UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2020

OR
☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _______ to _______.

Commission File Number: 001-38002

Laureate Education, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

52-1492296
(I.R.S. Employer Identification No.)

650 S. Exeter Street, Baltimore, Maryland
(Address of principal executive offices)

21202
(Zip Code)

Registrant's telephone number, including area code: (410) 843-6100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T ($232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
 Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
 Smaller reporting company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<table>
<thead>
<tr>
<th>Class</th>
<th>Outstanding at September 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A common stock, par value $0.004 per share</td>
<td>119,269,653 shares</td>
</tr>
<tr>
<td>Class B common stock, par value $0.004 per share</td>
<td>90,813,085 shares</td>
</tr>
</tbody>
</table>
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## PART I. - FINANCIAL INFORMATION

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<td>Consolidated Statements of Operations - Nine months ended September 30, 2020 and September 30, 2019</td>
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<td>Consolidated Statements of Comprehensive Income - Three months ended September 30, 2020 and September 30, 2019</td>
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</tr>
<tr>
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</tbody>
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## PART II. - OTHER INFORMATION

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<th>Description</th>
<th>Page No.</th>
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<td>6.</td>
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## SIGNATURES

1
## LAUREATE EDUCATION, INC. AND SUBSIDIARIES
### Consolidated Statements of Operations
### IN THOUSANDS, except per share amounts

<table>
<thead>
<tr>
<th>For the three months ended September 30,</th>
<th>2020 (Unaudited)</th>
<th>2019 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$243,523</td>
<td>$277,267</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct costs</td>
<td>185,758</td>
<td>229,736</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>52,602</td>
<td>65,942</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>323,398</td>
<td>—</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(318,235)</td>
<td>(18,411)</td>
</tr>
<tr>
<td>Interest income</td>
<td>684</td>
<td>912</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(24,703)</td>
<td>(28,318)</td>
</tr>
<tr>
<td>Loss on debt extinguishment</td>
<td>—</td>
<td>(200)</td>
</tr>
<tr>
<td>Gain on derivatives</td>
<td>—</td>
<td>283</td>
</tr>
<tr>
<td>Other income, net</td>
<td>1,301</td>
<td>992</td>
</tr>
<tr>
<td>Foreign currency exchange (loss) gain, net</td>
<td>2,907</td>
<td>7,659</td>
</tr>
<tr>
<td>Gain (loss) on disposal of subsidiaries, net</td>
<td>621</td>
<td>(1,474)</td>
</tr>
<tr>
<td>Loss from continuing operations before income taxes</td>
<td>(343,239)</td>
<td>(38,557)</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>72,199</td>
<td>(48,092)</td>
</tr>
<tr>
<td><strong>Loss from continuing operations</strong></td>
<td>(271,040)</td>
<td>(86,649)</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, including tax (expense) benefit of $(51,081) and $24,070, respectively</td>
<td>(169,768)</td>
<td>30,986</td>
</tr>
<tr>
<td>Loss on sales of discontinued operations, including tax expense of $52,712 and $3,591, respectively</td>
<td>(343,622)</td>
<td>(41,131)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(784,430)</td>
<td>(96,794)</td>
</tr>
<tr>
<td>Net (income) loss attributable to noncontrolling interests</td>
<td>(12)</td>
<td>1,568</td>
</tr>
<tr>
<td><strong>Net loss attributable to Laureate Education, Inc.</strong></td>
<td>$ (784,442)</td>
<td>$ (95,226)</td>
</tr>
</tbody>
</table>

### Basic and diluted earnings (loss) per share:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations</td>
<td>(1.29)</td>
<td>(0.39)</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(2.44)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Basic and diluted loss per share</td>
<td>(3.73)</td>
<td>(0.43)</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these consolidated financial statements.*
<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$739,698</td>
<td>$860,224</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct costs</td>
<td>614,125</td>
<td>706,817</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>140,812</td>
<td>174,458</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>350,939</td>
<td>248</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(366,178)</td>
<td>(21,299)</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,594</td>
<td>2,594</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(75,698)</td>
<td>(101,548)</td>
</tr>
<tr>
<td>Loss on debt extinguishment</td>
<td>—</td>
<td>(22,059)</td>
</tr>
<tr>
<td>(Loss) gain on derivatives</td>
<td>(626)</td>
<td>9,166</td>
</tr>
<tr>
<td>Other income, net</td>
<td>814</td>
<td>9,090</td>
</tr>
<tr>
<td>Foreign currency exchange gain, net</td>
<td>71,074</td>
<td>7,601</td>
</tr>
<tr>
<td>Loss on disposal of subsidiaries, net</td>
<td>(1,178)</td>
<td>(1,474)</td>
</tr>
<tr>
<td>Loss from continuing operations before income taxes and equity in net income of affiliates</td>
<td>(370,198)</td>
<td>(117,929)</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>293,514</td>
<td>(93,966)</td>
</tr>
<tr>
<td>Equity in net income of affiliates, net of tax</td>
<td>181</td>
<td>219</td>
</tr>
<tr>
<td><strong>Loss from continuing operations</strong></td>
<td>(76,503)</td>
<td>(211,676)</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, net of tax (expense) benefit of $(48,214) and $17,364, respectively</td>
<td>(557,951)</td>
<td>240,373</td>
</tr>
<tr>
<td>(Loss) gain on sales of discontinued operations, including tax (expense) benefit of $(47,353) and $31,153, respectively</td>
<td>(363,288)</td>
<td>848,390</td>
</tr>
<tr>
<td><strong>Net (loss) income</strong></td>
<td>(997,742)</td>
<td>877,087</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>5,092</td>
<td>522</td>
</tr>
<tr>
<td><strong>Net (loss) income attributable to Laureate Education, Inc.</strong></td>
<td>$ (992,650)</td>
<td>$ 877,609</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>Basic and diluted earnings (loss) per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>(0.36)</td>
<td>(0.94)</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations</td>
<td>(4.36)</td>
<td>4.85</td>
</tr>
<tr>
<td>Basic and diluted (loss) earnings per share</td>
<td>(4.72)</td>
<td>3.91</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
LAUREATE EDUCATION, INC. AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income  
IN THOUSANDS

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (784,430)</td>
<td>$ (96,794)</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of tax of $0 for both periods</td>
<td>326,342</td>
<td>(82,580)</td>
</tr>
<tr>
<td>Unrealized gain on derivative instruments, net of tax of $0</td>
<td>—</td>
<td>4,531</td>
</tr>
<tr>
<td><strong>Total other comprehensive income (loss)</strong></td>
<td>326,342</td>
<td>(78,049)</td>
</tr>
<tr>
<td><strong>Comprehensive loss</strong></td>
<td>(458,088)</td>
<td>(174,843)</td>
</tr>
<tr>
<td><strong>Net comprehensive loss attributable to noncontrolling interests</strong></td>
<td>62</td>
<td>2,078</td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Laureate Education, Inc.</strong></td>
<td>$ (458,026)</td>
<td>$ (172,765)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
LAUREATE EDUCATION, INC. AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income  
IN THOUSANDS

<table>
<thead>
<tr>
<th>For the nine months ended September 30,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$ (997,742)</td>
<td>$ 877,087</td>
</tr>
</tbody>
</table>

Other comprehensive income (loss):
- Foreign currency translation adjustment, net of tax of $0 for both periods  
  10,260  
- Unrealized loss on derivative instruments, net of tax of $0  
  —  
- Minimum pension liability adjustment, net of tax of $0  
  (932)  

Total other comprehensive income (loss)  
9,328  
(26,260)  

Comprehensive (loss) income  
(988,414)  
850,827  

Net comprehensive loss attributable to noncontrolling interests  
4,475  
1,089  

Comprehensive (loss) income attributable to Laureate Education, Inc.  
$ (983,939)  
$ 851,916

The accompanying notes are an integral part of these consolidated financial statements.
## LAUREATE EDUCATION, INC. AND SUBSIDIARIES
### Consolidated Balance Sheets
### IN THOUSANDS, except per share amounts

<table>
<thead>
<tr>
<th>Assets</th>
<th>September 30, 2020 (Unaudited)</th>
<th>December 31, 2019 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$716,799</td>
<td>$61,576</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>30,857</td>
<td>36,241</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>136,240</td>
<td>123,132</td>
</tr>
<tr>
<td>Other receivables</td>
<td>48,945</td>
<td>123,132</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(73,292)</td>
<td>(60,465)</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>111,893</td>
<td>75,061</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>89,326</td>
<td>6,833</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>21,182</td>
<td>29,811</td>
</tr>
<tr>
<td>Current assets held for sale</td>
<td>510,397</td>
<td>706,544</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,480,454</td>
<td>916,066</td>
</tr>
<tr>
<td>Notes receivable, net</td>
<td>1,430</td>
<td>353</td>
</tr>
<tr>
<td><strong>Property and equipment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>122,260</td>
<td>135,813</td>
</tr>
<tr>
<td>Buildings</td>
<td>325,863</td>
<td>351,232</td>
</tr>
<tr>
<td>Furniture, equipment and software</td>
<td>452,893</td>
<td>494,713</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>110,337</td>
<td>124,429</td>
</tr>
<tr>
<td>Construction in-progress</td>
<td>11,394</td>
<td>33,719</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>(475,684)</td>
<td>(499,276)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>547,063</td>
<td>640,630</td>
</tr>
<tr>
<td>Operating lease right-of-use assets, net</td>
<td>444,679</td>
<td>521,764</td>
</tr>
<tr>
<td>Land use rights, net</td>
<td>1,379</td>
<td>1,628</td>
</tr>
<tr>
<td>Goodwill</td>
<td>518,332</td>
<td>606,483</td>
</tr>
<tr>
<td>Tradenames</td>
<td>221,143</td>
<td>562,137</td>
</tr>
<tr>
<td>Deferred costs, net</td>
<td>19,013</td>
<td>24,704</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>295,942</td>
<td>49,422</td>
</tr>
<tr>
<td>Other assets</td>
<td>47,411</td>
<td>72,251</td>
</tr>
<tr>
<td>Long-term assets held for sale</td>
<td>1,598,303</td>
<td>3,100,985</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$5,175,149</td>
<td>$6,496,423</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## LAUREATE EDUCATION, INC. AND SUBSIDIARIES
### Consolidated Balance Sheets (continued)
### IN THOUSANDS, except per share amounts

<table>
<thead>
<tr>
<th>Liabilities and stockholders' equity</th>
<th>September 30, 2020 (Unaudited)</th>
<th>December 31, 2019 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$35,416</td>
<td>$63,427</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>106,931</td>
<td>103,591</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>60,060</td>
<td>100,688</td>
</tr>
<tr>
<td>Deferred revenue and student deposits</td>
<td>62,612</td>
<td>54,849</td>
</tr>
<tr>
<td>Current portion of operating leases</td>
<td>42,919</td>
<td>42,039</td>
</tr>
<tr>
<td>Current portion of long-term debt and finance leases</td>
<td>88,885</td>
<td>48,139</td>
</tr>
<tr>
<td>Current portion of due to shareholders of acquired companies</td>
<td>---</td>
<td>1,109</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>26,205</td>
<td>14,737</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>16,365</td>
<td>14,050</td>
</tr>
<tr>
<td>Current liabilities held for sale</td>
<td>594,399</td>
<td>602,426</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,033,792</td>
<td>1,045,055</td>
</tr>
<tr>
<td>Long-term operating leases, less current portion</td>
<td>452,111</td>
<td>516,979</td>
</tr>
<tr>
<td>Long-term debt and finance leases, less current portion</td>
<td>1,307,849</td>
<td>1,103,302</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>11,527</td>
<td>12,744</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>31,287</td>
<td>47,767</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>105,737</td>
<td>75,115</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>31,064</td>
<td>31,300</td>
</tr>
<tr>
<td>Long-term liabilities held for sale</td>
<td>375,488</td>
<td>847,715</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>3,348,855</td>
<td>3,679,977</td>
</tr>
<tr>
<td>Redeemable noncontrolling interests and equity</td>
<td>1,714</td>
<td>12,295</td>
</tr>
<tr>
<td><strong>Stockholders' equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, par value $0.001 per share – 49,889 shares authorized as of September 30, 2020 and December 31, 2019</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Class A common stock, par value $0.004 per share – 700,000 shares authorized, 136,897 shares issued and 119,270 shares outstanding as of September 30, 2020 and 135,583 shares issued and 119,575 shares outstanding as of December 31, 2019</td>
<td>547</td>
<td>542</td>
</tr>
<tr>
<td>Class B common stock, par value $0.004 per share – 175,000 shares authorized, 90,813 shares issued and outstanding as of September 30, 2020 and 90,831 shares issued and outstanding as of December 31, 2019</td>
<td>363</td>
<td>363</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>3,758,008</td>
<td>3,724,636</td>
</tr>
<tr>
<td>(Accumulated deficit) retained earnings</td>
<td>(556,141)</td>
<td>436,509</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(1,065,270)</td>
<td>(1,073,981)</td>
</tr>
<tr>
<td>Treasury stock at cost (17,627 shares held at September 30, 2020 and 16,008 shares held at December 31, 2019)</td>
<td>(300,309)</td>
<td>(271,106)</td>
</tr>
<tr>
<td><strong>Total Laureate Education, Inc. stockholders' equity</strong></td>
<td>1,837,198</td>
<td>2,816,963</td>
</tr>
<tr>
<td><strong>Noncontrolling interests</strong></td>
<td>(12,618)</td>
<td>(12,812)</td>
</tr>
<tr>
<td><strong>Total stockholders' equity</strong></td>
<td>1,824,580</td>
<td>2,804,151</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders' equity</strong></td>
<td>$5,175,149</td>
<td>$6,496,423</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
IN THOUSANDS

For the nine months ended September 30,

<table>
<thead>
<tr>
<th>2020 (Unaudited)</th>
<th>2019 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net (loss) income</strong></td>
<td>$ (997,742)</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>116,117</td>
</tr>
<tr>
<td>Amortization of operating lease right-of-use assets</td>
<td>68,229</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>990,258</td>
</tr>
<tr>
<td>Loss (gain) on sales of subsidiaries and disposal of property and equipment, net</td>
<td>317,224</td>
</tr>
<tr>
<td>Loss (gain) on derivative instruments</td>
<td>626</td>
</tr>
<tr>
<td>Payments for settlement of derivative contracts</td>
<td>(626)</td>
</tr>
<tr>
<td>Loss on debt extinguishment</td>
<td>—</td>
</tr>
<tr>
<td>Non-cash interest expense</td>
<td>14,075</td>
</tr>
<tr>
<td>Interest paid on deferred purchase price for acquisitions</td>
<td>(3,969)</td>
</tr>
<tr>
<td>Non-cash share-based compensation expense</td>
<td>10,277</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>97,662</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(264,381)</td>
</tr>
<tr>
<td>Unrealized foreign currency exchange (gain) loss</td>
<td>(15,355)</td>
</tr>
<tr>
<td>Non-cash loss from non-income tax contingencies</td>
<td>3,375</td>
</tr>
<tr>
<td>Other, net</td>
<td>1,917</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(325,106)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(47,616)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(50,545)</td>
</tr>
<tr>
<td>Income tax receivable/payable, net</td>
<td>(56,875)</td>
</tr>
<tr>
<td>Deferred revenue and other liabilities</td>
<td>364,210</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>221,755</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(62,347)</td>
</tr>
<tr>
<td>Expenditures for deferred costs</td>
<td>(11,955)</td>
</tr>
<tr>
<td>Receipts from sales of discontinued operations, net of cash sold, and property and equipment</td>
<td>40,148</td>
</tr>
<tr>
<td>Settlement of derivatives related to sale of discontinued operations and net investment hedge</td>
<td>—</td>
</tr>
<tr>
<td>Business acquisitions, net of cash acquired</td>
<td>—</td>
</tr>
<tr>
<td>(Payments to) receipts from related parties</td>
<td>(3)</td>
</tr>
<tr>
<td>Proceeds from sale of investment</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by investing activities</strong></td>
<td>(34,157)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of long-term debt, net of original issue discount</td>
<td>566,726</td>
</tr>
<tr>
<td>Payments on long-term debt</td>
<td>(298,664)</td>
</tr>
<tr>
<td>Payments of deferred purchase price for acquisitions</td>
<td>(5,680)</td>
</tr>
<tr>
<td>Payments to purchase noncontrolling interests</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from exercise of stock options</td>
<td>26,697</td>
</tr>
<tr>
<td>Withholding of shares to satisfy tax withholding for vested stock awards and exercised stock options</td>
<td>(1,150)</td>
</tr>
<tr>
<td>Payments to repurchase common stock</td>
<td>(29,203)</td>
</tr>
<tr>
<td>Payments of debt issuance costs</td>
<td>(726)</td>
</tr>
<tr>
<td>Distributions to noncontrolling interest holders</td>
<td>(609)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>257,391</td>
</tr>
<tr>
<td>Effects of exchange rate changes on Cash and cash equivalents and Restricted cash</td>
<td>(13,448)</td>
</tr>
<tr>
<td>Change in cash included in current assets held for sale</td>
<td>218,298</td>
</tr>
<tr>
<td><strong>Net change in Cash and cash equivalents and Restricted cash</strong></td>
<td>649,839</td>
</tr>
<tr>
<td>Cash and cash equivalents and Restricted cash at beginning of period</td>
<td>97,817</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents and Restricted cash at end of period</strong></td>
<td>$ 747,656</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
Laureate Education, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
(Dollars and shares in thousands)

Note 1. Description of Business

Laureate Education, Inc. and subsidiaries (hereinafter Laureate, we, us, our, or the Company) provide higher education programs and services to students through licensed universities and higher education institutions (institutions). Laureate's programs are provided through institutions that are campus-based and internet-based, or through electronically distributed educational programs (online). In response to the COVID-19 pandemic, we have temporarily transitioned the educational delivery method at all of our campus-based institutions to be online and are leveraging our existing technologies and learning platforms to serve students outside of the traditional classroom setting.

We are domiciled in Delaware as a public benefit corporation, a demonstration of our long-term commitment to our mission to benefit our students and society. The Company completed its initial public offering (IPO) on February 6, 2017 and its shares are listed on the Nasdaq Global Select Market under the symbol “LAUR.”

Discontinued Operations

In 2017 and 2018, the Company announced the divestiture of certain subsidiaries located in Europe, Asia and Central America, which were included in the Rest of World, Peru (formerly Andean), and Central America (formerly Central America & U.S. Campuses) segments. The goal of the divestitures was to create a more focused and simplified business model and generate proceeds to be used for further repayment of long-term debt. This represented a strategic shift that had a major effect on the Company’s operations and financial results. Accordingly, all of the divestitures that were part of this strategic shift, as well as the Company's operations in the Kingdom of Saudi Arabia that were managed under a contract that expired on August 31, 2019 and was not renewed, were accounted for as discontinued operations for all periods presented in accordance with Accounting Standards Codification (ASC) 205-20, “Discontinued Operations” (ASC 205).

On January 27, 2020, Laureate announced that its Board of Directors had authorized the Company to explore strategic alternatives for each of its businesses to unlock shareholder value. As part of this process, the Company is evaluating all potential options for its remaining businesses, including sales, spin-offs or business combinations. There can be no assurance as to the outcome of this process, including whether it will result in the completion of any transaction, as to the values that may be realized from any potential transaction or as to how long the review process will take.

As a result of these efforts to explore strategic alternatives, during the third quarter of 2020, the Company announced that it had completed a sale of its operations in Chile and had signed agreements to sell its operations in Brazil, Australia and New Zealand, as well as Walden University, its fully online higher education institution in the United States. The sale of Australia and New Zealand was subsequently completed on November 3, 2020. After completing these announced divestitures, the Company’s remaining principal markets will be Mexico and Peru. This also represented a strategic shift that had a major effect on the Company’s operations and financial results. Accordingly, Chile, Brazil, Australia and New Zealand, and Walden also have been accounted for as discontinued operations for all periods presented in accordance with ASC 205.

The timing and ability to complete any of the remaining transactions is uncertain and will be subject to market and other conditions, which may include regulatory approvals and consents of third parties. See Note 4, Discontinued Operations and Assets Held for Sale, for more information. Unless indicated otherwise, the information in the footnotes to the Consolidated Financial Statements relates to continuing operations.

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, these financial statements include all adjustments considered necessary to present a fair statement of our consolidated results of operations, financial position and cash flows. Operating results for any interim period are not necessarily indicative of the results that may be expected for the full year. These unaudited Consolidated Financial Statements should be read in conjunction with Laureate's audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the 2019 Form 10-K).
Note 2. Significant Accounting Policies

COVID-19

The outbreak of COVID-19 has caused domestic and global disruption in operations for institutions of higher education. The long-term effect to the Company of the COVID-19 pandemic depends on numerous factors, including, but not limited to, the effect on student enrollment, tuition pricing, and collections in future periods, which cannot be fully quantified at this time. As of September 30, 2020 and through the date of this Form 10-Q, the Company evaluated its accounting estimates that require consideration of forecasted financial information, based on current information reasonably available to us. The forecast also includes certain estimates and assumptions around macroeconomic conditions and the timing of campuses reopening. While this evaluation did not result in a material effect to the Company’s Consolidated Financial Statements as of and for the nine months ended September 30, 2020, future evaluations could result in a material effect, including potential impairments, depending on the eventual impact to the Company of the COVID-19 pandemic and its effect on student enrollment, tuition pricing, and collections in future periods.

Recently Adopted Accounting Standards


In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, which sets forth a “current expected credit loss” (CECL) model and requires companies to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. ASU 2016-13 applies to financial instruments that are not measured at fair value, including receivables that result from revenue transactions. This ASU was effective for Laureate beginning on January 1, 2020 and did not have a material impact on our Consolidated Financial Statements. Laureate adopted this ASU using the modified retrospective transition method. Under this transition method, the new standard is applied from January 1, 2020 without restatement of comparative period amounts. The impact of transitioning to the new standard was immaterial and no adjustment was recorded to retained earnings for the cumulative effect of adopting this ASU on January 1, 2020. Results for reporting periods beginning after January 1, 2020 are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

ASU No. 2017-04 (ASU 2017-04), Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU 2017-04 in order to simplify the test for goodwill impairment by eliminating Step 2, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU was effective for Laureate beginning on January 1, 2020 and the adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

Note 3. Revenue

Revenue Recognition

Laureate's revenues primarily consist of tuition and educational service revenues. We also generate other revenues from student fees, dormitory/residency fees and other education-related activities. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. Revenues are recognized when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of scholarships and other discounts, refunds, waivers and the fair value of any guarantees made by Laureate related to student financing programs. Laureate's institutions have various billing and academic cycles.
We determine revenue recognition through the five-step model prescribed by ASC Topic 606, Revenue from Contracts with Customers, as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

We assess collectibility on a portfolio basis prior to recording revenue. Generally, students cannot re-enroll for the next academic session without satisfactory resolution of any past-due amounts. If a student withdraws from an institution, Laureate's obligation to issue a refund depends on the refund policy at that institution and the timing of the student's withdrawal. Generally, our refund obligations are reduced over the course of the academic term. We record refunds as a reduction of deferred revenue as applicable.

The following table shows the components of Revenues by reportable segment plus the Corporate business unit, and as a percentage of total revenue for the three months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>Mexico</th>
<th>Peru</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and educational services</td>
<td>$141,897</td>
<td>$126,455</td>
<td>—</td>
<td>$268,352</td>
</tr>
<tr>
<td>Other</td>
<td>17,491</td>
<td>11,718</td>
<td>260</td>
<td>29,469</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>159,388</td>
<td>138,173</td>
<td>260</td>
<td>297,821</td>
</tr>
<tr>
<td>Less: Discounts / waivers / scholarships</td>
<td>(43,439)</td>
<td>(10,859)</td>
<td>—</td>
<td>(54,298)</td>
</tr>
<tr>
<td>Total</td>
<td>$115,949</td>
<td>$127,314</td>
<td>260</td>
<td>$243,523</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and educational services</td>
<td>$156,123</td>
<td>$125,006</td>
<td>—</td>
<td>$281,129</td>
</tr>
<tr>
<td>Other</td>
<td>27,540</td>
<td>14,392</td>
<td>672</td>
<td>42,604</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>183,663</td>
<td>139,398</td>
<td>672</td>
<td>323,733</td>
</tr>
<tr>
<td>Less: Discounts / waivers / scholarships</td>
<td>(37,873)</td>
<td>(8,593)</td>
<td>—</td>
<td>(46,466)</td>
</tr>
<tr>
<td>Total</td>
<td>$145,790</td>
<td>$130,805</td>
<td>672</td>
<td>$277,267</td>
</tr>
</tbody>
</table>

The following table shows the components of Revenues by reportable segment and as a percentage of total net revenue for the nine months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>Mexico</th>
<th>Peru</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and educational services</td>
<td>$442,470</td>
<td>$352,949</td>
<td>—</td>
<td>$795,419</td>
</tr>
<tr>
<td>Other</td>
<td>56,845</td>
<td>29,456</td>
<td>3,264</td>
<td>89,565</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>499,315</td>
<td>382,405</td>
<td>3,264</td>
<td>884,984</td>
</tr>
<tr>
<td>Less: Discounts / waivers / scholarships</td>
<td>(114,294)</td>
<td>(30,992)</td>
<td>—</td>
<td>(145,286)</td>
</tr>
<tr>
<td>Total</td>
<td>$385,021</td>
<td>$351,413</td>
<td>3,264</td>
<td>$739,698</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and educational services</td>
<td>$499,013</td>
<td>$377,235</td>
<td>—</td>
<td>$876,248</td>
</tr>
<tr>
<td>Other</td>
<td>75,202</td>
<td>38,791</td>
<td>4,460</td>
<td>118,453</td>
</tr>
<tr>
<td>Gross revenue</td>
<td>574,215</td>
<td>416,026</td>
<td>4,460</td>
<td>994,701</td>
</tr>
<tr>
<td>Less: Discounts / waivers / scholarships</td>
<td>(109,506)</td>
<td>(24,971)</td>
<td>—</td>
<td>(134,477)</td>
</tr>
<tr>
<td>Total</td>
<td>$464,709</td>
<td>$391,055</td>
<td>4,460</td>
<td>$860,224</td>
</tr>
</tbody>
</table>

(1) Includes the elimination of intersegment revenues.
Contract Balances
The timing of billings, cash collections and revenue recognition results in accounts receivable (contract assets) and deferred revenue and student deposits (contract liabilities) on the Consolidated Balance Sheets. We have various billing and academic cycles and recognize student receivables when an academic session begins, although students generally enroll in courses prior to the start of the academic session. Receivables are recognized only to the extent that it is probable that we will collect substantially all of the consideration to which we are entitled in exchange for the goods and services that will be transferred to the student. We receive advance payments or deposits from our students before revenue is recognized, which are recorded as contract liabilities in deferred revenue and student deposits. Payment terms vary by university with some universities requiring payment in advance of the academic session and other universities allowing students to pay in installments over the term of the academic session.

All of our contract assets are considered accounts receivable and are included within the Accounts and notes receivable balance in the accompanying Consolidated Balance Sheets. Total accounts receivable from our contracts with students were $136,240 and $123,132 as of September 30, 2020 and December 31, 2019, respectively. The increase in the contract assets balance at September 30, 2020 compared to December 31, 2019 was primarily driven by our enrollment cycles. The first and third calendar quarters generally coincide with the primary and secondary intakes for our larger institutions. All contract asset amounts are classified as current.

Contract liabilities in the amount of $62,612 and $54,849 were included within the Deferred revenue and student deposits balance in the current liabilities section of the accompanying Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019, respectively. The increase in the contract liability balance during the period ended September 30, 2020 was the result of semester billings and cash payments received in advance of satisfying performance obligations, offset by revenue recognized during that period. Revenue recognized for the nine months ended September 30, 2020 that was included in the contract liability balance at the beginning of the year was approximately $43,600.

Note 4. Discontinued Operations and Assets Held for Sale
As discussed in Note 1, Description of Business, the Company’s remaining principal markets are Mexico and Peru (the Continuing Operations). All other remaining markets are being divested (the Discontinued Operations). As described in Note 5, Dispositions, a number of sale transactions closed during 2019 and 2020. The assets and liabilities of the Discontinued Operations, which are subject to finalization, have been classified as held for sale as of September 30, 2020 and December 31, 2019, in accordance with ASC 205. The assets and liabilities are recorded at the lower of their carrying values or their estimated “fair values less costs to sell.”

Summarized operating results and cash flows of the Discontinued Operations are presented in the following tables:

<table>
<thead>
<tr>
<th>For the three months ended September 30,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$459,442</td>
<td>$561,748</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,656</td>
<td>28,523</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>1,045</td>
<td>334</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>208,040</td>
<td>25,000</td>
</tr>
<tr>
<td>Other direct costs</td>
<td>340,657</td>
<td>468,573</td>
</tr>
<tr>
<td>Operating (loss) income</td>
<td>(103,956)</td>
<td>39,318</td>
</tr>
<tr>
<td>Other non-operating loss</td>
<td>(14,731)</td>
<td>(32,402)</td>
</tr>
<tr>
<td>Pretax (loss) income of discontinued operations</td>
<td>(118,687)</td>
<td>6,916</td>
</tr>
<tr>
<td>Income tax (expense) benefit</td>
<td>(51,081)</td>
<td>24,070</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>$ (169,768)</td>
<td>$ 30,986</td>
</tr>
</tbody>
</table>
### For the nine months ended September 30,

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$1,342,298</td>
<td>$1,952,952</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>60,168</td>
<td>84,666</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>2,378</td>
<td>2,044</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>639,319</td>
<td>25,222</td>
</tr>
<tr>
<td>Other direct costs</td>
<td>1,070,363</td>
<td>1,572,733</td>
</tr>
<tr>
<td>Operating (loss) income</td>
<td>(429,930)</td>
<td>268,287</td>
</tr>
<tr>
<td>Other non-operating loss</td>
<td>(79,807)</td>
<td>(45,278)</td>
</tr>
<tr>
<td>Pretax (loss) income of discontinued operations</td>
<td>(509,737)</td>
<td>223,009</td>
</tr>
<tr>
<td>Income tax (expense) benefit</td>
<td>(48,214)</td>
<td>17,364</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>$ (557,951)</td>
<td>$240,373</td>
</tr>
<tr>
<td>Operating cash flows of discontinued operations</td>
<td>$ 248,972</td>
<td>$313,647</td>
</tr>
<tr>
<td>Investing cash flows of discontinued operations</td>
<td>$ (40,578)</td>
<td>$(69,653)</td>
</tr>
<tr>
<td>Financing cash flows of discontinued operations</td>
<td>$ 8,725</td>
<td>$ (68,824)</td>
</tr>
</tbody>
</table>

#### Loss on Impairment of Assets

**Chile Impairment**

As described in Note 1, Description of Business, the Company is exploring strategic alternatives for each of its businesses and, as part of that process, the Company is evaluating all potential options for its remaining businesses, including sales, spin-offs or business combinations. During the second quarter of 2020, the Company received and considered information regarding the market valuation for control of its Chilean operations, which was both a reporting unit and an asset group. In a divestiture scenario, this market feedback revealed the range of values that could be expected to be offered by potential investors, and this range of values was lower than carrying value. The reasons for this included uncertainties that market participants had around operating higher education institutions in Chile related to the challenging political and regulatory environment and the possibility that a new Chilean constitution could become effective as early as the summer of 2022. These uncertainties particularly affected the views of market participants (as well as the views of the Company) about operating a not-for-profit education institution in Chile.

After assessing these factors, the Company concluded that it was more likely than not that the fair value of its Chile reporting unit was less than its carrying value. Accordingly, the Company performed an impairment test of the long-lived assets that were part of the Chile reporting unit. Because Chile had not yet met the held-for-sale criteria as of June 30, 2020, the long-lived assets other than goodwill were evaluated for impairment under the held-and-used model, based on the probability-weighted cash flows expected to be generated by the asset group. Goodwill was also evaluated for impairment. The projections used in the impairment testing included key assumptions around the effect of regulatory uncertainties on the future cash flows expected to be generated, reducing the estimates of those cash flows. In addition, the projections incorporated assumptions around growth rates, tax rates and discount rates. The inputs used were not observable to active markets and were therefore deemed “Level 3” inputs in the fair value hierarchy. As a result of the impairment test, the Company determined that the carrying value of the Chile asset group exceeded its fair value by approximately $418,000 and recorded an impairment charge in that amount during the second quarter of 2020, as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tradenames</td>
<td>$90,700</td>
</tr>
<tr>
<td>Land</td>
<td>20,900</td>
</tr>
<tr>
<td>Buildings</td>
<td>59,700</td>
</tr>
<tr>
<td>Other long-lived assets</td>
<td>36,500</td>
</tr>
<tr>
<td>Operating lease right-of-use assets, net</td>
<td>62,500</td>
</tr>
<tr>
<td>Goodwill</td>
<td>147,700</td>
</tr>
<tr>
<td><strong>Total Chile impairment</strong></td>
<td>$418,000</td>
</tr>
</tbody>
</table>
In addition, at the time of the sale, the Company had recorded within stockholders’ equity, as a component of accumulated other comprehensive income, approximately $293,000 of accumulated foreign currency translation losses associated with the Chilean operations that were sold. As discussed further in Note 5, Dispositions, the Company completed the divestiture of its Chilean operations during the third quarter of 2020 and, as a result, these accumulated foreign currency translation losses were recognized as part of the loss on sale.

**Honduras Impairment**

During the second quarter of 2020, the Company recorded an impairment charge of approximately $10,000 related to long-lived assets of its institution in Honduras in order to write down the carrying value of those assets to their estimated fair value at that time. During the third quarter of 2020, the Company recorded an additional impairment charge of approximately $10,000 related to the long-lived assets of its Honduras institution, in order to write down the carrying value of those assets to their estimated fair value based on the sale agreement for the institution that was signed in October 2020, as discussed further below and in Note 19, Subsequent Events.

**Brazil Impairment**

As discussed further below, during the third quarter of 2020, the Company signed an agreement to sell its Brazil operations and, as a result, Brazil was classified as a Discontinued Operation for all periods presented. In connection with this decision to sell Brazil, the Company recorded a goodwill impairment charge of approximately $190,000 in order to write down the carrying value of Brazil to its estimated ‘fair value less costs to sell’, as required by ASC 360-10. The estimated fair value was based on an offer received from a market participant. Because the held-for-sale criteria were met during the third quarter, the carrying value used to evaluate the Brazil business for impairment included the accumulated foreign currency translation losses associated with Brazil, resulting in the impairment.

