidiary of Seller, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of Seller or any Subsidiary of Seller for any period ending after the Effective Date or decreasing any Tax attribute of Seller or any Subsidiary of Seller.

5.10 Pre-Closing Audit. Seller acknowledges and agrees to (a) complete any student financial aid compliance audit(s) of the University required by any Educational Agency or any financial or other audit requested by Buyer related to all or any portion of any period ending on or before the Closing Date (collectively, the “Pre-Closing Audits”); (b) provide Buyer, for its review, copies of the Pre-Closing Audits promptly upon their completion, but no later than fifteen (14) days before the date on which the Pre-Closing Audits are due under applicable Law or Educational Law, and provide Buyer with access, at reasonable times during business hours and at the sole cost and expense of Buyer, to the consolidated financial records of the University, Seller and each Subsidiary of Seller to the extent that Buyer requires such access in order to accomplish this review; (c) permit Buyer to submit the Pre-Closing Audits in accordance with applicable Law or Educational Law; and (d) provide to any auditor or auditors retained by Buyer to audit Buyer for all or any portion of the year ending June 30, 2013 and June 30, 2012 or other periods requested by Buyer, any consent or authorization, to the extent related to periods ending on or prior to the Closing Date, required by such auditor or auditors to perform such audit and issue the related audited financial statements. Buyer acknowledges and agrees to provide Seller

and any third-party with whom Seller contracts to perform services in connection with the Pre-Closing Audits, with access, at reasonable times during business hours and at the sole cost and expense of Seller, to the extent that Seller or such third parties require such access in order to complete the Pre-Closing Audits.

5.11 Termination of Employee Benefit Plans. Effective as of the day immediately preceding the Closing Date, Seller shall terminate the Employee Benefit Plan referred to as the Alliant International University Tax Deferred Annuity Plan, a Code Section 403(b) plan. Effective as of the day immediately preceding the Closing Date, Seller shall terminate the Salary Savings Retirement Plan, which is the Employee Benefit Plan qualified under Code Section 401(a) (the "Seller's 401(a) Plan") (unless Buyer provides written notice to Seller no later than five business days prior to the Closing Date that such 401(a) plans shall not be terminated). In connection with the termination of the Seller's 401(a) Plan, Seller shall take all action necessary to fully vest the account balances of all of the participants in the Seller's 401(a) Plan. Unless Buyer provides such written notice to Seller, no later than five business days prior to the Closing Date, Seller shall provide Buyer with evidence that such Employee Benefit Plan(s) have been terminated (effective no later than the day immediately preceding the Closing Date) pursuant to resolutions of the Board of Trustees. The form and substance of such resolutions shall be subject to reasonable review and approval of Buyer prior to the Closing Date. Seller also shall take such other actions in furtherance of terminating such Employee Benefit Plan(s) as Buyer may reasonably require. In the event that termination of such Employee Benefit Plans would reasonably be anticipated to trigger liquidation charges, surrender charges or other fees ("Termination Fees"), Seller shall be solely responsible for such Termination Fees. The Seller's 401(a) Plan only provides for discretionary employer contributions and any employer contribution for 2014 plan year for employees shall be determined in the Seller's sole discretion, except to the extent required by applicable state or federal law and limited by any contractual obligations of Seller; *provided, however*, that Buyer shall not be required to assume, fund or continue any such contributions. Except as specified herein, effective as of the Closing Date, Seller shall terminate all Seller sponsored Employee Benefit Plans.

5.12 Pro Forma Financial Statements. Seller shall use commercially reasonably good faith best efforts to assist Buyer in the preparation of the following financial statements: (i) unaudited balance sheets and statements of income, changes in shareholders' equity, as applicable, and cash flow as of and for the fiscal year ended on the Most Recent Fiscal Year End, and (ii) unaudited balance sheets and statements of income, changes in shareholders' equity, and cash flow as of and for the month[s] ended on the Most Recent Fiscal Month End for Seller and its Subsidiaries, in each case, prepared as if Seller was a for-profit corporation.

6. POST-EFFECTIVE DATE AND POST CLOSING COVENANTS. The Parties agree as follows with respect to the period following the Effective Date and the Closing Date:

6.1 General. In case at any time after the Effective Date and the Closing any further actions are necessary or desirable to carry out the purposes of this Agreement and the other Transaction Agreements, each of the Parties will take such further actions (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefore under Section 9). Seller acknowledges and agrees

that from and after the Closing, Buyer will be entitled to possession of all documents, books, records (including Tax records), agreements, and financial data of any sort relating to Seller.

6.2 Change of Seller Name. As soon as reasonably practicable after the Closing, Seller shall (i) change its corporate name to a name that does not include the word “Alliant” in combination with the words “school,” “college,” or “university” or any other words that suggests the operation of an educational institution, and (ii) make all such filings as are necessary to reflect such change of corporate name in the State of California and each jurisdiction in which Seller is qualified to do business.

6.3 Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (a) any transaction contemplated under this Agreement or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving Seller, each of the other Parties will cooperate with it and its counsel in the contest or defense, make available its personnel, and provide such testimony and access to its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 9).

6.4 Transition. Seller will not (and shall cause each Subsidiary of Seller not to) take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of Seller or any Subsidiary of Seller from maintaining the same business relationships with after the Effective Date or Closing as it maintained with Seller or such Subsidiary prior to the Effective Date without the consent of Buyer or consistent with Seller’s Expense Projections. After the Closing, Seller will refer all customer inquiries relating to the University to Buyer from and after the Closing.

6.5 Confidentiality. Each Party will (and Seller shall cause each Subsidiary of Seller to) treat and hold as such all of the Confidential Information of the other Party, refrain from using any such Confidential Information except in connection with this Agreement, and deliver promptly to the disclosing Party or destroy, at the request and option of the disclosing Party, all tangible embodiments (and all copies) of the Confidential Information that are in its possession. In the event that receiving Party is requested or required pursuant to written or oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process to disclose any Confidential Information, receiving Party will notify disclosing Party promptly of the request or requirement so that disclosing Party may seek an appropriate protective order or waive compliance with the provisions of this Section 6.5. If, in the absence of a protective order or the receipt of a waiver hereunder, receiving Party is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, receiving Party may disclose the Confidential Information to the tribunal; *provided, however*, that receiving Party shall use its best efforts to obtain, at the request of disclosing Party, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as disclosing Party shall designate. The foregoing provisions shall not apply to any Confidential Information

that is generally available to the public immediately prior to the time of disclosure unless such Confidential Information is so available due to the actions of receiving Party.

6.6 Public Announcements. On and prior to the Closing Date, Buyer and Seller shall advise and confer with each other prior to the issuance of any reports, statements or releases concerning this Agreement (including the exhibits and schedules hereto) and the transactions contemplated herein. Neither Seller nor its Subsidiaries or Affiliates will make any public disclosure prior to the Closing or with respect to the Closing unless Buyer agrees on the text and timing of such public disclosure; *provided, however*, that nothing contained herein shall prevent (i) either party at any time from furnishing any information to any Governmental Authority, or (ii) Seller from making verbal communications to current students and employees of the University.

6.7 Bulk Sales Law. Seller shall make all such filings as are required in connection with the Bulk Sales laws of California, if applicable.

6.8 San Francisco Law School Transfer. After the Closing, Buyer shall contribute the Acquired SFLS Assets and transfer the Assumed SFLS Liabilities to SFLS LLC. As soon as practicable after the closing of the purchase of the San Francisco Law School Campus Real Property from Seller, (i) Buyer shall contribute the San Francisco San Francisco Law School Campus Real Property to SFLS LLC, and (ii) Buyer shall cause SFLS LLC to make commercially reasonable efforts to sell the San Francisco Law School Campus Real Property to a third party for fair-market-value in a commercially-reasonable transaction with the net proceeds to be used by SFLS LLC for the benefit of the San Francisco Law School.

7. CONDITIONS TO OBLIGATION TO CLOSE.

7.1 Conditions to the Obligations of Each Party. The respective obligations of Buyer and Seller to consummate the transactions to be performed by each of them in connection with the Closing is subject to satisfaction of the following conditions:

(a) no action, suit, or proceeding shall be pending before any Governmental Authority wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect), or (C) result in a Material Adverse Change;

(b) Buyer and Seller shall have entered into the Bill of Sale substantially in the form attached hereto as Exhibit B;

(c) Buyer and Seller shall have entered into the Assignment and Assumption Agreement (including Intellectual Property transfer documents) substantially in the form attached hereto as Exhibit C;

(d) Buyer, Seller and AME Education Corporation, a Delaware corporation (“AME”) shall have entered into the Stockholders’ Agreement in substantially the form attached hereto as Exhibit D;

(e) Buyer, Seller and AME shall have entered into the Voting Agreement in substantially the form attached hereto as Exhibit E;

(f) Buyer, Seller and AME shall have entered into the Right of First Refusal and Co-Sale Agreement in substantially the form attached hereto as Exhibit F;

(g) Buyer, Seller and AME shall have entered into the Investors' Rights Agreement in substantially the form attached hereto as Exhibit G;

(h) Buyer shall have received all necessary approvals to amend its articles of incorporation (the "Buyer Restated Certificate") and such amendment in the form attached hereto as Exhibit H shall have been filed with the Secretary of State of the State of California;

(i) Buyer and Seller shall have entered into [\(A\) subleases or assignments of leases in forms agreed upon by the Parties for each of the Closing Leased Real Properties;](#)² [and \(B\) a lease for the San Diego Campus Real Property to be use by Buyer substantially in the form attached hereto as Exhibit Q;](#)⁶

(j) Buyer, Seller and Escrow Agent shall have entered into the Escrow Agreement substantially in the form attached hereto as Exhibit L; and

(k) Buyer or SFLS LLC and Seller shall have entered into the Real Estate Purchase Agreement and consummated the purchase of the San Francisco Law School Campus Real Property by Buyer as set forth therein.

7.2 Conditions to Buyer's Obligation. Buyer's obligation to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Section 3 shall be true and correct in all respects, [except as set forth in the Supplemental Information](#), at and as of the Closing Date;

(b) no Material Adverse Change shall have occurred since the Most Recent Fiscal Month End;

(c) Seller shall have performed and complied with all of its covenants hereunder and the other Transaction Agreements in all respects through the Closing Date;

(d) Seller shall have procured all Consents (including the Lease Consents) and made or obtained all Educational Notices/Consents required to be made or obtained prior to Closing;

⁶ [Note to Draft: Such lease to be on a triple net basis with term, rent, use, ROFR option to purchase and other provisions as set forth in the Letter of Intent.](#)

(e) ~~Each~~ Buyer shall have entered into arrangements satisfactory to Buyer with respect to employees covered by the Collective Bargaining Agreement ~~shall have been assigned to Buyer in a form acceptable to Buyer;~~⁴ Agreements;

(f) all Pre-Closing Educational Notices/Consents identified in Section 5.2(a) of the Disclosure Schedule shall have been delivered or obtained, as applicable;

(g) Seller shall have completed all required and voluntary pre-acquisition processes with the California Student Aid Commission;

(h) Seller shall have completed all required and voluntary pre-acquisition processes with the California State Approving Agency for Veteran's Education;

(i) Seller shall have delivered to Buyer written confirmation from the DOE that the University's planned documentation submittal intended to demonstrate compliance with 34 CFR § 600.9(a) will be acceptable to the DOE and will not impede University's continued Title IV Program participation after the Closing Date or the issuance of a TPPA or PPA;

(j) Seller shall have delivered to Buyer the DOE Pre-Acquisition Review Notice;

(k) Seller shall have given written notice to the California Attorney General's Office, Charitable Trust Division, as required by Section 5913 of the California Corporations Code;

(l) Seller shall have terminated or assigned to third parties all Related Party Contracts and Seller shall have no remaining obligations thereunder and received a waiver from all such Affiliates that Seller has no obligation or Liability thereunder;

(m) Buyer shall have received from counsel to Seller an opinion in form and substance as set forth in Exhibit I attached hereto, addressed to Buyer and on which Buyer shall be entitled to rely, and dated as of the Closing Date;

(n) the Key Employees shall have entered into employee agreements in form acceptable to Buyer ~~and, only with respect to the terms during the first year of such agreement with the president of the University, acceptable to Seller~~, and all of the Employees offered employment pursuant to Section 8.1(a) shall have accepted employment with Buyer;

(o) Seller shall have delivered to Buyer, together with supporting documentation including but not limited to audited financial statements from Seller prepared by an independent accounting firm and demonstrating compliance, in all respects satisfactory to Buyer in its reasonable discretion, by Seller, University, and its educational programs with

⁴ ~~Note to Draft: Parties to discuss timing and strategy, including whether to amend CBAs to effect their transfer to Buyer or to negotiate new agreements.~~

all Title IV requirements without the posting of an irrevocable letter of credit in an amount greater than 10% of the University's total Title IV funds drawdown for the previous year in favor of the DOE, including, but not limited to, (i) the DOE's financial responsibility and administrative capability requirements set forth at 34 C.F.R. §§ 668.14, 668.15-16 and 668.171-175, (ii) the requirements of 34 C.F.R. §§ 668.14(b)(16) and 668.28 regarding the percentage of revenues derived from Title IV Programs, and (iii) the requirements most recently proposed by the DOE in any regulatory proceeding or process with respect to the Title IV Program eligibility of postsecondary educational programs that prepare students for gainful employment in recognized occupations;

(p) Seller shall have delivered to Buyer a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under Treasury Regulations issued pursuant to Code §1445 stating that Seller is not a "foreign person" as defined in Code §1445 (the "FIRPTA Affidavit");

(q) Unless Buyer has given written notice to the contrary, Seller shall have terminated the Employee Benefit Plans referenced in Section 5.11 hereof as well as those listed in Section 3.22 of the Disclosure Schedule;

(r) Seller shall have delivered to Buyer a tax status letter that confirms that Seller is in good standing with the California Franchise Tax Board;

(s) Seller shall have delivered to Buyer a certificate of tax clearance from the California Board of Equalization that confirms that Seller has paid all of its tax liabilities, including sales and use taxes, which relieves Buyer from any transferee liability for California taxes with respect to transactions contemplated by this Agreement;

(t) all Indebtedness of Seller shall have been paid in full (other than Indebtedness assumed by Buyer as set forth on Schedule I attached hereto) and duly executed UCC-3 termination statements, mortgage or deed of trust releases and such other release and termination instruments (or copies thereof) as Buyer shall reasonably request in order to vest all right, title and interest in and to the Acquired Assets free and clear of all Liens; and

(u) the Board of Trustees shall have approved the transactions contemplated hereby;

(v) Seller shall have delivered to Buyer a certificate certified by the President of Seller that each of the conditions specified in this ~~Section 7.1~~(Sections 7.2(a)-(c)) are satisfied in all respects (the "Seller Officer's Certificate");

(w) Seller shall have delivered to Buyer a certificate of the secretary of Seller (the "Seller Secretary's Certificate"), dated as of the Effective Date, in form and substance reasonably satisfactory to Buyer, and such Secretary's Certificate shall contain:

(i) the Charter as certified from the Secretary of State and certification that there have been no amendments thereto;

(ii) the Bylaws and certification that there have been no amendments thereto;

(iii) copies of the certificate of good standing or similar status of Seller and each Subsidiary of Seller issued on or soon before the Closing Date by the Secretary of State (or comparable agency) of the jurisdiction of each such Person's organization and of each jurisdiction in which each such Person is qualified to do business, in each case, provided that such jurisdiction has an officer that provides such certificates, and a good standing of Seller from the California Franchise Tax Board;

(iv) resolutions of the Board of Trustees authorizing the execution, delivery, and performance of this Agreement, the Escrow Agreement and the transactions contemplated hereby; and

(v) incumbency and signatures of the officers of Seller executing this Agreement and the other Transaction Agreements;

(x) the California Attorney General shall have provided written notice to Seller that it does not object to any of the transactions contemplated by this Agreement; and

(y) all other actions to be taken by Seller and third parties in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby shall be satisfactory in form and substance to Buyer;

Buyer may waive any condition specified in this Section 7.1(i) if it executes a writing so stating at or prior to the Closing Date.

7.3 Conditions to Seller's Obligation. The obligation of Seller to consummate the transactions is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Section 4 shall be true and correct in all material respects at and as of the Effective Date;

(b) Buyer shall have in place an employee benefit plan and a customary employee incentive stock plan or other form of equity incentive plan mutually agreed upon by the Parties;

(c) Buyer shall have delivered the Closing Cash to Seller in accordance with Section 2.4(a);

(d) Buyer shall have issued the Closing Shares, if any, to Seller in accordance with Section 2.4(c);

(e) Buyer shall have issued the Equity Commitment Letter to Seller in accordance with Section 4.8;

(f) Buyer shall have enacted the Bylaws of the Board of Directors of Buyer and the Bylaws of the Board of Trustees of Buyer (together, the “Buyer Bylaws”) in the forms attached hereto as Exhibit J and Exhibit K, respectively.

(g) the appropriate deliberative investment bodies of Buyer, AME Education Corporation, a Delaware corporation (“Buyer’s Parent”) and UVF shall have approved the transactions contemplated hereby and delivered to Seller written evidence of such to Seller’s satisfaction;

(h) Buyer shall have delivered to Seller a certificate certified by the Chief Executive Officer that each of the conditions specified in this Section 7.3 are satisfied in all respects (the “Buyer Officer’s Certificate”);

(i) Buyer shall have delivered to Seller a certificate of the secretary of Buyer (the “Buyer Secretary’s Certificate”), dated as of the Effective Date, in form and substance reasonably satisfactory to Buyer, and such Secretary’s Certificate shall contain:

(i) the Certificate of Incorporation of Buyer as certified from the Secretary of State and certification that there have been no amendments thereto;

(ii) the Buyer Bylaws and certification that there have been no amendments thereto;

(iii) copies of the certificate of good standing certified by the Secretary of State of the jurisdiction of each jurisdiction in which Seller is incorporated or qualified to do business and if applicable, a good standing from the franchise tax board;

(iv) resolutions of the Board of Directors of Buyer authorizing the execution, delivery, and performance of this Agreement, the Escrow Agreement and the transactions contemplated hereby; and

(v) incumbency and signatures of the officers of Buyer executing this Agreement and the other Transaction Agreements; and

(j) all actions to be taken by Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to Buyer;

Seller may waive any condition specified in this Section 7.3 if it executes a written waiver thereof at any time.

8. EMPLOYEE MATTERS.

8.1 Transferred Employees.

(a) Offer of Employment. Subject to and in accordance with the provisions of this Section 8.1, Buyer shall assume and perform all existing respective employment

Contracts, including policies and rules set forth in Seller's faculty and staff handbooks, to the extent such policies and rules are incorporated into such Contracts, between Seller and its employees as of the Effective Date and thereafter up to the Closing (the "Employees") other than the individuals listed in Section 8.1(a) and Section 8.1(b) of Annex I. Each such Employee who is employed by Seller and who actually transfers to employment with Buyer (or any Affiliate designated by Buyer) at or after the Effective Date as a result of the assumption of such Employee's employment Contract by Buyer is hereafter referred to as a "Transferred Employee." Effective as of the Closing Date, Seller hereby waives any covenants not to compete, confidentiality provisions or other similar restrictions that may be applicable to the Transferred Employees but only to the extent such covenants, provisions or restrictions relate to the Business and would prohibit the Transferred Employees from accepting employment with Buyer or continuing in such employment without violating any such covenants, provisions or restrictions. Seller shall provide Buyer will all employee records for the Transferred Employees in the books and records transferred to Buyer at the Closing.

(b) Key Employees. In addition to Buyer's obligation to offer employment to all Employees, Buyer shall also enter into an employment agreement with the Employees listed in Section 8.1(b) of the Disclosure Schedule (the "Key Employees").

(c) Transition. The terms of employment with Buyer (or Buyer's Affiliates) shall be as mutually agreed to between each Transferred Employee and Buyer (or Buyer's Affiliate, as the case may be), subject to the provisions of this Section. Buyer shall have no obligation with respect to payments of salary, compensation, wages, health or similar benefits, commissions, bonuses (deferred or otherwise), severance, stock or stock options or any other sums due to any Transferred Employee that accrued or otherwise related to the period prior to the Effective Date or Closing Date. Seller will be fully responsible for all amounts payable to any employee, including (without limitation) all termination payments, redundancy compensation, severance pay, accrued vacation pay, claims and other amounts payable in connection with the sale of the Acquired Assets to Buyer, whether asserted before or after the Closing, including, without limitation, by reason of termination of employment of any employee. In addition, Seller will be fully responsible for all amounts owing to Transferred Employees prior to Closing. The provisions of this Section 8.1(c) shall not limit any other provision of this Agreement.