The carrying amounts of the major classes of assets and liabilities that were classified as held for sale are presented in the following tables:

<table>
<thead>
<tr>
<th>Assets of Discontinued Operations</th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$113,016</td>
<td>$333,455</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>152,557</td>
<td>209,704</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>243,030</td>
<td>741,119</td>
</tr>
<tr>
<td>Goodwill</td>
<td>648,018</td>
<td>1,003,765</td>
</tr>
<tr>
<td>Tradenames</td>
<td>438,477</td>
<td>665,207</td>
</tr>
<tr>
<td>Operating lease right-of-use assets, net</td>
<td>169,991</td>
<td>399,345</td>
</tr>
<tr>
<td>Other assets</td>
<td>336,484</td>
<td>446,458</td>
</tr>
<tr>
<td>Subtotal: assets of Discontinued Operations</td>
<td>$2,101,573</td>
<td>$3,799,053</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other assets classified as held for sale</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment, net</td>
<td>7,127</td>
<td>8,476</td>
</tr>
<tr>
<td>Total assets held for sale</td>
<td>$2,108,700</td>
<td>$3,807,529</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities of Discontinued Operations</th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue and student deposits</td>
<td>$203,865</td>
<td>$176,255</td>
</tr>
<tr>
<td>Operating leases, including current portion</td>
<td>185,473</td>
<td>388,202</td>
</tr>
<tr>
<td>Long-term debt, seller notes and finance leases, including current portion</td>
<td>180,112</td>
<td>304,355</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>400,437</td>
<td>581,329</td>
</tr>
<tr>
<td>Total liabilities held for sale</td>
<td>$969,887</td>
<td>$1,450,141</td>
</tr>
</tbody>
</table>
Australia and New Zealand Operations

On July 29, 2020, LEI AMEA Investments B.V., a Netherlands private limited liability company (the ANZ Seller), an indirect, wholly owned subsidiary of the Company, and the Company, solely as guarantor of certain of the ANZ Seller’s obligations thereunder, entered into a Sale and Purchase Agreement (the ANZ Purchase Agreement) with SEI Newco Inc., a Delaware corporation (the ANZ Purchaser), and Strategic Education, Inc., a Maryland corporation (the ANZ Purchaser’s Guarantor).

Pursuant to the ANZ Purchase Agreement, the ANZ Seller has agreed to sell to the ANZ Purchaser all of the issued and outstanding shares in the capital of (i) LEI Higher Education Holdings Pty Ltd, an Australian private company and the direct owner of Torrens University Australia, (ii) LEI Australia Holdings Pty Ltd, an Australian private company and the indirect owner of Think Education, (iii) LESA Education Services Holdings Pty Ltd, an Australian private company, and (iv) LEI New Zealand, a New Zealand company and the indirect owner of Media Design School (collectively, the ANZ Target Companies). The ANZ Purchaser’s Guarantor will guarantee the obligations of the ANZ Purchaser.

The purchase price was $642,700, subject to certain closing adjustments based on the aggregate working capital and indebtedness of the ANZ Target Companies and their subsidiaries and the forecasted performance of the ANZ Target Companies and their subsidiaries. The closing of the transaction occurred on November 3, 2020, following completion of the required regulatory approvals and other customary closing conditions.

Brazil Operations

On September 11, 2020, Laureate and Rede Internacional de Universidades Laureate Ltda., a Brazilian limited liability company and an indirect wholly owned subsidiary of Laureate (Rede), entered into a transaction agreement (the Brazil Sale Agreement) with Ser Educacional S.A., a Brazilian publicly held company (SER), and, solely for the purposes of certain provisions thereof, José Janguiê Bezerra Diniz and certain of his family members.

Pursuant to the Brazil Sale Agreement, Laureate agreed to sell to SER all of the issued and outstanding equity interests of Rede, the direct or indirect owner of Laureate’s Brazilian operations, in exchange for 1,700,000 Brazilian Reals (or approximately $318,700 at the time of signing) in cash, subject to certain adjustments, and 101,138,369 newly issued shares of SER’s common stock (the Stock Consideration). Immediately following the closing of the transaction (the Brazil Closing), Laureate would own approximately 44% of SER’s outstanding common stock and, unless SER were to issue additional common stock prior to the Brazil Closing to the extent permitted under the Brazil Sale Agreement, the transaction value is approximately 3,862,000 Brazilian Reals (or approximately $724,000 at the time of signing), including the assumption of indebtedness, net of cash (which, at the time of signing, was approximately $124,900). The closing of this transaction was targeted to occur toward the end of 2021 and was subject to certain specified closing conditions, including receipt of regulatory approval, receipt of required approvals by SER’s shareholders, establishment of a facility to issue American Depositary Shares (ADSs), the listing of the ADSs on a U.S. securities exchange, the effectiveness of registration statements to register the issuance of the Stock Consideration and other matters under U.S. federal securities laws and other customary closing conditions.

Under the terms of the Brazil Sale Agreement, during the period from September 11, 2020 and continuing until 12:01 A.M. (New York time) on October 13, 2020 (the Go-Shop Period), the Company had the right to solicit and engage in discussions with respect to a competing proposal for the acquisition of its Brazilian operations from third parties. Prior to the expiration of the Go-Shop Period, Laureate received a competing proposal from Anima Holding S.A. (Anima), which on October 12, 2020, Laureate’s Board of Directors determined constituted a Superior Proposal as defined in the transaction agreement. On October 13, 2020, Laureate notified SER of the Superior Proposal, and SER had the right, for a period of five business days, to match Anima’s proposal. On October 20, 2020, instead of submitting a matching proposal before the expiration of the match period, SER informed the Company that it had obtained a partial and temporary injunction solely with respect to termination of the Brazil Sale Agreement and without a ruling on the merits of the superior proposal.

On November 2, 2020, the Company announced that it had entered into a definitive agreement with Anima for the sale of its Brazilian operations. Net of the termination fee payable to SER to be borne by Anima, the transaction value is approximately 4,400,000 Brazilian Reals (approximately $765,000 at the time of signing), including 3,800,000 Brazilian Reals (approximately $660,700 at the exchange rate at the time of signing) in cash consideration, which is subject to certain adjustments, and the assumption of net indebtedness. Under the agreement with Anima, the Company will be entitled to receive up to 203,000 Brazilian Reals (approximately $35,300 at the time of signing) in additional cash consideration if certain metrics are achieved following the closing.
The Company and SER have agreed to terminate their previously announced transaction agreement and settle all legal proceedings related to such agreement. SER and Anima have agreed that Anima will bear the 180,000 Brazilian Reals (approximately $31,300 at the exchange rate at the time of signing) termination fee that the Company owes Ser in connection with the termination of the transaction agreement. The transaction is targeted to close by the end of the second quarter of 2021.

Walden

On September 11, 2020, Laureate entered into a Membership Interest Purchase Agreement (the Walden Sale Agreement) with Adtalem Global Education Inc., a Delaware corporation (the Walden Purchaser). Pursuant to the Walden Sale Agreement, the Company has agreed to sell to the Walden Purchaser all of the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company and its subsidiary, Walden University, LLC (Walden University), a Florida limited liability company and an indirect wholly owned subsidiary of the Company (together with Walden e-Learning, LLC, the Walden Group), in exchange for a purchase price of $1,480,000 in cash, subject to certain adjustments set forth in the Walden Sale Agreement.

The closing of this transaction is expected to occur toward the end of 2021 and is subject to customary closing conditions, including regulatory approval by the U.S. Department of Education and the Higher Learning Commission and required antitrust approvals. Under certain specified circumstances, the Walden Purchaser may be required to pay the Company a termination fee of $88,000, including if the Walden Purchaser terminates the Walden Sale Agreement as a result of the imposition by the U.S. Department of Education of certain specified restrictions, or if Laureate terminates the Walden Sale Agreement as a result of the Walden Purchaser’s failure to consummate the transaction upon satisfaction of the closing conditions.

Honduras

On October 13, 2020, the Company entered into a definitive agreement with Fundación Nasser, a not-for-profit foundation in Honduras, to transfer control of its operations in Honduras for total cash consideration of approximately $29,800, prior to closing costs. The buyer will also assume indebtedness which, as of September 30, 2020, was approximately $30,000. The transaction is subject to certain closing conditions, including regulatory approval, and is expected to be completed in the first half of 2021.

Note 5. Dispositions

Sale of Costa Rica Operations

On January 10, 2020, Laureate International B.V., a Netherlands private limited liability company (Laureate International), an indirect, wholly owned subsidiary of the Company, entered into, and consummated the transactions contemplated by, an Equity Purchase Agreement (the Costa Rica Agreement) with SP Costa Rica Holdings, LLC, a Delaware limited liability company (the Costa Rica Buyer).

Pursuant to the Agreement, the Costa Rica Buyer purchased from Laureate International (i) all of the equity units of Education Holding Costa Rica, S.R.L., which owned, directly or indirectly, all of the equity units of Lusitania S.R.L., Universidad ULatina, S.R.L. (ULatina) and Universidad Americana UAM, S.R.L. (collectively, Laureate Costa Rica) and (ii) a note due from ULatina to Laureate International. Consideration for the transaction consisted of $15,000 paid at closing and up to $7,000 to be paid within the next two years if Laureate Costa Rica met certain performance metrics. One of the performance metrics was finalized during the second quarter of 2020 and did not result in any additional proceeds to the Company; the maximum additional proceeds that the Company could receive if the remaining performance metric is met is $5,000. The proceeds received, net of cash sold, transaction fees and a working capital adjustment that was completed during the second quarter of 2020, were approximately $1,900. Additionally, Laureate Costa Rica retained obligations to pay approximately $30,000 in finance lease indebtedness on the long-lived assets at the Costa Rica institutions, in order to write down the carrying value of those assets to their estimated fair value, per ASC 360-10. Upon completion of the sale in January 2020 and after including the working capital adjustment, the Company recognized a pre-tax loss of approximately $18,600, which related to subsequent changes in net carrying values and is included in loss on sales of discontinued operations on the Consolidated Statement of Operations for the nine months ended September 30, 2020.

The Costa Rica Buyer is controlled by certain affiliates of Sterling Capital Partners II, L.P. (Sterling II). Sterling II has the right to designate a director to the Laureate Board of Directors pursuant to a securityholders agreement, and Steven Taslitz currently
serves as the Sterling-designated director. Mr. Taslitz did not participate in the Laureate Board of Directors’ consideration of the transaction, which was approved by Laureate's Audit Committee as a related party transaction.

Sale of NewSchool of Architecture and Design, LLC (NSAD)

On March 6, 2020, the Company completed the sale of NSAD. Under the terms of the membership interests purchase agreement, Exeter Street Holdings, LLC, an indirect wholly owned subsidiary of the Company, sold 100% of the outstanding membership interests of NSAD to Ambow NSAD, Inc. and Ambow Education Holding, Ltd. (the NSAD Buyers) for a purchase price of one dollar, subject to certain adjustments. NSAD is a higher education institution located in California that offers undergraduate and graduate degrees and non-degree certificates in design and construction management. Under the terms of the agreement, the Company agreed to pay subsidies to the NSAD Buyers totaling approximately $7,300, of which all but $2,800 was settled at the closing date. The remaining subsidy of $2,800 is being paid to the NSAD Buyers ratably on a quarterly basis over the next four years. The Company recognized a pre-tax loss on the sale of approximately $5,900, which is included in loss on sales of discontinued operations on the Consolidated Statement of Operations for the nine months ended September 30, 2020.

Sale of China Operations-Receipt of Escrow

On January 25, 2018, the Company completed the sale of LEI Lie Ying Limited in China. At the closing of the sale on January 25, 2018, a portion of the total transaction value was paid into an escrow account, to be distributed to the Company pursuant to the terms and conditions of the escrow agreement. As of December 31, 2019, the Company had recorded a receivable of approximately $25,900 for the portion of the escrowed amount that the Company expected to receive. Per the terms of the escrow agreement, in June 2020, the Company received approximately 141,647 Hong Kong Dollars (approximately $18,300 at the date of receipt) from the escrow, which was offset against the receivable recorded, and is included in receipts from sales of discontinued operations within investing activities on the Consolidated Statement of Cash Flows. Under the terms of the agreement, the Company expects to receive the remaining escrow receivable amount in January 2021.

Divestiture of Chilean Operations

On September 10, 2020, Laureate International and Laureate I, B.V., each a Netherlands private limited liability company (together, the LDES Sellers), and Servicios Regionales Universitarios LE, S.C., a Mexican company (sociedad civil) (together with the LDES Sellers, the Controlling Entities), all of which are indirect, wholly owned subsidiaries of the Company, entered into a Master Agreement (the Chile Agreement) with Fundación Educación y Cultura, a Chilean non-for-profit foundation (the Chile Buyer).

Pursuant to the Chile Agreement, as of September 11, 2020, Laureate completed the divestiture of its operations in Chile through the transfer of control of its not-for-profit institutions, Universidad Andrés Bello, Universidad de Las Américas and Universidad Viña del Mar, to the Chile Buyer, and the sale of its for-profit operations, which includes the sale of Instituto Profesional AIEP to Universidad Andrés Bello. The not-for-profit institutions were consolidated by Laureate under the variable interest entity model. The cash proceeds received at closing, prior to transaction fees, were approximately $195,300. In addition, the purchase price includes a note receivable of $21,500 that is payable one year from the date of divestiture. At the closing date, the Chilean operations had a cash balance (cash sold) of approximately $288,000 that was transferred to the Chile Buyer as part of the transaction.

This divestiture resulted in a pre-tax loss of approximately $344,500, which relates primarily to the accumulated foreign currency translation losses associated with the Chilean operations. The loss is recorded in loss on sales of discontinued operations in the Consolidated Statements of Operations for the three and nine months ended September 30, 2020. As discussed in Note 4, Discontinued Operations and Assets Held for Sale, during the second quarter of 2020, the Company recorded an impairment charge of approximately $418,000 related to the long-lived assets, indefinite-lived intangible assets and goodwill of the Chilean operations, in order to write down the carrying value of the Chilean operations assets to its estimated fair value.

Inti Education Holdings Sdn. Bhd. (Inti Holdings)

On February 28, 2020, Exeter Street Holdings Sdn. Bhd., a Malaysia corporation (the Malaysia Seller), and LEI Holdings, LTD., a Hong Kong corporation (the Malaysia Seller Guarantor), each of which is an indirect wholly owned subsidiary of Laureate, entered into a Share Sale & Purchase Agreement (the Malaysia Sale Agreement) with HOPE Education Group (Hong Kong) Company Limited (the Malaysia Purchaser) and HOPE Education Group Co. Ltd. (the Malaysia Purchaser Guarantor).
Pursuant to the Malaysia Sale Agreement, the Malaysia Purchaser would purchase from the Malaysia Seller all of the issued and outstanding shares in the capital of Inti Education Holdings Sdn. Bhd., a Malaysia corporation (Inti Holdings), the Malaysia Seller’s Guarantor would guarantee certain obligations of the Malaysia Seller and the Malaysia Purchaser’s Guarantor would guarantee certain obligations of the Malaysia Purchaser. Inti Holdings was the indirect owner of INTI University and Colleges, a higher education institution with five campuses in Malaysia. In connection with the Malaysia Sale Agreement, the Malaysia Seller entered into a separate agreement with the current minority owner of the equity of Inti Holdings relating to the purchase by the Malaysia Seller of the minority owner’s 10.10% interest in Inti Holdings, the closing of which was a precondition to the closing of the transaction under the Malaysia Sale Agreement.

The sale of Inti Holdings was completed on September 29, 2020. The total purchase price, including the payment to the current minority owner, was $140,000. The closing of the transaction was subject to customary closing conditions, including approval by regulators in Malaysia. At the time of the signing of the Malaysia Sale Agreement in February 2020, the Malaysia Purchaser paid to the Malaysia Seller a cash deposit of $5,000, which the Company initially recorded as a liability pending the closing of the sale, and which was recognized as part of the gain on sale upon the closing of the transaction in September 2020. The cash proceeds received, prior to transaction fees and net of approximately $19,500 of cash sold, were approximately $116,300 and are included in Receipts from sales of discontinued operations, net of cash sold, and property and equipment within investing activities in the Consolidated Statement of Cash Flows for the nine months ended September 30, 2020. In addition, the Malaysia Purchaser withheld $4,200 for taxes that the Company expects to receive during the fourth quarter of 2020. The payment to the minority owner for their 10.10% interest in Inti Holdings, which totaled approximately $13,700, was made in early October 2020. An additional $420, which represents the minority owner’s share of the taxes that were withheld as noted above, will be paid to the minority owner once received by the Company. The Company recognized a pre-tax gain on sale of approximately $45,200, which is included in the total gain/loss on sales of discontinued operations in the Consolidated Statements of Operations for the three and nine months ended September 30, 2020.

Divestiture of Turkey Operations: Receipt of Portion of Deferred Consideration

As previously disclosed, in August 2019, the Company completed the divestiture of its operations in Turkey. The total consideration included a deferred payment of $15,000 in the form of an instrument that was payable one year after closing. At the time of the divestiture, the Company determined that this deferred amount would be recognized if collected. In early October 2020, the Company received $8,436 of the deferred consideration. Accordingly, as of September 30, 2020, the Company recorded a receivable of $8,436, through a reduction to the loss on the sale of control of the Turkish operations. The outstanding amount is due in January 2021.

Note 6. Business and Geographic Segment Information

Laureate’s educational services are offered through six operating segments: Brazil, Mexico, Peru (formerly Andean), Central America, Rest of World and Online & Partnerships. Following the March 2020 sale of NSAD, Laureate’s last remaining U.S. campus-based institution, the Central America & U.S. Campuses segment is now called the Central America segment. Following the September 2020 sale of Chile, the former Andean segment is now called the Peru segment. Laureate determines its operating segments based on information utilized by the chief operating decision maker to allocate resources and assess performance.

Our campus-based segments generate revenues by providing an education that emphasizes profession-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. Our educational offerings are increasingly utilizing online and hybrid (a combination of online and in-classroom) courses and programs to deliver their curriculum. In response to the COVID-19 pandemic, we have temporarily transitioned the educational delivery method at all of our campus-based institutions to be online and are leveraging our existing technologies and learning platforms to serve students outside of the traditional classroom setting. Many of our largest campus-based operations are in developing markets which are experiencing a growing demand for higher education based on favorable demographics and increasing secondary completion rates, driving increases in participation rates and resulting in continued growth in the number of higher education students. Traditional higher education students (defined as 18-24 year olds) have historically been served by public universities, which have limited capacity and are often underfunded, resulting in an inability to meet the growing student demand and employer requirements. This supply and demand imbalance has created a market opportunity for private sector participants. Most students finance their own education. However, there are some government-sponsored student financing programs which are discussed below. These campus-based segments include Brazil, Mexico, Peru, Central America, and Rest of World. Specifics related to each of these campus-based segments and our Online & Partnerships segment are discussed below.
In Brazil, approximately 73% of post-secondary students are enrolled in private higher education institutions. While the federal government defines the national curricular guidelines, institutions are licensed to operate by city. Laureate owns 11 institutions in seven states throughout Brazil, with a particularly strong presence in the competitive São Paulo market. Most students finance their own education, while others rely on the government-sponsored programs such as Prouni and Fundo de Financiamento Estudantil (FIES). The entire Brazil segment is included in Discontinued Operations.

Public universities in Mexico enroll approximately two-thirds of students attending post-secondary education. However, many public institutions are faced with capacity constraints or the quality of the education is considered low. Laureate owns two institutions and is present throughout the country with a footprint of over 35 campuses. Each institution in Mexico has a national license. Students in our Mexican institutions typically finance their own education.

The Peru segment includes three institutions, where the public sector plays a significant role, but private universities are increasingly providing the capacity to meet growing demand.

The Central America segment includes an institution in Honduras, which is included in Discontinued Operations. Students in Central America typically finance their own education.

The Rest of World segment includes campus-based institutions in Asia Pacific with operations in Australia and New Zealand. Additionally, the Rest of World segment manages one institution in China through a joint venture arrangement. The entire Rest of World segment is included in Discontinued Operations.

The Online & Partnerships segment includes fully online institutions that offer profession-oriented degree programs in the United States through Walden University (Walden), a U.S.-based accredited institution, and through the University of Liverpool and the University of Roehampton in the United Kingdom. These online institutions primarily serve working adults with undergraduate and graduate degree program offerings. Students in the United States finance their education in a variety of ways, including Title IV programs. We no longer accept new enrollments at the University of Liverpool and the University of Roehampton, which are in a teach-out process. The entire Online & Partnerships segment is included in Discontinued Operations.

As discussed in Note 1, Description of Business, and Note 4, Discontinued Operations and Assets Held for Sale, several of our subsidiaries have met the requirements to be classified as discontinued operations. As a result, the operations of the Brazil, Central America, Rest of World and Online & Partnerships segments have been excluded from the segment information for all periods presented.

Intersegment transactions are accounted for in a similar manner as third-party transactions and are eliminated in consolidation. The Corporate amounts presented in the following tables include corporate charges that were not allocated to our reportable segments and adjustments to eliminate intersegment items.

We evaluate segment performance based on Adjusted EBITDA, which is a non-GAAP performance measure defined as Income (loss) from continuing operations before income taxes and equity in net income of affiliates, adding back the following items: Gain (loss) on sale or disposal of subsidiaries, Foreign currency exchange gain, net, Other income, net, (Loss) gain on derivatives, Loss on debt extinguishment, Interest expense, Interest income, Depreciation and amortization expense, Loss on impairment of assets, Share-based compensation expense and expenses related to our Excellence-in-Process (EiP) initiative. EiP is an enterprise-wide initiative to optimize and standardize Laureate’s processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It included the establishment of regional shared services organizations (SSOs) around the world, as well as improvements to the Company’s system of internal controls over financial reporting. The EiP initiative also includes other back- and mid-office areas, as well as certain student-facing activities, expenses associated with streamlining the organizational structure and certain non-recurring costs incurred in connection with the planned dispositions described in Note 4, Discontinued Operations and Assets Held for Sale, and the completed dispositions described in Note 5, Dispositions. Beginning in the third quarter of 2019, EiP also includes expenses associated with an enterprise-wide program aimed at revenue growth.

When we review Adjusted EBITDA on a segment basis, we exclude intercompany revenues and expenses related to network fees and royalties between our segments, which eliminate in consolidation. We use total assets as the measure of assets for reportable segments.
The following tables provide financial information for our reportable segments, including a reconciliation of Adjusted EBITDA to Loss from continuing operations before income taxes and equity in net income of affiliates, as reported in the Consolidated Statements of Operations:

<table>
<thead>
<tr>
<th></th>
<th>For the three months ended September 30,</th>
<th>For the nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$115,949</td>
<td>$145,790</td>
</tr>
<tr>
<td>Peru</td>
<td>127,314</td>
<td>130,805</td>
</tr>
<tr>
<td>Corporate</td>
<td>260</td>
<td>672</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$243,523</td>
<td>$277,267</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA of reportable segments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$15,530</td>
<td>$23,064</td>
</tr>
<tr>
<td>Peru</td>
<td>56,474</td>
<td>45,232</td>
</tr>
<tr>
<td><strong>Total Adjusted EBITDA of reportable segments</strong></td>
<td>72,004</td>
<td>68,296</td>
</tr>
<tr>
<td><strong>Reconciling items:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(21,636)</td>
<td>(37,832)</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>(18,186)</td>
<td>(20,368)</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>(323,398)</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>(2,627)</td>
<td>(1,244)</td>
</tr>
<tr>
<td>EiP expenses</td>
<td>(24,392)</td>
<td>(27,263)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(318,235)</td>
<td>(18,411)</td>
</tr>
<tr>
<td>Interest income</td>
<td>684</td>
<td>912</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(24,703)</td>
<td>(28,318)</td>
</tr>
<tr>
<td>Loss on debt extinguishment</td>
<td>—</td>
<td>(200)</td>
</tr>
<tr>
<td>Gain (loss) on derivatives</td>
<td>—</td>
<td>283</td>
</tr>
<tr>
<td>Other income, net</td>
<td>1,301</td>
<td>992</td>
</tr>
<tr>
<td>Foreign currency (loss) gain, net</td>
<td>(2,907)</td>
<td>7,659</td>
</tr>
<tr>
<td>Gain (loss) on disposal of subsidiaries, net</td>
<td>621</td>
<td>(1,474)</td>
</tr>
<tr>
<td><strong>Loss from continuing operations before income taxes and equity in net income of affiliates</strong></td>
<td>$ (343,239)</td>
<td>$ (38,557)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$1,121,783</td>
<td>$1,315,377</td>
</tr>
<tr>
<td>Peru</td>
<td>716,745</td>
<td>643,473</td>
</tr>
<tr>
<td>Corporate and Discontinued Operations</td>
<td>3,336,621</td>
<td>4,537,573</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$5,175,149</td>
<td>$6,496,423</td>
</tr>
</tbody>
</table>
# Note 7. Goodwill and Loss on Impairment of Assets

The change in the net carrying amount of Goodwill from December 31, 2019 through September 30, 2020 was composed of the following items:

<table>
<thead>
<tr>
<th></th>
<th>Mexico</th>
<th>Peru</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2019</td>
<td>$525,256</td>
<td>$81,227</td>
<td>$606,483</td>
</tr>
<tr>
<td>Dispositions</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Impairments</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Currency translation adjustments</td>
<td>(81,862)</td>
<td>(6,289)</td>
<td>(88,151)</td>
</tr>
<tr>
<td>Balance at September 30, 2020</td>
<td>$443,394</td>
<td>$74,938</td>
<td>$518,332</td>
</tr>
</tbody>
</table>

## Impairment of Laureate Tradename

During the third quarter of 2020, the Company recognized an impairment charge of $320,000 on the Laureate tradename, an intangible asset. As described in Note 1, Description of Business, the Company had previously announced that it would explore strategic alternatives for each of its businesses and, during the third quarter, the Company announced that it had completed a sale of its operations in Chile and that it had signed agreements to sell its operations in Brazil, Australia and New Zealand, as well as Walden University. Because of these events, the Company determined that the useful life of the Laureate tradename asset was no longer indefinite and, in accordance with ASC 350-30-35-17, the Company tested the asset for impairment. The Company estimated the fair value of the tradename asset using the relief-from-royalty method, based on the projected revenues for each business over the estimated period that each business would remain part of the Laureate network.

As a result of the impairment test, the Company concluded that the estimated fair value of the Laureate tradename was less than its carrying value by approximately $320,000 and recorded an impairment charge for that amount. The significant assumptions used in estimating the fair value included: (1) the revenue growth rates; (2) the discount rates; and (3) the estimated royalty rates. The inputs used were not observable to active markets and are therefore deemed “Level 3” inputs in the fair value hierarchy. The decrease in the fair value of the tradename was primarily caused by the shortened duration of the estimated future revenues. The remaining carrying value of the tradename asset of $82,000 will be amortized prospectively over five years, its estimated useful life. New events or changes in circumstances, such as the signing of additional sale agreements, may be indicators of impairment that would require the Company to perform additional impairment tests.

## Impairment of Brazil E2G Software Assets

As part of a transformation initiative for the enrollment to graduation cycle (E2G) that started several years ago, the Company began developing a solution to standardize the information systems and processes in Brazil. During development, those costs that qualified for capitalization as internal-use software were classified within Construction in-progress on our Consolidated Balance Sheets. In addition, a portion of the Brazil E2G project costs were deemed to be implementation costs of a hosting arrangement and were capitalized within Other assets on our Consolidated Balance Sheets. These capitalized costs were recorded on our Brazil and Corporate segments, as most of the Brazil E2G expenditures were made by Corporate. During the second quarter of 2020, the Company determined that it was no longer probable that the Brazil E2G project would be completed and placed into service, and that the likelihood that a potential buyer of the Brazil business would utilize this system was low due to its cost and associated complexities. As stated in ASC 350-40-35-3, there is a presumption that uncompleted software has a fair value of $0. Accordingly, during the second quarter of 2020, the Company recorded an impairment charge to fully write off the Brazil E2G project assets. Approximately $23,800 of the impairment charge was related to assets recorded on the Corporate segment and is therefore included in Continuing Operations. The remaining portion of the impairment charge, approximately $3,300, related to assets recorded on the Brazil segment and is therefore included in Discontinued Operations.
### Note 8. Debt

Outstanding long-term debt was as follows:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior long-term debt:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Secured Credit Facility (stated maturity date October 2024)</td>
<td>$409,147</td>
<td>$202,400</td>
</tr>
<tr>
<td>Senior Notes (stated maturity date May 2025)</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td><strong>Total senior long-term debt</strong></td>
<td>1,209,147</td>
<td>1,002,400</td>
</tr>
<tr>
<td><strong>Other debt:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lines of credit</td>
<td>58,958</td>
<td>14,542</td>
</tr>
<tr>
<td>Notes payable and other debt</td>
<td>153,043</td>
<td>169,308</td>
</tr>
<tr>
<td><strong>Total senior and other debt</strong></td>
<td>1,421,148</td>
<td>1,186,250</td>
</tr>
<tr>
<td>Finance lease obligations and sale-leaseback financings</td>
<td>31,892</td>
<td>28,102</td>
</tr>
<tr>
<td><strong>Total long-term debt and finance leases</strong></td>
<td>1,453,040</td>
<td>1,214,352</td>
</tr>
<tr>
<td>Less: total unamortized deferred financing costs</td>
<td>56,306</td>
<td>62,911</td>
</tr>
<tr>
<td>Less: current portion of long-term debt and finance leases</td>
<td>88,885</td>
<td>48,139</td>
</tr>
<tr>
<td><strong>Long-term debt and finance leases, less current portion</strong></td>
<td>$1,307,849</td>
<td>$1,103,302</td>
</tr>
</tbody>
</table>

In March 2020, we fully drew down the $410,000 revolving credit facility under our Senior Secured Credit Facility, in order to increase our cash position and preserve financial flexibility in light of the COVID-19 pandemic.

### Estimated Fair Value of Debt

The estimated fair value of our debt was determined using observable market prices as the majority of our securities, including the Senior Secured Credit Facility and the Senior Notes due 2025, are traded in a brokered market. The fair value of our remaining debt instruments approximates carrying value based on their terms. As of September 30, 2020 and December 31, 2019, our long-term debt was classified as Level 2 within the fair value hierarchy, based on the frequency and volume of trading in the brokered market. The estimated fair value of our debt was as follows:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Estimated fair value</td>
</tr>
<tr>
<td><strong>Total senior and other debt</strong></td>
<td>$1,421,148</td>
<td>$1,471,148</td>
</tr>
</tbody>
</table>

### Certain Covenants

As of September 30, 2020, our senior long-term debt contained certain negative covenants including, among others: (1) limitations on additional indebtedness; (2) limitations on dividends; (3) limitations on asset sales, including the sale of ownership interests in subsidiaries and sale-leaseback transactions; and (4) limitations on liens, guarantees, loans or investments. The Third Amended and Restated Credit Agreement (the Third A&R Credit Agreement) provides, solely with respect to the revolving credit facility, that the Company shall not permit its Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, to exceed 3.50x as of December 31, 2019 and thereafter. The agreement also provides that if (i) the Company’s Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, is not greater than 4.75x as of such date and (ii) less than 25% of the revolving credit facility is utilized as of that date, then such financial covenant shall not apply. As of September 30, 2020, we were in compliance with the leverage ratio covenant. In addition, notes payable at some of our locations contain financial maintenance covenants. We are in compliance with these covenants.

### Note 9. Leases

Laureate conducts a significant portion of its operations at leased facilities. These facilities include our corporate headquarters, other office locations, and many of Laureate's higher education facilities. Laureate analyzes each lease agreement to determine whether it should be classified as a finance lease or an operating lease. As a result of adopting ASC Topic 842 on January 1,
2019, we recorded on our balance sheet significant asset and liability balances associated with the operating leases, as described further below.

Finance Leases

Our finance lease agreements are for property and equipment. The lease assets are included within buildings as well as furniture, equipment and software and the related lease liability is included within debt and finance leases on the consolidated balance sheet.

Operating Leases

Our operating lease agreements are primarily for real estate space and are included within operating lease right-of-use (ROU) assets and operating lease liabilities on the Consolidated Balance Sheets. The terms of our operating leases vary and generally contain renewal options. Certain of these operating leases provide for increasing rent over the term of the lease. Laureate also leases certain equipment under noncancellable operating leases, which are typically for terms of 60 months or less.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Our variable lease payments consist of non-lease services related to the lease. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Many of our lessee agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term. On occasion, Laureate has entered into sublease agreements for certain leased office space; however, the sublease income from these agreements is immaterial.

Rent Concessions

The Company has taken actions with respect to certain of its existing leases, including engaging with landlords to discuss rent deferrals, as well as other rent concessions. Consistent with the updated guidance from the Financial Accounting Standards Board (FASB) in April 2020, the Company has elected the practical expedient for rent concessions where the total payments required by the modified contract are substantially the same or less than the total payments required by the original contract. In those cases, the Company treated the rent concessions as if there were no modification to the lease contract and accounted for these rent concessions as variable lease payments.

Note 10. Commitments and Contingencies

Loss Contingencies

Laureate is subject to legal actions arising in the ordinary course of its business. In management's opinion, we have adequate legal defenses, insurance coverage and/or accrued liabilities with respect to the eventuality of such actions. We do not believe that any settlement would have a material impact on our Consolidated Financial Statements.

Contingent Liabilities for Taxes

As of September 30, 2020 and December 31, 2019, Laureate has recorded cumulative liabilities totaling $35,038 and $44,595, respectively, for taxes other-than-income tax, principally payroll-tax-related uncertainties recorded at the time of an acquisition, of which $34,214 and $41,560, respectively, were classified as held for sale. The changes in this recorded liability are related to acquisitions, interest and penalty accruals, changes in tax laws, expirations of statutes of limitations, settlements and changes in foreign currency exchange rates. The terms of the statutes of limitations on these contingencies vary but can be up to 10 years. These liabilities were included in current and long-term liabilities on the Consolidated Balance Sheets. Changes in the recorded values of non-income tax contingencies impact operating income and interest expense, while changes in the related indemnification assets impact only operating income. The total decrease to operating income for adjustments to non-income tax
contingencies and indemnification assets was $3,375 and $5,196, respectively, for the nine months ended September 30, 2020 and 2019.

In addition, as of September 30, 2020 and December 31, 2019, Laureate has recorded cumulative liabilities for income tax contingencies of $36,602 and $51,442, respectively, of which $11,746 and $21,429, respectively, were classified as held for sale. As of September 30, 2020 and December 31, 2019, indemnification assets primarily related to acquisition contingencies were $50,949 and $69,040, respectively, of which $37,536 and $46,284, respectively, were classified as held for sale. These indemnification assets primarily cover contingencies for income taxes and taxes other-than-income taxes. We have also recorded receivables, which are classified as held for sale, of approximately $16,000 and $19,000 as of September 30, 2020 and December 31, 2019, respectively, from the former owner of one of our Brazil institutions which is guaranteed by future rental payments to the former owner.

We have identified certain contingencies, primarily tax-related, that we have assessed as being reasonably possible of loss, but not probable of loss, and could have an adverse effect on the Company’s results of operations if the outcomes are unfavorable. In most cases, Laureate has received indemnifications from the former owners and/or noncontrolling interest holders of the acquired businesses for contingencies, and therefore, we do not believe we will sustain an economic loss even if we are required to pay these additional amounts. In cases where we are not indemnified, the unrecorded contingencies are not individually material and are primarily in Brazil, which is now classified in Discontinued Operations. In the aggregate, we estimate that the reasonably possible loss for these unrecorded contingencies in Brazil could be up to approximately $45,000 if the outcomes were unfavorable in all cases.

Other Loss Contingencies

Laureate has accrued liabilities for certain civil actions against our institutions, a portion of which existed prior to our acquisition of these entities. Laureate intends to vigorously defend against these matters. As of September 30, 2020 and December 31, 2019, approximately $7,700 and $5,800, respectively, of loss contingencies were included in Other long-term liabilities and Other current liabilities on the Consolidated Balance Sheets. In addition, as of September 30, 2020 and December 31, 2019, approximately $20,900 and $26,300, respectively, of loss contingencies were classified as held for sale.

Material Guarantees

Laureate acquired the remaining 49% ownership interest in UAM Brazil in April 2013. As part of the agreement to purchase the 49% ownership interest, Laureate pledged 49% of its total shares in UAM Brazil as a guarantee of our payment obligations under the purchase agreement. In the event that we default on any payment, the agreement provides for a forfeiture of the pledged shares.