(d) Retention of Employees Prior to Closing. Seller agrees to use reasonable efforts to retain the Employees identified by Buyer to be retained as employees of the business until the Closing Date, and to assist Buyer in securing the employment after the Effective Date of those Employees to whom Buyer (or designated by Buyer) makes or intends to make offers of employment under Section 8.1(a), including, but not limited to, reasonably assisting Buyer in communicating with each of the Employees. Seller shall not terminate any Employee without the consent of Buyer. Seller shall notify Buyer promptly if, notwithstanding the foregoing, any Key Employee or any Employee material to Seller's business terminates employment with Seller after the date of Effective Date but prior to the Closing. Buyer may request Seller to hire additional employees for the business, in which case Seller will use commercial reasonable efforts to identify and hire such employees.

8.2 Compensation and Benefits of Transferred Employees. Buyer shall be free to establish its own Employee Benefit Plans. Buyer shall make substantial commercially reasonable efforts to offer benefit plans of the same type or with terms substantially similar, in the aggregate, to the terms of Seller's current employee benefit plans. ~~Buyer may, at its option, shall~~ give each Transferred Employee credit for such Transferred Employee's years of most recent continuous service with Seller for purposes of determining ~~participation eligibility~~ and ~~benefit levels vesting~~ under ~~all of~~ Buyer's vacation policies and ~~benefit plans and programs~~ Code Section 401(k) retirement plan⁷ (other than a defined benefit plan), except where doing so would cause a duplication of benefits. Buyer shall allow distributions from the retirement plans terminated by the Seller to be rolled into the retirement plan(s) established by the Buyer. If transactions contemplated hereby is a qualifying event under Code Section 4980B, the Buyer shall provide COBRA coverage to all qualified beneficiaries

8.3 Other Employees of the Business. With respect to each employee of Seller as of the Closing Date who is not a Transferred Employee, Seller acknowledges that such non-Transferred Employees shall not be employees of Buyer after the Closing and shall remain employees of Seller.

8.4 No Right to Continued Employment or Benefits. No provision in this Agreement shall create any third party beneficiary or other right in any Person (including any beneficiary or dependent thereof) for any reason, including, without limitation, in respect of continued, resumed or new employment with Seller or Buyer (or any Affiliate of Seller or Buyer) or in respect of any benefits that may be provided, directly or indirectly, under any plan or arrangement maintained by Seller, Buyer or any Affiliate of Seller or Buyer. Except as otherwise expressly provided in this Agreement, Buyer is under no obligation to hire any employee of Seller, provide any employee with any particular benefits, or make any payments or provide any benefits to those employees of Seller whom Buyer chooses not to employ. Nothing in this Agreement shall change the nature of any at-will employment relationship between Buyer and any Transferred Employee.

8.5 No Solicitation or Hire by Seller. For a period of one year after the Closing, neither Seller nor its Affiliates will solicit any Transferred Employee for employment. For purposes of this Section, the term "solicit" shall not include the following activities: (a) advertising for employment in any bulletin board (including electronic bulletin boards), newspaper, trade journal or other publication available for general distribution to the public without specific reference to any particular employees; (b) participation in any hiring fair or similar event open to the public not targeted at Buyer's employees; and (c) use of recruiting or employee search firms that have been instructed by Seller not to target any Transferred Employee.

9. INDEMNIFICATION.

⁷ Note to Draft: Subject to diligence and review by Buyer benefits counsel.

9.1 Survival of Representations and Warranties. All the representations and warranties of Buyer and Seller contained in this Agreement shall survive the Closing (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty or covenant at the time of Closing) until the Expiration Date, other than (A) those contained in Section 3.2 (Due Authorization and Enforceability), Section 3.5 (Title to Assets), Section 3.12 (Tax Matters), Section 3.22 (Employee Benefits), Section 3.32 (San Francisco Law School; Family Violence and Sexual Assault Institute) (“Seller Fundamental Reps”) and in Section 4.1 (Organization of Buyer), Section 4.2 (Authorization of Transaction), Section 4.4 (Capitalization), Section 4.5 (Valid Issuance of Securities), Section 4.9 (Disqualification), and Section 4.10 (Brokers) (“Buyer Fundamental Reps”), which shall survive the Closing (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty or covenant at the time of Closing) for a period of eighteen (18) months, and (B) fraud (including intentional misrepresentation but excluding negligent misrepresentation), as to which a claim may be made until the expiration of any applicable statutes of limitations (after giving effect to any extensions or waivers) plus 60 days. The post-closing covenants of the parties set forth in this Agreement shall survive the Closing until the expiration of any applicable statutes of limitations (after giving effect to any extensions or waivers) plus 60 days. All covenants and agreements made by any party that contemplate performance after the Closing Date shall survive in accordance with their terms, or if no term is specified, until the expiration of the applicable statute of limitations. All other covenants and agreements made by any party in this Agreement shall survive until the Expiration Date.

9.2 Indemnification Provisions.

(a) Subject to the limitations set forth in Section 9.4, Seller shall be obligated to indemnify and hold harmless Buyer and its respective successors and assigns, Affiliates and agents, attorneys, officers and directors, trustees and other representatives and each other Person, if any, controlling such person (each a “Buyer Indemnified Person”) from and against all Liability or Adverse Consequences, to which such Buyer Indemnified Person may become subject as a result of, or based upon or arising out of, directly or indirectly:

(i) any inaccuracy in, breach or nonperformance of, any of the representations, warranties, covenants or agreements made by Seller in or pursuant to this Agreement or other Transaction Agreements (for avoidance of doubt, without regard to any Supplemental Information);

(ii) acts or omissions of Seller or its predecessors prior to the Effective Date;

(iii) claims under any Environmental Laws arising from any activity of Seller or any of its predecessors prior to the Effective Date;

(iv) claims under ERISA (including claims by the Pension Benefit Guaranty Corporation) or under any other Law affecting employee benefits or for any pension or welfare benefits incurred prior to the Closing Date;

(v) Seller's ownership or operation of the University and/or Acquired Assets prior to the Effective Date other than with respect to the Assumed Liabilities;

(vi) claims under Title IV arising for conduct of Seller prior to the Effective Date;

(vii) the Excluded Assets or the Excluded Liabilities;

(viii) the Excluded SFLS Liabilities and the Excluded FVSAI Liabilities;

(ix) any Final Acid Test Ratio Adjustment pursuant to Section 2.6; and

(x) Third Party Litigation with respect to such Buyer Indemnified Person, to the extent related to the period prior to the Closing, arising out of or in connection with the Acquired Assets, the Assumed Liabilities or the operation of the University, including without limitation, reasonable attorney's fees and other expenses.

(b) Subject to the limitations set forth in Section 9.4, Buyer shall be obligated to indemnify and hold harmless Seller and its respective successors and assigns, Affiliates and agents, attorneys, officers and directors, employees and other representatives and each other Person, if any, controlling such person (each a "Seller Indemnified Person") from and against all Liability or Adverse Consequences, to which Seller, Indemnified Person may become subject as a result of, or based upon or arising out of, directly or indirectly:

(i) any inaccuracy in, breach or nonperformance of, any of the representations, warranties, covenants or agreements made by Buyer in or pursuant to this Agreement or other Transaction Agreements; and

(ii) Third Party Litigation with respect to Buyer, to the extent related to the period subsequent to the Closing, arising out of or in connection with the Acquired Assets, the Assumed Liabilities or the operation of the University, including without limitation, reasonable attorney's fees and other expenses.

9.3 Indemnification Procedures.

(a) Any party making a claim for indemnification hereunder (the "Indemnified Party") shall notify the indemnifying party (the "Indemnifying Party") of the claim and describe in reasonable detail the facts giving rise to such claim, the amount or method of computation of the amount of such claim and such other information with respect thereto as the Indemnifying Party may reasonably request. The Indemnified Party shall submit such notification of a claim in writing to the Indemnifying Party (a "Notice of Claim") promptly, and in any event no later than the earlier of (x) ten (10) Business Days after its determination of the existence of such claim and (y) the date that any response or submission is required or made in connection with such claim; *provided, however*, that any such Notice of Claim must be submitted prior to the expiration of the applicable survival period pursuant to Section 9.1; and *provided further* that no failure to submit a Notice of Claim within the time period set forth herein shall relieve the Indemnifying Party of its obligation to indemnify,

except to the extent the Indemnifying Party demonstrates that the defense of such claim has been prejudiced by the Indemnified Party's failure to submit such Notice of Claim.

(b) If at any time subsequent to the Closing a party or parties entitled to make a claim for indemnification hereunder becomes aware of any demand or claim asserted by a third party which gives rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation that may result in Adverse Consequences for which such Indemnified Party believes it may be entitled to indemnification hereunder (a "Third Party Claim"), then the Indemnified Party shall notify the Indemnifying Party in writing promptly, and in any event no later than the earlier of (x) ten (10) Business Days after its receipt of such claim and (y) the date that any response or submission is required or made in connection with such claim; *provided, however*, that any such notification must be submitted prior to the expiration of the applicable survival period pursuant to Section 9.1; and provided further that no failure to submit a Notice of Claim within the time period set forth herein shall relieve the Indemnifying Party of its obligation to indemnify, except to the extent the Indemnifying Party demonstrates that the defense of such claim has been prejudiced by the Indemnified Party's failure to submit such Notice of Claim.

(c) With respect to any Third Party Claim, the Indemnifying Party shall be entitled to assume and control (with counsel of its choice) the defense of such Third Party Claim at the Indemnifying Party's expense and at its option by sending written notice of its election to do so after receiving the Notice of Claim from the Indemnified Party; provided, however, that: (A) the Indemnified Party shall be entitled to participate in the defense of such Third Party Claim and to employ counsel of its choice for such purpose (the fees and expenses of such separate counsel shall be borne by the Indemnified Party unless there is a conflict of interest between the Indemnified Party and the Indemnifying Party, in which event the fees and expenses of one such separate counsel shall be borne by the Indemnifying Party); (B) if the Indemnifying Party elects to assume the defense of any such Third Party Claim, the Indemnifying Party shall be entitled to compromise or settle such Third Party Claim in its sole discretion so long as either (x) such compromise or settlement provides an unconditional release of the Indemnified Party and its Affiliates with respect to such claim or (y) the Indemnifying Party shall obtain the prior written consent of the Indemnified Party; and (C) if the Indemnifying Party shall not have assumed the defense of such Third Party Claim, the Indemnified Party may assume the defense of such Third Party Claim with counsel selected by it, reasonably acceptable to the Indemnifying Party, and at the Indemnifying Party's expense, and may make any compromise or settlement thereof or otherwise protect against the same and be entitled to all amounts paid as a result of such Third Party Claim or any compromise or settlement thereof, provided that, in the case of any such compromise or settlement, the Indemnified Party shall obtain the prior written consent of the Indemnifying Party. The Indemnified Party shall give the Indemnifying Party notice of the name of counsel selected by it prior to the time of assuming the defense and the Indemnifying Party shall have five (5) Business Days in which to object to such counsel. In the event of such objection, the Indemnifying Party shall have the obligation to defend on the terms specified herein.