In connection with the purchase of Faculdades Metropolitanas Unidas Educacionais Ltda. (FMU) Education Group on September 12, 2014, Laureate pledged its acquired shares to third-party lenders as a guarantee of our payment obligations under the loans that financed a portion of the purchase price. The shares are pledged until full repayment of the loans, which mature in April 2021.

In connection with a loan agreement entered into by a Laureate subsidiary in Peru, all of the shares of Universidad Privada del Norte, one of our universities, were pledged to the third-party lender as a guarantee of the payment obligations under the loan.

Standby Letters of Credit, Surety Bonds and Other Commitments

As of September 30, 2020 and December 31, 2019, Laureate's outstanding letters of credit (LOCs) and surety bonds primarily consisted of the items discussed below.

As of September 30, 2020 and December 31, 2019, we had approximately $125,800 and $127,300, respectively, posted as LOCs in favor of the DOE. These LOCs were required to allow Walden and NSAD, until it was sold in March 2020, to continue participating in the DOE Title IV program. These LOCs are recorded almost entirely on Walden and are fully collateralized with cash equivalents and certificates of deposit. Because Walden is classified as a Discontinued Operation, these balances are recorded as current assets held for sale on our September 30, 2020 and December 31, 2019 Consolidated Balance Sheets.

As of September 30, 2020 and December 31, 2019, we had EUR 9,443 (approximately $11,000 at September 30, 2020) and EUR 5,036 (approximately $5,500 at December 31, 2019), respectively, posted as cash collateral for LOCs related to the
Spanish tax audits. This was recorded in Continuing Operations and classified as Restricted cash on our September 30, 2020 and December 31, 2019 Consolidated Balance Sheets. The cash collateral is related to final assessments issued by the Spanish Taxing Authority (STA) in October 2018 and January 2020 to Iniciativas Culturales de España, S.L. (ICE). In addition, on March 11, 2020, ICE received a preliminary assessment of approximately EUR 21,600 (approximately $25,100 at September 30, 2020), related to the STA’s extension of their audit to review withholding taxes on income earned by nonresidents. This assessment is not final, and ICE intends to challenge the assessment before the STA. ICE was formerly our Spanish holding company; during the second quarter of 2020, ICE was migrated to the Netherlands and its name was changed to Laureate Netherlands Holding B.V.

As part of our normal operations, our insurers issue surety bonds on our behalf, as required by various state education authorities in the United States. We are obligated to reimburse our insurers for any payments made by the insurers under the surety bonds. As of September 30, 2020 and December 31, 2019, the total face amount of these surety bonds was $17,360 and $25,582, respectively. In June 2020, a state bond in the amount of approximately $9,000 was deemed unnecessary and was canceled. These bonds are fully collateralized with cash, which was classified as Restricted cash on our September 30, 2020 and December 31, 2019 Consolidated Balance Sheets.

In November 2016, in order to continue participating in Prouni, a federal program that offers tax benefits designed to increase higher education participation rates in Brazil, UAM Brazil posted a guarantee in the amount of $15,300. In connection with the issuance of the guarantee, UAM Brazil obtained a non-collateralized surety bond from a third party in order to secure the guarantee. The cost of the surety bond was $1,400, of which half was reimbursed by the former owner of UAM Brazil, and is being amortized over a five-year term. The Company believes that this matter will not have a material impact on our Consolidated Financial Statements.

**Note 11. Share-based Compensation**

Share-based compensation expense was as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the three months ended September 30,</th>
<th>For the nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock options, net of estimated forfeitures</td>
<td>$ 297</td>
<td>$ 581</td>
</tr>
<tr>
<td>Restricted stock awards</td>
<td>2,330</td>
<td>663</td>
</tr>
<tr>
<td>Total continuing operations</td>
<td>$ 2,627</td>
<td>$ 1,244</td>
</tr>
<tr>
<td><strong>Discontinued operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense for discontinued operations</td>
<td>1,045</td>
<td>334</td>
</tr>
<tr>
<td>Total continuing and discontinued operations</td>
<td>$ 3,672</td>
<td>$ 1,578</td>
</tr>
</tbody>
</table>
Note 12. Stockholders’ Equity

The components of net changes in stockholders’ equity for the fiscal quarters of 2020 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Class A Common Stock</th>
<th>Class B Common Stock</th>
<th>Additional paid-in capital</th>
<th>Retained earnings (accumulated deficit)</th>
<th>Accumulated other comprehensive (loss) income</th>
<th>Treasury stock at cost</th>
<th>Non-controlling interests</th>
<th>Total stockholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2019</td>
<td>119,575 $542</td>
<td>90,831 $363</td>
<td>3,724,636 $</td>
<td>436,509 $(1,073,981) $(271,106) $(12,812)</td>
<td>2,804,151</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash stock compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Class B shares to Class A shares</td>
<td>18</td>
<td>(18)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of treasury stock at cost</td>
<td>(1,619)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(29,203)</td>
<td>—</td>
<td>—</td>
<td>(29,203)</td>
</tr>
<tr>
<td>Exercise of stock options and vesting of restricted stock, net of shares withheld to satisfy tax withholding</td>
<td>1,101</td>
<td>4</td>
<td>25,610</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>25,614</td>
</tr>
<tr>
<td>Accretion of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(44)</td>
</tr>
<tr>
<td>Reclassification of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>38</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,299)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(330,875)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>375 (330,116)</td>
</tr>
<tr>
<td>Minimum pension liability adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(932)</td>
<td>—</td>
<td>—</td>
<td>(932)</td>
</tr>
<tr>
<td>Balance at March 31, 2020</td>
<td>119,075 $546</td>
<td>90,813 $363</td>
<td>3,752,186 $</td>
<td>536,124 $(1,405,788) $(300,309) $(13,314)</td>
<td>2,569,808</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash stock compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Exercise of stock options and vesting of restricted stock, net of shares withheld to satisfy tax withholding</td>
<td>132</td>
<td>1</td>
<td>(33)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(32)</td>
</tr>
<tr>
<td>Change in noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>201</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>201</td>
</tr>
<tr>
<td>Reclassification of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(932)</td>
<td>—</td>
<td>—</td>
<td>(932)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>14,102</td>
<td>—</td>
<td>14,034</td>
</tr>
<tr>
<td>Balance at June 30, 2020</td>
<td>119,207 $547</td>
<td>90,813 $363</td>
<td>3,756,975 $</td>
<td>228,301 $(1,391,686) $(300,309) $(14,130)</td>
<td>2,280,061</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash stock compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Exercise of stock options and vesting of restricted stock, net of shares withheld to satisfy tax withholding</td>
<td>63</td>
<td>—</td>
<td>(35)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(35)</td>
</tr>
<tr>
<td>Change in noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,610)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2,610)</td>
</tr>
<tr>
<td>Accretion of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>6</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6</td>
</tr>
<tr>
<td>Reclassification of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,574</td>
<td>—</td>
<td>—</td>
<td>1,574</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(784,442)</td>
<td>—</td>
<td>—</td>
<td>12</td>
<td>(784,430)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>326,416</td>
<td>—</td>
<td>(74)</td>
<td>326,342</td>
<td></td>
</tr>
<tr>
<td>Balance at September 30, 2020</td>
<td>119,270 $547</td>
<td>90,813 $363</td>
<td>3,758,008 $</td>
<td>(556,141) $(1,065,270) $(300,309) $(12,618)</td>
<td>1,824,580</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The components of net changes in stockholders’ equity for the fiscal quarters of 2019 are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Class A Common Stock</th>
<th>Class B Common Stock</th>
<th>Additional paid-in capital</th>
<th>Accumulated deficit/retained earnings</th>
<th>Accumulated other comprehensive income</th>
<th>Treasury stock at cost</th>
<th>Non-controlling interests</th>
<th>Total stockholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>107,450</td>
<td>$ 430</td>
<td>116,865</td>
<td>$ 467</td>
<td>$ 3,703,796</td>
<td>$(530,919)</td>
<td>$(1,112,695)</td>
<td>$ —</td>
</tr>
<tr>
<td>Adoption of accounting standards</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>28,944</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at January 1, 2019</td>
<td>107,450</td>
<td>$ 430</td>
<td>116,865</td>
<td>$ 467</td>
<td>$ 3,703,796</td>
<td>$(501,975)</td>
<td>$(1,112,695)</td>
<td>$ —</td>
</tr>
<tr>
<td>Non-cash stock compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,149</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Class B shares to Class A shares</td>
<td>8</td>
<td>—</td>
<td>(8)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Vesting of restricted stock, net of shares withheld to satisfy tax withholding</td>
<td>325</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>(1,421)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Reclassification of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>263</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>191,243</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>49,521</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unrealized gain on derivatives, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2,609</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at March 31, 2019</td>
<td>107,783</td>
<td>$ 431</td>
<td>116,857</td>
<td>$ 467</td>
<td>$ 3,705,787</td>
<td>$(310,732)</td>
<td>$(1,060,565)</td>
<td>$ —</td>
</tr>
<tr>
<td>Non-cash stock compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,854</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Class B shares to Class A shares</td>
<td>10,991</td>
<td>44</td>
<td>(10,991)</td>
<td>(44)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Exercise of stock options and vesting of restricted stock, net of shares withheld to satisfy tax withholding</td>
<td>32</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>170</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Change in noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(3,700)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>194</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Reclassification of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>781,592</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,275</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,559</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unrealized gain on derivatives, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at June 30, 2019</td>
<td>118,806</td>
<td>$ 475</td>
<td>105,866</td>
<td>$ 423</td>
<td>$ 3,707,305</td>
<td>$470,860</td>
<td>$1,060,849</td>
<td>$ —</td>
</tr>
<tr>
<td>Non-cash stock compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,578</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Class B shares to Class A shares</td>
<td>15,002</td>
<td>60</td>
<td>(15,002)</td>
<td>(60)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Exercise of stock options and vesting of restricted stock, net of shares withheld to satisfy tax withholding</td>
<td>96</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,455</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(104,849)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Reclassification of redeemable noncontrolling interests and equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(193)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>649</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Minimum pension liability adjustment, net of tax of $0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,531</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance at September 30, 2019</td>
<td>127,754</td>
<td>$ 535</td>
<td>90,864</td>
<td>$ 363</td>
<td>$ 3,710,145</td>
<td>$375,634</td>
<td>$(1,138,388)</td>
<td>$(104,849)</td>
</tr>
</tbody>
</table>
Stock Repurchase Program

On August 8, 2019, the Company announced that its board of directors had authorized a stock repurchase program to acquire up to $150,000 of the Company’s Class A common stock. In early October 2019, the Company’s stock repurchases reached the authorized limit of $150,000. On October 14, 2019, the Company’s board of directors approved the increase of its existing authorization to repurchase shares of the Company’s Class A common stock by $150,000 for a total authorization (including the previously authorized repurchases) of up to $300,000 of the Company’s Class A common stock. The Company’s repurchases were made in a block trade, as well as on the open market at prevailing market prices and pursuant to a Rule 10b5-1 stock repurchase plan, in accordance with applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). In January 2020, the Company repurchased 1,619 shares of its outstanding Class A common stock for a total purchase price of $29,203 and reached the total authorized limit of $300,000. As discussed in Note 19, Subsequent Events, the Company announced an additional stock repurchase program in November 2020.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) (AOCI) in our Consolidated Balance Sheets includes the accumulated translation adjustments arising from translation of foreign subsidiaries’ financial statements, the unrealized gains on derivatives designated as cash flow hedges, and the accumulated net gains or losses that are not recognized as components of net periodic benefit cost for our minimum pension liability. The change in AOCI includes the removal of the cumulative translation adjustment related to subsidiaries that were sold during the period, which consisted primarily of the Chile balance of $293,000. The components of these balances were as follows:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Laureate Education, Inc.</td>
<td>Noncontrolling</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>$ (1,075,008) $</td>
<td>943 $</td>
</tr>
<tr>
<td>Unrealized gain on derivatives</td>
<td>10,416</td>
<td>—</td>
</tr>
<tr>
<td>Minimum pension liability adjustment</td>
<td>(678)</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>$ (1,065,270) $</td>
<td>943 $</td>
</tr>
</tbody>
</table>

Note 13. Derivative Instruments

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We may seek to control a portion of these risks through a risk management program that includes the use of derivative instruments.

The interest and principal payments for Laureate’s senior long-term debt arrangements are to be paid primarily in USD. Our ability to make debt payments is subject to fluctuations in the value of the USD against foreign currencies, since a majority of our operating cash used to make these payments is generated by subsidiaries with functional currencies other than USD. As part of our overall risk management policies, Laureate has at times entered into foreign currency swap contracts and floating-to-fixed interest rate swap contracts. In addition, we occasionally enter into foreign exchange forward contracts to reduce the impact of other non-functional currency-denominated receivables and payables. We do not enter into speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes. We generally intend to hold our derivatives until maturity.

Laureate reports all derivatives at fair value. These contracts are recognized as either assets or liabilities, depending upon the derivative’s fair value. Gains or losses associated with the change in the fair value of these swaps are recognized in our Consolidated Statements of Operations on a current basis over the term of the contracts, unless designated and effective as a hedge. For swaps that are designated and effective as cash flow hedges, gains or losses associated with the change in fair value of the swaps are recognized in our Consolidated Balance Sheets as a component of AOCI and amortized into earnings as a component of Interest expense over the term of the related hedged items. Upon early termination of an effective interest rate swap designated as a cash flow hedge, unrealized gains or losses are deferred in our Consolidated Balance Sheets as a component of AOCI and are amortized as an adjustment to Interest expense over the period during which the hedged forecasted
transaction affects earnings. For derivatives that are both designated and effective as net investment hedges, gains or losses associated with the change in fair value of the derivatives are recognized on our Consolidated Balance Sheets as a component of AOCI.

Laureate did not hold any derivatives as of September 30, 2020 and December 31, 2019.

**Derivatives Designated as Hedging Instruments**

*Net Investment Hedge - Cross Currency Swaps*

In December 2017, Laureate entered into two EUR-USD cross currency swaps (net investment hedges) to hedge the foreign currency exchange volatility on operations of our Euro functional currency subsidiaries and better match our cash flows with the currencies in which our debt obligations are denominated. Both swaps had an effective date of December 22, 2017 and a maturity date of November 2, 2020, and were designated at inception as effective net investment hedges. In April 2019, the Company terminated both EUR-USD cross currency swaps for a net settlement received of $7,679, which is included in Settlement of derivatives related to sale of discontinued operations and net investment hedge on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2019. The terms of the swaps specified that at maturity on the first swap, Laureate would deliver the notional amount of EUR 50,000 and receive USD $59,210 at an implied exchange rate of 1.1842 and at maturity on the second swap, Laureate would deliver the notional amount of EUR 50,000 and receive USD $59,360 at an implied exchange rate of 1.1872. Semiannually until maturity, Laureate was obligated to pay 5.63% and receive 8.25% on EUR 50,000 and USD $59,210, respectively, on the first swap and pay 5.6675% and receive 8.25% on EUR 50,000 and USD $59,360, respectively, on the second swap. The swaps were determined to be 100% effective; therefore, the amount of gain or loss recognized in income on the ineffective portion of derivative instruments designated as hedging instruments was $0. The accumulated gain recognized in AOCI will be deferred from earnings until the sale or liquidation of the hedged investee.

*Cash Flow Hedge - 2024 Term Loan Interest Rate Swaps*

In May 2017, Laureate entered into, and designated as cash flow hedges, four pay-fixed, receive-floating amortizing interest rate swaps with notional amounts of $100,000, $100,000, $200,000 and $300,000, respectively. These notional amounts matched the corresponding principal of the 2024 Term Loan borrowings of which these swaps were effectively hedging the interest payments. As such, the notional values amortized annually based on the terms of the agreements to match the principal borrowings as they were repaid. These swaps effectively fixed the floating interest rate on the term loan to reduce exposure to variability in cash flows attributable to changes in the USD-LIBOR-BBA swap rate. All four swaps were fully settled on August 21, 2018, prior to their May 31, 2022 maturity date, with the remaining AOCI to be ratably reclassified into income through Interest expense over the remaining maturity period of the 2024 Term Loans. The cash received at settlement from the swap counterparties was $14,117. During the second quarter of 2019, the Company accelerated the reclassification of amounts in AOCI to earnings as a result of the hedged forecasted transactions becoming probable not to occur, due to the full repayment of the 2024 Term Loan in June 2019 using proceeds from the sale of our institutions in Portugal and Spain. The accelerated amounts were a gain of approximately $9,800 and were recorded as a decrease to Interest expense. Prior to settlement of the swaps, they were determined to be 100% effective; therefore, the amount of gain or loss recognized in income on the ineffective portion was $0.

The table below shows the total recorded unrealized (loss) gain in Comprehensive income for the derivatives designated as hedging instruments. For the three months ended September 30, 2020 and 2019, there was no impact of derivative instruments, and for the nine months ended September 30, 2020 and 2019, the impact of these derivative instruments on Comprehensive income, Interest expense and AOCI was as follows:

<table>
<thead>
<tr>
<th></th>
<th>(Loss) Gain Recognized in Comprehensive Income (Effective Portion)</th>
<th>Income Statement Location</th>
<th>Gain Reclassified from AOCI to Income (Effective Portion)</th>
<th>Total Consolidated Interest Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow hedge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>$</td>
<td>—</td>
<td>$ (11,818)</td>
<td>Interest expense</td>
</tr>
<tr>
<td>Net investment hedge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross currency swaps</td>
<td>—</td>
<td>3,868</td>
<td>N/A</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>—</td>
<td>$ (7,950)</td>
<td></td>
</tr>
</tbody>
</table>
Derivatives Not Designated as Hedging Instruments

AUD to USD Foreign Currency Swaps

In March 2020, Laureate entered into an AUD to USD swap agreement with a maturity date of April 15, 2020, in connection with an intercompany funding transaction. The terms of the swap stated that on the maturity date, Laureate would deliver the notional amount of AUD 21,000 and receive USD $13,713 at a rate of exchange of 0.6530 USD per 1 AUD. On April 8, 2020, Laureate entered into a net settlement agreement for this swap to deliver USD $12,999 and receive the notional amount of AUD 21,000 at a rate of exchange of 0.6190 USD per 1 AUD. This net settlement was executed on April 15, 2020, which resulted in a realized gain and proceeds received of $714. This amount is included in Gain on derivatives on the Consolidated Statement of Operations for the nine months ended September 30, 2020, and is included in Payments for settlement of derivative contracts on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2020. This swap was not designated as a hedge for accounting purposes.

On April 8, 2020, Laureate entered into a new AUD to USD swap agreement with a notional amount of AUD 21,000. On the maturity date of June 15, 2020, Laureate delivered the notional amount and received USD $12,921 at a rate of exchange of 0.6153 USD per 1 AUD, resulting in a realized loss of $1,340. This amount is included in Gain on derivatives on the Consolidated Statements of Operations for the nine months ended September 30, 2020 and is included in Payments for settlement of derivative contracts on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2020. This swap was not designated as a hedge for accounting purposes.

EUR to USD Foreign Currency Swaps—Spain and Portugal

In December 2018, Laureate entered into two EUR to USD swap agreements in connection with the signing of the sale agreement for the subsidiaries in Spain and Portugal. The purpose of the swaps was to mitigate the risk of foreign currency exposure on the sale proceeds. The first swap was deal contingent, with the settlement date occurring on the second business day following the completion of the sale. On the settlement date, Laureate delivered the notional amount of EUR 275,000 and received USD $314,573 at a rate of exchange of 1.1439, which resulted in a realized gain of $5,088. The second swap was a put/call option with a maturity date of April 8, 2019, where Laureate could put the notional amount of EUR 275,000 and call the USD amount of $310,750 at an exchange rate of 1.13. Based on expected timing of the sale transaction, the swap was terminated on April 2, 2019, resulting in a payment to the counterparty of $980 that included a deferred premium payment net of proceeds received. These swaps were not designated as hedges for accounting purposes.

In addition to the swaps above, in order to continue to mitigate the risk of foreign currency exposure on the expected sale proceeds for Spain and Portugal in advance of the May 31, 2019 sale closing date, in April 2019, Laureate also entered into seven EUR to USD swap agreements with a combined notional amount of EUR 375,000. On the maturity date of May 15, 2019, Laureate paid the EUR notional amount and received a combined total of USD $423,003 at a rate of exchange of 1.128007, resulting in a gain of $1,644. In May 2019, Laureate entered into nine EUR to USD swap agreements with a combined notional amount of EUR 532,000. On the maturity date of June 4, 2019, Laureate paid the EUR notional amount and received a combined total of $597,149 at a rate of exchange of 1.122461, resulting in a realized loss of approximately $565. These swaps were not designated as hedges for accounting purposes.

CLP to Unidad de Fomento (UF) Cross Currency and Interest Rate Swaps

The cross currency and interest rate swap agreements are intended to provide a better correlation between our debt obligations and operating currencies. In 2010, one of our subsidiaries in Chile entered into four cross currency and interest rate swap agreements with an aggregate notional amount of approximately $31,000, and convert CLP-denominated, floating-rate debt to fixed-rate UF-denominated debt. The UF is a Chilean inflation-adjusted unit of account. One of the swaps was scheduled to mature on December 1, 2024, and the remaining three were scheduled to mature on July 1, 2025 (the CLP to UF cross currency and interest rate swaps); however, during the first quarter 2019, the Company elected to settle all four swaps for a net cash payment of approximately USD $8,200. In addition, at that time, Chile also elected to repay a portion of the principal balance outstanding for certain notes payable. This payment is included in Payments for settlement of derivative contracts on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2019. The CLP to UF cross currency and interest rate swaps were not designated as hedges for accounting purposes.
Components of the reported Gain (loss) on derivatives not designated as hedging instruments in the Consolidated Statements of Operations were as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>For the three months ended September 30, 2020</th>
<th>For the nine months ended September 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross currency and interest rate swaps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain</td>
<td>$—$</td>
<td>$283</td>
</tr>
<tr>
<td>Realized (loss) gain</td>
<td>$283</td>
<td>$4,305</td>
</tr>
<tr>
<td>Gain (loss) on derivatives, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$283</td>
<td>$9,166</td>
</tr>
</tbody>
</table>

Credit Risk and Credit-Risk-Related Contingent Features

Laureate’s derivatives expose us to credit risk to the extent that the counterparty may possibly fail to perform its contractual obligation. The amount of our credit risk exposure is equal to the fair value of the derivative when any of the derivatives are in a net gain position. Laureate limits its credit risk by only entering into derivative transactions with highly rated major financial institutions. We have not entered into collateral agreements with our derivatives’ counterparties. As of September 30, 2020 and December 31, 2019, we did not hold any derivatives in a net gain position, and thus had no credit risk.

Laureate’s agreements with its derivative counterparties contain a provision under which we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to a default on the indebtedness. As of September 30, 2020 and December 31, 2019, we did not hold any derivatives in a net loss position, and thus had no derivative obligations.

Note 14. Income Taxes

Laureate uses the liability method to account for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For interim purposes, we also apply ASC 740-270, “Income Taxes—Interim Reporting.”

Laureate's income tax provisions for all periods consist of federal, state and foreign income taxes. The tax provisions for the three and nine months ended September 30, 2020 and 2019 were based on estimated full-year effective tax rates, after giving effect to significant items related specifically to the interim periods, including the mix of income for the period between higher-taxed and lower-taxed jurisdictions. Laureate has operations in multiple countries at various statutory tax rates or which are tax-exempt entities, and other operations that are loss-making entities for which it is not more likely than not that a tax benefit will be realized on the loss.

Laureate records interest and penalties related to uncertain tax positions as a component of Income tax expense. During the nine months ended September 30, 2020, Laureate recognized interest and penalties related to income taxes of $995. Laureate had $11,563 of accrued interest and penalties as of September 30, 2020. During the nine months ended September 30, 2020, Laureate derecognized $4,340 of previously accrued interest and penalties. Approximately $10,685 of unrecognized tax benefits, if recognized, will affect the effective income tax rate. It is reasonably possible that Laureate’s unrecognized tax benefits may decrease within the next 12 months by up to approximately $12,000 as a result of the lapse of statutes of limitations and as a result of the final settlement and resolution of outstanding tax matters in various jurisdictions.

As of January 1, 2020, the Company amended the partnership agreement of one of its subsidiaries that owned intellectual property, such that the subsidiary became subject to tax in the Netherlands. The result was a net discrete tax benefit of approximately $222,000 that represented the book-and-tax basis difference of the intellectual property, measured based on the intellectual property’s current fair value and applicable Dutch statutory tax rate. Determining the fair value of the intellectual property, which serves as the tax basis of the deferred tax asset, required management to make assumptions and estimates that are inherently uncertain. This net tax benefit decreased by $81,000 during the third quarter as compared to the first quarter of 2020 as a result of certain entities being reclassified as Discontinued Operations during the third quarter of 2020.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act provides a substantial stimulus and assistance package intended to address the impact of the COVID-19 pandemic, including tax relief and government loans, grants and investments. The CARES Act did not have a significant impact on Laureate’s consolidated financial statements for the three and nine months ended September 30, 2020. We continue to monitor any effects.
that may result from the CARES Act as well as any similar stimulus legislation enacted in other jurisdictions where Laureate has material operations.

In July 2020, the U.S. Treasury Department released final regulations addressing global intangible low-taxed income (GILTI). Among other changes, these regulations provide an election to exclude certain foreign income of foreign corporations from GILTI if such income is deemed high-taxed in a foreign jurisdiction. These elective provisions may be applied retroactively and accordingly require significant analysis of the potential financial statement impacts. During the third quarter of 2020, the Company recorded a discrete tax benefit of approximately $70,900 related to 2018 and 2019.

The Company assesses the realizability of deferred tax assets by examining all available evidence, both positive and negative. A valuation allowance is recorded if negative evidence outweighs positive evidence. A company’s three-year cumulative loss position is significant negative evidence in considering whether deferred tax assets are realizable. Accounting guidance restricts the amount of reliance the Company can place on projected taxable income to support the recovery of the deferred tax assets. During the third quarter of 2020, valuation allowances were released at entities in Australia and the United States of approximately $19,200 and $12,200, respectively, due to the change from a three-year cumulative loss position to a three-year cumulative income position, as well as other positive factors including projections of future profitability.
Note 15. Earnings (Loss) Per Share

We have two classes of common stock, Class A common stock and Class B common stock. Other than voting rights, the Class B common stock has the same rights as the Class A common stock and therefore both are treated as the same class of stock for purposes of the earnings per share calculation. Laureate computes basic earnings per share (EPS) by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted EPS reflects the potential dilution that would occur if share-based compensation awards, contingently issuable shares, or convertible securities were exercised or converted into common stock. To calculate the diluted EPS, the basic weighted average number of shares is increased by the dilutive effect of stock options, restricted stock, restricted stock units, and any contingently issuable shares determined using the treasury stock method, and any convertible securities using the if-converted method.

The following tables summarize the computations of basic and diluted earnings (loss) per share:

<table>
<thead>
<tr>
<th>For the three months ended September 30,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerator used in basic and diluted earnings (loss) per common share for continuing operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>(271,040)</td>
<td>(86,649)</td>
</tr>
<tr>
<td>Net income attributable to noncontrolling interests</td>
<td>(7)</td>
<td>(12)</td>
</tr>
<tr>
<td>Loss from continuing operations attributable to Laureate Education, Inc.</td>
<td>(271,047)</td>
<td>(86,661)</td>
</tr>
<tr>
<td>Accretion of redemption value of redeemable noncontrolling interests and equity</td>
<td>6</td>
<td>(193)</td>
</tr>
<tr>
<td>Net loss from continuing operations for basic and diluted earnings (loss) per share</td>
<td>(271,041)</td>
<td>(86,854)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Numerator used in basic and diluted earnings (loss) per common share for discontinued operations:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>(169,768)</td>
<td>30,986</td>
</tr>
<tr>
<td>Loss on sales of discontinued operations, net of tax</td>
<td>(343,622)</td>
<td>(41,131)</td>
</tr>
<tr>
<td>(Income) loss attributable to noncontrolling interests</td>
<td>(5)</td>
<td>1,580</td>
</tr>
<tr>
<td>Net loss from discontinued operations for basic and diluted earnings (loss) per share</td>
<td>(513,395)</td>
<td>(8,565)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Denominator used in basic and diluted earnings (loss) per common share:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic and diluted weighted average shares outstanding</td>
<td>210,033</td>
<td>224,193</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basic and diluted earnings (loss) per share:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations</td>
<td>(1.29)</td>
<td>(0.39)</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(2.44)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Basic and diluted loss per share</td>
<td>(3.73)</td>
<td>(0.43)</td>
</tr>
</tbody>
</table>
For the nine months ended September 30,

Numerator used in basic and diluted earnings (loss) per common share for continuing operations:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations</td>
<td>$(76,503)</td>
<td>$(211,676)</td>
</tr>
<tr>
<td>Net loss (income) attributable to noncontrolling interests</td>
<td>27</td>
<td>(61)</td>
</tr>
<tr>
<td>Loss from continuing operations attributable to Laureate Education, Inc.</td>
<td>(76,476)</td>
<td>(211,737)</td>
</tr>
<tr>
<td>Accretion of redemption value of redeemable noncontrolling interests and equity</td>
<td>163</td>
<td>264</td>
</tr>
<tr>
<td>Net loss from continuing operations for basic and diluted earnings (loss) per share</td>
<td>$(76,313)</td>
<td>$(211,473)</td>
</tr>
</tbody>
</table>

Numerator used in basic and diluted earnings (loss) per common share for discontinued operations:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>(557,951)</td>
<td>240,373</td>
</tr>
<tr>
<td>(Loss) gain on sales of discontinued operations, net of tax</td>
<td>(363,288)</td>
<td>848,390</td>
</tr>
<tr>
<td>Loss attributable to noncontrolling interests</td>
<td>5,065</td>
<td>583</td>
</tr>
<tr>
<td>Net (loss) income from discontinued operations for basic and diluted earnings (loss) per share</td>
<td>$(916,174)</td>
<td>1,089,346</td>
</tr>
</tbody>
</table>

Denominator used in basic and diluted earnings (loss) per common share:

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic and diluted weighted average shares outstanding</td>
<td>209,920</td>
</tr>
</tbody>
</table>

Basic and diluted earnings (loss) per share:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations</td>
<td>$(0.36)</td>
<td>$(0.94)</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations</td>
<td>(4.36)</td>
<td>4.85</td>
</tr>
<tr>
<td>Basic and diluted (loss) earnings per share</td>
<td>$(4.72)</td>
<td>3.91</td>
</tr>
</tbody>
</table>

The following table summarizes the number of stock options, shares of restricted stock and restricted stock units (RSUs) that were excluded from the diluted EPS calculations because the effect would have been antidilutive:

<table>
<thead>
<tr>
<th>Description</th>
<th>For the three months ended September 30,</th>
<th>2020</th>
<th>2019</th>
<th>For the nine months ended September 30,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock options</td>
<td></td>
<td>3,838</td>
<td>8,650</td>
<td>4,205</td>
<td>8,956</td>
<td></td>
</tr>
<tr>
<td>Restricted stock and RSUs</td>
<td></td>
<td>727</td>
<td>733</td>
<td>732</td>
<td>854</td>
<td></td>
</tr>
</tbody>
</table>

Note 16. Legal and Regulatory Matters

Laureate is subject to legal proceedings arising in the ordinary course of business. In management’s opinion, we have adequate legal defenses, insurance coverage, and/or accrued liabilities with respect to the eventuality of these actions. Management believes that any settlement would not have a material impact on Laureate’s financial position, results of operations, or cash flows.

Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations or their application to us may materially adversely affect our business, financial condition and results of operations. Except as set forth below, there have been no material changes to the laws and regulations affecting our higher education institutions that are described in our Annual Report on Form 10-K for the year ended December 31, 2019, as updated in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020.

Australian Regulation

Courses at our two post-secondary educational institutions in Australia continue to be delivered primarily online and are in compliance with all local regulations. In certain limited situations, dependent on state-by-state COVID-19 regulatory responses, plans to permit physical access to campuses and face-to-face course delivery are being implemented.
Brazilian Regulation

In response to the transition from face-to-face classes to online classes due to the COVID-19 pandemic, legislative assemblies in several Brazilian states have passed laws requiring schools to discount tuition. To date, with respect to the states in which we operate, only Rio de Janeiro, Bahia and Paraiba have passed such laws. However, because injunctions were granted to suspend the effects of such laws in Rio de Janeiro and Paraiba, we currently are applying the mandatory discount only to classes taken at our Bahia campuses. The constitutionality of the aforementioned laws is being questioned both in state courts and the Supreme Court.

As of August 2020, Provisional Presidential Act n. 934/2020 has been converted to Law n. 14,040. Accordingly, institutions remain authorized to substitute face-to-face classes with remote activities and adjust the academic calendar and degree anticipation for specific health undergraduate programs.

Government measures to resume face-to-face educational activities in Brazil are being implemented on a state-by-state and city-by-city basis. Laboratory and professional practice activities have resumed at the vast majority of our Brazilian campuses. Despite being authorized to gradually return to face-to-face classes in some locations, academic planners consider remote activities to be the most suitable option given the current circumstances.

Mexican Regulation

Administrative activities have resumed at all but two of our campuses. Face-to-face educational activities will not be permitted to resume at any campus until the region (municipality or state) in which it is located is assigned a green color code under the country’s color-coded sanitary alert system.

Peruvian Regulation

While Peru’s national sanitary emergency has been extended until November 30, 2020, effective September 1, 2020, Peru entered phase four of its economic reactivation plan. The government has announced that face-to-face classes may resume next year; however, the actual resumption of classes will depend upon COVID-19 infection rates at such time.

U.S. Regulation

Department of Education Rulemaking Activities

On August 24, 2020, the U.S. Department of Education (the DOE) issued final regulations making changes to regulations that impact distance education programs in particular. The final regulations provide new definitions for, among other terms, correspondence courses, distance education, and academic engagement. Walden University offers both course-based distance education programs and direct assessment distance education programs through its Tempo Learning offerings. Under these new regulations, it is possible that students eligible for Title IV federal student aid funds who are enrolled in Walden University’s Tempo Learning programs will receive their funds on a more regular disbursement pattern that is better aligned with their individualized progression. The final regulations have an effective date of July 1, 2021, but the DOE will allow institutions to opt for early implementation of portions of these regulations.

Department of Justice Voluntary Information Request for Walden University

Our institutions are subject to regulatory oversight and from time to time must respond to inquiries about their compliance with the various statutory requirements under which they operate. On September 14, 2020, Walden University (Walden) received a letter from the Civil Division of the United States Department of Justice (DOJ) indicating that the DOJ is examining whether Walden, in the operation of its Masters of Science in Nursing program (Nursing Program), may have violated the Federal False Claims Act by misrepresenting compliance with its program participation agreement with the U.S. Department of Education, which agreement covers Walden University’s participation in federal student financial aid programs under Title IV of the U.S. Higher Education Act. The letter invites Walden to provide information regarding a number of specific areas primarily related to the practicum component of its Nursing Program, but it makes no allegations of any misconduct or wrongdoing by Walden. While the Company is cooperating with the DOJ’s request to voluntarily provide information, it cannot predict the timing or outcome of this matter. Further, on October 12, 2020, Walden received notice from the Higher Learning Commission (HLC) of its intent to assign a public “Governmental Investigation” designation to Walden due to the DOJ inquiry. While the HLC has complete discretion in whether to issue such a public designation, Walden has requested that such a designation not be imposed.
as there has been no governmental allegation of any misconduct or illegal acts. The Company accrues for a liability when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. The disclosures, accruals or estimates, if any, resulting from the foregoing analysis are reviewed and adjusted to reflect the effect of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter. At this time, the Company does not believe that this matter will have a material effect on the Company’s financial position, results of operations, or cash flows.

**Note 17. Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, which are described below:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – Observable inputs other than quoted prices that are either directly or indirectly observable for the asset or liability;
- Level 3 – Unobservable inputs that are supported by little or no market activity.

These levels are not necessarily an indication of the risk of liquidity associated with the financial assets or liabilities disclosed. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement, as required under ASC 820-10, “Fair Value Measurement.”

**Derivative instruments**

Laureate uses derivative instruments as economic hedges for bank debt, foreign exchange fluctuations and interest rate risk. Their values are derived using valuation models commonly used for derivatives. These valuation models require a variety of inputs, including contractual terms, market prices, forward-price yield curves, notional quantities, measures of volatility and correlations of such inputs. Our valuation models also reflect measurements for credit risk. Laureate concluded that the fair values of our derivatives are based on unobservable inputs, or Level 3 assumptions. The significant unobservable input used in the fair value measurement of the Company's derivative instruments is our own credit risk. Holding other inputs constant, a significant increase (decrease) in our own credit risk would result in a significantly lower (higher) fair value measurement for the Company's derivative instruments.

As of September 30, 2020 and December 31, 2019, Laureate did not hold any financial assets or liabilities that are measured at fair value on a recurring basis.

<table>
<thead>
<tr>
<th>Balance at December 31, 2019 $</th>
<th>—</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss included in earnings:</td>
<td></td>
</tr>
<tr>
<td>Realized loss, net</td>
<td>(626)</td>
</tr>
<tr>
<td>Settlements</td>
<td>626</td>
</tr>
<tr>
<td>Balance at September 30, 2020 $</td>
<td>—</td>
</tr>
</tbody>
</table>

Laureate had no fair value measurements classified as Level 3 as of September 30, 2020.
Note 18. Supplemental Cash Flow Information

Reconciliation of Cash and cash equivalents and Restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets, as well as the September 30, 2019 balance. The September 30, 2020 and September 30, 2019 balances sum to the amounts shown in the Consolidated Statements of Cash Flows for the nine months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2020</th>
<th>September 30, 2019</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 716,799</td>
<td>$ 93,153</td>
<td>$ 61,576</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>$ 30,857</td>
<td>$ 35,101</td>
<td>$ 36,241</td>
</tr>
<tr>
<td><strong>Total Cash and cash equivalents and Restricted cash shown in the Consolidated Statements of Cash Flows</strong></td>
<td>$ 747,656</td>
<td>$ 128,254</td>
<td>$ 97,817</td>
</tr>
</tbody>
</table>

Restricted cash includes cash equivalents held to collateralize standby letters of credit. In addition, Laureate may at times hold a United States deposit for a letter of credit in lieu of a surety bond, or otherwise have cash that is not immediately available for use in current operations. See also Note 10, Commitments and Contingencies.

Note 19. Subsequent Events

Agreement to Sell Honduras Operations

As discussed in Note 4, Discontinued Operations and Assets Held for Sale, on October 13, 2020, the Company entered into a definitive agreement with Fundación Nasser, a not-for-profit foundation in Honduras, to transfer control of its operations in Honduras for total cash consideration of approximately $29,800, prior to closing costs.

Asset Sale Offer to Purchase Up to $300 Million of Senior Notes

On October 13, 2020, the Company announced that it was commencing a cash tender offer (the Asset Sale Offer) to purchase up to $300,000 aggregate principal amount (the Offer Amount) of its 8.250% Senior Notes due 2025 (the Senior Notes), at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest to, but not including, the purchase date.

The Asset Sale Offer is being made pursuant to the indenture governing the Senior Notes (the Indenture) as a result of the Company’s sale of its operations in Chile and Malaysia. Those sales constituted Asset Sales, as defined in the Indenture. The source of funds is cash on hand from the proceeds of the Asset Sales.

The Asset Sale Offer will expire at 11:59 p.m., New York City time, on November 10, 2020, unless extended by the Company, in its sole discretion (the Expiration Time). If the aggregate principal amount of Senior Notes validly tendered (and not validly withdrawn) in the Asset Sale Offer exceeds the Offer Amount, only the Offer Amount will be accepted for purchase, and the Senior Notes will be purchased on a pro rata basis (with such adjustments as may be needed so that only Senior Notes in minimum amounts of $2,000 and integral multiples of $1,000 in excess thereof will be so purchased). Tenders of the Senior Notes must be made on or prior to the Expiration Time and may be validly withdrawn at any time on or prior to the Expiration Time.

In the event that the aggregate principal amount of tendered and accepted Senior Notes is less than the Offer Amount, any amount less than the Offer Amount not used for the purchase of Senior Notes pursuant to the Asset Sale Offer will be available for use in any manner permitted under the Indenture.
**Stock Repurchase Program**

Laureate’s board of directors has approved a new stock repurchase program to acquire up to $300,000 of the Company’s Class A common stock. The Company’s proposed repurchases may be made from time to time on the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Repurchases may be effected pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act. The Company’s board of directors will review the share repurchase program periodically and may authorize adjustment of its terms and size or suspend or discontinue the program. The Company intends to finance the repurchases with free cash flow and excess cash and liquidity on-hand.

**Completion of Sale of Australia and New Zealand**

As discussed in Note 4, Discontinued Operations and Assets Held for Sale, on November 3, 2020, the Company completed the sale of Australia and New Zealand. At closing, the Company received proceeds of approximately $650,000, net of transaction costs.
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this Form 10-Q) contains “forward-looking statements” within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or similar expressions that concern our strategy, plans or intentions. All statements we make relating to estimated and projected earnings, costs, expenditures, cash flows, growth rates and financial results, and all statements we make relating to (i) our exploration of strategic alternatives and potential future plans, strategies or transactions that may be identified, explored or implemented as a result of such review process, (ii) our planned divestitures, the expected proceeds generated therefrom, the expected reduction in revenue resulting therefrom and any resulting litigation or dispute therewith, and (iii) the potential impact of the COVID-19 pandemic on our business or the global economy as a whole, are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, including, with respect to our exploration of strategic alternatives, risks and uncertainties as to the terms, timing, structure, benefits and costs of any divestiture or separation transaction and whether one will be consummated at all, and the impact of any divestiture or separation transaction on our remaining businesses. Accordingly, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, including, without limitation, in conjunction with the forward-looking statements included in this Form 10-Q, are disclosed in “Item 1—Business,” and “Item 1A—Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the 2019 Form 10-K), as updated by Part II, “Item 1A—Risk Factors” of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020. Some of the factors that we believe could affect our results include:

• the risks and uncertainties related to the long-term effect to the Company of the COVID-19 pandemic and its resurgence, including, but not limited to, its effect on student enrollment, tuition pricing, and collections in future periods;
• the risks associated with conducting our global operations, including complex business, foreign currency, political, legal, regulatory, tax and economic risks;
• the risks associated with our exploration of strategic alternatives, including possible disruption to our ongoing businesses and increased transaction-related expenses;
• our ability to effectively manage the growth of our business, implement common operating models within our country networks and increase our operating leverage;
• the development and expansion of our operations and the effect of new technology applications in the educational services industry;
• our ability to successfully complete previously announced divestitures;
• the effect of existing international and U.S. laws and regulations governing our business or changes to those laws and regulations or in their application to our business;
• changes in the political, economic and business climate in the international or the U.S. markets where we operate;
• risks of downturns in general economic conditions and in the educational services and education technology industries that could, among other things, impair our goodwill and intangible assets;
• possible increased competition from other educational service providers;
• market acceptance of new service offerings by us or our competitors and our ability to predict and respond to changes in the markets for our educational services;
• the effect on our business and results of operations from fluctuations in the value of foreign currencies;
• our ability to attract and retain key personnel;
• the fluctuations in revenues due to seasonality;
• our ability to maintain proper and effective internal controls necessary to produce accurate financial statements on a timely basis;
our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance;
the future trading prices of our Class A common stock and the impact of any securities analysts’ reports on these prices; and
our ability to maintain and, subsequently, increase tuition rates and student enrollments in our institutions.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-Q may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Introduction

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (the MD&A) is provided to assist readers of the financial statements in understanding the results of operations, financial condition and cash flows of Laureate Education, Inc. This MD&A should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (Form 10-Q). The consolidated financial statements included elsewhere in this Form 10-Q are presented in U.S. dollars (USD) rounded to the nearest thousand, with the amounts in MD&A rounded to the nearest tenth of a million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. Our MD&A is presented in the following sections:

- Overview;
- Results of Operations;
- Liquidity and Capital Resources;
- Critical Accounting Policies and Estimates; and
- Recently Adopted Accounting Standards.

Overview

Our Business

We have built a portfolio of degree-granting higher education institutions, primarily focused in Latin America, with 335,600 students enrolled at our five institutions in two countries (Mexico and Peru) included in our continuing operations as of September 30, 2020. We believe the global higher education market presents an attractive long-term opportunity, primarily because of the large and growing imbalance between the supply and demand for quality higher education around the world. Advanced education opportunities drive higher earnings potential, and we believe the projected growth in the middle-class population worldwide and limited government resources dedicated to higher education create substantial opportunities for high-quality private institutions to meet this growing and unmet demand. Our outcomes-driven strategy is focused on enabling students to prosper and thrive in the dynamic and evolving knowledge economy.

We have six operating segments as described below. We group our institutions by geography in: 1) Brazil; 2) Mexico; 3) Peru (formerly Andean); 4) Central America (formerly Central America & U.S. Campuses); and 5) Rest of World for reporting purposes. Our sixth segment, Online & Partnerships, includes fully online institutions that operate globally. As described further below, our Mexico and Peru operating segments are classified as Continuing Operations and the remaining operating segments are classified as Discontinued Operations.

COVID-19

In response to the COVID-19 pandemic, we have temporarily transitioned the educational delivery method at all of our campus-based institutions to be online and are leveraging our existing technologies and learning platforms to serve students outside of the traditional classroom setting.

The outbreak of COVID-19 has caused domestic and global disruption in operations for institutions of higher education. The long-term effect to the Company of the COVID-19 pandemic depends on numerous factors, including, but not limited to, the effect on student enrollment, tuition pricing, and collections in future periods, which cannot be fully quantified at this time. In addition, regulatory activity that occurs in response to COVID-19 could have an adverse effect on our business if, for example,
legislation was passed to suspend or reduce student tuition payments in any of the markets in which we operate. As a result, the full impact of COVID-19 and the scope of any adverse effect on the Company’s operations, including any potential impairments, which could be material, cannot be fully determined at this time. See also “Part II, Item 1A–Risk Factors–An epidemic, pandemic or other public health emergency, such as the recent outbreak of a novel strain of coronavirus (COVID-19), could have a material adverse effect on our business, financial condition, cash flows and results of operations” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

The COVID-19 pandemic has affected the academic calendars at a number of our institutions, resulting in the deferral of revenue to the fourth quarter of 2020 that would otherwise have been recognized by September 30, 2020, if the academic calendars had not been changed. For the nine months ended September 30, 2020, revenue of approximately $15 million related to our Mexico operations was deferred to the fourth quarter of 2020, due to changes in the academic calendar, primarily as a result of the COVID-19 pandemic. During the third quarter of 2020, our Peru operations held rescheduled classes and recognized revenue that had previously been deferred as of June 30, 2020, due to academic calendar changes during the first half of 2020 that resulted from the COVID-19 pandemic.

Discontinued Operations

In 2017 and 2018, the Company announced the divestiture of certain subsidiaries located in Europe, Asia and Central America, which were included in the Rest of World, Peru (formerly Andean), and Central America (formerly Central America & U.S. Campuses) segments. The goal of the divestitures was to create a more focused and simplified business model and generate proceeds to be used for further repayment of long-term debt. This represented a strategic shift that had a major effect on the Company’s operations and financial results. Accordingly, all of the divestitures that were part of this strategic shift, as well as the Company's operations in the Kingdom of Saudi Arabia that were managed under a contract that expired on August 31, 2019 and was not renewed, were accounted for as discontinued operations for all periods presented in accordance with Accounting Standards Codification (ASC) 205-20, “Discontinued Operations” (ASC 205).

On January 27, 2020, Laureate announced that its Board of Directors had authorized the Company to explore strategic alternatives for each of its businesses to unlock shareholder value. As part of this process, the Company is evaluating all potential options for its remaining businesses, including sales, spin-offs or business combinations. There can be no assurance as to the outcome of this process, including whether it will result in the completion of any transaction, as to the values that may be realized from any potential transaction or as to how long the review process will take.

As a result of these efforts to explore strategic alternatives, during the third quarter of 2020, the Company announced that it had completed a sale of its operations in Chile and had signed agreements to sell its operations in Brazil, Australia and New Zealand, as well as Walden University, its fully online higher education institution in the United States. The sale of Australia and New Zealand was subsequently completed on November 3, 2020. After completing these announced divestitures, the Company’s remaining principal markets will be Mexico and Peru. This also represented a strategic shift that had a major effect on the Company’s operations and financial results. Accordingly, Chile, Brazil, Australia and New Zealand, and Walden also have been accounted for as discontinued operations for all periods presented in accordance with ASC 205.

Because our entire Brazil, Central America, Rest of World and Online & Partnerships operating segments are included in Discontinued Operations, they no longer meet the criteria for a reportable segment under ASC 280, “Segment Reporting,” and, therefore, are excluded from the segments information for all periods presented. In addition, the portions of the former Andean reportable segment (now called the Peru segment) that are included in Discontinued Operations, such as Chile, Spain and Portugal, have also been excluded from the segment information for all periods presented. Unless indicated otherwise, the information in the MD&A relates to continuing operations.

The Company began closing sale transactions in the first quarter of 2018. We have not yet completed the divestitures of Walden University or our subsidiaries in Honduras and Brazil. As noted above, during the third quarter of 2020, we signed agreements to sell Walden University and divest our operations in Brazil, Chile, and Australia and New Zealand. The divestitures of Chile and Australia and New Zealand were completed on September 11, 2020 and November 3, 2020, respectively. On October 13, 2020, we entered into an agreement to sell our operations in Honduras. See also Note 4, Discontinued Operations and Assets Held for Sale, Note 5, Dispositions, and Note 19, Subsequent Events, in our consolidated financial statements included elsewhere in this Form 10-Q.
If the Company determines that the estimated fair value of any business is less than its carrying value, the Company will be required to record an impairment charge that could be material. See Note 4, Discontinued Operations and Assets Held for Sale, in our consolidated financial statements included elsewhere in this Form 10-Q for discussion of the impairment charges that the Company recorded during 2020 for Chile, Honduras and Brazil.

While the Company explores these strategic alternatives for its remaining Continuing Operations, and until the held-for-sale criteria are met, the long-lived assets in these businesses continue to be classified as held and used and are evaluated for impairment under that model, based on the cash flows expected to be generated by the use of those asset groups in operations. Should the held-for-sale criteria be met, the long-lived assets will be recorded at the lower of their carrying value or fair value, less cost to sell. Because completing a sale, spin-off, or other transaction may be challenging due to the regulatory environment, market conditions and other factors, the values that may be realized from any potential transactions could be less than if these businesses remained held and used.

If the Company decides to sell any of its remaining businesses, the carrying value used to evaluate the business for potential impairment and to determine the gain or loss on sale will include any accumulated foreign currency translation (FX) losses associated with that business. In recent years, the U.S. dollar has strengthened against many international currencies, including the Brazilian Real and the Mexican Peso. As a result, the Company has significant FX losses recorded within stockholders’ equity, as a component of accumulated other comprehensive income. As of both September 30, 2020, and December 31, 2019, the Company’s consolidated FX loss totaled approximately $1.1 billion. Upon the sale of a business, any FX loss related to that business would be recognized as part of the gain or loss on sale. In addition, upon classification of a business as held-for-sale, the cumulative translation losses would be included as part of the carrying value of that business when evaluating it for potential impairment.

Presented in the table below are the Company’s businesses, by asset group/reporting unit, that carry the most significant FX losses.

<table>
<thead>
<tr>
<th>Asset Group/ Reporting Unit</th>
<th>Foreign Currency Translation Losses</th>
<th>As of September 30, 2020</th>
<th>As of December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>$ 494</td>
<td>$ 407</td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td>627</td>
<td>461</td>
</tr>
<tr>
<td>Total Brazil and Mexico</td>
<td></td>
<td>$ 1,121</td>
<td>$ 868</td>
</tr>
</tbody>
</table>

As discussed in Note 4, Discontinued Operations and Assets Held for Sale, in our consolidated financial statements included elsewhere in this Form 10-Q, the Company decided to sell its Brazil operations during the third quarter of 2020 and recorded an impairment charge to write down the carrying value of its Brazil operations to its estimated fair value as of September 30, 2020. While the Company has not agreed to divest our Mexico operations, the substantial amounts of FX losses attributable to this business would have a material effect on the amount of gain or loss that would result from its sale. Moreover, such FX losses could result in a material impairment charge (or increase it) if the held-for-sale criteria are met and the carrying value of a held-for-sale business exceeds its fair value, less cost to sell. To date, the Company has not identified impairment indicators related to its Mexico asset group/reporting unit based on the Company’s estimates of future cash flows assuming that the business is held and used. As a result of the considerations highlighted above and the significant FX losses, the Mexico asset group/reporting unit may be at risk of impairment if the Company commits to a plan to sell its interests in this business. Furthermore, additional impairments of the Brazil asset group/reporting unit could be required in future periods depending on changes in Brazil’s carrying value or estimated fair value. The Company will continue to monitor for impairment indicators as additional information becomes known.
Our Segments

Our campus-based segments generate revenues by providing an education that emphasizes profession-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. Our educational offerings are increasingly utilizing online and hybrid (a combination of online and in-classroom) courses and programs to deliver their curriculum. As noted above, in response to the COVID-19 pandemic we have temporarily transitioned the educational delivery method at our campus-based institutions to be online. Many of our largest campus-based operations are in developing markets which, in recent years, have experienced a growing demand for higher education based on favorable demographics and increasing secondary completion rates, driving increases in participation rates. Traditional higher education students (defined as 18-24 year olds) have historically been served by public universities, which have limited capacity and are often underfunded, resulting in an inability to meet the growing student demand and employer requirements. This supply and demand imbalance has created a market opportunity for private sector participants. Most students finance their own education. However, there are some government-sponsored student financing programs which are discussed below. These campus-based segments include Brazil, Mexico, Peru, Central America, and Rest of World. Specifics related to each of these campus-based segments and our Online & Partnerships segment are discussed below:

• In Brazil, approximately 73% of post-secondary students are enrolled in private higher education institutions. While the federal government defines the national curricular guidelines, institutions are licensed to operate by city. Laureate owns 11 institutions in seven states throughout Brazil, with a particularly strong presence in the competitive São Paulo market. Most students finance their own education, while others rely on the government-sponsored programs such as Prouni and Fundo de Financiamento Estudantil (FIES). The entire Brazil segment is included in Discontinued Operations.

• Public universities in Mexico enroll approximately two-thirds of students attending post-secondary education. However, many public institutions are faced with capacity constraints or the quality of the education is considered low. Laureate owns two institutions and is present throughout the country with a footprint of over 35 campuses. Each institution in Mexico has a national license. Students in our Mexican institutions typically finance their own education.

• The Peru segment includes three institutions, where the public sector plays a significant role, but private universities are increasingly providing the capacity to meet growing demand.

• The Central America segment includes an institution in Honduras, which is included in Discontinued Operations. Students in Central America typically finance their own education.

• The Rest of World segment includes campus-based institutions in Asia Pacific with operations in Australia and New Zealand. Additionally, the Rest of World segment manages one institution in China through a joint venture arrangement. The entire Rest of World segment is included in Discontinued Operations.

• The Online & Partnerships segment includes fully online institutions that offer profession-oriented degree programs in the United States through Walden University (Walden), a U.S.-based accredited institution, and through the University of Liverpool and the University of Roehampton in the United Kingdom. These online institutions primarily serve working adults with undergraduate and graduate degree program offerings. Students in the United States finance their education in a variety of ways, including Title IV programs. We no longer accept new enrollments at the University of Liverpool and the University of Roehampton, which are in a teach-out process. The entire Online & Partnerships segment is included in Discontinued Operations.

Corporate is a non-operating business unit whose purpose is to support operations. Its departments are responsible for establishing operational policies and internal control standards, implementing strategic initiatives, and monitoring compliance with policies and controls throughout our operations. Our Corporate segment is an internal source of capital and provides financial, human resource, information technology, insurance, legal, and tax compliance services. The Corporate segment also contains the eliminations of intersegment revenues and expenses.
The following information for our reportable segments in continuing operations is presented as of September 30, 2020:

<table>
<thead>
<tr>
<th>Countries</th>
<th>Institutions</th>
<th>Enrollment</th>
<th>2020 YTD Revenues ($ in millions)(1)</th>
<th>% Contribution to 2020 YTD Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>1</td>
<td>2</td>
<td>192,100</td>
<td>385.0</td>
</tr>
<tr>
<td>Peru</td>
<td>1</td>
<td>3</td>
<td>143,500</td>
<td>351.4</td>
</tr>
<tr>
<td>Total (1)</td>
<td>2</td>
<td>5</td>
<td>335,600</td>
<td>$ 739.7</td>
</tr>
</tbody>
</table>

(1) Amounts related to Corporate, partially offset by the elimination of intersegment revenues, totaled $3.3 million and are not separately presented.

Challenges

Our operations are subject to complex business, economic, legal, regulatory, political, tax and foreign currency risks, which may be difficult to adequately address. The majority of our operations are outside the United States. As a result, we face risks that are inherent in international operations, including: fluctuations in exchange rates, possible currency devaluations, inflation and hyper-inflation; price controls and foreign currency exchange restrictions; potential economic and political instability in the countries in which we operate; expropriation of assets by local governments; key political elections and changes in government policies; multiple and possibly overlapping and conflicting tax laws; and compliance with a wide variety of foreign laws. See “Item 1A—Risk Factors—Risks Relating to Our Continuing Business—We are a multinational business with continuing operations in nine countries around the world, predominantly in Latin America, and are subject to complex business, economic, legal, political, tax and foreign currency risks, which risks may be difficult to adequately address,” in our 2019 Form 10-K. There are also risks associated with our decision to divest certain operations. See “Item 1A—Risk Factors—Risks Relating to Our Continuing Business—Our exploration of strategic alternatives and our activities related to previously announced divestitures may disrupt our ongoing businesses, result in increased expenses and present certain risks to the Company,” in our 2019 Form 10-K. We plan to grow our continuing operations organically by: 1) adding new programs and course offerings; 2) expanding target student demographics; and 3) increasing capacity at existing and new campus locations. Our success in growing our business will depend on the ability to anticipate and effectively manage these and other risks related to operating in various countries.

Regulatory Environment and Other Matters

Our business is subject to varying laws and regulations based on the requirements of local jurisdictions. These laws and regulations are subject to updates and changes. We cannot predict the form of the rules that ultimately may be adopted in the future or what effects they might have on our business, financial condition, results of operations and cash flows. We will continue to develop and implement necessary changes that enable us to comply with such laws and regulations. See Part II, “Item 1A—Risk Factors—An epidemic, pandemic or other public health emergency, such as the recent outbreak of a novel strain of coronavirus (COVID-19), could have a material adverse effect on our business, financial condition, cash flows and results of operations” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. See also “Item 1A—Risk Factors—Risks Relating to Our Continuing Business—Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations or their application to us may materially adversely affect our business, financial condition and results of operations,” “Risk Factors—Risks Relating to Our Highly Regulated Industry in the United States,” and “Item 1—Business—Industry Regulation,” in our 2019 Form 10-K for a detailed discussion of our different regulatory environments.

Department of Justice Voluntary Information Request for Walden University

On September 14, 2020, Walden University (Walden) received a letter from the Civil Division of the United States Department of Justice (DOJ) indicating that the DOJ is examining whether Walden, in the operation of its Masters of Science in Nursing program (Nursing Program), may have violated the Federal False Claims Act by misrepresenting compliance with its program participation agreement with the U.S. Department of Education, which agreement covers Walden University’s participation in federal student financial aid programs under Title IV of the U.S. Higher Education Act. The letter invites Walden to provide information regarding a number of specific areas primarily related to the practicum component of its Nursing Program, but it makes no allegations of any misconduct or wrongdoing by Walden. While the Company is cooperating with the DOJ’s request to voluntarily provide information, it cannot predict the timing or outcome of this matter. Further, on October 12, 2020, Walden received notice from the Higher Learning Commission (HLC) of its intent to assign a public “Governmental Investigation” designation to Walden due to the DOJ inquiry. While the HLC has complete discretion in whether to issue such a public designation, Walden has requested that such a designation not be imposed, as there has been no governmental allegation of any misconduct or illegal acts. The Company accrues for a liability when it is both probable that a liability has been incurred and the
amount of the liability can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. The disclosures, accruals or estimates, if any, resulting from the foregoing analysis are reviewed and adjusted to reflect the effect of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter. At this time, the Company does not believe that this matter will have a material effect on the Company’s financial position, results of operations, or cash flows.

**Key Business Metric**

**Enrollment**

Enrollment is our lead revenue indicator and represents our most important non-financial metric. We define “enrollment” as the number of students registered in a course on the last day of the enrollment reporting period. New enrollments provide an indication of future revenue trends. Total enrollment is a function of continuing student enrollments, new student enrollments and enrollments from acquisitions, offset by graduations, attrition and enrollment decreases due to dispositions. Attrition is defined as a student leaving the institution before completion of the program. To minimize attrition, we have implemented programs that involve assisting students in remedial education, mentoring, counseling and student financing.

Each of our institutions has an enrollment cycle that varies by geographic region and academic program. Each institution has a “Primary Intake” period during each academic year in which the majority of the enrollment occurs. Most institutions also have one or more smaller “Secondary Intake” periods. Our Peruvian institutions have their Primary Intake during the first calendar quarter and a Secondary Intake during the third calendar quarter. Institutions in our Mexico segment have their Primary Intake during the third calendar quarter and a Secondary Intake during the first calendar quarter. Our institutions in Peru are generally out of session in January, February and July, while institutions in Mexico are generally out of session in May through July. Revenues are recognized when classes are in session.

**Principal Components of Income Statement**

**Revenues**

The majority of our revenue is derived from tuition and educational services. The amount of tuition generated in a given period depends on the price per credit hour and the total credit hours or price per program taken by the enrolled student population. The price per credit hour varies by program, by market and by degree level. Additionally, varying levels of discounts and scholarships are offered depending on market-specific dynamics and individual achievements of our students. Revenues are recognized net of scholarships, other discounts, refunds, waivers and the fair value of any guarantees made by Laureate related to student financing programs. In addition to tuition revenues, we generate other revenues from student fees, dormitory/residency fees and other education-related activities. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. The main drivers of changes in revenues between periods are student enrollment and price. We continually monitor market conditions and carefully adjust our tuition rates to meet local demand levels. We proactively seek the best price and content combinations to remain competitive in all the markets in which we operate.

**Direct Costs**

Our direct costs include labor and operating costs associated with the delivery of services to our students, including the cost of wages, payroll taxes and benefits, depreciation and amortization, rent, utilities, bad debt expenses, and marketing and promotional costs to grow future enrollments. In general, a significant portion of our direct costs tend to be variable in nature and trend with enrollment, and management continues to monitor and improve the efficiency of instructional delivery. Conversely, as campuses expand, direct costs may grow faster than enrollment growth as infrastructure investments are made in anticipation of future enrollment growth.

**General and Administrative Expenses**

Our general and administrative expenses primarily consist of costs associated with corporate departments, including executive management, finance, legal, business development and other departments that do not provide direct operational services.
Factors Affecting Comparability

Acquisitions

Our past experiences provide us with the expertise to further our mission of providing high-quality, accessible and affordable higher education to students by expanding into new markets if opportunities arise, primarily through acquisitions. Acquisitions affect the comparability of our financial statements from period to period. Acquisitions completed during one period impact comparability to a prior period in which we did not own the acquired entity. Therefore, changes related to such entities are considered “incremental impact of acquisitions” for the first 12 months of our ownership. We have not made any acquisitions thus far in 2020, and we did not make any acquisitions in 2019 related to our continuing operations.

Dispositions

Any dispositions of our continuing operations affect the comparability of our financial statements from period to period. Dispositions completed during one period impact comparability to a prior period in which we owned the divested entity. Therefore, changes related to such entities are considered “incremental impact of dispositions” for the first 12 months subsequent to the disposition. As discussed above, all of the divestitures that are part of the strategic shifts are included in Discontinued Operations for all periods presented.

Foreign Exchange

Institutions in our continuing operations are located outside the United States. These institutions enter into transactions in currencies other than USD and keep their local financial records in a functional currency other than the USD. We monitor the impact of foreign currency movements and the correlation between the local currency and the USD. Our revenues and expenses are generally denominated in local currency. The USD is our reporting currency and our subsidiaries operate in other functional currencies, including: the Mexican Peso and Peruvian Nuevo Sol. The principal foreign exchange exposure is the risk related to the translation of revenues and expenses incurred in each country from the local currency into USD. See “Item 1A—Risk Factors—Risks Relating to Our Continuing Business—Our reported revenues and earnings may be negatively affected by the strengthening of the U.S. dollar and currency exchange rates” in our 2019 Form 10-K. In order to provide a framework for assessing how our business performed excluding the effects of foreign currency fluctuations, we present organic constant currency in our segment results, which is calculated using the change from prior-year average foreign exchange rates to current-year average foreign exchange rates, as applied to local-currency operating results for the current year, and then excludes the impact of acquisitions, divestitures and other items, as described in the segments results.

Seasonality

Institutions in our network have a summer break during which classes are generally not in session and minimal revenues are recognized. In addition to the timing of summer breaks, holidays such as Easter also have an impact on our academic calendar. Operating expenses, however, do not fully correlate to the enrollment and revenue cycles, as the institutions continue to incur expenses during summer breaks. Given the geographic diversity of our institutions and differences in timing of summer breaks, our second and fourth quarters are stronger revenue quarters as the majority of our institutions are in session for most of these respective quarters. Our first and third fiscal quarters are weaker revenue quarters because our institutions have summer breaks for some portion of one of these two quarters. However, our primary enrollment intakes occur during the first and third quarters. Due to this seasonality, revenues and profits in any one quarter are not necessarily indicative of results in subsequent quarters and may not be correlated to new enrollment in any one quarter. Additionally, seasonality may be affected due to other events, such as the COVID-19 pandemic, which changed the academic calendar at many of our institutions. See “Item 1A—Risk Factors—Risks Relating to Our Continuing Business—We experience seasonal fluctuations in our results of operations” in our 2019 Form 10-K.

Income Tax Expense

Our consolidated income tax provision is derived based on the combined impact of federal, state and foreign income taxes. Also, discrete items can arise in the course of our operations that can further impact the Company’s effective tax rate for the period. Our tax rate fluctuates from period to period due to changes in the mix of earnings between our tax-paying entities, our tax-exempt entities and our loss-making entities for which it is not 'more likely than not' that a tax benefit will be realized on the loss. See “Item 1A—Risk Factors—Risks Relating to Our Continuing Business—We may have exposure to greater-than-anticipated tax liabilities” in our 2019 Form 10-K.
Results from the Discontinued Operations

The results of operations of our Discontinued Operations for the three and nine months ended September 30, 2020 and 2019 were as follows:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>For the three months ended September 30,</th>
<th>For the nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Revenues</td>
<td>$459.4</td>
<td>$561.7</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13.7</td>
<td>28.5</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>1.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Other direct costs</td>
<td>340.7</td>
<td>468.6</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>208.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Operating (loss) income</td>
<td>(104.0)</td>
<td>39.3</td>
</tr>
<tr>
<td>Other non-operating expense</td>
<td>(14.7)</td>
<td>(32.4)</td>
</tr>
<tr>
<td>Pretax (loss) income of discontinued operations</td>
<td>(118.7)</td>
<td>6.9</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>(51.1)</td>
<td>24.1</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>(169.8)</td>
<td>31.0</td>
</tr>
<tr>
<td>(Loss) gain on sales of discontinued operations, net of tax</td>
<td>(343.6)</td>
<td>(41.1)</td>
</tr>
<tr>
<td>Net (loss) income from discontinued operations</td>
<td>$ (513.4)</td>
<td>$ (10.1)</td>
</tr>
</tbody>
</table>

Enrollments at our discontinued operations as of September 30, 2020 and September 30, 2019 were 393,900 and 606,700, respectively.

Nine Months Ended September 30, 2020

On January 10, 2020, we sold our operations in Costa Rica, which resulted in a pre-tax loss of approximately $18.6 million.

On March 6, 2020, we sold the operations of NewSchool of Architecture and Design, LLC (NSAD), which resulted in a pre-tax loss of approximately $5.9 million.

During the second quarter of 2020, we recorded impairment charges of $10.0 million related to our Honduras institution and $418.0 million related to our Chilean operations in order to write down the carrying value of assets in those regions to their estimated fair value, and $3.3 million related to the Brazil enrollment to graduation (E2G) software assets.

During the third quarter of 2020, we recorded an impairment charge of approximately $190.0 million related to our Brazil operations in order to write down the carrying value of Brazil’s assets to their estimated fair value. We also recorded an additional impairment charge of $10.0 million related to our Honduras operation in order to write down the carrying value of its assets to their estimated fair value based on the sale agreement that was signed in October 2020.

On September 10, 2020, we completed the divestiture of our operations in Chile, resulting in a pre-tax loss of approximately $344.5 million that relates primarily to the accumulated foreign currency translation losses associated with the Chilean operations.

On September 29, 2020, we completed the sale of our operations in Malaysia, which resulted in a pre-tax gain of approximately $45.2 million.

In early October 2020, we received a payment for $8.4 million, representing a portion of the $15.0 million deferred purchase price related to the sale of our operations in Turkey in August 2019. At the time of the sale, the Company determined that this deferred purchase price would be recognized if collected. Accordingly, as of September 30, 2020, the Company recorded a receivable of $8.4 million through a reduction of the loss on sale for Turkey. The remaining deferred purchase price is due in January 2021 and will be recognized when collected.
Nine Months Ended September 30, 2019

On February 1, 2019, we sold the operations of St. Augustine, which resulted in a gain of approximately $223.0 million.

On February 12, 2019, we sold our operations in Thailand, which resulted in a gain of approximately $10.8 million.

On January 25, 2018, we completed the sale of LEI Lie Ying Limited (LEILY). During the first quarter of 2019, a legal matter, for which the Company had indemnified the buyer and recorded a contingent liability, was settled with no cost to the Company. Accordingly, the Company reversed the liability and recognized additional gain on the sale of LEILY of approximately $13.7 million.

On April 8, 2019, we sold Monash South Africa as well as the real estate associated with that institution, which resulted in a gain of approximately $2.3 million.

On May 9, 2019, we sold our operations in India, which resulted in a gain of approximately $19.5 million.

On May 31, 2019, we sold our institutions in Spain and Portugal, which resulted in a gain of approximately $615.0 million.

On August 27, 2019, we sold our operations in Turkey, which resulted in a loss of approximately $37.0 million.

During the third quarter of 2019, we recorded an impairment charge of approximately $25.0 million related to long-lived assets of our institutions in Costa Rica in order to write down the carrying value of those assets to their estimated fair value. The sale of the Costa Rica institutions was completed on January 10, 2020.

Results of Operations

The following discussion of the results of our operations is organized as follows:

- Summary Comparison of Consolidated Results;
- Non-GAAP Financial Measure; and
- Segment Results.