(d) The Indemnified Party will cooperate, at the Indemnifying Party's expense, in all reasonable ways with, make its relevant files and records available for

inspection and copying by, and make its employees available or otherwise render reasonable assistance to, the Indemnifying Party in connection with any Third Party Claim.

9.4 Limitations.

(a) In no event shall either Party in the aggregate be liable for any Adverse Consequences as to any claim for indemnification pursuant to Section 9.2 unless such Adverse Consequences exceed \$50,000, in which case such Party shall be liable for all Adverse Consequences from the first dollar up to an aggregate amount not to exceed the Purchase Price; *provided, however*, that the Buyer Indemnified Persons shall be required to first exhaust the Escrow Amount prior to seeking further indemnification recourse directly against Seller, and such recourse may include forfeiture of Closing Shares.

(b) Notwithstanding the foregoing, there shall be no minimum amount for Adverse Consequences arising from or relating to Seller's fraud or intentional misrepresentations, a claim for indemnification pursuant to Sections 9.2(viii)-(ix), a breach of any representation or covenant set forth in Section 3.11 (Tax Matters), Section 3.28 (Education Approvals; Compliance with Education Laws), Section 5.9 (Tax Matters) or Section 10 (Tax Matters), or any fine or penalty imposed on Seller or Buyer as a result of Seller's (or its agents) actions or omissions prior to the Effective Date.

(c) Notwithstanding the foregoing, except with respect to fraud (including intentional misrepresentation but excluding negligent misrepresentation), breaches of the Seller Fundamental Reps and claims for indemnification pursuant to Section 9.2(viii), there will be an aggregate ceiling of the Purchase Price on the obligation of Seller to indemnify Buyer from and against Adverse Consequences resulting from, arising out of breaches of the representations and warranties of Seller contained in Section 3.

(d) Notwithstanding the foregoing, except with respect to fraud (including intentional misrepresentation but excluding negligent misrepresentation) and breaches of the Buyer Fundamental Reps, there will be an aggregate ceiling of the Purchase Price on the obligation of Buyer to indemnify Seller from and against Adverse Consequences resulting from, arising out of breaches of the representations and warranties of Buyer contained in Section 4.

9.5 Procedures for Excluded Liabilities and Third Party Claims after the Effective Date. After the Effective Date but prior to Closing or termination of this Agreement, Seller and Buyer will coordinate in good faith on the resolution, and payment, of any Excluded Liability or claim which would have been an indemnification claim pursuant to Section 9.2 if the Closing had occurred on the Effective Date (a "Post Effective Date Claim"). Unless the Excluded Liability or Post Effective Date Claim is to be funded solely by Seller or an Affiliate thereof, Seller shall not settle or pay any such Liability or Claim without the consent of Buyer. In addition, Seller shall not be permitted to settle any claim which will affect the Acquired Assets or the operation of the University after the Effective Date. Notwithstanding the foregoing, Buyer may either pay or settle, or direct Seller to pay or settle any Excluded Liability or Post Effective Date Claim without the consent of Seller at any time; provided that Buyer provide prompt notice thereof.

9.6 Other Indemnification Provisions. The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory, equitable, or common law remedy (including without limitation any such remedy arising under Environmental, Health, and Safety Requirements) Buyer may have with respect to Seller or the transactions contemplated by this Agreement.

9.7 Effects of Knowledge. Buyer Indemnified Persons shall have no right to indemnification or payment of Adverse Consequences based on any breach of representations and warranties arising from matters that were within the Knowledge of Buyer as of the Closing. Seller Indemnified Persons shall have no right to indemnification or payment of Adverse Consequences based on any breach of representations and warranties arising from matters that were within the Knowledge of Seller as of the Closing.

9.8 Effects of Waiver. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of Adverse Consequences, or other remedy based on such representations, warranties, covenants and obligations.

9.9 Right of Setoff. Each party shall have the rights of recoupment, set-off, defense and counterclaim with respect to all or any part of any obligations of the other party hereunder, including with respect to indemnification obligations. The party seeking to set-off shall notify the other party in writing specifying the grounds for such adjustment with reasonable detail supporting such adjustment. If such party objects to such adjustment, that party shall notify the party seeking set-off within fifteen (15) days of receipt of such notice. If the Parties cannot come to a mutually agreement with regards to such adjustment within thirty (30) days after such party's receipt of such objection, then either Party may submit such dispute to be resolved pursuant to arbitration as provided below.

9.10 Treatment of Indemnification Payments. All indemnification payments made pursuant to this Section shall be treated by the Parties for income tax purposes as adjustments to the purchase price of the Acquired Assets unless otherwise required by applicable Law.

10. TAX MATTERS. The following provisions shall govern the allocation of responsibility as between Buyer and Seller for certain tax matters following the Closing Date:

10.1 Tax Indemnification. Seller shall indemnify Buyer, and each Buyer Affiliate and hold them harmless from and against, any loss, claim, liability, expense, or other damage attributable to (i) Taxes of Seller and its Subsidiaries for any taxable period, (ii) Taxes arising from or attributable to the University business, the Acquired Assets or Seller's operation of the University business for all taxable periods (or portions thereof) up to and including the Closing Date (or, in the case of any Tax period which includes but does not end on the Closing Date, the portion of such period up to and including the Closing Date), (iii) any breach of any representation or warranty under Section 3.11, (iv) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Seller and or any Subsidiary of Seller (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 or any analogous or similar state, local, or foreign law or regulation, and (v) any and all Taxes of any person (other than Seller and its

Subsidiaries) imposed on Buyer as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing.

10.2 Cooperation on Tax Matters. Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns with respect to the University business or the Acquired Assets and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Seller agrees (A) to retain all books and records with respect to Tax matters pertinent to Seller relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other Party so requests, Seller shall allow the other Party to take possession of such books and records.

10.3 Tax-Sharing Agreements. All tax-sharing agreements or similar agreements with respect to or involving Seller, its Subsidiaries or the University business or the Acquired Assets shall be terminated as of the Closing Date.

10.4 Alternative Procedures. Upon Buyer's written notice to Seller, Seller and Buyer agree that, pursuant to the "Alternative Procedures" provided in § 5 of Revenue Procedure 2004-53, with respect to the filing and furnishing of Internal Revenue Service Forms W-2, W-3 and 941 for the full calendar year in which the Closing occurs, (i) Seller and Buyer shall report on a "predecessor-successor" basis, as set forth therein, (ii) Seller shall be relieved from furnishing Forms W-2 to any prior employees of Seller hired by Buyer on the Closing Date, and (iii) Buyer shall assume the obligations of Seller to furnish Forms W-2 to such prior employees and Forms W-2 and W-3 with respect to such prior employees to the Social Security Administration; provided, Seller shall transfer to Buyer all Forms W-4 and W-5 with respect to such prior employees, and such other data relating to such prior employees shall be necessary for Buyer to assume and satisfy such obligations accurately and in accordance with the Law.

10.5 Certain Taxes and Fees. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid by Seller when due, and Seller will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, as applicable, and, if required by applicable law, Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

11. TERMINATION.

11.1 Termination of Agreement. Certain of the Parties may terminate this Agreement as provided below:

(a) Buyer and Seller by mutual written consent at any time prior to the Closing;

(b) Buyer may terminate this Agreement by giving written notice to Seller if Buyer is not satisfied with the results of its continuing business, legal, environmental, and accounting due diligence regarding Seller; *provided*, that if all due diligence materials requested by Buyer have been provided by Seller, such notice must be delivered on or before ~~June 30,~~May 31, 2014;

(c) Buyer may terminate this Agreement by giving written notice to Seller at any time prior to the Closing (i) in the event Seller has breached any material representation, warranty, or covenant contained in this Agreement or the other Transaction Agreements in any material respect, Buyer has notified Seller of such breach and such breach has not been cured by Seller for a period of thirty (30) days after the notice of breach and, in any event, by December 31, 2014, or (ii) if the Closing shall not have occurred on or before December 31, 2014, by reason of the failure of any condition precedent under Section 7.1 or Section 7.2 (unless the failure results primarily from Buyer itself breaching any representation, warranty, or covenant contained in this Agreement); and

(d) Seller may terminate this Agreement by giving written notice to Buyer at any time prior to the Closing (i) in the event Buyer has breached any material representation, warranty, or covenant contained in this Agreement or the other Transaction Agreements in any material respect, Seller has notified Buyer of such breach and such breach has not been cured by Buyer for a period of thirty (30) days after the notice of breach and, in any event, by December 31, 2014, or (ii) if the Closing shall not have occurred on or before December 31, 2014, by reason of the failure of any condition precedent under Section 7.1 or Section 7.3 (unless the failure results primarily from Seller itself breaching any representation, warranty, or covenant contained in this Agreement).

11.2 Effect of Termination. In the event that this Agreement shall be terminated pursuant to this Section 11, (a) each Party will redeliver all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the Party furnishing the same, and (b) ~~subject to Section 11.3 and the payment of the Break-Up Fee, if any is due, unless such termination is pursuant to Section 11.1(c)(i) or Section 11(d)(i),~~ all further obligations of the Parties under this Agreement shall terminate without further liability of any Party to the other Party (except that each Party shall remain liable for any breach or default by such Party of any representation, warranty, covenant or agreement contained herein, as to which all remedies shall remain available, including, but not limited to, the availability of specific performance or other injunctive relief and reasonable legal and audit costs and out of pocket expenses); *provided, however*, that the confidentiality provisions contained in Section 6.5 and the expenses provision contained in Section 12.9 shall survive ~~such any termination-~~ pursuant to this Section 11.

11.3 Break-Up Fee. ~~the non-defaulting party may do so, except that the compliance with the confidentiality provisions contained in Section 6.5, and the expenses provision contained in Section 12.9 shall survive such termination and the defaulting party~~In the event that this Agreement shall be terminated pursuant to Section 11.1(c)(i) or Section 11(d)(i), the

defaulting Party shall, within forty-five (45) days of the date of termination, pay to the terminating and non-defaulting Party the sum of Four Hundred Thousand Dollars (\$400,000) in cash (“Break-Up Fee”) and the payment of the Break-Up Fee will be the sole and exclusive remedy of the non-defaulting Party for any such termination ~~pursuant to Section 11.1(c)(i) or Section 11(d)(i), respectively.~~

12. MISCELLANEOUS.

12.1 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns (except that Section 9 is intended to benefit Indemnified Parties).