Summary Comparison of Consolidated Results

Discussion of Significant Items Affecting the Consolidated Results for the Nine Months Ended September 30, 2020 and 2019

Nine Months Ended September 30, 2020

During the first quarter of 2020, the Company recorded an impairment charge of $3.8 million primarily related to the write-off of capitalized curriculum development costs for a program that the Company decided to stop developing.

During the second quarter of 2020, the Company recorded an impairment charge of approximately $23.8 million related to the Brazil E2G software assets that were recorded on the Corporate segment, as described in Note 7, Goodwill and Loss on Impairment of Assets, in our consolidated financial statements included elsewhere in this Form 10-Q.

During the third quarter of 2020, the Company recognized an impairment charge of $320.0 million on the Laureate tradename, an intangible asset, as described in Note 7, Goodwill and Loss on Impairment of Assets, in our consolidated financial statements included elsewhere in this Form 10-Q.

Nine Months Ended September 30, 2019

During the first quarter of 2019, we used approximately $340.0 million of the net proceeds from the sale of St. Augustine to repay a portion of our term loan that had a maturity date of April 2024 (the 2024 Term Loan). In addition, the Company elected to repay approximately $35.0 million of the approximately $51.7 million principal balance outstanding for certain notes payable at a real estate subsidiary in Chile. In connection with these debt repayments, the Company recorded a loss on debt extinguishment of $10.6 million, primarily related to the write off of a pro-rata portion of the unamortized deferred financing costs associated with the repaid debt balances. This loss is included in other non-operating income in the year-to-date table below.
During the second quarter of 2019, we fully repaid the remaining balance outstanding under the 2024 Term Loan, using proceeds received from the sale of our operations in India, Spain and Portugal. The remaining proceeds were used to repay borrowings outstanding under the senior secured revolving credit facility. In connection with these debt repayments, the Company recorded a loss on debt extinguishment of $15.6 million related to the write off of a pro-rata portion of the unamortized deferred financing costs associated with the repaid debt balances, as well as the debt discount associated with the 2024 Term Loan. This loss is included in other non-operating income in the year-to-date table below.

Comparison of Consolidated Results for the Three Months Ended September 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change Better/(Worse) 2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$243.5</td>
<td>$277.3</td>
<td>(12) %</td>
</tr>
<tr>
<td>Direct costs</td>
<td>185.8</td>
<td>229.7</td>
<td>19 %</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>52.6</td>
<td>65.9</td>
<td>20 %</td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>323.4</td>
<td>—</td>
<td>nm</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(318.2)</td>
<td>(18.4)</td>
<td>nm</td>
</tr>
<tr>
<td>Interest expense, net of interest income</td>
<td>(24.0)</td>
<td>(27.4)</td>
<td>12 %</td>
</tr>
<tr>
<td>Other non-operating (expense) income</td>
<td>(1.0)</td>
<td>7.3</td>
<td>(114) %</td>
</tr>
<tr>
<td>Loss from continuing operations before income taxes</td>
<td>(343.2)</td>
<td>(38.6)</td>
<td>nm</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>72.2</td>
<td>(48.1)</td>
<td>nm</td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>(271.0)</td>
<td>(86.6)</td>
<td>nm</td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>(169.8)</td>
<td>31.0</td>
<td>nm</td>
</tr>
<tr>
<td>Loss on sales of discontinued operations, net of tax</td>
<td>(343.6)</td>
<td>(41.1)</td>
<td>nm</td>
</tr>
<tr>
<td>Net loss</td>
<td>(784.4)</td>
<td>(96.8)</td>
<td>nm</td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>—</td>
<td>1.6</td>
<td>100 %</td>
</tr>
<tr>
<td>Net loss attributable to Laureate Education, Inc.</td>
<td>$ (784.4)</td>
<td>$ (95.2)</td>
<td>nm</td>
</tr>
</tbody>
</table>

nm - percentage changes not meaningful

For further details on certain discrete items discussed below, see “Discussion of Significant Items Affecting the Consolidated Results.”

Comparison of Consolidated Results for the Three Months Ended September 30, 2020 to the Three Months Ended September 30, 2019

*Revenues* decreased by $33.8 million to $243.5 million for the three months ended September 30, 2020 (the 2020 fiscal quarter) from $277.3 million for the three months ended September 30, 2019 (the 2019 fiscal quarter). The effect of a net change in foreign currency exchange rates decreased revenues by $22.9 million, driven by the weakening of the Mexican Peso and the Peruvian Nuevo Sol against the USD. Additionally, average total organic enrollment at a majority of our institutions decreased during the 2020 fiscal quarter, decreasing revenues by $22.9 million compared to the 2019 fiscal quarter. These decreases in revenues were partially offset by the effect of changes in tuition rates and enrollments in programs at varying price points (product mix), pricing and timing, which increased revenues by $12.4 million compared to the 2019 fiscal quarter, mainly in our Peru segment where it was mostly attributable to changes in the academic calendar resulting from the COVID-19 pandemic. Other Corporate and Eliminations changes accounted for a decrease in revenues of $0.4 million.

*Direct costs and general and administrative expenses combined* decreased by $57.2 million to $238.4 million for the 2020 fiscal quarter from $295.6 million for the 2019 fiscal quarter. The effect of a net change in foreign currency exchange rates decreased costs by $19.4 million. The effect of operational changes decreased costs by $21.0 million, mainly driven by cost-saving initiatives to preserve liquidity in the wake of the COVID-19 pandemic. Additionally, changes in acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets resulted in a year-over-year decrease in direct costs of $0.2 million. Other Corporate and Eliminations expenses accounted for a decrease in costs of $16.6 million, related to cost-reduction efforts.
Operating loss increased by $299.8 million to $318.2 million for the 2020 fiscal quarter from $18.4 million for the 2019 fiscal quarter, driven by the impairment charges of $323.4 million during the 2020 fiscal quarter. As compared to the 2019 fiscal quarter, our Mexico segment had a higher operating loss, which was essentially fully offset by higher operating income at our Peru segment. The overall increase in operating loss was partially offset by lower operating costs at Corporate.

Interest expense, net of interest income decreased by $3.4 million to $24.0 million for the 2020 fiscal quarter from $27.4 million for the 2019 fiscal quarter. The decrease in interest expense was primarily attributable to lower average debt balances.

Other non-operating (expense) income changed by $8.3 million to expense of $(1.0) million for the 2020 fiscal quarter from income of $7.3 million for the 2019 fiscal quarter. The decrease in interest expense was primarily attributable to lower average debt balances.

Other non-operating (expense) income changed by $8.3 million to expense of $(1.0) million for the 2020 fiscal quarter from income of $7.3 million for the 2019 fiscal quarter. The decrease in interest expense was primarily attributable to lower average debt balances.

Income tax benefit (expense) changed by $120.3 million to a benefit of $72.2 million for the 2020 fiscal quarter from an expense of $(48.1) million for the 2019 fiscal quarter. This change was attributable to (1) a discrete tax benefit of approximately $71 million related to the Company’s election to exclude certain foreign income of foreign corporations from global intangible low-taxed income (GILTI), (2) a tax benefit of approximately $31 million related to changes in valuation allowance against the U.S. and Australia deferred tax assets, (3) a tax benefit related to changes in reserves on uncertain tax positions audit settlement, and (4) changes in the mix of pre-tax book income attributable to taxable and non-taxable entities in various taxing jurisdictions. These tax benefits were partially offset by a tax expense of approximately $81 million related to the remeasurement of the tax-basis step up of certain intellectual property that became subject to Dutch taxation in the Netherlands following the reclassification of certain entities as held for sale during the third quarter of 2020.

(Loss) income from discontinued operations, net of tax changed by $200.8 million to a loss of $(169.8) million for the 2020 fiscal quarter from income of $31.0 million for the 2019 fiscal quarter. This change was primarily driven by higher impairment charges of $183.0 million during the 2020 fiscal quarter related to assets that were held for sale, partially offset by higher income in Chile.

Loss on sales of discontinued operations, net of tax increased by $302.5 million to $343.6 million for the 2020 fiscal quarter, primarily related to the net effect of the sales of our operations in Chile and Malaysia, combined with an adjustment to the loss on sale of our Turkey operations, compared to $41.1 million for the 2019 fiscal quarter, which was primarily related to the sale of our Turkey operations.
Comparison of Consolidated Results for the Nine Months Ended September 30, 2020 and 2019

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>Better/(Worse)</th>
<th>2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$739.7</td>
<td>$860.2</td>
<td></td>
<td>(14) %</td>
<td></td>
</tr>
<tr>
<td>Direct costs</td>
<td>614.1</td>
<td>706.8</td>
<td></td>
<td>13 %</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>140.8</td>
<td>174.5</td>
<td></td>
<td>19 %</td>
<td></td>
</tr>
<tr>
<td>Loss on impairment of assets</td>
<td>350.9</td>
<td>0.2</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Operating loss</td>
<td>(366.2)</td>
<td>(21.3)</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Interest expense, net of interest income</td>
<td>(74.1)</td>
<td>(99.0)</td>
<td></td>
<td>25 %</td>
<td></td>
</tr>
<tr>
<td>Other non-operating income</td>
<td>70.1</td>
<td>2.3</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Loss from continuing operations before income taxes and equity in net income of affiliates</td>
<td>(370.2)</td>
<td>(117.9)</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>293.5</td>
<td>(94.0)</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Equity in net income of affiliates, net of tax</td>
<td>0.2</td>
<td>0.2</td>
<td></td>
<td>— %</td>
<td></td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>(76.5)</td>
<td>(211.7)</td>
<td></td>
<td>64 %</td>
<td></td>
</tr>
<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>(558.0)</td>
<td>240.4</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>(Loss) gain on sales of discontinued operations, net of tax</td>
<td>(363.3)</td>
<td>848.4</td>
<td></td>
<td>(143) %</td>
<td></td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>(997.7)</td>
<td>877.1</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to noncontrolling interests</td>
<td>5.1</td>
<td>0.5</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Net (loss) income attributable to Laureate Education, Inc.</td>
<td>$ (992.7)</td>
<td>$ 877.6</td>
<td></td>
<td>nm</td>
<td></td>
</tr>
</tbody>
</table>

nm - percentage changes not meaningful

For further details on certain discrete items discussed below, see “Discussion of Significant Items Affecting the Consolidated Results.”

Comparison of Consolidated Results for the Nine Months Ended September 30, 2020 to the Nine Months Ended September 30, 2019

Revenues decreased by $120.5 million to $739.7 million for the nine months ended September 30, 2020 (the 2020 fiscal period) from $860.2 million for the nine months ended September 30, 2019 (the 2019 fiscal period). The effect of a net change in foreign currency exchange rates decreased revenues by $61.5 million, driven by the weakening of the Mexican Peso and the Peruvian Nuevo Sol against the USD. Average total organic enrollment at a majority of our institutions decreased during the 2020 fiscal period, decreasing revenues by $36.7 million compared to the 2019 fiscal period. The effect of product mix, pricing and timing decreased revenues by $21.1 million for the 2020 fiscal period, mainly due to the effect of the COVID-19 pandemic on the academic calendar timing. Other Corporate and Eliminations changes accounted for a decrease in revenues of $1.2 million.

Direct costs and general and administrative expenses combined decreased by $126.4 million to $754.9 million for the 2020 fiscal period from $881.3 million for the 2019 fiscal period. The effect of a net change in foreign currency exchange rates decreased costs by $48.7 million. The effect of operational changes decreased direct costs by $50.1 million, mainly driven by cost-saving initiatives to preserve liquidity in the wake of the COVID-19 pandemic. Other Corporate and Eliminations expenses accounted for a decrease in costs of $38.8 million in the 2020 fiscal period, related to cost-reduction efforts. Partially offsetting these decreases in direct costs was Excellence-in-Process (EiP) implementation expense, which increased costs by $10.4 million for the 2020 fiscal period compared to the 2019 fiscal period, in addition to changes in acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets, which resulted in a year-over-year increase in direct costs of $0.8 million.

Operating loss increased by $344.9 million to $366.2 million for the 2020 fiscal period from $21.3 million for the 2019 fiscal period. This increase was primarily a result of the impairment charges of $350.9 million during the 2020 fiscal period, partially offset by lower operating costs at Corporate.
Interest expense, net of interest income decreased by $24.9 million to $74.1 million for the 2020 fiscal period from $99.0 million for the 2019 fiscal period. The decrease in interest expense was primarily attributable to lower average debt balances.

Other non-operating income increased by $67.8 million to $70.1 million for the 2020 fiscal period from $2.3 million for the 2019 fiscal period. This change was primarily attributable to: (1) an increase in gain on foreign currency exchange of $63.5 million; (2) a decrease in loss on debt extinguishment of $22.1 million, related to the repayment of the 2024 Term Loan during the 2019 fiscal period; and (3) a decrease in loss on disposal of subsidiaries of $0.3 million. These increases in non-operating income were partially offset by a loss on derivative instruments for the 2020 fiscal period compared to a gain for the 2019 fiscal period, for a change of $9.8 million, and a decrease in other non-operating income of $8.3 million, primarily attributable to non-operating income recorded during the 2019 fiscal period related to the sale of an equity security held at Corporate.

Income tax benefit (expense) changed by $387.5 million to a benefit of $293.5 million for the 2020 fiscal period from an expense of $(94.0) million for the 2019 fiscal period. This change was attributable to a net discrete tax benefit of approximately $141 million that was recognized during the 2020 fiscal period related to the tax-basis step up of certain intellectual property that became subject to Dutch taxation in the Netherlands, a discrete tax benefit of approximately $71 million related to the Company’s election to exclude certain foreign income of foreign corporations from GILTI, and a tax benefit of approximately $31 million related to changes in valuation allowance against U.S. and Australia deferred tax assets.

(Loss) income from discontinued operations, net of tax changed by $798.4 million to a loss of $(558.0) million for the 2020 fiscal period from income of $240.4 million for the 2019 fiscal period. This change was primarily the result of higher year-over-year impairment charges of $614.1 million during the 2020 fiscal period related to assets that were held for sale, combined with the sales of discontinued operations that generated income during the 2019 fiscal period.

(Loss) gain on sales of discontinued operations, net of tax changed by $1,211.7 million to a loss of $(363.3) million for the 2020 fiscal period, related to the net effect of the sales of NSAD and our operations in Costa Rica, Chile and Malaysia, combined with an adjustment to the loss on sale of our Turkey operations, compared to a gain of $848.4 million for the 2019 fiscal period related to the sales of St. Augustine and our operations in Thailand, South Africa, India, Spain, Portugal and Turkey, along with an adjustment to the gain on the sale of our China operation.

Net loss attributable to noncontrolling interests increased by $4.6 million to $5.1 million for the 2020 fiscal period from $0.5 million for the 2019 fiscal period. This change was primarily related to our previous joint venture in Saudi Arabia.

Non-GAAP Financial Measure

We define Adjusted EBITDA as income (loss) from continuing operations, before equity in net (income) loss of affiliates, net of tax, income tax expense (benefit), (gain) loss on sale or disposal of subsidiaries, net, foreign currency exchange (gain) loss, net, other (income) expense, net, loss (gain) on derivatives, loss on debt extinguishment, interest expense and interest income, plus depreciation and amortization, share-based compensation expense, loss on impairment of assets and expenses related to implementation of our Excellence-in-Process (EiP) initiative. When we review Adjusted EBITDA on a segment basis, we exclude inter-segment revenues and expenses that eliminate in consolidation. Adjusted EBITDA is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures.

Adjusted EBITDA is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial measure used by the compensation committee of our board of directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.
The following table presents Adjusted EBITDA and reconciles loss from continuing operations to Adjusted EBITDA for the three months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
<th>% Change Better/(Worse) 2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations</td>
<td>(271.0)</td>
<td>(86.6)</td>
<td>nm</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax (benefit) expense</td>
<td>(72.2)</td>
<td>48.1</td>
<td>nm</td>
</tr>
<tr>
<td>Loss from continuing operations before income taxes</td>
<td>(343.2)</td>
<td>(38.6)</td>
<td>nm</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gain) loss on disposal of subsidiaries, net</td>
<td>(0.6)</td>
<td>1.5</td>
<td>140%</td>
</tr>
<tr>
<td>Foreign currency exchange loss (gain), net</td>
<td>2.9</td>
<td>(7.7)</td>
<td>(138%)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>(1.3)</td>
<td>(1.0)</td>
<td>30%</td>
</tr>
<tr>
<td>Gain on derivatives</td>
<td>—</td>
<td>(0.3)</td>
<td>(100%)</td>
</tr>
<tr>
<td>Loss on debt extinguishment</td>
<td>—</td>
<td>0.2</td>
<td>100%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>24.7</td>
<td>28.3</td>
<td>13%</td>
</tr>
<tr>
<td>Interest income</td>
<td>(0.7)</td>
<td>(0.9)</td>
<td>(22%)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(318.2)</td>
<td>(18.4)</td>
<td>nm</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>18.2</td>
<td>20.4</td>
<td>11%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(300.0)</td>
<td>2.0</td>
<td>nm</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense (a)</td>
<td>2.6</td>
<td>1.2</td>
<td>(117)%</td>
</tr>
<tr>
<td>Loss on impairment of assets (b)</td>
<td>323.4</td>
<td>—</td>
<td>nm</td>
</tr>
<tr>
<td>EiP implementation expenses (c)</td>
<td>24.4</td>
<td>27.3</td>
<td>11%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$50.4</td>
<td>$30.5</td>
<td>65%</td>
</tr>
</tbody>
</table>

nm - percentage changes not meaningful

(a) Represents non-cash, share-based compensation expense pursuant to the provisions of ASC 718, “Stock Compensation.”
(b) Represents non-cash charges related to impairments of long-lived assets. For further details, see “Discussion of Significant Items Affecting the Consolidated Results for the Nine Months Ended September 30, 2020.”
(c) EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize Laureate’s processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It included the establishment of regional shared services organizations (SSOs) around the world, as well as improvements to the Company’s system of internal controls over financial reporting. The EiP initiative also includes other back- and mid-office areas, as well as certain student-facing activities, expenses associated with streamlining the organizational structure and certain non-recurring costs incurred in connection with the planned and completed dispositions. EiP also includes expenses associated with an enterprise-wide program aimed at revenue growth.

Comparison of Depreciation and Amortization, Share-based Compensation and EiP Implementation Expenses for the Three Months Ended September 30, 2020 and 2019

Depreciation and amortization decreased by $2.2 million to $18.2 million for the 2020 fiscal quarter from $20.4 million for the 2019 fiscal quarter. The effects of foreign currency exchange decreased depreciation and amortization expense by $1.4 million for the 2020 fiscal quarter. Other items decreased depreciation and amortization by $0.8 million.

Share-based compensation expense increased by $1.4 million to $2.6 million for the 2020 fiscal quarter from $1.2 million for the 2019 fiscal quarter.

EiP implementation expenses decreased by $2.9 million to $24.4 million for the 2020 fiscal quarter from $27.3 million for the 2019 fiscal quarter.
The following table presents Adjusted EBITDA and reconciles loss from continuing operations to Adjusted EBITDA for the nine months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
<th>% Change Better/(Worse) 2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations</td>
<td>$ (76.5)</td>
<td>$ (211.7)</td>
<td>64%</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in net income of affiliates, net of tax</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>—%</td>
</tr>
<tr>
<td>Income tax (benefit) expense</td>
<td>(293.5)</td>
<td>94.0</td>
<td>nm</td>
</tr>
<tr>
<td>Loss from continuing operations before income taxes and equity in net income of affiliates</td>
<td>(370.2)</td>
<td>(117.9)</td>
<td>nm</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of subsidiaries, net</td>
<td>1.2</td>
<td>1.5</td>
<td>20%</td>
</tr>
<tr>
<td>Foreign currency exchange gain, net</td>
<td>(71.1)</td>
<td>(7.6)</td>
<td>(91%)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>(0.8)</td>
<td>(9.1)</td>
<td>(107%)</td>
</tr>
</tbody>
</table>
| Loss (gain) on derivatives | 0.6 | (9.2) | —%
| Loss on debt extinguishment | — | 22.1 | 100% |
| Interest expense | 75.7 | 101.5 | 25% |
| Interest income | (1.6) | (2.6) | (38%) |
| Operating loss | (366.2) | (21.3) | nm |
| Plus: | | | |
| Depreciation and amortization | 55.9 | 61.6 | 9% |
| EBITDA | (310.3) | 40.3 | nm |
| Plus: | | | |
| Share-based compensation expense (a) | 7.9 | 7.5 | (5)% |
| Loss on impairment of assets (b) | 350.9 | 0.2 | nm |
| EiP implementation expenses (c) | 66.5 | 56.1 | (19)% |
| Adjusted EBITDA | $ 115.1 | $ 104.2 | 10% |

nm - percentage changes not meaningful

(a) Represents non-cash, share-based compensation expense pursuant to the provisions of ASC 718, “Stock Compensation.”
(b) Represents non-cash charges related to impairments of long-lived assets. For further details, see “Discussion of Significant Items Affecting the Consolidated Results for the Nine Months Ended September 30, 2020.”
(c) EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize Laureate’s processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It included the establishment of regional shared services organizations (SSOs) around the world, as well as improvements to the Company’s system of internal controls over financial reporting. The EiP initiative also includes other back- and mid-office areas, as well as certain student-facing activities, expenses associated with streamlining the organizational structure and certain non-recurring costs incurred in connection with the planned and completed dispositions. Beginning in the third quarter of 2019, EiP also includes expenses associated with an enterprise-wide program aimed at revenue growth.

Comparison of Depreciation and Amortization, Share-based Compensation and EiP Implementation Expenses for the Nine Months Ended September 30, 2020 and 2019

Depreciation and amortization decreased by $5.7 million to $55.9 million for the 2020 fiscal period from $61.6 million for the 2019 fiscal period. The effects of foreign currency exchange decreased depreciation and amortization expense by $3.4 million for the 2020 fiscal period. Other items decreased depreciation and amortization by $2.3 million.

Share-based compensation expense increased by $0.4 million to $7.9 million for the 2020 fiscal period from $7.5 million for the 2019 fiscal period.
EiP implementation expenses increased by $10.4 million to $66.5 million for the 2020 fiscal period from $56.1 million for the 2019 fiscal period. This increase was primarily attributable to higher legal and consulting fees related to our divestiture activity and the inclusion in EiP of expenses associated with an enterprise-wide program aimed at revenue growth.

Segment Results

We have two reportable segments: Mexico and Peru (formerly Andean). As discussed in “Overview,” the entire Brazil, Central America, Rest of World and Online & Partnerships operating segments are included in Discontinued Operations and therefore are excluded from segment results. For purposes of the following comparison of results discussion, “segment direct costs” represent direct costs by segment as they are included in Adjusted EBITDA, such that depreciation and amortization expense, loss on impairment of assets, share-based compensation expense and our EiP implementation expenses have been excluded. Organic enrollment is based on average total enrollment for the period. For a further description of our segments, see “Overview.”

The following tables, derived from our consolidated financial statements included elsewhere in this Form 10-Q, presents selected financial information of our segments:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>Better/Worse</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For the three months ended September 30,</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$115.9</td>
<td>$145.8</td>
<td>(21) %</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>127.3</td>
<td>130.8</td>
<td>(3) %</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>0.3</td>
<td>0.7</td>
<td>(57) %</td>
<td></td>
</tr>
<tr>
<td>Consolidated Total Revenues</td>
<td>$243.5</td>
<td>$277.3</td>
<td>(12) %</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$15.5</td>
<td>$23.1</td>
<td>(33) %</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>56.5</td>
<td>45.2</td>
<td>25 %</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(21.6)</td>
<td>(37.8)</td>
<td>43 %</td>
<td></td>
</tr>
<tr>
<td>Consolidated Total Adjusted EBITDA</td>
<td>$50.4</td>
<td>$30.5</td>
<td>65 %</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>Better/Worse</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For the nine months ended September 30,</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$385.0</td>
<td>$464.7</td>
<td>(17) %</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>351.4</td>
<td>391.1</td>
<td>(10) %</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>3.3</td>
<td>4.5</td>
<td>(27) %</td>
<td></td>
</tr>
<tr>
<td>Consolidated Total Revenues</td>
<td>$739.7</td>
<td>$860.2</td>
<td>(14) %</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>$58.5</td>
<td>$80.5</td>
<td>(27) %</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>129.0</td>
<td>133.8</td>
<td>(4) %</td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(72.4)</td>
<td>(110.0)</td>
<td>34 %</td>
<td></td>
</tr>
<tr>
<td>Consolidated Total Adjusted EBITDA</td>
<td>$115.1</td>
<td>$104.2</td>
<td>10 %</td>
<td></td>
</tr>
</tbody>
</table>
Mexico

Financial Overview

Comparison of Mexico Results for the Three Months Ended September 30, 2020 to the Three Months Ended September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>Revenues</th>
<th>Direct Costs</th>
<th>Adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2019</td>
<td>$145.8</td>
<td>$122.7</td>
<td>$23.1</td>
<td></td>
</tr>
<tr>
<td>Organic enrollment</td>
<td>(8.3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product mix, pricing and timing</td>
<td>(6.4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic constant currency</td>
<td>(14.7)</td>
<td>(8.4)</td>
<td>(6.3)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>(15.2)</td>
<td>(13.7)</td>
<td>(1.5)</td>
<td></td>
</tr>
<tr>
<td>Dispositions</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (2)</td>
<td>—</td>
<td>(0.2)</td>
<td>0.2</td>
<td></td>
</tr>
</tbody>
</table>

(1) Organic enrollment and product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

(2) Other is composed of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets.

Revenues decreased by $29.9 million, a 21% decrease from the 2019 fiscal quarter.

- Organic enrollment decreased during the fiscal quarter by 6%, decreasing revenues by $8.3 million.
- The decrease in revenues from product mix, pricing and timing was mainly due to an increase in discounts and scholarships as a percentage of revenues.
- Revenues represented 48% of our consolidated total revenues for the 2020 fiscal quarter, compared to 53% for the 2019 fiscal quarter.

Adjusted EBITDA decreased by $7.6 million, a 33% decrease from the 2019 fiscal quarter.
Comparison of Mexico Results for the Nine Months Ended September 30, 2020 to the Nine Months Ended September 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Direct Costs</th>
<th>Adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2019</td>
<td>$ 464.7</td>
<td>$ 384.2</td>
<td>$ 80.5</td>
</tr>
<tr>
<td>Organic enrollment (1)</td>
<td>(19.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product mix, pricing and timing (1)</td>
<td>(12.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic constant currency</td>
<td>(32.4)</td>
<td>(21.5)</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>(47.3)</td>
<td>(37.0)</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Dispositions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (2)</td>
<td></td>
<td>0.8</td>
<td>(0.8)</td>
</tr>
<tr>
<td>September 30, 2020</td>
<td>$ 385.0</td>
<td>$ 326.5</td>
<td>$ 58.5</td>
</tr>
</tbody>
</table>

(1) Organic enrollment and product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

(2) Other is composed of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets.

Revenues decreased by $79.7 million, a 17% decrease from the 2019 fiscal period.

- Organic enrollment decreased during the 2020 fiscal period by 4%, decreasing revenues by $19.6 million.
- The decrease in revenues from product mix, pricing and timing was mainly due to the effect of the COVID-19 pandemic on the academic calendar timing, as well as an increase in discounts and scholarships as a percentage of revenues.
- Revenues represented 52% of our consolidated total revenues for the 2020 fiscal period, compared to 54% for the 2019 fiscal period.

Adjusted EBITDA decreased by $22.0 million, a 27% decrease from the 2019 fiscal period.

**Peru**

**Financial Overview**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTD - YTD</td>
<td>QTD - YTD</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$130.8</td>
</tr>
<tr>
<td>2020</td>
<td>$127.3</td>
</tr>
</tbody>
</table>

Peru

Financial Overview
Comparison of Peru Results for the Three Months Ended September 30, 2020 to the Three Months Ended September 30, 2019

(in millions)

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Direct Costs</th>
<th>Adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>September 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic enrollment (1)</td>
<td>$130.8</td>
<td>$85.6</td>
<td>$45.2</td>
</tr>
<tr>
<td>Product mix, pricing and timing (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic constant currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dispositions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$130.8</td>
<td>$85.6</td>
<td>$45.2</td>
</tr>
</tbody>
</table>

Organic enrollment and product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

- Organic enrollment decreased during the 2020 fiscal quarter by 12%, decreasing revenues by $14.6 million.
- The increase in revenues from product mix, pricing and timing was mainly due to the effect of the COVID-19 pandemic on the academic calendar timing, as revenue that had previously been deferred was recognized during the 2020 fiscal quarter when rescheduled classes took place. This increase was partially offset by an increase in discounts and scholarships as a percentage of revenues.
- Revenue represented 52% of our consolidated total revenues for the 2020 fiscal quarter compared to 47% for the 2019 fiscal quarter.

Adjusted EBITDA increased by $11.3 million, a 25% increase from the 2019 fiscal quarter.

Comparison of Peru Results for the Nine Months Ended September 30, 2020 to the Nine Months Ended September 30, 2019

(in millions)

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Direct Costs</th>
<th>Adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>September 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic enrollment (1)</td>
<td>$391.1</td>
<td>$257.3</td>
<td>$133.8</td>
</tr>
<tr>
<td>Product mix, pricing and timing (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic constant currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dispositions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$391.1</td>
<td>$257.3</td>
<td>$133.8</td>
</tr>
</tbody>
</table>

(1) Organic enrollment and product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

- Organic enrollment decreased during the 2020 fiscal period by 5%, decreasing revenues by $17.1 million.
- The decrease in revenues from product mix, pricing and timing was mainly due to an increase in discounts and scholarships as a percentage of revenues.
- Revenue represented 48% of our consolidated total revenues for the 2020 fiscal period compared to 46% for the 2019 fiscal period.

Adjusted EBITDA decreased by $4.8 million, a 4% decrease from the 2019 fiscal period, primarily driven by the weakening of the Peruvian Nuevo Sol relative to the USD.
**Corporate**

Corporate revenues represent amounts from our consolidated joint venture with the University of Liverpool, as well as centralized IT costs charged to various segments, offset by the elimination of intersegment revenues.

**Comparison of Corporate Results for the Three Months Ended September 30, 2020 to the Three Months Ended September 30, 2019**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change Better/(Worse) 2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$0.3</td>
<td>$0.7</td>
<td>(57)%</td>
</tr>
<tr>
<td>Expenses</td>
<td>21.9</td>
<td>38.5</td>
<td>43%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ (21.6)</td>
<td>$ (37.8)</td>
<td>43%</td>
</tr>
</tbody>
</table>

Adjusted EBITDA increased by $16.2 million, a 43% increase from the 2019 fiscal quarter, primarily due to a decrease in labor costs and other professional fees, related to cost-reduction efforts.

**Comparison of Corporate Results for the Nine Months Ended September 30, 2020 to the Nine Months Ended September 30, 2019**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change Better/(Worse) 2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$3.3</td>
<td>$4.5</td>
<td>(27)%</td>
</tr>
<tr>
<td>Expenses</td>
<td>75.7</td>
<td>114.5</td>
<td>34%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ (72.4)</td>
<td>$ (110.0)</td>
<td>34%</td>
</tr>
</tbody>
</table>

Adjusted EBITDA increased by $37.6 million, a 34% increase from the 2019 fiscal period, primarily due to a decrease in labor costs and other professional fees, related to cost-reduction efforts.

**Liquidity and Capital Resources**

**Liquidity Sources**

We anticipate that cash flow from operations and available cash will be sufficient to meet our current operating requirements and manage our liquidity needs, including any effects on the Company’s business operations that arise from the COVID-19 pandemic, for at least the next 12 months from the date of issuance of this report.

However, as the impact of the COVID-19 pandemic on the economy and our operations evolves, we will continue to assess our liquidity needs. A continued worldwide disruption could materially affect our future access to liquidity sources, particularly our cash flows from operations, as well as our financial condition and capitalization. In the event of a sustained market deterioration, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions, such as obtaining additional financing. The Company will continue to evaluate its financial position in light of future developments, particularly those relating to the COVID-19 pandemic.

Our primary source of cash is revenue from tuition charged to students in connection with our various education program offerings. The majority of our students finance the cost of their own education and/or seek third-party financing programs. We anticipate generating sufficient cash flow from operations in the majority of countries where we operate to satisfy the working capital and financing needs of our organic growth plans for each country. If our educational institutions within one country were unable to maintain sufficient liquidity, we would consider using internal cash resources or reasonable short-term working capital facilities to accommodate any short- to medium-term shortfalls.

As of September 30, 2020, our secondary source of liquidity was cash and cash equivalents of $716.8 million, which does not include $113.0 million of cash recorded at subsidiaries that are classified as held for sale at September 30, 2020. Our cash accounts are maintained with high-quality financial institutions with no significant concentration in any one institution.
The Company also maintains a revolving credit facility with a syndicate of financial institutions as a source of liquidity. The revolving credit facility provides for borrowings of $410.0 million and a maturity date of October 7, 2024. From time to time, we draw down on the revolver and, in accordance with the terms of the credit agreement, any proceeds drawn on the revolving credit facility may be used for general corporate purposes. In March 2020, we fully drew down our $410.0 million revolving credit facility in order to increase our cash position and preserve financial flexibility in light of the COVID-19 pandemic.

If certain conditions are satisfied, the Third Amended and Restated Credit Agreement (the Third A&R Credit Agreement) also provides for an incremental revolving and term loan facilities not to exceed $565.0 million plus additional amounts so long as both immediately before and after giving effect to such incremental facilities the Company’s Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, on a pro forma basis, does not exceed 2.75x.

**Completed Sale Transactions**

On January 10, 2020, we completed the sale of our Costa Rica operations and received net proceeds of approximately $15.0 million. The proceeds received net of cash sold, transaction fees and the working capital adjustment completed during the second quarter of 2020, were approximately $1.8 million. The Company will also receive up to $5.0 million within two years after the sale if Laureate Costa Rica meets certain performance metrics.

On March 6, 2020, we completed the sale of NSAD, a higher education institution located in California. At closing, the Company paid subsidies to the buyers of approximately $4.5 million. Under the terms of the sale agreement, the Company will pay additional subsidies to the buyers of approximately $2.8 million ratably on a quarterly basis over the next four years, beginning on March 31, 2020.

In June 2020, we received 141.6 million Hong Kong Dollars (approximately $18.3 million at the date of receipt), related to the portion of the transaction value from the January 2018 sale of our China operations that was paid into escrow by the buyer. As of December 31, 2019, the Company had recorded a receivable of approximately $25.9 million for the portion of the escrowed amount that we expected to receive. Under the terms of the sale agreement, we expect to receive the remaining escrow receivable amount in January 2021.

On September 11, 2020, we completed the divestiture of our operations in Chile through the transfer of control of our not-for-profit institutions and the sale of our for-profit operations. The cash proceeds received at closing, prior to transaction fees, were approximately $195.3 million. In addition, the purchase price included a note receivable of approximately $288.0 million that was transferred to the buyer as part of the transaction.

On September 29, 2020, we completed the sale of our operations in Malaysia and received proceeds of $116.3 million, net of cash sold, but prior to transaction fees. The cash proceeds included a deposit of $5.0 million that we received from the buyer in February 2020. In connection with the sale, on October 1, 2020, we made a payment of $13.7 million to the minority owner of Inti Holdings for their 10.10% interest.

On November 3, 2020, we completed the sale of our operations in Australia and New Zealand. The purchase price was $642.7 million and was subject to certain closing adjustments based on the aggregate working capital and indebtedness of the Australia and New Zealand entities and their forecasted performance. At closing, we received proceeds of approximately $650 million, net of transaction costs.

**Pending Sale Transactions**

On September 11, 2020, the Company entered into a sale agreement to sell its operation of Walden University, LLC, (Walden University) for a purchase price of $1,480.0 million in cash, subject to certain adjustments set forth in the sale agreement. The closing of this transaction is expected to occur toward the end of 2021 and is subject to customary closing conditions, including regulatory approval by the U.S. Department of Education and the Higher Learning Commission and required antitrust approvals. Under certain specified circumstances, the purchaser may be required to pay the Company a termination fee of $88.0 million, including if the purchaser terminates the sale agreement as a result of the imposition by the U.S. Department of Education of certain specified restrictions, or if Laureate terminates the sale agreement as a result of the purchaser’s failure to consummate the transaction upon satisfaction of the closing conditions. Upon completion of the sale, the restricted cash that is held to collateralize the letters of credit in favor of the DOE will be released and reclassified to cash and cash equivalents.
On October 13, 2020, the Company entered into a definitive agreement with Fundación Nasser, a not-for-profit foundation in Honduras, to transfer control of its operations in Honduras for total cash consideration of approximately $29.8 million, prior to closing costs. The buyer will also assume indebtedness which, as of September 30, 2020, was approximately $30 million. The transaction is subject to certain closing conditions, including regulatory approval, and is expected to be completed in the first half of 2021.

On November 2, 2020, the Company entered into a definitive agreement with Ânima Holding S.A., one of the largest private higher education organizations in Brazil, for the sale of its Brazilian operations. The transaction value is approximately 4,400.0 million Brazilian Reals (or approximately $765.0 million at the time of signing), including 3,800.0 million Brazilian Reals (or approximately $660.7 million at the time of signing) in cash consideration, which is subject to certain adjustments, and assumption of net indebtedness. Pursuant to the agreement, the Company will be entitled to receive up to 203.0 million Brazilian Reals (or approximately $35.3 million at the time of signing) in additional cash consideration if certain metrics are achieved following the closing. The closing of this transaction is targeted to occur toward the end of the second quarter of 2021 and is subject to certain specified closing conditions.

Liquidity Restrictions
Our liquidity is affected by restricted cash balances, which totaled $30.9 million and $36.2 million as of September 30, 2020 and December 31, 2019, respectively.

Indefinite Reinvestment of Foreign Earnings
We earn a significant portion of our income from subsidiaries located in countries outside the United States. As part of our business strategies, we have determined that, except for one of our institutions in Peru, all earnings from our foreign continuing operations will be deemed indefinitely reinvested outside of the United States. As of September 30, 2020, $321.3 million of our total $716.8 million of cash and cash equivalents were held by foreign subsidiaries. These amounts above do not include $113.0 million of cash recorded at subsidiaries that are classified as held for sale at September 30, 2020, of which $108.7 million was held by foreign subsidiaries. As of December 31, 2019, $55.8 million of our total $61.6 million of cash and cash equivalents were held by foreign subsidiaries. These amounts above do not include $333.5 million of cash recorded at subsidiaries that were classified as held for sale at December 31, 2019, of which $269.3 million was held by foreign subsidiaries.

Liquidity Requirements
Our short-term liquidity requirements include: funding for debt service (including finance leases); operating lease obligations; payments due to shareholders of acquired companies (seller notes); payments of deferred compensation; working capital; operating expenses; capital expenditures; and business development activities.

Long-term liquidity requirements include: payments on long-term debt (including finance leases); operating lease obligations; payments of deferred compensation; and payments of other third-party obligations.

Debt
As of September 30, 2020, senior long-term borrowings totaled $1,209.1 million and consisted of $409.1 million of borrowings under our revolving credit facility and $800.0 million in Senior Notes due 2025 that mature in May 2025. As discussed above, in March 2020, we fully drew down our $410.0 million revolving credit facility in order to increase our cash position and preserve financial flexibility in light of the COVID-19 pandemic.

As of September 30, 2020, other debt balances totaled $212.0 million and our finance lease obligations and sale-leaseback financings were $31.9 million. Other debt includes lines of credit and short-term borrowing arrangements of subsidiaries, mortgages payable and notes payable.

Approximately $172.2 million of long-term debt and finance leases, including the current portion, is included in the held-for-sale liabilities recorded on the consolidated balance sheet as of September 30, 2020. For further description of the held-for-sale amounts see Note 4, Discontinued Operations and Assets Held for Sale, in our consolidated financial statements included elsewhere in this Form 10-Q.
Senior Secured Credit Facility

As of September 30, 2020 and December 31, 2019, the outstanding balance under our Senior Secured Credit Facility was $409.1 million and $202.4 million, respectively, which consisted entirely of balances outstanding under our $410.0 million revolving credit facility.

Covenants

Under the Third A&R Credit Agreement, we are subject to a Consolidated Senior Secured Debt to Consolidated EBITDA financial maintenance covenant, as defined in the Third A&R Credit Agreement, unless certain conditions are satisfied. As of September 30, 2020, we were in compliance with the leverage ratio covenant. The maximum ratio, as defined, is 3.50x as of September 30, 2020 and thereafter. In addition, notes payable at some of our locations contain financial maintenance covenants and we were in compliance with those covenants.

Senior Notes

As of both September 30, 2020 and December 31, 2019, the outstanding balance under our Senior Notes due 2025 was $800.0 million.

Leases

We conduct a significant portion of our operations from leased facilities. These facilities include our corporate headquarters, other office locations, and many of our higher education facilities. As discussed in Note 9, Leases, in our consolidated financial statements included elsewhere in this Form 10-Q, we have significant liabilities recorded related to our leased facilities, which will require future cash payments.

Due to Shareholders of Acquired Companies (Seller Notes)

In the past, one method of payment for acquisitions was the use of promissory notes payable to the sellers of acquired companies. As of September 30, 2020 and December 31, 2019, we recorded $7.9 million and $22.3 million, respectively, for these liabilities, which relate entirely to Discontinued Operations and therefore are classified as liabilities held for sale in our consolidated balance sheets.

Capital Expenditures

Capital expenditures consist of purchases of property and equipment and expenditures for deferred costs. Our capital expenditure program is a component of our liquidity and capital management strategy. This program includes discretionary spending, which we can adjust in response to economic and other changes in our business environment, to grow our network through the following: (1) capacity expansion at institutions to support enrollment growth; (2) new campuses for institutions in our existing markets; (3) information technology to increase efficiency and controls; and (4) online content development. Our non-discretionary spending includes the maintenance of existing facilities. We typically fund our capital expenditures through cash flow from operations and external financing. In the event that we are unable to obtain the necessary funding for capital expenditures, our long-term growth strategy could be significantly affected. We believe that our internal sources of cash and our ability to obtain additional third-party financing, subject to market conditions, will be sufficient to fund our investing activities.

Our total capital expenditures for our continuing and discontinued operations, excluding receipts from the sale of subsidiaries and property equipment, were $74.3 million and $114.2 million during the nine months ended September 30, 2020 and 2019, respectively. The 35% decrease in capital expenditures for the 2020 fiscal period compared to the 2019 fiscal period was primarily due to a targeted reduction and deferral across all business lines to preserve cash amid the COVID-19 pandemic, as well as a result of the executed divestitures.

Derivatives

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We mitigate a portion of these risks through a risk-management program that includes the use of derivatives. For further information on our derivatives, see Note 13, Derivative Instruments, in our consolidated financial statements included elsewhere in this Form 10-Q.
Asset Sale Offer to Purchase Up to $300 Million of Senior Notes

On October 13, 2020, the Company announced the commencement of a cash tender offer to purchase up to $300 million aggregate principal amount of its 8.250% Senior Notes due 2025, at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest to, but not including, the purchase date. The Company intends to use cash proceeds from the sale of its operations in Chile and Malaysia to purchase the Senior Notes. The offer will expire on November 10, 2020, unless extended by the Company, in its sole discretion.

Stock Repurchase Program

Laureate’s board of directors has approved a new stock repurchase program to acquire up to $300 million of the Company’s Class A common stock. The Company’s proposed repurchances may be made from time to time on the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Repurchases may be effected pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act. The Company’s board of directors will review the share repurchase program periodically and may authorize adjustment of its terms and size or suspend or discontinue the program. The Company intends to finance the repurchases with free cash flow and excess cash and liquidity on-hand.

Cash Flows

In the consolidated statements of cash flows, the changes in operating assets and liabilities are presented excluding the effects of exchange rate changes, acquisitions, and reclassifications, as these effects do not represent operating cash flows. Accordingly, the amounts in the consolidated statements of cash flows do not agree with the changes of the operating assets and liabilities as presented in the consolidated balance sheets. The effects of exchange rate changes on cash are presented separately in the consolidated statements of cash flows.

The following table summarizes our cash flows from operating, investing, and financing activities for the nine months ended September 30, 2020 and 2019:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$221.8</td>
<td>$312.3</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(34.2)</td>
<td>1,050.7</td>
</tr>
<tr>
<td>Financing activities</td>
<td>257.4</td>
<td>(1,587.6)</td>
</tr>
<tr>
<td>Effects of exchange rates changes on cash</td>
<td>(13.4)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Change in cash included in current assets held for sale</td>
<td>218.3</td>
<td>230.2</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents and restricted cash</td>
<td>$649.8</td>
<td>$2.6</td>
</tr>
</tbody>
</table>


Operating Activities

Cash provided by operating activities decreased by $90.5 million to $221.8 million for the 2020 fiscal period from $312.3 million for the 2019 fiscal period. This decrease in operating cash was primarily attributable to changes in working capital, as well as the year-over-year effect of the divestitures that occurred in 2019, as certain of the divested institutions contributed positive operating cash flows during 2019 prior to divestiture. These factors accounted for a decrease in operating cash flows of approximately $178.5 million. This decrease was partially offset by: (1) a decrease in cash paid for interest of $62.4 million, from $137.7 million for the 2019 fiscal period to $75.3 million for the 2020 fiscal period, attributable to lower average debt balances; (2) a decrease in cash paid for taxes of $18.0 million, from $80.0 million for the 2019 fiscal period to $62.0 million for the 2020 fiscal period; and (3) a positive year-over-year effect to operating cash of $7.6 million primarily related to a cash payment during the 2019 fiscal period to settle cross currency and interest rate swaps in Chile.
Investing Activities

Cash flows from investing activities decreased by $1,084.9 million to an investing cash outflow of $(34.2) million for the 2020 fiscal period from an investing cash inflow of $1,050.7 million for the 2019 fiscal period. This decrease was primarily attributable to lower cash receipts from the sales of discontinued operations of $1,101.6 million, from $1,141.7 million during the 2019 fiscal period (for the sales of St. Augustine and our operations in Thailand, South Africa, India, Spain, Portugal and Turkey) to $40.1 million, net, during the 2020 fiscal period (for the net effect of the sales of NSAD and our operations in Costa Rica, Chile and Malaysia, net of cash sold, and the receipt of a portion of the escrow receivable balance related to the 2018 sale of our China operations). In addition, during the 2019 fiscal period, we received $12.9 million from derivative settlements related to foreign exchange swap agreements associated with the sale of the Spain and Portugal institutions, as well as $11.5 million from the sale of shares of a preferred stock investment in a private education company. These decreases in investing cash were partially offset by a decrease in capital expenditures of $39.9 million, and the year-over-year effect of a payment of $1.2 million during the 2019 fiscal period for a small acquisition in Brazil.

Financing Activities

Cash flows from financing activities increased by $1,845.0 million to a financing cash inflow of $257.4 million for the 2020 fiscal period from a financing cash outflow of $(1,587.6) million for the 2019 fiscal period. This increase in financing cash inflows was primarily attributable to: (1) net proceeds from long-term debt during the 2020 fiscal period, related to the full draw down on our $410.0 million revolving credit facility in order to increase our cash position and preserve financial flexibility in response to the COVID-19 pandemic, compared to net payments of long-term debt during the 2019 fiscal period, for a change of $1,733.8 million; (2) increased proceeds from the exercise of common stock options of $25.0 million during the 2020 fiscal period; (3) lower payments of deferred price for acquisitions during the 2020 fiscal period by $14.1 million, primarily due to the full repayment of the St. Augustine seller note during the 2019 fiscal period; (4) a payment for a debt redemption in Chile during the 2019 fiscal period of $5.9 million; (5) a payment of $5.8 million during the 2019 fiscal period to acquire the remaining 10% noncontrolling interest of one of our operations in India, immediately prior to the sale of those operations; and (6) higher payments during the 2019 fiscal period of $58.7 million to repurchase shares of our Class A common stock under our stock repurchase program. Other items accounted for the remaining difference of $1.7 million.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. Our significant accounting policies are discussed in Note 2, Significant Accounting Policies, of the audited consolidated financial statements included in our 2019 Form 10-K. Our critical accounting policies require the most significant judgments and estimates about the effect of matters that are inherently uncertain. As a result, these accounting policies and estimates could materially affect our financial statements and are critical to the understanding of our results of operations and financial condition. For a complete discussion of our critical accounting policies, see the “Critical Accounting Policies and Estimates” section of the MD&A in our 2019 Form 10-K. During the nine months ended September 30, 2020, there were no significant changes to our critical accounting policies. We will continue to monitor the effect to the Company of the COVID-19 pandemic and assess whether any changes to our accounting estimates are warranted as additional information becomes available.

Recently Adopted Accounting Standards

Refer to Note 2, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Form 10-Q for recently adopted accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our 2019 Form 10-K. There have been no significant changes in our market risk exposures since our December 31, 2019 fiscal year end.
Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. The purpose of disclosure controls and procedures is to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our CEO and CFO, to allow timely decisions regarding required disclosures. Based on that evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.
PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Please refer to “Item 3. Legal Proceedings” in our Annual Report on Form 10-K for the year ended December 31, 2019 (our “2019 Form 10-K”) and Part II, “Item 1. Legal Proceedings” in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 (our “Q1 2020 Form 10-Q”) and June 30, 2020 (our “Q2 Form 10-Q”) for information regarding material pending legal proceedings. Except as set forth therein and below, there have been no new material legal proceedings and no material developments in the legal proceedings previously disclosed.

As previously disclosed in our 2019 Form 10-K, on December 6, 2019, the Occupational Safety and Health Administration of the U.S. Department of Labor (“OSHA”) dismissed a complaint made by Michael S. Ryan, the former chief accounting officer of the Company, alleging retaliatory employment practices in violation of the whistleblower provisions of the Sarbanes-Oxley Act (Michael S. Ryan vs. Laureate Education, Inc., Case No. 3-0050-17-011). On January 2, 2020, Mr. Ryan filed Objections to the Secretary’s Findings, and Request for Hearing Before an Administrative Law Judge with the Chief Administrative Law Judge and a hearing has been set for January 2021. Mr. Ryan’s complaint to OSHA, which was filed on November 16, 2016, also alleges a lack of compliance with U.S. GAAP and violations of certain SEC rules and regulations. The complaint does not seek any specified amount of damages. The Company has investigated the allegations made in the complaint with the assistance of outside legal and accounting advisers and believes that its consolidated financial statements are in compliance with U.S. GAAP and SEC rules and regulations in all material respects and that the allegations are baseless and without merit. The Company intends to continue to defend itself vigorously.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in “Item 1A. Risk Factors” in our 2019 Form 10-K, as updated in Part II, “Item 1A. Risk Factors” in our Q1 2020 Form 10-Q and Q2 2020 Form 10-Q.

In addition to the information set forth in this report, you should consider the risk factors disclosed in our 2019 Form 10-K, as updated in our Q1 2020 Form 10-Q and Q2 2020 Form 10-Q. Furthermore, the impact of COVID-19 also may exacerbate other risks discussed in our 2019 Form 10-K, Q1 2020 Form 10-Q and Q2 Form 10-Q, any one of which could have a material adverse effect on our business, financial condition, cash flows and results of operations. The situation is changing rapidly, and additional impacts may arise of which we are not currently aware.

Item 6. Exhibits

(a) Exhibits filed with this report or, where indicated, previously filed and incorporated by reference:

<table>
<thead>
<tr>
<th>Exhibit No.</th>
<th>Exhibit Description</th>
<th>Form</th>
<th>File Number</th>
<th>Exhibit Number</th>
<th>Filing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1#</td>
<td>Amended and Restated Sale and Purchase Agreement, dated as of November 22, 2017 and amended and restated on January 11, 2018, by and among LEI European Investments B.V., Laureate International B.V. and Galileo Global Education Luxco S.A R.L.</td>
<td>10-K</td>
<td>001-38002</td>
<td>2.7</td>
<td>03/20/2018</td>
</tr>
<tr>
<td>2.2#</td>
<td>Sale and Purchase Agreement, dated April 12, 2018, among LEI European Investments B.V., Laureate International B.V. and Global University Systems Germany B.V.</td>
<td>8-K</td>
<td>001-38002</td>
<td>2.1</td>
<td>04/18/2018</td>
</tr>
<tr>
<td>2.3#</td>
<td>Asset Purchase Agreement, dated January 15, 2018, among Kendall College, LLC, The Dining Room at Kendall NFP, National Louis University and Laureate Education, Inc.</td>
<td>8-K</td>
<td>001-38002</td>
<td>2.1</td>
<td>08/07/2018</td>
</tr>
<tr>
<td>2.4#</td>
<td>Membership Interest Purchase Agreement, dated April 24, 2018, by and among Laureate Education, Inc., Exeter Street Holdings, LLC, University of St. Augustine for Health Sciences, LLC and University of St. Augustine Acquisition Corp.</td>
<td>10-Q</td>
<td>001-38002</td>
<td>2.4</td>
<td>08/09/2018</td>
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<tr>
<td>2.5#</td>
<td>Sale and Purchase Agreement, dated December 12, 2018, by and among Iniciativas Culturales de España S.L., Laureate I B.V. and Samarinda Investments, S.L.</td>
<td>10-K</td>
<td>001-38002</td>
<td>2.5</td>
<td>02/28/2019</td>
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<td>2.6#</td>
<td>Share Purchase Agreement relating to the sale and purchase of equity shares of Pearl Retail Solutions Private Limited, M-Power Energy India Private Limited and Data Ram Sons Private Limited</td>
<td>8-K</td>
<td>001-38002</td>
<td>2.1</td>
<td>05/13/2019</td>
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<tr>
<td>2.7#</td>
<td>Share Purchase Agreement relating to all the shares in the capital of Education Turkey B.V.</td>
<td>8-K</td>
<td>001-38002</td>
<td>08/29/2019</td>
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<td>2.8#</td>
<td>Equity Purchase Agreement, dated January 10, 2020, by and among SP Costa Rica Holdings, LLC, Laureate International B.V. and Laureate Education, Inc.</td>
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<td>001-38002</td>
<td>02/27/2020</td>
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<td>2.9#</td>
<td>Sale and Purchase Agreement, dated July 29, 2020, by and among LEI AMEA Investments B.V., Laureate Education, Inc., SEI Newco Inc. and Strategic Education, Inc.</td>
<td>8-K</td>
<td>001-38002</td>
<td>08/29/2019</td>
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<tr>
<td>2.11#</td>
<td>Membership Interest Purchase Agreement, dated September 11, 2020, by and between Laureate Education, Inc. and Adtalem Global Education Inc.</td>
<td>8-K</td>
<td>001-38002</td>
<td>08/29/2019</td>
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</tr>
<tr>
<td>2.12#</td>
<td>Transaction Agreement, dated September 11, 2020, by and among Laureate Education, Inc., Rede Internacional de Universidades Laureate Ltda., Ser Eduacional S.A. and, solely for the purposes of certain provisions thereof, José Jangüí Bezerra Diniz and certain of his family members</td>
<td>8-K</td>
<td>001-38002</td>
<td>08/29/2019</td>
<td></td>
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<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation</td>
<td>S-1/A</td>
<td>333-207243</td>
<td>01/31/2017</td>
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<td>3.2</td>
<td>Amended and Restated Bylaws</td>
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<td>333-207243</td>
<td>01/31/2017</td>
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<td>3.3</td>
<td>Certificate of Retirement of Convertible Redeemable Preferred Stock, Series A</td>
<td>8-K</td>
<td>001-38002</td>
<td>07/20/2018</td>
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<td>4.1</td>
<td>Description of Capital Stock of Laureate Education, Inc.</td>
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<td>001-38002</td>
<td>02/27/2020</td>
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</tr>
<tr>
<td>4.2</td>
<td>Indenture, dated as of April 26, 2017, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.250% Senior Notes due 2025</td>
<td>8-K</td>
<td>001-38002</td>
<td>04/27/2017</td>
<td></td>
</tr>
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<td>4.3</td>
<td>Form of 8.250% Senior Note due 2025 (included as Exhibit A to Exhibit 4.3)</td>
<td>8-K</td>
<td>001-38002</td>
<td>04/27/2017</td>
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<td>10.1†</td>
<td>2007 Stock Incentive Plan for Key Employees of Laureate Education, Inc. and its Subsidiaries</td>
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<td>333-207243</td>
<td>11/20/2015</td>
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<td>10.2†</td>
<td>2007 Stock Incentive Plan Form of Stock Option Agreement, as amended on August 31, 2010</td>
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<td>333-207243</td>
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<td>10.3†</td>
<td>2013 Long-Term Incentive Plan Form of Stock Option Agreement effective as of September 11, 2013</td>
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<td>333-207243</td>
<td>11/20/2015</td>
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<td>10.4†</td>
<td>Laureate Education, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2009</td>
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<td>10.5†</td>
<td>Form of Management Stockholder’s Agreement for equityholders</td>
<td>S-1/A</td>
<td>333-207243</td>
<td>11/20/2015</td>
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<td>10.7†</td>
<td>Amendment to Employment Offer Letter, dated December 9, 2010, between Laureate Education, Inc. and Eilif Serck-Hanssen</td>
<td>S-1/A</td>
<td>333-207243</td>
<td>11/20/2015</td>
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<td>10.8†</td>
<td>Form of Time-Based Restricted Stock Units Agreement, for grants from and after September 11, 2013</td>
<td>S-1/A</td>
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<td>10.10‡</td>
<td>System Wide Master Agreement, dated April 10, 2015, between Blackboard Inc. and Laureate Education, Inc.</td>
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<td>10.11†</td>
<td>Form of Stockholders’ Agreement for Entity-Appointed Directors</td>
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<td>10.12†</td>
<td>Form of Stockholders’ Agreement for Individual Directors</td>
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<td>333-207243</td>
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<td>11/20/2015</td>
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<td>10.13‡</td>
<td>Executive Retention Agreement, dated February 25, 2016, by and between Ricardo Berckemeyer and Laureate Education, Inc., effective as of September 1, 2015</td>
<td>S-1/A</td>
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<td>10.14†</td>
<td>2013 Long-Term Incentive Plan Form of Stock Option Agreement for 2016 for Named Executive Officers</td>
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<td>2013 Long-Term Incentive Plan Form of Stock Option Agreement for 2016</td>
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<td>05/20/2016</td>
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<td>10.16†</td>
<td>2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for 2016 for Named Executive Officers</td>
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<td>10.17†</td>
<td>2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for 2016</td>
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<td>05/20/2016</td>
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<td>10.18</td>
<td>Subscription Agreement, dated as of December 4, 2016, by and among Laureate Education, Inc., Macquarie Sierra Investment Holdings Inc., and each of the other Persons listed on Schedule A and Schedule B thereto,</td>
<td>S-1/A</td>
<td>333-207243</td>
<td>10.63</td>
<td>12/15/2016</td>
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<td>10.19</td>
<td>Registration Rights Agreement by and among Laureate Education, Inc., each of the Investors set forth on Schedule A thereto, Douglas L. Becker and Wengen Alberta, Limited Partnership</td>
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<td>001-38002</td>
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<td>10.20</td>
<td>Investors’ Stockholders Agreement by and among Laureate Education, Inc., Wengen Alberta, Limited Partnership and the Investors set forth on Schedule A thereto</td>
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<td>10.21†</td>
<td>Form of Cash Long-Term Incentive Plan Agreement</td>
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<td>10.22</td>
<td>Amended and Restated Securityholders Agreement by and among Wengen Alberta, Limited Partnership, Laureate Education, Inc. and the other parties thereto</td>
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<td>10.23</td>
<td>Amended and Restated Registration Rights Agreement by and among Wengen Alberta, Limited Partnership, Wengen Investments Limited, Laureate Education, Inc. and the other parties thereto</td>
<td>8-K</td>
<td>001-38002</td>
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<tr>
<td>10.24†</td>
<td>Amendment to the 2007 Stock Incentive Plan for Key Employees of Laureate Education, Inc. and its Subsidiaries</td>
<td>10-K</td>
<td>001-38002</td>
<td>10.76</td>
<td>03/29/2017</td>
</tr>
<tr>
<td>10.25</td>
<td>Amended and Restated Guarantee, dated as of April 26, 2017, by Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as guarantors, in favor of Citibank, N.A., as collateral agent</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.83</td>
<td>05/11/2017</td>
</tr>
<tr>
<td>10.26</td>
<td>Amended and Restated Pledge Agreement, dated as of April 26, 2017, by Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as pledgors, and Citibank, N.A., as collateral agent</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.84</td>
<td>05/11/2017</td>
</tr>
<tr>
<td>10.27</td>
<td>Amended and Restated Security Agreement, dated as of April 26, 2017, by Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as grantors, and Citibank, N.A., as collateral agent</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.85</td>
<td>05/11/2017</td>
</tr>
<tr>
<td>10.28</td>
<td>Second Amended and Restated Collateral Agreement, dated as of April 26, 2017, by Laureate Education, Inc. and certain other domestic subsidiaries of Laureate Education, Inc. from time to time, and Citibank, N.A., as collateral agent</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.86</td>
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</tr>
<tr>
<td>Exhibit No.</td>
<td>Exhibit Description</td>
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<tr>
<td>10.29†</td>
<td>Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan</td>
<td>8-K</td>
<td>001-38002</td>
<td>10.1</td>
<td>06/20/2017</td>
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<tr>
<td>10.30†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Annual Performance Share Units Notice and Agreement for 2017</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.51</td>
<td>08/08/2017</td>
</tr>
<tr>
<td>10.31†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Performance-based Stock Option Agreement for 2017</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.52</td>
<td>08/08/2017</td>
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<tr>
<td>10.32†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2017</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.53</td>
<td>08/08/2017</td>
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<tr>
<td>10.33†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Restricted Stock Units Notice and Agreement for 2017</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.54</td>
<td>08/08/2017</td>
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<tr>
<td>10.34†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Performance Share Units Notice and Agreement for 2017</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.55</td>
<td>08/08/2017</td>
</tr>
<tr>
<td>10.35†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Performance-based Stock Option Agreement for 2017 for Certain Executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.56</td>
<td>08/08/2017</td>
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<tr>
<td>10.36†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2017 for Certain Executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.57</td>
<td>08/08/2017</td>
</tr>
<tr>
<td>10.37†</td>
<td>Amended and Restated 2013 Long-Term Incentive Plan Form of Restricted Stock Units Notice and Agreement for 2017 for Certain Executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.58</td>
<td>08/08/2017</td>
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<tr>
<td>10.38†</td>
<td>Form of 2017-2018 Laureate Executive Cash Long-Term Bonus Plan for Certain Executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.59</td>
<td>08/08/2017</td>
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<tr>
<td>10.40†</td>
<td>Form of Stock Option Agreement with exercise price of $18.36 for certain executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.64</td>
<td>11/08/2017</td>
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<tr>
<td>10.41†</td>
<td>Form of Stock Option Agreement with exercise price of $21.00 for certain executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.65</td>
<td>11/08/2017</td>
</tr>
<tr>
<td>10.42†</td>
<td>Employment Offer Letter, dated November 6, 2017, between Laureate Education, Inc. and Jean-Jacques Charhon</td>
<td>10-K</td>
<td>001-38002</td>
<td>10.67</td>
<td>03/20/2018</td>
</tr>
<tr>
<td>10.43†</td>
<td>Transitional Employment Agreement, effective as of November 9, 2017, between Paula Singer and Laureate Education, Inc.</td>
<td>10-K</td>
<td>001-38002</td>
<td>10.68</td>
<td>03/20/2018</td>
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<tr>
<td>10.44</td>
<td>Stock Option Agreement, dated as of January 2, 2018, between Jean-Jacques Charhon and Laureate Education, Inc.</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.71</td>
<td>05/09/2018</td>
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<tr>
<td>10.45†</td>
<td>Employment Offer Letter, dated May 3, 2018, between Timothy Grace and Laureate Education, Inc.</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.72</td>
<td>08/09/2018</td>
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<tr>
<td>10.48†</td>
<td>Form of 2019 Annual Incentive Plan</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.62</td>
<td>08/08/2019</td>
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<tr>
<td>10.49†</td>
<td>Form of Director Indemnity Agreement</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.64</td>
<td>08/08/2019</td>
</tr>
<tr>
<td>10.50†</td>
<td>Separation Agreement, dated July 14, 2019, between Ricardo Berckemeyer and Laureate Education, Inc., effective as of July 15, 2019</td>
<td>10-Q</td>
<td>001-38002</td>
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<td>08/08/2019</td>
</tr>
<tr>
<td>10.51†</td>
<td>Separation Agreement and General Release, dated July 25, 2019, between Jose Roberto Loureiro and Laureate Education, Inc., effective as of July 29, 2019</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.66</td>
<td>08/08/2019</td>
</tr>
<tr>
<td>10.52#</td>
<td>Third Amended and Restated Credit Agreement, dated as of October 2, 2019, among Laureate Education, Inc., the lending institutions from time to time parties thereto, and Citibank, N.A., as administrative agent and collateral agent</td>
<td>8-K</td>
<td>001-38002</td>
<td>10.1</td>
<td>10/11/2019</td>
</tr>
<tr>
<td>Exhibit No.</td>
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<tr>
<td>10.53†◊</td>
<td>Form of Retention Letter for Certain Corporate Executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.53</td>
<td>05/07/2020</td>
</tr>
<tr>
<td>10.54†</td>
<td>Form of Retention/Transaction Bonus Letter for Certain Regional Executives</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.54</td>
<td>05/07/2020</td>
</tr>
<tr>
<td>10.55†</td>
<td>Form of Named Executive Officer Temporary Salary Reduction Letter</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.55</td>
<td>05/07/2020</td>
</tr>
<tr>
<td>10.56†</td>
<td>2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for Non-Employee Directors for 2020</td>
<td>10-Q</td>
<td>001-38002</td>
<td>10.56</td>
<td>08/06/2020</td>
</tr>
<tr>
<td>10.57*</td>
<td>First Amendment to Third Amended and Restated Credit Agreement, dated as of July 20, 2020, by Laureate Education, Inc. and Citibank, N.A., as administrative agent</td>
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<td>10.57</td>
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</tr>
<tr>
<td>10.58**†</td>
<td>Form of Named Executive Officer Temporary Salary Reduction Letter Amendment</td>
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<tr>
<td>31.1*</td>
<td>Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</td>
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<tr>
<td>31.2*</td>
<td>Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</td>
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<tr>
<td>32*</td>
<td>Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</td>
<td></td>
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<td>32</td>
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<tr>
<td>Ex. 101.INS*</td>
<td>XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document</td>
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<tr>
<td>Ex. 101.SCH*</td>
<td>XBRL Taxonomy Extension Schema Document</td>
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<td>Ex. 101.CAL*</td>
<td>XBRL Taxonomy Extension Calculation Linkbase Document</td>
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<td>Ex. 101.LAB*</td>
<td>XBRL Taxonomy Extension Label Linkbase Document</td>
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<tr>
<td>Ex. 101.PRE*</td>
<td>XBRL Taxonomy Extension Presentation Linkbase Document</td>
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<tr>
<td>Ex. 101.DEF*</td>
<td>XBRL Taxonomy Extension Definition Linkbase Document</td>
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<tr>
<td>104</td>
<td>Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Filed herewith.
# Laureate Education, Inc. hereby undertakes to furnish supplementally a copy of any omitted schedule or exhibit to such agreement to the U.S. Securities and Exchange Commission upon request.
† Indicates a management contract or compensatory plan or arrangement.
‡ Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the U.S. Securities and Exchange Commission.
◊ Certain identified information has been omitted from this exhibit because it is both (1) not material, and (2) would be competitively harmful if publicly disclosed.
SIGNATURES
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/ JEAN-JACQUES CHARHON
Jean-Jacques Charhon
Executive Vice President and Chief Financial Officer
Date: November 5, 2020

/s/ TAL DARMON
Tal Darmon
Chief Accounting Officer, Senior Vice President
and Global Corporate Controller
Date: November 5, 2020
EXECUTION VERSION

SALE AND PURCHASE AGREEMENT

DATED July 29, 2020
LEI AMEA INVESTMENTS B.V.

AND

SEI Newco Inc.

AND

Strategic Education, Inc.

AND

Laureate Education, Inc.
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**Schedule**
THIS AGREEMENT is made on July 29, 2020

BETWEEN:

(1) LEI AMEA INVESTMENTS B.V., a private limited liability company incorporated under the laws of the Netherlands (registered at the Dutch commercial register with number 68326203), whose registered office is at Barbara Strozzilaan 201, 1083 HN Amsterdam, the Netherlands (the Seller);

(2) SEI Newco Inc., a corporation incorporated under the laws of Delaware, USA whose principal office is at 2303 Dulles Station Blvd. Herndon VA USA 20171 (the Purchaser);

(3) Strategic Education, Inc., a corporation incorporated under the laws of Maryland, USA whose principal office is at 2303 Dulles Station Blvd. Herndon VA USA 20171 (the Purchaser’s Guarantor); and

(4) Laureate Education, Inc., a public benefit corporation organized and existing under the laws of Delaware, USA of 650 S. Exeter Street Baltimore, MD 21202 (the “Seller’s Guarantor”).

BACKGROUND:

(A) The Seller owns all the issued and outstanding shares in the capital of the Target Companies, further details of which are set out in Schedule 1.

(B) The Seller wishes to sell and the Purchaser wishes to purchase all the issued and outstanding shares in the capital of the Target Companies (the Transaction) on the terms and subject to the conditions set out in this agreement.
The Purchaser’s Guarantor is the ultimate holding company of the Purchaser and is willing to guarantee the obligations of the Purchaser under this agreement.

The Seller’s Guarantor is the ultimate holding company of the Seller and is willing to provide a limited A$15,000,000 dollar guarantee (in aggregate) of the Seller’s indemnity obligations on the terms and subject to the conditions in subclause 12.4 only.

IT IS AGREED as follows:

1. Interpretation

a. In this agreement:

1. **Accounts** means, in respect of a Group Company included in the table in Schedule 10, the financial statements for the year ended on the Accounts Date of that Group Company that are set out opposite that Group Company’s name in column (2) of the table in Schedule 10, a copy of each of which has been disclosed in the Data Room;

2. **Accounts Date** means, in respect of a Group Company included in the table in Schedule 10, the date that is set out opposite that Group Company’s name in column (3) of the table in Schedule 10;

3. **Actual CY21 EBITDA Adjustment Amount** means, subject to the Calculation Concurrence, the actual amount of the CY21 EBITDA Adjustment Amount at the Effective Time, as set out in the Completion Statement, provided at all times that, unless otherwise agreed, the maximum amount of the Actual CY21 EBITDA Adjustment Amount will be A$150,000,000;

4. **Actual Net Debt** means the actual amount of Net Debt at the Effective Time, as set out in the Completion Statement. This amount can be a positive or negative number;

5. **Actual Working Capital** means the actual amount of Working Capital at the Effective Time, as set out in the Completion Statement. This amount can be a positive or negative number;

6. **Adjusted Purchase Price** has the meaning given in subclause 3.2;

**Adverse Regulatory Event** means a Regulatory Authority has notified the Purchaser or the Seller in writing after the date of this agreement that it has:

(i) made a binding determination, or indicated that there will be a binding revocation, suspension or change (including imposing any new terms, conditions or requirements) to the Authorisations of a Group Company, which will have a material adverse effect on the Business (taken as a whole);

(ii) made a binding determination, or indicated that there will be a binding change (including imposing any new terms, conditions or requirements) to the Authorisations of a Group Company on or from Completion, directly as a result of the notifications contemplated by clause 7, which will have a material adverse effect on the Business (taken as a whole); or

(iii) objected to or will otherwise seek to restrain the Transaction.