12.2 Entire Agreement. This Agreement and the other Transaction Agreements (including the documents referred to herein) constitute the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

12.3 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his, her, or its rights, interests, or obligations hereunder without the prior written approval of Buyer and Seller; *provided, however,* that Buyer may (a) assign any or all of its rights and interests hereunder to one or more of its Affiliates, including Buyer’s Parent, and (b) designate one or more of its Affiliates, including Buyer’s Parent, that is a California benefit corporation, to perform its obligations hereunder.

12.4 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

12.5 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (a) when delivered personally to the recipient, (b) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid), (c) one (1) business day after being sent to the recipient by facsimile transmission or electronic mail, or (d) four (4) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the attention of the intended recipient as set forth below:

If to Seller:

Alliant International University
One Beach Street, Suite 100
San Francisco, CA 94133
Attn: Dr. Geoffrey Cox, President

Copy To:

Hanson Bridgett LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Attn: Jonathan Storper

If to Buyer:

University Ventures Fund
1745 Broadway, Suite 1454B

Copy to:

Orrick, Herrington & Sutcliffe LLP
405 Howard Street

New York, New York 10019
Attn: David J. Figuli, CEO
E-mail: david@universityventuresfund.com

San Francisco, CA 94105
Attn: Larry Kane

Any Party may change the address and representative to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

12.6 Governing Law/Arbitration.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF CALIFORNIA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF CALIFORNIA.

(b) In the event of any controversy or claim between or among any of the Parties arising out of, relating to or in connection with any provision of this Agreement or the Transaction Documents, or the rights or obligations of the Parties hereunder, except for the enforcement of the confidentiality and non-solicitation provisions of this Agreement, the Parties shall try to settle their differences amicably between or among themselves and if such process fails, then through binding arbitration as follows:

(i) Informal Direct Communication. Any Party may initiate such informal dispute resolution by sending written notice of the dispute to the other Parties, and within ten (10) days after such notice, senior management level representatives of each party shall meet, in person or by telephone, for attempted resolution by good faith negotiations. Such representatives shall be empowered and authorized to bind their respective companies with respect to the matter in dispute, and to settle the issue on behalf of their respective companies.

(ii) Arbitration. If the Parties do not resolve the dispute within thirty (30) days, then the Parties agree to submit the dispute to final and binding arbitration before a panel of one arbitrator under the Commercial Arbitration Rules of the American Arbitration Association (the "AAA Rules") to be held in San Francisco, California; *provided, however*, the if the aggregate amount in dispute is greater than \$1,000,000 then the panel will consist of three arbitrators. Arbitration will be commenced by any Party filing a demand for arbitration pursuant to the AAA Rules (an "Arbitration Demand"). That Party also shall send a copy of the Arbitration Demand to the other Parties involved in the dispute. The arbitration shall be conducted pursuant to the AAA Rules. The panel will agree to comply with the procedures agreed to by Parties, or if applicable, the AAA Rules (including without limitation any and all of the time deadlines governing the panel's conduct set forth in the procedures agreed to by Parties and the AAA Rules, as applicable) and the terms of this Section. The panel shall have case management authority as provided under the AAA Rules. The Parties agree that a judgment may be entered on the panel's award in any court of competent jurisdiction. The panel in reviewing any claim under this Agreement shall have the exclusive authority to determine any issues as to the arbitrability of any such claim or related disputes hereunder. In reaching a decision, the

panel shall interpret, apply and be bound by this Agreement, the other Transaction Agreements and by applicable law. The panel shall have no authority to add to, detract from or modify this Agreement, the other Transaction Agreements or any applicable law in any respect. Any up-front costs of the panel shall be borne equally by the parties engaged in such dispute; provided, however, that the fees of the panel shall be paid and/or reimbursed in accordance with the decision of the panel. Except as otherwise provided in this Agreement, each Party shall bear its own costs incurred in connection with attorneys' fees and related expenses.

(iii) Venue. Notwithstanding the provisions of this Section, nothing in this Agreement shall limit or in any way restrict the ability of any Party to seek injunctive or other equitable relief in a court or other judicial body. For such equitable or injunctive action or to enforce an arbitration order or award, each Party hereby irrevocably submits to the jurisdiction and venue of any federal or state court located in San Francisco, California (and any appellate court therefrom). Each Party hereby irrevocably and unconditionally waives and agrees not to plead, to the fullest extent provided by Law, any objection it may have to venue and the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts.

(iv) Jury Trial. EACH PARTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION AGREEMENT.

12.7 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any Party of any provision of this Agreement or any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such default, misrepresentation, or breach of warranty or covenant.

12.8 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

12.9 Expenses. Except as explicitly provided elsewhere in this Agreement, Seller shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement, the Transaction Agreements and the transactions contemplated hereby and thereby. Buyer shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement, the Transaction Agreements and the transactions contemplated hereby and thereby.

12.10 Construction. Each Party acknowledges and represents that, in executing this Agreement and the other Transaction Agreements, it has had the opportunity to seek advice as to its legal rights from legal counsel and that the person signing on its behalf has read and

understood all of the terms and provisions of this Agreement. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

12.11 Incorporation of Exhibits, Annexes, and Schedules. The Exhibits, Annexes, and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

12.12 Specific Performance. Each Party acknowledges and agrees that the other Parties would be damaged irreparably in the event any provision of this Agreement is not performed in accordance with its specific terms or otherwise is breached, so that a Party shall be entitled to injunctive relief to prevent breaches of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in addition to any other remedy to which such Party may be entitled, at law or in equity. In particular, the Parties acknowledge that the business of Seller and its Subsidiaries is unique and recognize and affirm that in the event Seller’s breach this Agreement, money damages would be inadequate and Buyer would have no adequate remedy at law, so that Buyer shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the other Parties’ obligations hereunder not only by action for damages but also by action for specific performance, injunctive, and/or other equitable relief.

12.13 Submission to Jurisdiction. Each of the Parties submits to the jurisdiction of any state or federal court sitting in San Francisco, California, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

12.14 Governing Language. This Agreement has been negotiated and executed by the Parties in English. In the event any translation of this Agreement is prepared for convenience or any other purpose, the provisions of the English version shall prevail.

12.15 Tax Disclosure Authorization. Notwithstanding anything herein to the contrary, the Parties (and each Affiliate and Person acting on behalf of any Party) agree that each Party (and each employee, representative, and other agent of such Party) may disclose to any and all Persons, without limitation of any kind, the transaction's tax treatment and tax structure (as such terms are used in regulations promulgated under Code §6011) contemplated by this agreement and all materials of any kind (including opinions or other tax analyses) provided to such Party or such Person relating to such tax treatment and tax structure, except to the extent necessary to comply with any applicable federal or state securities laws. This authorization is not intended to permit disclosure of any other information including (without limitation) (a) any portion of any materials to the extent not related to the transaction's tax treatment or tax structure, (b) the identities of participants or potential participants, (c) the existence or status of any negotiations, (d) any pricing or financial information (except to the extent such pricing or financial information is related to the transaction's tax treatment or tax structure), or (e) any other term or detail not relevant to the transaction's tax treatment or the tax structure.

12.16 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Electronic or pdf copies shall be deemed to be originals.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on as of the date first above written.

BUYER:

ALLIANT INTERNATIONAL
UNIVERSITY, INC., a California benefit
corporation

By: _____
Name:
Title:

SELLER:

ALLIANT INTERNATIONAL
UNIVERSITY, a California non-profit corporation

By: _____
Name:
Title:

APPENDIX A

Definitions

“AAA Rules” has the meaning set forth in Section 12.6(b)(ii).

“Accrediting Body” means any non-governmental entity, including without limitation institutional and specialized accrediting agencies, which engage in the granting or withholding of accreditation of postsecondary educational institutions or programs, or accreditation of private elementary and secondary schools or programs, in accordance with standards relating to the performance, operations, financial condition or academic standards of such institutions and schools, including, without limitation, the American Psychological Association, the Commission on Accreditation for Marriage and Family Therapy Education, the California Board of Behavioral Sciences, the California Commission on Teacher Credentialing, the Accrediting Commission for Schools, Western Association of Schools and Colleges (“WASC”) and the California Bar Examiners (“CBE”).

“Acid Test Ratio Adjustment” shall mean the amount equal to the positive or negative amount of cash that, if included in the calculation of Seller’s acid test ratio, as reasonably determined by Buyer after review by Seller, in accordance with 34 C.F.R. § 668.15(b)(7)(i)(A), as may be amended, would result in an acid test ratio of exactly 1:1.3 as of Closing; *provided*, that such calculation will not include non-tuition receivables.

“Acquired Assets” means other than the Excluded Assets, all right, title, and interest in and to all of the assets of Seller relating to the operations of the University, including, without limitation all of its:

- (a) academic programs, Curriculum, syllabus, and related instructional materials, records and transcripts;
- (b) tangible personal property (such as furniture, fixtures, machinery, equipment, materials and supplies, goods and furniture);
- (c) subject to the Seller’s IP Policy, Intellectual Property (including without limitation, the University’s website, tradename, domain names and other related assets), goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions;
- (d) the Leases and rights thereunder and any other Leases listed in Section 3.13(b) of the Disclosure Schedule as assumed leases;
- (e) Contracts, documents, bids, other similar arrangements, and rights thereunder relating to the University in effect as of the Closing (the “Assumed Contracts”);
- (f) accounts, notes, and other receivables, including governmental grants or Contracts and other non-charitable or otherwise non-restricted pledges of donations;

(g) securities, including, without limitation, all securities and capital stock held by Seller of any Subsidiary;

(h) claims, insurance benefits (including rights and proceeds), deposits security deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set-off, and rights of recoupment (including any such item relating to the payment of Taxes);

(i) franchises, approvals, permits, licenses, orders, registrations, certificates, variances, and similar rights obtained from Governmental Authorities, State Educational Agencies, and Accrediting Bodies;

(j) books and records, including without limitation, ledgers, files, statements, invoices, documents, correspondence, lists, plats, architectural plans, drawings, and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials, audio and/or visual recordings, lists, manuals, catalogs, reports, work papers, summaries, drawings, diagrams, renderings, graphs, plans, presentations, compilations, registers, or any other materials, fixed in any medium (e.g., paper, microfiche, electronic) that archive, document, or record data and information relating to the Acquired Assets, without exception unless otherwise provided for in this Agreement, and which may include, but is not limited to data and information that is in any way related to: financial, tax, and accounting matters; courses and programs of instruction; student leads, and prospective, current and former students; human resources (to the extent permitted under applicable Laws) and employee benefits; insurance; real estate, personal property, and equipment; faculty; student, employee, faculty, Board of Trustees and institutional policies; environmental matters; accreditation and regulatory relationships; compliance with Laws or Educational Laws; student aid programs; Intellectual property and associated rights of ownership; and suppliers and vendors (the “Records”);

(k) Cash (other than ~~any restricted endowment fund assets, charitable pledges, grants and bequests~~[the Restricted Assets](#)); and

(l) the Acquired SFLS Assets;

(m) all goodwill incident to the University business;

provided, however, that the Acquired Assets shall not include the Excluded Assets.