7. **Agreed Form** means, in relation to any document, the form of that document which has either been initialled for the purpose of identification by or on behalf of the Seller and the Purchaser on or before the date of this agreement or, otherwise, agreed between the parties prior to Completion on customary terms (acting reasonably and in good faith);
8. **Applicable Accounting Standards** means, in respect of a Group Company included in the table in Schedule 10 and its Accounts, the accounting principles set out opposite that Group Company’s name in column (4) of the table in Schedule 10;

   a. **ASQA** means the Australian Skills Quality Authority;

9. **Assets** means the property and assets owned by the Group, and the Rental Assets used by the Group, in conducting the Business;

   a. **Associated Persons** means, in respect of a body corporate, its directors, officers, employees, contractors, representatives, agents and/or distributors;

   b. **Audited Statements** mean financial statements prepared in accordance with U.S. GAAP (or, if applicable, in accordance with IFRS with all necessary reconciliations to U.S. GAAP);

   c. **Authorisation** means any approval, licence, registration, consent, authority or permit given by a Regulatory Authority in connection with the Business including on CRICOS registration;

   d. **Australian Regulatory Authorities** means:

      (i) TEQSA;

      (ii) ASQA; and

      (iii) the Secretary of the Australian Department of Education, Skills and Employment,

   and **Australian Regulatory Authority** shall mean any one of them;

   e. **Australian Regulatory Notifications** means, the Seller (or a member of member of the Seller’s Group) having provided a written notification to each Australian Regulatory Authority that on and from Completion, the Purchaser will Control the Group;

   f. **Australian Treasurer** means the Treasurer of the Commonwealth of Australia;

   g. **Bid Amount** has the meaning given in subclause 3.1(a);

10. **Breach** means any breach of subclause 12.1 of this agreement in respect of any of the Seller's Warranties or Tax Warranties, or any claim under this agreement in respect of, or pursuant to, any Seller's Warranties or Tax Warranties or the General Indemnity or any circumstance which gives rise to a right of recovery under any Seller's Warranties or Tax Warranties or the General Indemnity;

11. **Business** means the business carried on by the Group on the date of this agreement;

12. **Business Day** means a day (other than a Saturday or Sunday) on which banks are generally open in Sydney (Australia) and Washington, D.C. (USA) for normal business;

13. **Business IT** has the meaning given in paragraph 9 of Schedule 4;

14. **Calculation Concurrence** means the process to be undertaken by the parties to concur on any EBITDA-related calculation as set out in clause 4;

15. **Claim** means a Warranty Claim, a Tax Covenant Claim, a claim under the General Indemnity or any other claim against the Seller or another member of the Seller’s Group for: (a) any breach or alleged breach of this agreement or any other Transaction Document; or (b) in respect of
any matter arising under or out of this agreement or any other Transaction Document, but for the avoidance of doubt, excludes a Special Claim;

16. **Commonwealth Government** means the Commonwealth Government of Australia;

17. **Completion** has the meaning given in subclause 8.1;

1. **Completion Date** means the last Business Day of the month first occurring at least 10 Business Days after the Condition Satisfaction Date or such earlier Business Day that the Seller and the Purchaser agree in writing, provided that the parties agree to act reasonably and work together in good faith to effect Completion as soon as reasonably practicable following the Condition Satisfaction Date;

2. **Completion Statement** means the statement of CY21 EBITDA Amount, CY21 EBITDA Adjustment Amount, Net Debt and Working Capital to be prepared in accordance with, and in the form set out in, the pro forma in Data Room Document 8.1.4 titled "Project Ocean Completion Statement";

3. **Conditions** has the meaning given in subclause 6.1;

4. **Condition Satisfaction Date** means the first date on which all of the Conditions in subclauses 6.1(a) to 6.1(c) and 6.1(e) have been satisfied, deemed satisfied, or waived in accordance with this agreement;

5. **Consequential Loss** means indirect Loss which is loss of goodwill, loss of business reputation, loss of future reputation or adverse publicity or damage to credit rating but not:

   1. Loss which is direct loss of profits, direct loss of revenue, direct loss of production, direct loss of business, direct loss of financial opportunity, or direct loss of goodwill;

   2. Loss arising naturally and in the usual course of things from the relevant facts or circumstances giving rise to the Breach or Loss which, at the date of this agreement, would have been reasonably foreseeable by the party who committed the Breach; or

   3. any diminution in the value of the Shares;

6. **Continuing Arrangements** means the arrangements and/or agreements specified in the table in Schedule 14;

   a. **Control** means, with respect to any person other than an individual, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise, and includes the following:

   4. direct or indirect ownership of more than 50% of the voting rights of such person; or

   5. the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage the assets of such person a discretionary basis,

   and, for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this agreement, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person;

7. **Controller** has the meaning given in the Corporations Act;

8. **Corporations Act** means the Corporations Act 2001 (Cth);
a. **CRICOS** the Commonwealth Register of Institutions and Courses for Overseas Students;

b. **CY21 EBITDA Amount** means the projected EBITDA of the Group for the calendar year 2021 as at the Effective Time, subject to the Calculation Concurrence;

c. **CY21 EBITDA Adjustment Amount** means:

6. nil amount, if the CY21 EBITDA Amount is greater than the CY21 EBITDA Trigger Amount; and

7. the amount equal to A$900,000,000 minus (the amount of 12.5 multiplied by the CY21 EBITDA Amount), if the CY21 EBITDA Amount is less than the CY21 EBITDA Trigger Amount,

d. provided at all times that, unless otherwise agreed, the maximum amount of the CY21 EBITDA Adjustment Amount will be A$150,000,000 and in each case, subject to the Calculation Concurrence;

9. **CY21 EBITDA Trigger Amount** means the amount of A$68,000,000;

10. **Data Protection Legislation** has the meaning given in paragraph 10 of Schedule 4;

11. **Data Room** means the information and the documents in the virtual data room as of 5:00pm (Sydney time) 28 July, 2020 operated by Merrill Corporation entitled “Project: Ocean Blue”, which is or will be encrypted on a USB stick on or about the date of this agreement;

12. **Data Room Document** means a particular document in the Data Room as identified by its Data Room reference number;

13. **Disclosed Information** has the meaning given in subparagraph 1.1 of Schedule 6;

14. **Disclosure Schedule** means Schedule 5 to this agreement;

15. **Dispute** has the meaning given in subclause 26.1;

**EBITDA** means earnings before interest, tax, depreciation and amortisation for the relevant year, calculated in accordance with the same accounting policies, principles, practices, rules, estimation techniques and procedures as were actually used in the preparation of the Management Projected EBITDA, and includes any restructuring charges and any one-time items;

**EBITDA Calculation** has the meaning given in subclause 4.1;

**EBITDA Delivery Date** has the meaning given in subclause 4.1;

16. **Effective Time** means 11:59pm (Sydney time) on the Completion Date;

17. **Encumbrance** means any option, right to acquire, mortgage, charge, pledge, lien, voting agreement, share restriction or other form of security or any agreement to create any of the foregoing, but does not include a Permitted Encumbrance;

18. **Estimated CY21 EBITDA Adjustment Amount** means, subject to the Calculation Concurrence, the Seller’s reasonable estimate of the CY21 EBITDA Adjustment Amount, calculated by using the Estimated CY21 EBITDA Amount, and as set out in the Indebtedness and EBITDA Schedule;
19. **Estimated CY21 EBITDA Amount** means, subject to the Calculation Concurrence, the Seller’s reasonable estimate of the CY21 EBITDA Amount and as set out in the Indebtedness and EBITDA Schedule;

20. **Estimated Intra-Group Payables** means the Seller’s reasonable estimate of Intra-Group Payables at the Effective Time and as set out in the Indebtedness and EBITDA Schedule;

21. **Estimated Intra-Group Receivables** means the Seller’s reasonable estimate of Intra-Group Receivables at the Effective Time and as set out in the Indebtedness and EBITDA Schedule;

22. **Estimated Net Debt** means the Seller’s reasonable estimate of Net Debt at the Effective Time and as set out in the Indebtedness and EBITDA Schedule. This amount can be a positive or negative number;

23. **Estimated Purchase Price** has the meaning given in subclause 3.1 and as set out in the Indebtedness and EBITDA Schedule;

24. **Estimated Working Capital** means the Seller’s reasonable estimate of Working Capital at the Effective Time and as set out in the Indebtedness and EBITDA Schedule. This amount can be a positive or negative number;

25. **Estimated Working Capital Adjustment** means the amount by which the Estimated Working Capital is greater than the Target Working Capital (in which case it will be added to the Bid Amount for the purposes of subclause 3.1) or by which it is less than the Target Working Capital (in which case it will be deducted from the Bid Amount for the purposes of subclause 3.1) and as set out in the Indebtedness and EBITDA Schedule;

26. **Exchange Rate** means the closing mid-rate of exchange for the relevant currency as last published on the website of the Reserve Bank of Australia prior to 5pm (Sydney time) on the Business Day immediately preceding the Applicable Date. For the purposes of this definition, **Applicable Date** shall mean, save as otherwise provided in this agreement, the date on which a payment or an assessment is to be made, save that, for the purposes of subclauses 3.1 to 3.5, subclauses 4.4 and 4.5, subclauses 8.2 to 8.5, and Schedule 11, the agreed A$:US$ exchange rate shall be A$1=US$0.7141;

27. **Fairly Disclosed** means disclosure of information that is sufficient in content and made in a manner and context which would enable a reasonable and sophisticated investor, in the Purchaser’s position and experienced in transactions of the nature of the transaction contemplated in this agreement, to assess the nature, significance and scope (but not necessarily the financial quantum of any Loss relating to) of the fact, matter or circumstance so disclosed;

28. **FATA** means the *Foreign Acquisition and Takeovers Act 1975* (Cth);

29. **FIRB Approval** means either:

8. the Purchaser has received a written notice from the Australian Treasurer (or his or her delegate) stating that, or to the effect that, the Commonwealth Government does not object to the Transaction either:

   i. without conditions;

   ii. without conditions other than the Standard Tax Conditions; or

   iii. if the no objection notification is subject to conditions other than the Standard Tax Conditions, those conditions are conditions which the Purchaser, acting reasonably,
determines will not have a material adverse effect on the Business (taken as a whole); or

9. following notice of the proposed acquisition of the Group having been given by the Purchaser to the Australian Treasurer under the FATA, the Australian Treasurer ceases to be empowered to make any orders under Part 3 of the FATA;

30. **FIRB Notification** means the form of notification required under the FATA in relation to the FIRB Approval in the Agreed Form;

a. **General Indemnity** means the indemnity in subclause 12.4;

b. **Government Agency** means, whether foreign or domestic:

10. a government, whether federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or

11. a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal body, department, tribunal, entity or authority, whether statutory or not, and includes any self-regulatory organisation established under statute or any stock exchange;

31. **Group** means the Target Companies and each of the other Group Companies, taken as a whole;

32. **Group Companies** means the Target Companies and the Subsidiaries; and **Group Company** means any of them;

33. **GST** has the meaning given to that expression in the GST Law;

34. **GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

35. **GST Law** has the meaning given to that expression in the GST Act;

36. **IFRS** means International Financial Reporting Standards or International Accounting Standards issued or adopted by the International Accounting Standards Board (or a predecessor body) and interpretations issued by the IFRS Interpretations Committee (or a predecessor body), each as and to the extent from time to time adopted by the European Union in accordance with EC Regulation No. 1606/2002;

37. **Indebtedness and EBITDA Schedule** has the meaning given in subclause 8.2, a pro forma of which is set out in Schedule 13;

38. **Independent Accountants** means such firm of internationally recognised chartered accountants as may be appointed under Schedule 12;

39. **Information Technology** has the meaning given in paragraph 9 of Schedule 4;

40. **Insolvency Event** means for a body corporate, the happening of one or more of the following events:

12. except for the purpose of a solvent reconstruction or amalgamation which has the prior written consent of the other parties:
i. process is filed in a court seeking an order that it be wound up or that a Controller be appointed to it or any of its assets, unless the application is withdrawn, struck out or dismissed within seven days of it being filed; or

ii. an order is made that it be wound up or that a Controller be appointed to it or any of its assets; or

iii. a resolution that it be wound up is passed or proposed;

13. a liquidator, provisional liquidator, Controller or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertaking;

14. an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed, or any other steps are taken to appoint an administrator to it;

15. it enters into, or resolves to enter into, an arrangement, compromise or composition with any of, or any class of, its creditors or members, or an assignment for the benefit of any of, or any class of, its creditors, or process is filed in a court seeking approval of any such arrangement, compromise or composition;

16. a reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors is proposed or effected;

17. any action is taken by ASIC with a view to its deregistration or its dissolution, or an application is made to ASIC that any such action be taken;

18. it is insolvent within the meaning of section 95A of the Corporations Act, as disclosed in its accounts or otherwise, states that it is unable to pay its debts or is presumed to be insolvent under any applicable law;

19. as a result of the operation of section 459F(1) of the Corporations Act, it is taken to have failed to comply with a statutory demand;

20. it stops or suspends or threatens to stop or suspend the payment of all or a class of its debts or the conduct of all or a substantial part of its business;

21. any event or circumstance set out in section 461 of the Corporations Act occurs in relation to it; or

22. anything having a substantially similar effect to any of the events specified in subparagraphs (a) to (j) of this definition happens to it under the law of any jurisdiction;

41. **Intellectual Property Rights** has the meaning given in paragraph 8 of Schedule 4;

42. **Intercompany Loan Cleanup** means the clean-up of intra-group payables and intra-group receivables in accordance with Data Room Document 2.10.26.2 titled “ANZ Debt and Ico Clean Up Proposal” dated July 24 2020 in the Agreed Form;

43. **Intra-Group Payables** means any indebtedness (other than Trade Debts) owing, as at the Effective Time, by the Group Companies to members of the Seller’s Group;

44. **Intra-Group Receivables** means any indebtedness (other than Trade Debts) owing, as at the Effective Time, by members of the Seller’s Group to the Group Companies;
45. **JobKeeper Scheme** means the Australian government's temporary subsidy scheme for businesses significantly affected by coronavirus (COVID-19) whereby eligible employers can receive the JobKeeper payment.

46. **Key Contracts** means the contracts listed in Schedule 15;

47. **Key Individual** means each of:
   
   23. Linda Brown;
   24. Scott Luckett;
   25. Alwyn Louw;
   26. Jerome Casteigt;
   27. Mark Falvo;
   28. Julie Craig;
   29. Kath Curry;
   30. Paul Brafield; and
   31. Hugo Contente;

48. **Lease** has the meaning given in subparagraph 7.2(d) of Schedule 4;

49. **Leasehold Properties** means the properties listed in Schedule 3 and **Leasehold Property** means any one of them;

50. **LESA** means Laureate Education Services Australia Pty Ltd, further details of which are set out in Schedule 2;

51. **Long Stop Date** has the meaning given in subclause 6.2;

52. **Losses** means losses, costs, damages, liabilities, charges, expenses and penalties;

53. **Management Accounts** means the unaudited management accounts relating to the Group Companies, in each case prepared in accordance with U.S. GAAP, for the 12 months ended on December 31, 2019 and for the six months ended on June 30, 2020, a copy of which has been disclosed in the Data Room at document 2.11.2 and 2.11.10;

54. **Management Projected EBITDA** means the projected EBITDA of the Group set forth in the base case for the calendar years 2020 - 2022 contained at Data Room Document 2.12.4 titled "Project Ocean Update 2020-22";

55. **Material Adverse Change** means any change, event, circumstance or occurrence after the date of this agreement which individually or when aggregated with all such changes, events, circumstances or occurrences after the date of this agreement has resulted or is reasonably likely to result in the CY21 EBITDA Amount being less than A$60,000,000 for any reason (including, for the avoidance of doubt, general economic and market conditions and the impact of the COVID-19 Novel Coronavirus pandemic);

56. **Material Agreement** has the meaning given in subparagraph 6.1 of Schedule 4;
a. MDS means Media Design School, further details of which are set out in Schedule 2;

57. Net Debt means the aggregate net indebtedness of the Group Companies as at the Effective Time (whether or not then presently payable), including interest accrued thereon, being:

32. the aggregate amount of external indebtedness (other than Trade Debts) owing by the Group Companies to any person, including bank debt and the Intra-Group Payables; less

33. the aggregate amount of cash in hand or at bank and cash equivalents, marketable securities held by the Group Companies and the Intra-Group Receivables,

and including (or excluding, as the case may be) those items required to be included (or excluded from, as the case may be) the Net Debt in accordance with Schedule 11 and excluding any item or amount to the extent that it is taken into account in calculating Working Capital. This amount can be a positive or negative number;

a. New Officers means, for each Group Company, any new director, secretary and/or public officer to be appointed in respect of that Group Company on or after Completion;

b. New Zealand Regulatory Authorities means:

34. NZQA; and

35. TEC,

and New Zealand Regulatory Authority shall mean either one of them;

c. New Zealand Regulatory Notifications means, the Seller (or a member of the Seller's Group) having provided a written notification to each of (a) TEC; and (b) NZQA pursuant to the Education (Pastoral Care of International Students) Code of Practice 2016, that, on and from Completion, the Purchaser will Control MDS;

d. NZQA means the New Zealand Qualifications Authority;

e. NZQA Approval means a written approval from the NZQA in respect of the Transaction and the Purchaser's proposed acquisition of the Shares;

f. OIO Approval means the Purchaser obtains a “direction order” under the Overseas Investment Act 2005 in relation to the Transaction, either:

36. on an unconditional basis; or

37. subject only to conditions which the Purchaser, acting reasonably, determines will not have a material adverse effect on the Business (taken as a whole);

g. Other Claim means a Claim which is not a Warranty Claim or a Tax Covenant Claim or a claim under the General Indemnity but includes a Special Claim;

h. Permitted Encumbrance means:

38. any mechanics', workmen's or other like lien; and

39. any retention of title arrangement,

58. arising by operation of law or in the ordinary course of business, unless there is a default in payment of money secured by that lien, charge or arrangement;
59. **PPSA** means the *Personal Property Securities Act 2009* (Cth);

60. **Proprietary Information** means all information held in any form or medium whatsoever which is of a confidential nature and not in the public domain, including but not limited to know-how and trade secrets and specifically including all student data, customer solicitation and advertising lists and data bases of the Group Companies and their agents;

61. **Purchase Price** means:

40. until such time as the Completion Statement is agreed or determined in accordance with Schedule 11, the Estimated Purchase Price; and

41. once the Completion Statement has been agreed or determined in accordance with Schedule 11, the Adjusted Purchase Price;

62. **Purchaser Deal Team Member** means Karl McDonnell, Daniel Jackson and Lizette Herraiz;

63. **Purchaser's Group** means the Purchaser and all its subsidiaries, all companies of which the Purchaser is a subsidiary and all subsidiaries of such companies, but excluding (prior to Completion) and including (after Completion) each Group Company; and **member of the Purchaser's Group** shall be construed accordingly;

64. **Regulatory Authorities** means the Australian Regulatory Authorities and the New Zealand Regulatory Authorities; and **Regulatory Authority** shall mean any one of them;

a. **Related Body Corporate** has the meaning given to that term in the Corporations Act;

b. **Related Party Arrangements** means any agreements (whether on written or unwritten terms) between a Group Company and any member of the Seller’s Group; and **Related Party Arrangement** shall mean any one of them;

65. **Rental Assets** means assets (other than the Leasehold Properties) that are the subject of the Rental Contracts;

66. **Rental Contracts** means all lease, rental, hire purchase, credit sale or similar agreements relating any assets used in conducting the Business to which any Group Company is a party;

67. **Replacement Director** means, in respect of a Group Company included in the table in Schedule 9, each person: (a) specified in the table in Schedule 9 as being a person to be appointed as a director of that Group Company at Completion; or (b) (other than in relation to Blue Mountains International Hotel Management Consulting Shanghai, Co., Ltd.) otherwise notified to the Seller in writing by the Purchaser no later than five Business Days prior to the Completion Date;

68. **Resigning Director** means, in respect of a Group Company included in the table in Schedule 9, each person specified in the table in Schedule 9 as being a director of that Group Company that will resign at Completion;

69. **Sanctioned Person** means a person, vessel or entity that is (i) listed or referred to on, or owned or controlled by a person or entity listed or referred to on, or acting on behalf of a person or entity listed or referred to on, any Sanctions List; (ii) resident or operating in, incorporated under the laws of, or acting on behalf of a person or entity located in or organised under the laws of, any country or territory that is the target of and/or subject to any comprehensive country- or territory-wide Sanctions (including, as at the date of this agreement, Crimea, Cuba, Iran, North Korea and Syria); or (iii) owned or controlled by any of the persons listed in subparagraph (ii) above; or (iv) otherwise a target of Sanctions;
70. **Sanctions** means the economic, trade and financial sanctions laws, trade embargoes, export controls, import controls, regulations, rules and/or restrictive measures administered, enacted or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, any other U.S. government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, the United Kingdom, the jurisdiction of the Purchaser’s incorporation and/or any other government, public, legislative or regulatory authority or body (including but not limited to HM Treasury);

71. **Sanctions List** means the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Consolidated List of Persons and Entities subject to Sanctions maintained by the European Commission or any similar list maintained by, or public announcement of Sanctions designation made by, the United States Department of State or any other U.S. government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, the United Kingdom, the jurisdiction of the Purchaser’s incorporation and/or any other government, public, legislative or regulatory authority or body (including but not limited to HM Treasury);

72. **Securities** means shares, debentures, stocks, bonds, notes, convertible loans, interests in a managed investment scheme, units, warrants, options or derivative instruments, in any Group Company and any other securities which are convertible into shares or units in any Group Company;

a. **Seller Parent Guaranty** means a guarantee by the Seller’s Guarantor of the Special Claims;

73. **Seller’s Group** means the Seller's Guarantor and the subsidiaries of the Seller's Guarantor, but excluding the Group Companies; and **member of the Seller's Group** shall be construed accordingly;

74. **Seller’s Lawyers** means Allen & Overy LLP and Allens;

75. **Seller’s Warranties** has the meaning given in subclause 12.1;

76. **Senior Employees** has the meaning given in subparagraph 11.1(a)(i) of Schedule 4;

77. **Shares** means the issued ordinary shares in the capital of each Target Company as at the date of this agreement, and in addition, any ordinary shares issued in the capital of each Target Company between the date of this agreement and Completion pursuant to the Intercompany Loan Cleanup, together comprising all of the issued share capital in each Target Company at Completion;

78. **Special Claim** means a Special Employment Claim and a Special Tax Claim;

79. **Special Employment Claim** means a claim under subclause 12.5(b);

80. **Special Tax Claim** means a claim under subclause 12.5(a);

81. **Standard Tax Conditions** means the standard and possible additional tax conditions which are in the form or substantially in the form of those published at the time of the no objections notification as Attachment B and Attachment C at https://firb.gov.au/resources/guidance/tax-conditions-gn47/;

a. **Subsequent Adverse Regulatory Event** means either ASQA, TEQSA or NZQA has notified the Purchaser or the Seller in writing after the Completion Satisfaction Date that it has made a binding determination, or indicated that there will be a binding revocation, suspension or change (including imposing any new terms, conditions or requirements) to the Authorisations of a Group
Company given by that Regulatory Authority, which will have a material adverse effect on the Business (taken as a whole);

82. **Subsidiaries** means all the companies mentioned in Schedule 2; and **Subsidiary** means any of them;
   
a. **Surviving Clauses** means clauses 1 and 16 to 27 (except for clause 20; and **Surviving Clause** means any one of them;

83. **Target Companies** means the companies set out in Schedule 1, and **Target Company** means any one of them;
   
a. **Target Working Capital** means the amount of negative A$50,600,000;

84. **Tax, Taxes** or **Taxation** means:

42. any tax or duty, or any levy, charge or withholding of any country or jurisdiction having the character of taxation, wherever chargeable or imposed by any national, state, federal, cantonal, municipal or local government or any other governmental or regulatory authority, body or instrumentality including, but not limited to, tax on gross or net income, profits or gains, taxes on receipts, sales, use, occupation, franchise, transfer, value added and personal property and social security taxes; and

43. any penalty, fine, surcharge, interest, charges or additions to taxation payable in relation to any taxation within paragraph (a);

85. **Tax Covenant Claim** means a claim under Schedule 7 but, for the avoidance of doubt, does not include a Special Tax Claim;

86. **Tax Warranties** means the Seller’s Warranties contained in paragraph 12 of Schedule 4;
   
a. **Taxation Authority** means any taxing or other authority competent to impose, administer or collect any Taxation;
   
b. **TEC** means the New Zealand Tertiary Education Commission;
   
c. **TEQSA** means the Tertiary Education Quality Standards Agency;
   
d. **Third Party Interest** means any:

44. Encumbrance;

45. lease, licence, option, voting arrangement, notation, restriction;

46. interest under any agreement, equity or trust;

47. easement, restrictive covenant, caveat or similar restriction over property; or

48. other right, entitlement or interest of any nature held by a third party;

**Title and Capacity Warranties** means the Seller’s Warranties contained in paragraphs 2 and 3.1 to 3.5 (inclusive) of Schedule 4;

87. **Trade Debts** means amounts owing by way of trade credit in the ordinary course of trading as a result of goods or services supplied by a Group Company to a member of the Seller’s Group or vice versa and which are specifically identified on a schedule in Agreed Form prior to Completion;
88. **Transaction** has the meaning given in Recital (B);

89. **Transaction Documents** means this agreement and the TSA;

90. **TSA** means the transitional services agreement between the Seller's Guarantor and the Purchaser, which is substantially in the form as set out in Schedule 18, to be entered into at Completion in respect of the provision of certain services by the Seller's Group to the Group Companies on and from Completion;

a. **US GAAP** means the generally accepted accounting principles in the United States of America, including standards and interpretation issued or adopted by the Financial Accounting Standards Board;

91. **VAT** means value added tax as provided for in Council Directive 2006/112/EC (or as implemented by a Member State), in the case of Australia, goods and services tax that is the subject of *A New Tax System (Goods and Services Tax) Act 1999* (Cth), in the case of New Zealand goods and services tax that is the subject of the Goods and Services Tax Act 1985, and any other tax of a similar nature (including sales tax or a tax instead of or in addition to value added tax), whether imposed in a Member State, in Australia or elsewhere. For the purposes of this definition **Member State** has the meaning given in Council Directive 2006/112/EC;

a. **VDD Reports** means:

49. the financial vendor due diligence report titled Project Ocean produced by Ernst & Young dated 20 December 2019 and updated 21 February 2020;

50. the financial vendor due diligence report volume 2 titled Project Ocean produced by Ernst & Young dated 31 January 2020;

51. the financial vendor due diligence report volume 3 titled Project Ocean produced by Ernst & Young dated 21 February 2020;

52. the tax vendor due diligence report titled Project Ocean produced by Ernst & Young dated 13 December 2019; and

53. the legal vendor due diligence report titled Project Ocean produced by Allens and DLA Piper New Zealand dated 17 January 2020;

b. **Warranty Claim** means a claim for Breach;

92. **Working Capital** means the aggregate working capital of the Group Companies as at the Effective Time, being:

54. accounts receivable including amounts due from trade debtors, other accounts receivable and Trade Debts receivable; **plus**

55. Restricted Cash (as that term is defined in subclause 2.3 of Schedule 11);

56. other assets, other receivables, security deposits, prepaid expenses, deferred commissions and other current assets (including deposits for higher education licences); **less**

57. trade accounts payable (including Trade Debts payable); **less**

58. deferred revenue and student deposits; **less**
59. the net GST position, fringe benefits tax, payroll tax, PAYG withholding balances and other Tax liabilities of any Group Company, however, any income tax payable or receivable and non-resident withholding tax payable shall be excluded from the calculation of the Working Capital and included in the calculation of the Net Debt; less

60. other liabilities, including deferred opening fees and other deferred income, accrued expenses, accrued compensation, payroll withholding payable and other current liabilities,

a. and including (or excluding, as the case may be) those items required to be included in (or excluded from, as the case may be) the Working Capital in accordance with Schedule 11 and excluding any item or amount to the extent that it is taken into account in calculating Net Debt. For clarity, Working Capital shall exclude, without limitation, operating and capital lease liabilities, intercompany balances, vendor transaction fees and expenses, transaction bonus obligations, asset retirement obligations, current accrued long service leave, cash held in China, accrued interest, and deferred Taxes. This amount can be a positive or negative number;

93. **W&I Insurance Policy** means the warranty and indemnity insurance policy which may, at the Purchaser’s sole discretion, be entered into between the Purchaser and the W&I Insurer in relation to this agreement prior to the Completion Date;

94. **W&I Insurance Policy Premium** means the actual premium and any other amounts required to be paid by the Purchaser under or in connection with the W&I Insurance Policy; and

a. **W&I Insurer** means AIG Australia Limited (ABN 93 004 727 753) and Liberty Global Transaction Solutions, a trading name of Liberty Mutual Insurance Company, Australia Branch (ABN 61 086 083 605) incorporated in Massachusetts, USA (the liability of members is limited).

b. In this agreement, unless the contrary intention appears, a reference to a clause, subclause or Schedule is a reference to a clause, subclause or schedule of or to this agreement. The Schedules form part of this agreement.

c. The headings in this agreement do not affect its interpretation.

d. In this agreement any reference, express or implied, to an enactment (which includes any legislation in any jurisdiction) includes:

61. that enactment as amended, extended or applied by or under any other enactment (before or after signature of this agreement);

62. any enactment which that enactment reenacts (with or without modification); and

63. any subordinate legislation made (before or after signature of this agreement) under that enactment, including (where applicable) that enactment as amended, extended or applied as described in subparagraph (a), or under any enactment which it re-enacts as described in subparagraph (b),

except to the extent that any legislation or subordinate legislation made or enacted after the date of this agreement would create or increase the liability of the Seller under this agreement.

e. Except as otherwise expressly provided in this agreement, any provision of this agreement which requires a party to use reasonable endeavours or all reasonable endeavours, or to take all steps reasonably necessary, to procure that something is performed or occurs, does not impose any obligation to:

64. commence any legal action or proceeding against any person;
65. procure absolutely that that thing is done or happens;
66. incur a material expense, except where that provision expressly specifies otherwise; or
67. accept any undertakings or conditions required by any third party if those undertakings or conditions, in the reasonable opinion of the party required to give such undertakings or satisfy such conditions, are materially adverse to its commercial interests or fundamentally or materially alter the basis on which it originally agreed to the transaction the subject of this agreement.

f. In this agreement:

68. words denoting persons include bodies corporate and unincorporated associations of persons;
69. references to an individual or a natural person include his estate and personal representatives;
70. subject to clause 21, references to a party to this agreement include the successors or assigns (immediate or otherwise) of that party;
71. a reference to any instrument or document (including this agreement) includes any variation or replacement of it;
72. the words including and include shall mean including without limitation and include without limitation, respectively;
73. the phrases to the extent and to the extent that are used to indicate an element of degree and are not synonymous with the word “if”;
74. any reference importing a gender includes the other genders;
75. any reference to A$ or AUD is to Australian currency;
76. any reference to NZ$ or NZD is to New Zealand currency;
77. any reference to US$ or USD is to United States dollars;
78. any reference to shares or share capital includes, when used in respect of a Group Company established or registered in China, interests in its registered capital; and
79. any reference to a document (including to this agreement) is to that document as amended, varied or novated from time to time otherwise than in breach of this agreement or that document.

g. For the purposes of this agreement, a company is a subsidiary of another company, its holding company, if that other company:

80. holds a majority of the voting rights in it; or
81. has the right, either alone or pursuant to an agreement with other shareholders or members, to appoint or remove a majority of its management board or its supervisory board (if any); or
82. is a shareholder or member of it and controls alone or together with other persons, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it,
or if it is a subsidiary of a company which is itself, directly or indirectly, a subsidiary of that other company.

h. For the purposes of this agreement, a company is a **wholly-owned subsidiary** of another company if it has no members except that other and that other's wholly-owned subsidiaries or persons acting on behalf of that other or its wholly-owned subsidiaries.

i. Unless otherwise specifically envisaged in this agreement, if any amount denominated in any currency is subject to conversion for the purposes of this agreement (either for payment or for calculation) into another currency, such conversion shall be carried out at the Exchange Rate.

j. General words used in this agreement shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

k. The parties have participated jointly in the negotiation and drafting of this agreement. In the event that 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 favouring or disfavouring any party by virtue of the authorship of any provisions of this agreement.

95. **Sale and Purchase of the Shares**

   a. The Seller is the owner of all of the Shares. Subject to the Conditions being satisfied or waived in accordance with this agreement, on Completion the Seller shall sell and the Purchaser shall purchase all of the Shares.

   b. Neither the Seller nor the Purchaser shall be obliged to complete the sale and purchase of any of the Shares unless the sale and purchase of all of the Shares is completed simultaneously in accordance with this agreement.

96. **Purchase Price and Adjustments for Cy21 EBITDA Amount, Net Debt and Target Working Capital**

   a. The purchase price for the Shares shall be the aggregate of:

   83. USD$642,690,000 (the **Bid Amount**);

   84. less the Estimated Net Debt (if positive) or **plus** the Estimated Net Debt (if negative, i.e. the Group Companies, as a whole, are in a net cash position);

   85. **plus** (if positive) or **minus** (if negative) the Estimated Working Capital Adjustment;

   86. **less** the Estimated CY21 EBITDA Adjustment Amount,

   (the **Estimated Purchase Price**), subject to adjustment as provided in this clause 3. The Estimated Purchase Price shall be allocated between the Target Companies as agreed between the parties, each acting reasonably.

   b. The Estimated Purchase Price shall be payable by the Purchaser to the Seller at Completion in accordance with subclause 8.5(a)(i), provided that if following the steps in subclauses 4.1(a) and 4.1(b):

   87. the Purchaser disagrees with the Seller's calculation of the Estimated CY21 EBITDA Adjustment Amount; and
88. the Seller's calculation and the Purchaser's calculation of the Estimated CY21 EBITDA Adjustment Amount are each amounts of A$60,000,000 or more but less than A$68,000,000, then the Estimated CY21 EBITDA Adjustment Amount will be the mid-point of the differing calculations of the parties and Completion shall occur on the basis of such mid-point calculation, with post-Completion resolution of such calculation difference. The amount which is the difference between the Seller's calculation and the Purchaser's calculation of the Estimated CY21 EBITDA Adjustment Amount multiplied by the amount of 12.5 shall be the “Escrow Amount” and each party shall deposit one half of such Escrow Amount with a mutually agreed independent third party financial institution acting as escrow agent (“Escrow Agent”) to be held in escrow by such Escrow Agent pending resolution by the parties of such calculation Dispute in accordance with clause 26, with such Escrow Amount to be released and dealt with between the parties on the basis of the adjustment in either subclause 3.3(e) or 3.3(f). For the avoidance of doubt, the remaining balance (if any) of the Escrow Amount that is not required to be released to a party in accordance with the provision above must be released to the party that deposited that amount.

c. The amount of the Estimated Purchase Price shall be adjusted upon the Completion Statement being agreed or determined in accordance with Schedule 11 as follows (the Estimated Purchase Price, as so adjusted, being the Adjusted Purchase Price):

89. if the Actual Net Debt exceeds the Estimated Net Debt, it shall be reduced by the amount by which the Actual Net Debt exceeds the Estimated Net Debt;

90. if the Actual Net Debt is less than the Estimated Net Debt, it shall be increased by the amount by which the Actual Net Debt is less than the Estimated Net Debt;

91. if the Actual Working Capital is less than the Estimated Working Capital, it shall be reduced by the amount by which the Actual Working Capital is less than the Estimated Working Capital;

92. if the Actual Working Capital exceeds the Estimated Working Capital, it shall be increased by the amount by which the Actual Working Capital exceeds the Estimated Working Capital;

93. if the Actual CY21 EBITDA Adjustment Amount exceeds the Estimated CY21 EBITDA Adjustment Amount, it shall be reduced by the amount by which the Actual CY21 EBITDA Adjustment Amount exceeds the Estimated CY21 EBITDA Adjustment Amount (the "EBITDA Difference"), provided at all times that, unless otherwise agreed, the maximum of the EBITDA Difference will be A$150,000,000; and

94. if the Actual CY21 EBITDA Adjustment Amount is less than the Estimated CY21 EBITDA Adjustment Amount, it shall be increased by the amount by which the Actual CY21 EBITDA Adjustment Amount is less than the Estimated CY21 EBITDA Adjustment Amount.

d. If:

95. the Adjusted Purchase Price exceeds the Estimated Purchase Price, the Purchaser shall make a payment to the Seller of a sum equal to that excess; or

96. the Estimated Purchase Price exceeds the Adjusted Purchase Price, the Seller shall make a payment to the Purchaser of a sum equal to that excess.
e. Any such payment shall be made within five Business Days following the day on which the Completion Statement is agreed or determined in accordance with Schedule 11 and in accordance with the allocation contemplated in clause 3.1.