“Acquired SFLS Assets” means the assets specifically listed in Section 1 of the Disclosure Schedule under the heading “Acquired SFLS Assets.”

“Adverse Consequences” means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys’ fees and expenses.

“Affiliate” means any Person who is, directly or indirectly, under the control or common control or controlled by any Person, including any officer, director, trustee, employee or shareholder holding at least 10% of the voting power of such Person.

“Affiliated Group” means any affiliated group within the meaning of Code §1504(a) or any similar group defined under a similar provision of state, local or foreign law.

“Agreement” has the meaning set forth in the preface.

“Application” has the meaning set forth in Section 3.12(m).

“Arbitration Demand” has the meaning set forth in Section 12.6(b)(ii).

“Assignment and Assumption Agreement” means that certain Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit C by Seller in favor of Buyer.

“Assumed Indebtedness” means all indebtedness or capital lease obligations specifically listed in Section 1 of the Disclosure Schedule under the heading “Assumed Indebtedness.”

“Assumed Liabilities” means specifically the following Liabilities:

- (a) all obligations of Seller under the Assumed Contracts;
- (b) the Assumed Indebtedness;
- (c) the Assumed SFLS Liabilities; and
- (d) the liabilities directly relating to ordinary course business of the University such as obligations to matriculated students, vendor contracts for operational services equipment lessors for equipment used in operational services, equipment, the Leases, the student prepaid items, customary trade payables incurred in the Ordinary Course of Business, all as specifically listed in Section 1 of the Disclosure Schedule under the heading “Assumed Ordinary Course Liabilities,” other than any Liability resulting from, arising out of, relating to, in the nature of, or caused by any breach of contract, breach of warranty, tort, infringement, violation of law including, without limitation, Educational Law, Educational Approval, or environmental matter,

provided, however, that, notwithstanding the above, the Assumed Liabilities shall not include the Excluded Liabilities.

“Assumed SFLS Liabilities” means the Liabilities and obligations specifically listed in Section 1 of the Disclosure Schedule under the heading “Assumed SFLS Liabilities,”

provided, however, that, notwithstanding the above, the Assumed SFLS Liabilities shall not include the Excluded SFLS Liabilities.

“Auditor” has the meaning set forth in Section 2.6.

“Basis” means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

“Bill of Sale” shall mean that certain General Assignment and Bill of Sale substantially in the form attached hereto as Exhibit B by and between Buyer and Seller.

“Board of Trustees” shall mean the Board of Trustees of Seller.

“Break-Up Fee” has the meaning set forth in Section 11.3.

“Buyer” has the meaning set forth in the preface above.

“Buyer Bylaws” has the meaning set forth in Section 7.3(d).

“Buyer Fundamental Reps” has the meaning set forth in Section 9.1.

“Buyer Indemnified Person” has the meaning set forth in Section 9.2(a).

~~“Closing Leased Real Properties” means the real properties specifically listed in Section 1 of the Disclosure Schedule under the heading “Closing Leased Real Properties.”~~

“Buyer Officer’s Certificate” has the meaning set forth in Section 7.3(e).

“Buyer Related Agreements” has the meaning set forth in Section 4.2.

“Buyer Restated Certificate” has the meaning set forth in Section 7.1(h).

“Buyer Secretary’s Certificate” has the meaning set forth in Section 7.3(f).

“Buyer’s Parent” has the meaning set forth in Section 7.3(d).

“Bylaws” shall mean the Bylaws of the Board of Directors and the Board of Trustees of Seller, as amended to date hereof.

“Charter” shall mean the Articles of Incorporation of Seller as amended to the date hereof.

“Closing” has the meaning set forth in Section 2.7.

“Closing Date” has the meaning set forth in Section 2.7.

“Closing Cash” has the meaning set forth in Section 2.4(a).

~~“Closing Leased Real Properties” means the real properties specifically listed in Section 1 of the Disclosure Schedule under the heading “Closing Leased Real Properties.”~~

“Closing Share Percentage” has the meaning set forth in Section 2.4(c).

“Closing Shares” has the meaning set forth in Section 2.4(c).

“Code” means the Internal Revenue Code of 1986, as amended.

“Collective Bargaining Agreements” has the meaning set forth in Section 3.16(g).

“Common Stock” shall mean the Common Stock of Buyer.

“Compliance Date” means July 1, 2011.

“Competing Proposed Transaction” has the meaning set forth in Section 5.7.

“Compliance Review” means any program review, audit, investigation, subpoena seeking information concerning the University's compliance with any Educational Laws, guaranty agency review or other compliance-related review of the University conducted by the DOE, any other Educational Agency or any federal or state Government Body.

“Confidential Information” means any information concerning the businesses and affairs of Buyer or Seller, as applicable, that is not already generally available to the public.

“Confidentiality Agreements” has the meaning set forth in Section 3.21(a)(i).

“Consents” shall include all consents required to close the transactions required in connection with the closing of this transactions contemplated hereby, including the consents listed in Section 3.3 of the Disclosure Schedule, the Lease Consents and the Educational Notices/Consents.

“Contract” means any written or oral legally binding contract, agreement, instrument, arrangement, commitment, understanding or undertaking (including leases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts and purchase orders).

“Curriculum” means program and course curricula, program and course materials, course wares, instructional videotapes, syllabi, instructional audio recordings, instructional software, instructional technology and knowhow, academic policies, procedures and standards, catalogs, handbooks and guidebooks, examinations and outcomes assessment policies, procedures and materials, online courses, programs and instructional materials, online formats, face pages and graphics, online instructional support materials, visual aids, and Educational Agency and Governmental Authority submissions, filings, reports and documentation concerning any of the foregoing.

“Data Laws” has the meaning set forth in Section 3.27(a).

“Determination Date” has the meaning set forth in Section 2.6.

“Determination Letter” has the meaning set forth in Section 3.12(n).

“Disclosure Schedule” has the meaning set forth in Section 3.

“DOE” means the United States Department of Education and any successor agency administering student financial assistance under Title IV.

“DOE Affiliate” has the meaning ascribed to “affiliate” in 34 C.F.R. § 85.905.

“DOE Pre-Acquisition Review Notice” means a written notice from the DOE following the DOE’s review of a pre-acquisition review application regarding the transactions contemplated herein, which shall not: (a) indicate the existence of any material impediment to the issuance of either a TPPPA or a PPPA to the University extending the University’s certification to participate in the Title IV Programs immediately following the Closing; or (b) as a condition of issuing either a TPPPA or PPPA to the University after Closing, would (i) require Buyer, Seller or the University to post a letter of credit or letters of credit that in the aggregate would equal or exceed Twenty-Five Percent (25%) of the funds received under the Title IV Programs for Seller’s last completed fiscal year, (ii) preclude Buyer or the University from adding new locations or new educational programs, modifying existing educational programs or increasing student enrollments, (iii) require any owner or Person exercising substantial control over the University to provide a personal guaranty or assume joint and several liability for any outstanding or future Title IV Program liabilities of the University; or (iv) require any other action or impose any other condition that would be reasonably likely to have a Material Adverse Effect on the operations, conditions (financial or otherwise), assets, prospects, liabilities or business of Buyer, Seller or the University.

“Educational Agency” means any entity or organization, whether governmental, government chartered, tribal, private, or quasi-private, whether U.S. or foreign, that engages in granting or withholding Educational Approvals, administers Financial Assistance Programs to or for students of, or otherwise regulates private elementary, secondary or postsecondary schools or programs in accordance with standards relating to the performance, operation, financial condition, or academic standards of such schools and programs, including, without limitation, the California Student Aid Commission, the California State Approving Agency for Veteran’s Education, and any Accrediting Body or State Educational Agency.

“Educational Approval” means any existing license, permit, authorization, certification, accreditation, or similar approval, whether U.S. or foreign, issued or required to be issued by an Educational Agency.

“Educational Notices/Consents” means any approval, authorization or consent by any Educational Agency or any notification to be made by the Parties to an Educational Agency, with regard to the transactions contemplated herein, which is necessary to be made or obtained under applicable Laws in order to maintain or continue any Educational Approval held by the University as of the date of this Agreement, including without limitation the DOE Pre-Acquisition Review Notice.

“Educational Law” means any federal, state, municipal, foreign or other Law, Accrediting Body standard or other requirement applicable thereto, including without limitation the provisions of Title IV of the HEA or the provisions of the California Private Postsecondary Education Act of 2009, any regulations implementing or relating thereto, issued or administered by, or related to, any Educational Agency.

“Effective Date” has the meaning set forth in the preface.

“Employee Benefit Plan” means any “employee benefit plan” (as such term is defined in ERISA §3(3)) and any other compensation or benefit plan, program policy, practice, agreement, understanding or arrangement of any kind, including, without limitation, all incentive, bonus, severance, change in control, deferred compensation, vacation, holiday, cafeteria, medical or disability.

“Employee” has the meaning set forth in Section 8.1(a).

“Environmental, Health, and Safety Requirements” shall mean, as amended and as now and hereafter in effect, all federal, state, local, and foreign statutes, regulations, ordinances, and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations, and all common law concerning public health and safety, worker health and safety, pollution, or protection of the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous materials, substances, or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, or radiation.

“Equity Commitment Letter” has the meaning set forth in Section 4.8.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means each entity that is treated as a single employer with Seller for purposes of Code §414.

“Escrow Account” has the meaning set forth in Section 2.5.

“Escrow Agent” means [●].

“Escrow Agreement” has the meaning set forth in Section 2.5.

“Escrow Amount” means an amount equal to 10% of the Purchase Price.

“Excluded Assets” means the following:

- (a) the Charter, the Bylaws, qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, and other documents relating to the organization, maintenance, and existence of Seller as a nonprofit public benefit corporation;
- (b) any of the rights of Seller under this Agreement and the other Transaction Agreements;
- (c) the Related Party Contracts;

~~(d) any restricted endowment fund assets;~~

~~(d) (e) any charitable pledges, grants and bequests;~~ the Restricted Assets;

(e) ~~(f)~~ the Owned Real Properties; and

(f) ~~(g)~~ the assets acquired by Seller from FVSAI Texas pursuant to the FVSAI Asset Transfer Agreement listed in Section 1 of the Disclosure Schedule under the heading “Excluded FVSAI Assets.”

(g) ~~(h)~~ the Excluded Assets listed in Section 1 of the Disclosure Schedule under the heading “Excluded Assets.”

“Excluded FVSAI Liabilities” means Liabilities and obligations related to FVSAI, the FVSAI Agreements or the transactions contemplated therein.

“Excluded Liabilities” mean the following Liabilities:

(a) any Liability relating to or arising from the Excluded Assets;

(b) any Liability relating to or arising from claims, litigation or Third Party Litigation arising from actions of Seller (and its Affiliates, directors, trustees, employees and agents) (including any penalties and fines) prior to the Closing or relating to an Excluded Assets, including without limitation, the claims and litigation listed on the Disclosure Schedule and all related unpaid attorney’s fees and other expenses as of the Closing Date;

(c) all Liabilities to Affiliates of Seller, including Liabilities for the Related Party Contracts or any advance, loan or other investment of any kind by any Affiliate of Seller in Seller;

(d) any Liability of Seller for income, transfer, sales, use, and other Taxes arising in connection with the consummation of the transactions contemplated hereby (including any income Taxes arising because Seller is transferring the Acquired Assets);

(e) any Liability of Seller for the unpaid Taxes of any Person under Reg. §1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise except for Tax Liabilities reserved on the Most Recent Financial Statements;

(f) any Liability of Seller for Taxes for any taxable period, and any Liability for Taxes arising from or attributable to the University business, the Acquired Assets or Seller’s operation of the University business for all taxable periods (or portions thereof) up to and including the Closing Date (or, in the case of any Tax period which includes but does not end on the Closing Date, the portion of such period up to and including the Closing Date);

(g) any obligation of Seller to indemnify any Person by reason of the fact that such Person was a director, trustee, officer, employee, or agent of Seller or was serving at the request of any such entity as a member, manager, director, trustee, officer, employee, or

agent of another entity (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such indemnification is pursuant to any statute, charter document, bylaw, agreement, or otherwise);

(h) any Liability of Seller for costs and expenses incurred in connection with this Agreement, the other Transaction Agreements and the transactions contemplated hereby or thereby;

(i) any Liability or obligation of Seller under this Agreement or any other Transaction Agreement;

(j) any Liability of Seller in any way related to employees, consultants, advisors or other service providers of Seller (including, without limitation, for unpaid compensation and compliance with applicable employment laws) or any other debt, advance or obligation to employees, consultants, advisors or other service providers of the Seller, in each case, including, without limitation, retroactive pay raises, commission payments, officer or employee bonuses or profit-sharing plans or payments;

(k) all Liabilities related to any employment, consulting or independent contractor agreement (except as specifically assumed as an Assumed Liability);

(l) all Liabilities with respect to any Employee Benefit Plan or other compensation or benefit plan or arrangement or arrangement (except as specifically assumed as an Assumed Liability);

(m) all Liabilities with respect to any accrued vacation of the Employees;

(n) any Liability relating to equity interests (including options, warrants or other convertible securities) in Seller or any of its Affiliates;

(o) all Liabilities not specifically within the definition of Assumed Liabilities;

(p) all accounting, management, and legal fees and administrative costs in preparing and filing tax returns for Seller;

(q) all credit card obligations and liabilities of Seller;

(r) all Indebtedness other than the Assumed Indebtedness;

(s) the Excluded SFLS Liabilities

(t) the Excluded FVSAI Liabilities; and

(u) the Excluded Liabilities listed on Section 1 of the Disclosure Schedule under the heading "Excluded Liabilities."

“Excluded SFLS Liabilities” means Liabilities and obligations related to (i) the SFLS Merger Agreement and the transactions contemplated therein, (ii) San Francisco Law School, a California nonprofit public benefit corporation (“Alliant SFLS”), formed on July 1, 2010, or (iii) the Articles of Incorporation and other organizing documents of Alliant SFLS, as amended.

“Expense Projections” means the revenue and expense projections of Seller approved in advance by Buyer.

“Expiration Date” means the date that is twelve (12) months from and after the Closing Date.

“Final Acid Test Ratio Adjustment” has the meaning set forth in Section 2.6.

“Financial Assistance Programs” means each Title IV Program pursuant to which Title IV Program funding has been provided to or on behalf of the University’s students; and any other government-sponsored or private student financial assistance program other than the Title IV Programs pursuant to which student financial assistance, grants or loans were provided to or on behalf of the University’s students.

“Financial Statements” has the meaning set forth in Section 3.7.

“FIRPTA Affidavit” has the meaning set forth in Section 7.2(n).

“FVSAI” means the Family Violence and Sexual Abuse Institute and the Institute on Violence, Abuse and Trauma operated by Seller.

“FVSAI Agreements” means the FVSAI Asset Transfer Agreement, that certain Affiliation Agreement between Seller and FVSAI Texas, dated January 1, 2003, as amended, and all other Contracts between Seller or any of its Affiliates and FVSAI Texas.

“FVSAI Asset Transfer Agreement” means that certain Asset Transfer Agreement between Seller and FVSAI Texas, dated March 15, 2006.

“FVSAI Texas” means Family Violence and Sexual Assault Institute, a Texas non-profit corporation.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, consistently applied.

“Governmental Authority” means any governmental, regulatory or administrative body, agency, subdivision or authority, any court quasi-judicial or judicial authority, or any public, private or industry regulatory authority, including any Educational Agency or State Educational Agency, whether national, Federal, state, local, foreign or otherwise.

“HEA” means the Higher Education Act of 1965, 20 U.S.C. § 1001 et seq., as amended, or successor statues thereto.

“Improvements” has the meaning set forth in Section 3.13(c).

“Indebtedness” means (a) indebtedness for borrowed money, whether secured or unsecured, (b) obligations under conditional sale or other title retention agreements relating to property purchased by such Person, (c) capitalized lease obligations, (d) obligations under interest rate cap, swap, collar or similar transaction or currency hedging transactions (valued at the termination value thereof), and (e) guarantees of any such indebtedness of any other Person.

“Indemnified Party” has the meaning set forth in Section 9.3(a).

“Indemnifying Party” has the meaning set forth in Section 9.3(a).

“Independent Appraiser” means Burr Pilger Mayer, Inc. located in Walnut Creek, California.

“Initial Acid Test Ratio Adjustment” has the meaning set forth in Section 2.6.

“Intellectual Property” means all of the following in any jurisdiction throughout the world: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate names, Internet domain names, and rights in telephone numbers, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works (whether or not registered), all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including source code, executable code, data, databases, and related documentation), (g) all advertising and promotional materials, (h) all other proprietary rights, (i) the Curriculum, and (j) all copies and tangible embodiments thereof (in whatever form or medium).

“Investors’ Rights Agreement” shall mean that certain Investors’ Rights Agreement substantially in the form attached hereto as Exhibit G.

“Key Employees” has the meaning set forth in Section 8.1(b).

“Knowledge” means actual knowledge and, with respect to (i) Buyer, means actual knowledge of [●●], and (ii) Seller, means actual knowledge of [●●]; *provided, however*, that Knowledge of Seller or Buyer, as applicable, shall also be deemed to include the knowledge that such individuals should have after conducting a reasonable inquiry of the management team of Seller and the University or Buyer, as applicable, whom such individuals should reasonably believe would have knowledge of the matters represented.

“Law” or “Laws” means all statutes, rules, codes, regulations, restrictions, ordinances, orders, decrees, rulings (including common law rulings), approvals, treaties, charge, restriction, directives, judgments, injunctions, writs or awards of, or issued by, any Governmental Authority.

“Lease Consents” shall mean the written consents of any landlord or party that is required under a Lease in connection with the consummation of the transactions contemplated by this Agreement.

“Leased Real Property” means ~~[[●●]]⁵ and~~ all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property held by Seller, including the right to all security deposits and other amounts and instruments deposited by or on behalf of Seller thereunder.

“Leases” means ~~[[●●]]⁶ and~~ all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto, pursuant to which Seller holds any Leased Real Property.

“Liability” means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

“Lien” means any (a) mortgage, pledge, lien, encumbrance, charge, or other security, (b) purchase money liens and liens securing rental payments under capital lease arrangements, and (c) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

“Long-Term Indebtedness” means the items of Indebtedness of Seller and its Subsidiaries specifically listed in Section 1 of the Disclosure Schedule under the heading “Long-Term Indebtedness,” including the amount and the name and address of the holder of each such item and a description of the nature of the obligation.

“Material Adverse Effect” or “Material Adverse Change” means any effect or change that would be (or could reasonably be expected to be) materially adverse to the business, assets, condition (financial or otherwise), operating results, operations, or business prospects of Seller or the University, or the Acquired Assets, in each case, taken as a whole, or to the ability of Seller to consummate timely the transactions contemplated hereby (regardless of whether or not such adverse effect or change can be or has been cured at any time or whether Buyer has knowledge of such effect or change on the date hereof).

“Most Recent Balance Sheet” means the balance sheet contained within the Most Recent Financial Statements.

⁵ ~~Note to Draft: Inclusion of specific leases to be determined based on results of diligence.~~

⁶ ~~Note to Draft: Inclusion of specific leases to be determined based on results of diligence.~~

“Most Recent Financial Statements” has the meaning set forth in Section 3.7.

“Most Recent Fiscal Month End” has the meaning set forth in Section 3.7.

“Most Recent Fiscal Year End” has the meaning set forth in Section 3.7.

“Notice of Claim” has the meaning set forth in Section 9.3(a).

“Ordinary Course of Business” means the ordinary course of business of Seller consistent with past custom and practice (including with respect to quantity and frequency).

“Owned Real Property” means all land, together with all buildings, structures, improvements and fixtures located thereon, including all electrical, mechanical, plumbing and other building systems, fire protection, security and surveillance systems, telecommunications, computer, wiring, and cable installations, utility installations, water distribution systems, and landscaping, together with all easements and other rights and interests appurtenant thereto (including air, oil, gas, mineral, and water rights), owned by Seller or any of its Subsidiaries.

“Party” has the meaning set forth in the preface above.

“Payoff Amount” has the meaning set forth in Section 2.4(b).

“Permits” shall mean any franchise, grant, authorization, agreement, license, permit, registration, easement, variance, exception, consent, clearance, certificate, approval, order or similar rights issued, granted or obtained for the University by or from any Governmental Authority, but excluding any Educational Approval.

“Permitted Encumbrances” means with respect to each parcel of Real Property: (a) real estate taxes, assessments and other governmental levies, fees, or charges imposed with respect to such Real Property that are (i) not due and payable as of the Closing Date or (ii) being contested in good faith and for which appropriate reserves have been established in accordance with GAAP; (b) mechanics’ liens and similar liens for labor, materials, or supplies provided with respect to such Real Property incurred in the Ordinary Course of Business for amounts that are (i) not due and payable as of the Closing Date or (ii) being contested in good faith and for which appropriate reserves have been established in accordance with GAAP; (c) zoning, building codes and other land use laws regulating the use or occupancy of such Real Property or the activities conducted thereon that are imposed by any governmental authority having jurisdiction over such Real Property that are not violated by the current use or occupancy of such Real Property or the operation of the University’s business as currently conducted thereon; and (d) easements, covenants, conditions, restrictions, and other similar matters of record affecting title to such Real Property that do not or would not impair the use or occupancy of such Real Property in the operation of the University as currently conducted thereon.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

“Post Effective Date Claim” shall have the meaning set forth in Section 9.5.

“PPA” means a Program Participation Agreement issued to the University and countersigned by or on behalf of the Secretary of the DOE, evidencing the DOE’s certification of the University to participate in Title IV Programs prior to consummation of the transactions contemplated by this Agreement.

“PPPA” means a Provisional Program Participation Agreement issued to the University and countersigned by or on behalf of the Secretary of the DOE, evidencing the DOE’s certification of the University to continue its Title IV Program participation following consummation of the transactions contemplated by this Agreement.

“Pre-Closing Audits” shall have the meaning set forth in Section 5.10.

“Pre-Closing Educational Notices/Consents” shall mean all Educational Notices/Consents required before the Closing Date.

“Preferred Stock” shall mean the preferred stock of Buyer.

“Purchase Price” has the meaning set forth in Section 2.3.

“Qualified Accounts Receivables” shall mean an account receivable that satisfies both of the following requirements:

- (i) account receivables created in the ordinary course of Seller’s business in which the obligors thereof are in-school students of Seller or non-current students of Seller who have made a payment to Seller within thirty (30) days of the Closing, and
- (ii) account receivables with respect to which the obligor is not in default in any of the payment terms thereof (and Seller has not waived or amended any such payment terms).

“Real Estate Purchase Agreement” shall have the meaning set forth in Section 2.1.

“Real Property” means the Owned Real Property together with the Leased Real Property.

“Real Property Laws” shall have the meaning set forth in Section 3.13(d).

“Real Property Permits” shall have the meaning set forth in Section 3.13(e).

“Related Party Contracts” has the meaning set forth in Section 3.26.

“Representatives” has the meaning set forth in Section 5.7.

“Restricted Assets” means any (i) restricted endowment fund assets set forth in Section 1 of the Disclosure under the heading “Restricted Endowment Fund Assets,” and (ii) any charitable pledges, grants and bequests set forth Section 1 of the Disclosure under the heading “Charitable Pledges, Grants and Bequests.”

“Right of First Refusal and Co-Sale Agreement” shall mean that certain Right of First Refusal and Co-Sale Agreement substantially in the form attached hereto as Exhibit F.

“Rule 506” shall have the meaning set forth in Section 4.7.

“San Diego Campus Real Property” means that certain approximately 60.142 acre parcel of improved land commonly known as 10455 Pomerado Road, San Diego, California, Assessor’s Parcel Number 363-080-40, as more particularly described on Exhibit M hereto, together with all buildings, structures, improvements and fixtures located thereon, including all electrical, mechanical, plumbing and other building systems, fire protection, security and surveillance systems, telecommunications, computer, wiring, and cable installations, utility installations, water distribution systems, and landscaping, together with all easements and other rights and interests appurtenant thereto (including development rights under the existing conditional use permit dated March 16, 1967 (CUP No. 133-PC as amended, and air, oil, gas, mineral, and water rights), owned by Seller.

“San Francisco Law School Campus Real Property” means that certain approximately [●] acre parcel of improved land commonly known as [●], San Francisco, California, Assessor’s Parcel Number [●], as more particularly described on Exhibit N hereto, together with all buildings, structures, improvements and fixtures located thereon, including all electrical, mechanical, plumbing and other building systems, fire protection, security and surveillance systems, telecommunications, computer, wiring, and cable installations, utility installations, water distribution systems, and landscaping, together with all easements and other rights and interests appurtenant thereto, owned by Seller.

“Scholarship” means any financial aid for purposes of educational expenses provided by any organization of entity other than a Governmental Authority or government-sponsored program.

“Securities Act” means the Securities Act of 1933, as amended.

“Seller” has the meaning set forth in the preface above.

“Seller Fundamental Reps” has the meaning set forth in Section 9.1.

“Seller Indemnified Person” has the meaning set forth in Section 9.2(b).

“Seller Officer’s Certificate” has the meaning set forth in Section 7.2(s).

“Seller Secretary’s Certificate” has the meaning set forth in Section 7.2(t).

“Seller’s 401(a) Plan” shall have the meaning set forth in Section 5.11.

“Series A Preferred Stock” shall have the meaning set forth in Section 4.4(a).

“SFLS LLC” shall have the meaning set forth in Section 2.1.

“SFLS Merger Agreement” means that certain Agreement and Plan of Merger, dated June 23, 2009, between Seller and San Francisco Law School, a California nonprofit public benefit corporation, as amended.

“Source Code” means human-readable computer software and code, in a form other than Object Code form or machine-readable form, including related programmer comments and annotations, help text, data and data structures, object-oriented and other code, which may be printed out or displayed in human-readable form, and, for purposes of this Source Code definition, “Object Code” means computer software code, substantially or entirely in binary form, which is intended to be directly executable by a computer after suitable processing and linking but without the intervening steps of compilation or assembly.

“State Educational Agency” means any state educational licensing body that provides a license or authorization necessary for the University to provide postsecondary education in that state, including without limitation, the State of California, Bureau for Private Postsecondary Education under the Department of Consumer Affairs.

“Stock Plan” shall have the meaning set forth in Section 4.4(d).

“Stockholders’ Agreement” shall mean that certain Stockholders’ Agreement substantially in the form attached hereto as Exhibit D.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity, whether U.S. or foreign, of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity’s gains or losses or shall be or control any managing manager or general partner of such business entity (other than a corporation). The term “Subsidiary” shall include all Subsidiaries of such Subsidiary.

“Substantial Control” means the ability or power to direct or cause the direction of the management or policies of an institution of higher education, by contract, ownership interest or otherwise, or has the meaning ascribed to it in 34 C.F.R. § 668.174(c)(3).

“Tax” or “Taxes” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition

thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Termination Fees” has the meaning set forth in Section 5.11.

“Third Party Claim” shall have the meaning set forth in Section 9.3(b)

“Third Party Litigation” means, with respect to a Person any and all (i) outstanding judgments, orders, decrees, rulings, or charges against such Person or any Subsidiary of such Person, (ii) pending actions, suits, and proceedings against such Person or any Subsidiary of such Person, and (iii) open investigations by a Governmental Authority of such Person or any Subsidiary of such Person.

“Title IV” means Title IV of the HEA.

“Title IV Program” means any program of student financial assistance administered pursuant to Title IV.

“TPPPA” means a Temporary Provisional Program Participation Agreement issued to the University post-Closing and countersigned by or on behalf of the Secretary of the DOE continuing the University’s certification to participate in the Title IV Programs on an interim basis following the Closing.

“Transaction Agreements” shall mean this Agreement, the Bill of Sale, the Assignment and Assumption Agreement, the Stockholders’ Agreement, the Voting Agreement, the Right of First Refusal and Co-Sale Agreement, the Investors’ Rights Agreement, the Real Estate Purchase Agreement and the other agreements entered into by Seller and Buyer.

“Transferred Employee” shall have the meaning set forth in Section 8.1(a).

“University” has the meaning set forth in the preface above.

“Unpaid Expenses” shall mean all unpaid expenses of Seller incurred in connection with the transaction, including attorney’s fee and expenses incurred by Seller in connection with the transactions contemplated hereby, taxes, transfer taxes, severance and accrued and unpaid employee benefit costs, and transaction fees and expenses.

“UVF” has the meaning set forth in Section 4.8.

“UVF Guaranty” has the meaning set forth in Section 4.8.

“Voting Agreement” shall mean that certain Voting Agreement substantially in the form attached hereto as Exhibit E.

“WARN Act” has the meaning set forth in Section 3.21(e).

EXHIBIT B

Form of General Assignment and Bill of Sale

See Attached.

EXHIBIT C

Form of Assignment and Assumption Agreement

See Attached.

EXHIBIT D

Form of Stockholders' Agreement

See Attached.

EXHIBIT E

Form of Voting Agreement

See Attached.

EXHIBIT F

Form of Right of First Refusal and Co-Sale Agreement

See Attached.

EXHIBIT G

Form of Investors' Rights Agreement

See attached.

EXHIBIT H

**Form of Amended and Restated Certificate of
Incorporation of Buyer**

See attached.

EXHIBIT I

Form of Opinion of Seller's Counsel

See Attached.

EXHIBIT J

Form of Bylaws of Board of Directors of Buyer

See Attached.

EXHIBIT K

Form of Bylaws of Board of Trustees of Buyer

See Attached.

EXHIBIT L

Form of Escrow Agreement

See Attached.

EXHIBIT M

San Diego Campus Real Property

See Attached.

EXHIBIT N

San Francisco Law School Campus Real Property

See Attached.

EXHIBIT O

Form of Equity Commitment Letter

See Attached.

EXHIBIT P

Form of Real Estate Purchase Agreement

See Attached.

EXHIBIT Q

Form of Lease

See Attached.



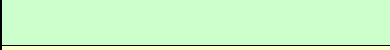
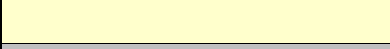

ANNEX I

**Exceptions to Buyer's Representations and
Warranties Concerning Transaction**

See Attached.

Document comparison by Workshare Compare on Friday, April 11, 2014 4:45:02 PM

Input:	
Document 1 ID	interwovenSite://NCUSADMS01/USA/756445463/11
Description	#756445463v11<USA> - Project Alliance -- Asset Purchase Agreement (OHS 4-9-2014)
Document 2 ID	interwovenSite://NCUSADMS01/USA/756445463/12
Description	#756445463v12<USA> - Project Alliance -- Asset Purchase Agreement (OHS 4-10-2014)
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	140
Deletions	136
Moved from	4
Moved to	4
Style change	0
Format changed	0

Total changes	284
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