1. Calculation concurrence

a. In connection with the Estimated CY21 EBITDA Amount (in this clause 4.2, the EBITDA Calculation):

97. at least five Business Days prior to the date on which the EBITDA Calculation is required to be delivered to the Purchaser in relation to the Estimated CY21 EBITDA Amount in the Indebtedness and EBITDA Schedule in accordance with clause 8.2 (EBITDA Delivery Date), the Seller, acting reasonably, must provide the Purchaser with the EBITDA Calculation and all associated working papers in sufficient detail for the Purchaser to reasonably assess the accuracy of the calculation (together, the EBITDA Material);

98. by no later than four Business Day after the EBITDA Delivery Date, the Purchaser must notify the Seller if it agrees or disagrees with the EBITDA Calculation or if it believes, acting reasonably, the EBITDA Calculation was not calculated consistently with subclause 2.15 of Schedule 11 or the EBITDA Material was not sufficient;

99. if the Purchaser has not notified the Seller by no later than four Business Days after the EBITDA Delivery Date as to whether it agrees or disagrees with the EBITDA Calculation or if it believes, acting reasonably, the EBITDA Calculation was not calculated consistently with subclause 2.15 of Schedule 11 or the EBITDA Material was not sufficient, then the Purchaser will be deemed to have accepted the EBITDA Calculation provided by the Seller on the EBITDA Delivery Date; and

100. if on the EBITDA Delivery Date the Purchaser and the Seller, each acting reasonably, have not agreed on the EBITDA Calculation, the Chief Executive Officer of each party's parent company must, as soon as reasonably practicable, meet and use their best efforts to agree on the EBITDA Calculation.

b. The parties acknowledge and agree that clauses 4.1, 4.3 and 4.4 shall apply, mutatis mutandis, to any EBITDA-related calculation for the purposes of this agreement, save that the EBITDA Material for the purposes of paragraph 1 of Schedule 11 shall be delivered as part of the draft Completion Statement.

c. Subject to clause 4.4, if the parties, acting reasonably, cannot agree on the EBITDA Calculation after following the process set out in subclause 4.1 above, such EBITDA Calculation will be a Dispute for the purposes of this Agreement and clause 26 shall apply.

d. Notwithstanding clause 4.2, if the parties disagreement on the EBITDA Calculation is in connection with the Seller's calculation or the Purchaser's calculation of the Estimated CY21 EBITDA Adjustment Amount, where each amount is A$60,000,000 or more, then Completion shall proceed in accordance with the terms of this agreement, including the depositing of the Escrow Amount (if required) in accordance with clause 3.2, and the Dispute determined post-Completion unless otherwise resolved between the parties.

e. Notwithstanding any other provision of this agreement, if in accordance with the Calculation Concurrence in this clause 4:

101. either party, acting reasonably, believes CY21 EBITDA Amount is less than A$60,000,000; and
102. the other party, acting reasonably, does not agree,

Completion shall not take place unless and until:

103. the parties have agreed in writing that the CY21 EBITDA Amount is not less than A$60,000,000; or

104. the final outcome of the dispute resolution process in clause 26 determines that the CY21 EBITDA Amount is not less than A$60,000,000,

and, if applicable, the parties will use their best endeavours to effect Completion as soon as reasonably practicable after such agreement or outcome.

2. Australian Tax Withholding from Purchase Price

The Seller warrants and declares for the purposes of section 14-225 of Schedule 1 of the Taxation Administration Act 1953 (Cth) that, as at the date of this agreement and at Completion, the Shares are not indirect Australian real property interests as defined in section 855-25 of the Income Tax Assessment Act 1997 (Cth). This warranty and declaration is made as at the date of this agreement and as at the time immediately before Completion.

3. Conditions Precedent

a. The Transaction is conditional on the satisfaction or waiver in accordance with this agreement of the following conditions (the Conditions):

105. the FIRB Approval;

106. the OIO Approval;

107. the NZQA Approval;

108. there having been no Adverse Regulatory Event prior to the satisfaction or waiver in accordance with this agreement of the Conditions in subclauses 6.1(a) to 6.1(c) and 6.1(e) and there having been no Subsequent Adverse Regulatory Event in the period commencing on the Condition Satisfaction Date and ending at 5:00pm (Sydney time) the day immediately before Completion;

109. the Purchaser obtains consents or approvals from relevant third parties to the transaction contemplated by this agreement in accordance with the terms of each Lease, either on an unconditional basis, or subject only to conditions acceptable to the Purchaser acting reasonably; and

110. there having been no Material Adverse Change in the period commencing on the date of this agreement and ending at 5:00pm (Sydney time) the day immediately before Completion.

b. Each of the Seller and the Purchaser must use its best endeavours to procure that the Conditions in clause 6.1 are satisfied as soon as possible and (in any event) before the date which is nine months after the date of this agreement (the Long Stop Date), including in each case by offering, accepting and agreeing to (or in the case of the Conditions in subclauses 6.1(a) to 6.1(c) and 6.1(d) procuring that the relevant Group Company offers, accepts and/or agrees to) any reasonable and customary conditions, obligations, undertakings, assurances and/or guarantees required by a Regulatory Authority to satisfy a Condition. If any Condition has not been satisfied or waived in accordance with this agreement on or before the date that is 5 Business Days before the Long Stop Date, and the reason for such Condition not being satisfied by the Long Stop Date is due to the relevant Regulatory Authority or the Australian Treasurer not having completed its review in relation to the relevant
consent or approval sought, or a third party consent or approval under subclause 6.1(e) has not been obtained, in case other than as a result of the Purchaser breaching its obligations under subclauses 6.3 or 7.4, the Long Stop Date will be automatically extended by 30 Business Days and that will be the new Long Stop Date.

c. Without prejudice to subclause 6.2:

111. the Purchaser must lodge the FIRB Notification within five Business Days following the date of this agreement;

112. the Purchaser must lodge the application for the OIO Approval within five Business Days following the date of this agreement;

113. the Seller and the Purchaser shall together agree and determine the strategy for obtaining the NZQA Approval;

114. the Seller and the Purchaser shall co-operate to ensure that a member of the Seller’s Group or the relevant Group Company, as applicable, submits complete and accurate filings to the NZQA in respect of the NZQA Approval, in each case within five Business Days following the date of this agreement;

115. the Seller and the Purchaser shall use their respective best endeavours to avoid any filings, submissions or applications being declared incomplete by any Regulatory Authority and to avoid the suspension of any review periods of any of the Regulatory Authorities;

116. neither the Seller nor the Purchaser shall withdraw a filing, submission or application or substantially complete draft filings, submissions or applications made to any Regulatory Authority without the prior approval of the other;

117. the Seller and the Purchaser shall promptly notify each other of any communication (whether written or oral) from a Regulatory Authority or any other third party (other than advisors) whose involvement is necessary to satisfy a Condition;

118. the Seller and the Purchaser shall give the other reasonable notice of all meetings and telephone calls with a Regulatory Authority, the Australian Treasurer and/or the Commonwealth Government in relation to the Transaction, the NZQA Approval, the Australian Regulatory Notifications, the FIRB Approval and/or the OIO Approval and give each other a reasonable opportunity to participate in them and, if either the Seller or the Purchaser does not so participate and requests to be provided with a written summary of any material information arising out of or any material communication made in connection with such meeting or telephone call, the party that was present shall provide the same to it as soon as reasonably possible thereafter;

119. the Seller and the Purchaser shall provide each other with drafts of all written communications intended to be sent to a Regulatory Authority, the Australian Treasurer and/or the Commonwealth Government in relation to the Transaction, the NZQA Approval, the Australian Regulatory Notifications, the FIRB Approval and/or the OIO Approval, give each other a reasonable opportunity to comment on them and incorporate all reasonable comments, not send such communications without the prior approval of each other (such approval not to be unreasonably withheld or delayed) and provide each other with final copies of all such communications;

120. without prejudice to the above, the Seller and the Purchaser shall keep each other reasonably informed as to progress towards satisfaction of each Condition;
121. the Purchaser:

iv. shall offer, accept and agree to, and shall procure that each member of the Purchaser's Group shall offer, accept and agree to; and

v. acknowledges and agrees that a member of the Seller’s Group or relevant Group Company, as applicable, shall offer, accept and agree to,

any customary and reasonable conditions, obligations, undertakings and/or modifications and take all such other customary and reasonable steps which are necessary to obtain, as applicable, the NZQA Approval, the FIRB Approval or the OIO Approval; and

122. the Purchaser shall not do any act or thing, and shall procure that no other member of the Purchaser’s Group does any act or thing, except in accordance with the terms of this agreement, that impedes or delayed the satisfaction of the Conditions by no later than the Long Stop Date.

d. The Seller and the Purchaser may waive the Condition imposed in subclause 6.1(c), either in whole or in part, by agreement in writing. The Conditions imposed in subclauses 6.1(d) and 6.1(e) are for the benefit of the Purchaser and the Purchaser may in its absolute discretion waive all or any of these Conditions by notice to the Seller on or before Completion. The Condition imposed in subclause 6.1(f) is for the benefit of both the Seller and the Purchaser and either the Seller or the Purchaser may in its absolute discretion waive the Condition by notice to the other party on or before Completion. None of the Conditions may otherwise be waived by either party.

e. The parties shall give notice to each other of the satisfaction of a Condition as soon as reasonably practicable and, in any event, within two Business Days of becoming aware of the same. The Purchaser shall disclose, by notice to the Seller, anything that will or may prevent a Condition from being satisfied by the Long Stop Date or may materially delay a Condition from being satisfied, immediately upon it coming to the Purchaser’s attention, including any statement from NZQA or the Australian Treasurer that it intends to withhold its approval of, or raise an objection to, or impose a condition on or following, the acquisition of the Shares by the Purchaser.

f. If the Conditions are not satisfied or waived in accordance with this agreement on or before 5 pm (Sydney time) on the Long Stop Date or become incapable of satisfaction before the Long Stop Date either the Seller or the Purchaser may, subject to subclause 6.7, serve notice on the other terminating this agreement and in that event:

123. except for this subclause and the Surviving Clauses, all the provisions of this agreement shall lapse and cease to have effect; but

124. neither the lapsing of those provisions nor their ceasing to have effect shall affect any accrued rights or liabilities of any party in respect of damages for non-performance of any obligation under this agreement falling due for performance prior to such lapse and cessation.

g. The Purchaser may not terminate this agreement under subclause 6.6 if any Condition has not been satisfied, or is incapable of being satisfied, or there is an occurrence that will prevent such Condition being satisfied by the time specified in subclause 6.6, as a result of:

125. the Purchaser not complying with this clause 6; or

126. an act or omission by the Purchaser or any member of the Purchaser’s Group which, except in accordance with the terms of this agreement, either alone or together with other
circumstances, prevents the relevant Condition being satisfied or being capable of being satisfied.

4. **Pre-Completion**

   **Pre-Completion notifications**

   a. Subject to subclause 7.3, prior to Completion, the Seller shall (or shall procure that a member of the Seller’s Group or the relevant Group Company, as applicable, shall), promptly following execution of this agreement, make (and does not withdraw):

      127. each of the Australian Regulatory Notifications to the relevant Australian Regulatory Authority; and

      128. each of the New Zealand Regulatory Notifications to the relevant New Zealand Regulatory Authority.

   b. The Seller and the Purchaser:

      129. must together agree and determine the strategy for making each of the Australian Regulatory Notifications and the New Zealand Regulatory Notifications;

      130. must promptly notify each other of any communication (whether written or oral) from a Regulatory Authority or any other third party, in each case relating to the Australian Regulatory Notifications or the New Zealand Regulatory Notifications; and

      131. must promptly supply all necessary and appropriate information for the purposes of enabling the Seller or the relevant member of the Seller’s Group or Group Company (as applicable) to make the Australian Regulatory Notifications and the New Zealand Regulatory Notifications.

   c. To the extent that any notification under subclause 7.1 is not accepted or otherwise deemed to be ineffective by the relevant Regulatory Authority, a party may request, and the other party must promptly provide, any additional information for the purposes of allowing the Seller or the relevant member of the Seller’s Group or Group Company (as applicable) to rectify or otherwise resubmit the relevant notification.

   d. Pending Completion:

      132. in relation to any Lease or Key Contract that contains a change of control (or equivalent) provision that would entitle the relevant landlord or counterparty to terminate the Lease or Key Contract upon Completion or would otherwise cause a Group Company to be in material breach of the Lease or Key Contract on Completion, in each case unless the written consent of the relevant landlord or counterparty is obtained (a **CoC Consent**), the Seller shall use commercially reasonable endeavours, at the Purchaser’s sole cost and upon the Purchaser’s written request, to cooperate and to perform and cause the applicable Group Companies to cooperate and perform all actions reasonably required from a commercial standpoint by the Purchaser to:

      vi. notify the relevant landlord or counterparty of the Transaction; and

      vii. obtain the requisite CoC Consent in accordance with the terms of the Lease or Key Contract,

      provided that nothing in this subclause shall require such cooperation or performance of actions to the extent it will:
viii. materially and unreasonably interfere with the business or operations of any Group Company;

ix. require any Group Company to take any action that is prohibited by or will violate any such Group Company’s constitutional documents or any laws;

x. require any Group Company to pay any fee to the counterparty or provide any indemnity in relation to the CoC Consent, except if the Purchaser agrees to such arrangements (including payment) on the basis that they apply on and from Completion;

xi. require any Group Company to commence litigation against a counterparty for the purpose of obtaining the CoC Consent; or

xii. which is otherwise commercially onerous or detrimental to the Seller; and

133. the Seller undertakes and agrees to cooperate and work together with the Purchaser in good faith, in relation to the continuity of the contractual arrangements with each of Blackboard, Inc. or a Blackboard, Inc. local entity (Blackboard) and Ellucian Company LP or a Ellucian Company LP local entity (Ellucian), and if required by the Purchasers, use all reasonable endeavours to assist with procuring Information Technology contracts between each of Blackboard and Ellucian and a relevant Group Company.

Pre-Completion covenants

e. From the date of this agreement and pending Completion, the Seller shall, to the extent that it is reasonable and legally able, procure that, subject to subclause 7.9 below:

134. each Group Company shall:

xiii. carry on business in the ordinary course, it being acknowledged by the Purchaser that the general economic and market conditions and business operating environment has been, and may further be impacted by, the COVID-19 Novel Coronavirus pandemic; and

xiv. not exercise any termination rights and comply with the terms of all Leases, Authorisations and Key Contracts; and

135. no Group Company shall:

 xv. incur any capital expenditure exceeding AUD 4,000,000, with the exception of expenditure in the ordinary and usual course of its business or within the budget of the then current financial year which has been provided to the Purchaser; or

xvi. dispose of, or create any Encumbrance over, any material part of its Assets, provided that security deposit amounts can be released and replaced with bank guarantees or letters of credit; or

xvii. acquire or dispose of any share, shares or other interest in any company or partnership; or

xviii. borrow any money, except: (A) borrowings and re-borrowings from its bankers under existing facilities; or (B) borrowings from members of the Seller’s Group or another Group Company, provided that any loan from the Seller’s Group is repaid in full on or prior to Completion; or
xix. make any loans exceeding, in aggregate, AUD 8,000,000, except loans to members of the Seller’s Group or another Group Company, provided that any loan to the Seller's Group is repaid in full on or prior to Completion; or

xx. declare, make or pay any dividend or other distribution, except cash dividends or dividends or distributions to the extent cash is held in China or is required to use available New Zealand imputation credits; or

xxi. terminate (except for cause) the employment of, or make any material change in the terms and conditions of employment of, any Senior Employee or engage any new permanent employee with total annual remuneration in excess of AUD 120,000 except in accordance with current personnel practices or in the ordinary course of business; or

xxii. make or agree to any new collective or enterprise bargaining agreement; or

xxiii. create, issue, purchase or redeem any shares; or

xxiv. make any change to its constitutional documents; or

xxv. permit any of its material insurance to lapse; or

xxvi. change in any material respect its accounting procedures, principles or practices; or

xxvii. enter into any licences or agreements in relation to the Intellectual Property Rights; or

xxviii. vary or terminate, or exercise an option to extend, any Lease except with the Purchaser’s consent, which shall not be unreasonably withheld or delayed; or

xxix. vary or terminate any Material Agreement or, unless undertaken in the ordinary and usual course of business, change a course or education service delivered by a Group Company; or

xxx. undertake any action which would require notification to, or trigger an audit or review by, a Regulatory Authority unless required to do so by a Regulatory Authority or in accordance with any Authorisation; or

xxxi. agree, conditionally or otherwise, to do any of the foregoing.

f. The Seller shall use its best efforts to assist the Purchaser before Completion to prepare all Audited Statements of the Group Companies for the past 3 fiscal years (2017, 2018 & 2019 or 2020, if applicable). Seller shall use best efforts to assist the Purchaser to prepare unaudited statements in accordance with US GAAP by Completion for the stub period ending on the Month end Completion Date. All such statements shall be prepared and provided at the Purchaser's expense.

g. The Seller shall use its best efforts to procure that each Key Individual (other than Linda Brown and Scott Luckett) agrees to and duly executes an employment agreement in Agreed Form.

h. The Seller shall use its best efforts to procure Blue Mountains Suzhou Branch to apply for removal from the List of Enterprises with Abnormal Operations maintained by the State Administration of Industry and Commerce by filing its annual report with the local company registration authority.

Exceptions
i. The Seller may do and/or procure that a Group Company does any of the matters in the preceding subclause with the prior consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed), including a deemed consent pursuant to subclause 7.10, or without such consent:

136. if reasonably undertaken in an emergency or disaster situation; or
137. to comply with any legal or regulatory requirements; or
138. if required to give effect to, or permitted or contemplated by, the terms of any of the Transaction Documents; or
139. if undertaken to give effect to the Intercompany Loan Cleanup; or
140. if required to be done or not done to comply with any transaction, commitment or arrangement existing as at or before the date of this agreement; or
141. if Fairly Disclosed in the Data Room; or
142. if requested by the Purchaser in writing.

j. A request for the Purchaser's consent under subclause 7.5 (as referred to in subclause 7.9) may be sent by e-mail to the Purchaser at:

Name: Daniel Jackson and Lizette Herraiz

E-mail: 

The Purchaser must, within three Business Days of receiving a request for written consent under subclause 7.5, either give such consent or inform the Seller that its request has been refused (giving reasonable details of the grounds for refusal). Such consent or refusal of consent may be given by e-mail. If the Purchaser's consent or refusal to consent is not received by the Seller within the period specified above the Purchaser shall be deemed to have consented to the taking of the relevant action.

Access Rights

k. Pending Completion, the Seller shall, and shall procure that the Group Companies shall, allow the Purchaser and its agents, upon reasonable notice and at the Purchaser’s cost, reasonable access to the books and records of the Group Companies in each case to the extent reasonably required to facilitate the integration of the Group into the Purchaser’s Group following Completion, provided that:
(a) the obligations of the Seller under this subclause shall not extend to allowing access to information which is commercially sensitive information of a Group Company if such information cannot be shared with the Purchaser prior to Completion in compliance with applicable law; (b) the above shall not give the Purchaser or its agents any right to give instructions or otherwise interfere with the management and conduct of any Group Company; (c) the access will not, in the reasonable opinion of the Seller, interfere with the conduct of the Business; and (d) the Purchaser and each of its agents comply with the Seller's reasonable requirements and directions in relation to that access. The Purchaser's access rights under this subclause 7.11 are at its sole risk.

Pre-Completion notices

l. At least fifteen Business Days before the Completion Date, the Seller must give the Purchaser notice of each bank or other financial institution with which a Group Company has an account or safety deposit box, together with:

143. details of the accounts and safety deposit boxes; and
144. the names of all persons authorised to draw on or have access to them.

m. At least ten Business Day before the Completion Date the Purchaser must give the Seller notice of:

145. the New Officers; and

146. the names of:

xxxii. the persons whose authority to draw on or have access to the accounts and safety deposit boxes referred to in clause 7.12 is to be revoked; and

xxxiii. the new persons that are to be authorised to draw on or have access to them,

in each case effective on and from Completion.

5. Completion

a. Completion of the sale and purchase of the Shares in accordance with this agreement (the Completion) shall take place at the offices of the Seller’s Lawyers in Sydney (or at such other place as the Seller and the Purchaser may agree in writing) on the Completion Date.

b. As soon as reasonably practicable (and in any event within five Business Days) following the Condition Satisfaction Date, the Seller shall provide the Purchaser with a schedule (the Indebtedness and EBITDA Schedule) setting out the following:

147. the Estimated Purchase Price;

148. the Estimated CY21 EBITDA Amount;

149. the Estimated CY21 EBITDA Adjustment Amount;

150. the Estimated Net Debt;

151. the Estimated Intra-Group Payables;

152. the Estimated Intra-Group Receivables;

153. the Estimated Working Capital; and

154. the Estimated Working Capital Adjustment.

c. If Completion is deferred beyond the intended Completion Date in accordance with the terms of this agreement and the Indebtedness and EBITDA Schedule has been provided by the Seller to the Purchaser prior to such deferral occurring, the Seller may provide a revised Indebtedness and EBITDA Schedule to the Purchaser in accordance with subclause 8.2 and the Indebtedness and EBITDA Schedule previously provided shall cease to apply for all purposes.

d. At Completion the Seller and the Purchaser shall do or procure the performance of all actions respectively required of them under this clause 8 and Schedule 8.

e. At Completion:

155. the Purchaser shall:

xxxiv. pay or procure payment to the Seller of:
(a) the Estimated Purchase Price; and
(b) the Estimated Intra-Group Payables (the payment of the Estimated Intra-Group Payables to be made as contemplated in subclause 11.1);

xxxv. execute and deliver the share transfers of the Shares;

xxxvi. deliver to the Seller a certified copy of the W&I Insurance Policy manuscript, schedule and appendices and a certified copy of each 'no claims declaration' provided to the W&I Insurer; and

xxxvii. deliver to the Seller a certified copy of any power of attorney under which any of the Transaction Documents have been signed by the Purchaser or the Purchaser’s Guarantor;

xxxviii. if applicable, deliver to the Escrow Agent one half of the Escrow Amount; and

156. the Seller shall do or procure the performance of the following actions:

xxxix. pay or procure payment to the Purchaser of the Estimated Intra-Group Receivables (the payment of the Estimated Intra-Group Receivables to be made as contemplated by subclause 11.3);

xl. deliver to the Purchaser transfers of the Shares duly executed by the Seller in favour of the Purchaser (and in registrable form in respect of LEI New Zealand) together with the original share certificates for the Shares and, in respect of LEI New Zealand, together with a certificate from a director of LEI New Zealand certifying that no share certificates have been issued for those shares;

xli. deliver or procure the delivery to the Purchaser of:

(c) any employment agreements duly executed by a Key Individual (other than Linda Brown and Scott Luckett) under subclause 7.7;

(d) duly executed resignation letters, in the Agreed Form and effective on Completion, for each director (including the Resigning Directors), company secretary and public officer of each Group Company;

(e) the TSA in Agreed Form duly executed on behalf of Laureate Education, Inc. and LESA;

(f) copies of all consents and approvals that have been obtained in accordance with clauses 6 and 7 of this agreement;

(g) evidence satisfactory to the Purchaser of the release of each Encumbrance and any Permitted Encumbrances over the Shares and Encumbrances (other than Permitted Encumbrances and Encumbrances under or in connection with the Key Contracts at items 1 and 2 of Schedule 15 or Encumbrances under or in connection with bank guarantees or letters of credit put in place in accordance with clause 7.5(b)(ii)) over the Assets and shares of the Company's subsidiaries;

(h) all available copies of the Constitution and any other constituent documents;

(i) the common seal and duplicate seals;
(j) the Books and Records including all statutory registers (duly written up to, but not including, Completion);  
(k) the certificates of incorporation; and  
(l) evidence satisfactory to the Purchaser (acting reasonably) of website screenshots confirming title is held by a Group Company for the Intellectual Property Rights listed in Schedule 16 or in the schedules to the TSA.

xlii. cause to be held a meeting of the directors of each Target Company at which resolutions are passed approving, subject to the payment of stamp duty (if any):  
(m) the registration of the transfers of the Shares to the Purchaser;  
(n) the cancellation of the existing share certificates for the Shares and the issue of a new share certificates for the Shares in favour of the Purchaser;  
in each case with effect on and from Completion, and deliver to the Purchaser a copy of the minutes of each meeting; and  

xliii. cause to be held a meeting of the directors of each Group Company at which resolutions are passed approving, subject to the payment of stamp duty (if any):  
(o) the resignation of each director, secretary and public officer of that Target Company;  
(p) the appointment of the New Officers who have delivered a consent to act; and  
(q) the appointment of new authorities to operate the Group Company's accounts and safety deposit boxes and the revocation of existing authorities to operate those accounts and safety deposit boxes, as notified under clause 7.13(b),  
in each case with effect on and from Completion, and deliver to the Purchaser a copy of the minutes of each meeting; and  

(vi) if applicable, deliver to the Escrow Agent one half of the Escrow Amount.

f. No party shall be obliged to complete the sale and purchase of the Shares unless all of the obligations of the respective parties which are to be performed on Completion are performed on the same date and in accordance with the terms of this agreement. The Purchaser (in the case of a default by the Seller) or the Seller (in the case of a default by the Purchaser) shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the Seller or the Purchaser, as the case may be:

157. to fix a new date for Completion (being not more than ten Business Days after the Completion Date) (and the provisions of this clause 8 shall apply to Completion as so deferred, provided that such deferral can only occur once); or  

158. to effect Completion, as far as practicable, having regard to the defaults which have occurred.

g. Subject to Completion having first been deferred for a period of up to ten Business Days under subclause 8.6(a) and the parties having used reasonable endeavours to effect Completion during that period, the Purchaser (in the case of a default by the Seller) or the Seller (in the case of a default by
the Purchaser) shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by written notice to the Purchaser or the Seller, as the case may be, to terminate this agreement (other than the Surviving Clauses). If for any reason Completion does not occur any action taken shall be deemed not to have occurred and the parties shall take all action necessary to restore them to their respective positions prior to such actions being taken.

h. This clause 8 is subject to clause 4.5.

6. **Post-Completion Covenants**

a. As soon as reasonably practicable (and, in any event, within 30 days) after Completion, the Purchaser shall procure that the name of any Group Company whose name includes the letters “LEI” or the word “Laureate”, as applicable, is changed so that it no longer contains the letters “LEI” or the word “Laureate” and shall provide evidence to the Seller that each of LEI Higher Education Holdings Pty Ltd, LEI New Zealand, LEI Australia Holdings Pty Ltd, LEI Australia Education, Pty Ltd and Laureate Education Services Australia Pty Ltd has so changed its name.

b. As soon as reasonably practicable (and, in any event, within six months) after Completion, the Purchaser shall procure that no Group Company:

159. uses or displays (including on or in its business stationery, documents, signs, promotional materials or website) any name, mark or logo which is the same as or similar to, or is likely to be confused or associated with, any name, mark or logo of a member of the Seller’s Group; or

160. otherwise represents that the Seller or any other member of the Seller’s Group retains any connection with any of the Group Companies.

c. Without limiting any other rights of access under this agreement, for a period of five years after Completion the Purchaser must procure that each Group Company makes available to the Seller on reasonable notice all records and documents of that Group Company (in whatever form and including all statutory books, trading and financial records, employee records, tax assessments and returns and all related correspondence) reasonably required by the Seller or any other member of the Seller’s Group for the purposes of complying with its legal obligations or defending any claim or proceeding (other than a claim or proceeding brought by the Purchaser or another member of the Purchaser’s Group). Nothing in this subclause 9.3 requires any party to waive any privilege in a document in a manner which is adverse to that party’s interests but the parties must use all reasonable endeavours to ensure that the information can be provided in a manner such that privilege is not waived or, that if privilege is waived, the waiver is a limited waiver that is not materially prejudicial to that party’s interests.

7. **Non-Competition and Non-Solicitation**

a. In this clause 10:

161. **Restricted Activity** means the business of any higher education institution, or other technical, vocational or design school operating in Australia or New Zealand which is directly competitive with the institutions operated by the Group Companies at Completion whether at a physical location or by online delivery mechanisms in:

xliv. Australia and New Zealand, or if that area is held to be unenforceable;

xliv. the states and territories of Australia and New Zealand, or if that area is held to be unenforceable;
xlvi. New South Wales, Victoria, South Australia, Queensland and Auckland, or if that area is held to be unenforceable;
xlvii. the metropolitan areas of Sydney, Blue Mountains, Melbourne, Adelaide, Fortitude Valley and Auckland;

162. **Restricted Person** means any director, officer or senior executive (being an employee with the position of vice president or above) of any member of the Seller’s Group or any other employee of a member of the Seller’s Group with whom the Purchaser or any other member of the Purchaser’s Group has come into contact in connection with the negotiation of this agreement and the transactions contemplated by this agreement; and

163. **Restriction Period** means:

xlviii. three years from the Completion Date, or if that period is held to be unenforceable;
xlix. two years from the Completion Date, or if that period is held to be unenforceable;
1. one year from the Completion Date.

b. The Seller covenants with the Purchaser and each Group Company that it shall not and shall procure that no other member of the Seller’s Group shall:

164. for the Restriction Period, own or operate any business which carries on a Restricted Activity; or
165. for the Restriction Period, induce or attempt to induce any person who is at Completion an employee of a Group Company to leave the employment of that Group Company.

c. The Purchaser covenants with the Seller and each other member of the Seller’s Group that it shall not and shall procure that no other member of the Purchaser’s Group (including any Group Company) shall for a period of 12 months after Completion induce or attempt to induce any Restricted Person to leave the employment of the relevant member of the Seller’s Group.

d. **The restrictions in subclause 10.2(a) shall not:**

166. prevent any member of the Seller’s Group from holding shares or debentures in a listed company that carries on a Restricted Activity, provided such shares or debentures confer not more than 5% of the votes which could normally be cast at a general meeting of that company; or
167. prevent Walden University from making its online courses available to students in Australia and/or New Zealand, provided that the Seller’s Group must not publish any advertisement in respect of such courses which is specifically targeted at students from Australia and/or New Zealand.

e. **The restrictions in subclause 10.2(b) shall not prevent any member of the Seller’s Group from:**

168. publishing any recruitment advertisement in any local or national newspaper or other publication or on any website, or from negotiating with and employing (or otherwise engaging) any person who replies to any such advertisement or who initiates any contact with any member of the Seller’s Group; or
169. hiring any employee whose duties have been terminated by the Group Company after Completion who employed such employee at Completion.
f. The restrictions in subclause 10.3 shall not prevent any member of the Purchaser’s Group from:

170. publishing any recruitment advertisement in any local or national newspaper or other publication or on any website, or from negotiating with any person who replies to any such advertisement or who initiates any contact with any member of the Purchaser’s Group; or

171. hiring any Restricted Person whose duties have been terminated by the member of the Seller’s Group who employed such Restricted Person at Completion.

g. Each of the restrictions in each paragraph or subclause above shall be enforceable independently of each of the others and its validity shall not be affected if any of the others is invalid.

h. The Seller agrees that the restrictions of the Seller and Seller’s Group contained in this clause 10 are no greater than is reasonable and necessary for the protection of the interests of the Purchaser’s Group and the Group Companies but if any such restriction shall be held to be void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

i. The Purchaser agrees that the restrictions of the Purchaser and Purchaser’s Group contained in this clause 10 are no greater than is reasonable and necessary for the protection of the interests of the Seller’s Group but if any such restriction shall be held to be void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

8. Intra-Group Loans, Guarantees and Continuing Arrangements

a. Upon Completion, the Purchaser shall procure that a payment is made (by or on behalf of the relevant Group Company) to the Seller, on behalf of the relevant member(s) of the Seller’s Group for the time being, of a sum equal to the Estimated Intra-Group Payables.

b. The Seller shall procure that the net sum equal to the Estimated Intra-Group Payables, as adjusted in accordance with subclause 11.7, shall be applied in satisfying in full the indebtedness constituting the Intra-Group Payables.

c. Upon Completion, the Seller shall procure that a payment is made (by or on behalf of the relevant member of the Seller’s Group) to the Purchaser, on behalf of the relevant Group Company or Group Companies, of a sum equal to the Estimated Intra-Group Receivables.

d. The Purchaser shall procure that the net sum equal to the Estimated Intra-Group Receivables, as adjusted in accordance with subclause 11.7, shall be applied in satisfying in full the indebtedness constituting the Intra-Group Receivables.

e. Any payments due to the Seller at Completion under subclauses 8.5(a)(i) and/or 11.1 shall be offset against any payments due from the Seller to the Purchaser under subclauses 8.5(b)(i) and/or 11.3 and the Seller and the Purchaser shall each procure that such arrangements are made between members of the Seller’s Group and the Purchaser’s Group, respectively, as are necessary to ensure, following any adjustment in accordance with subclause 11.7, the discharge of the Intra-Group Payables and the Intra-Group Receivables, in each case as set out in the Completion Statement.

f. The repayments made pursuant to subclauses 11.1 and 11.3 shall be adjusted in accordance with subclause 11.7 upon the Completion Statement being agreed or determined in accordance with Schedule 11.
g. Following the agreement or determination of the Completion Statement in accordance with Schedule 11, if the amount of any Intra-Group Payable and/or any Intra-Group Receivable contained in the Completion Statement is greater or less than the amount of the corresponding Estimated Intra-Group Payable and/or Estimated Intra-Group Receivable, then the Seller and the Purchaser shall procure that such adjustments to the payments pursuant to this clause 11 are made as are necessary to ensure that (taking into account such adjustments) the actual amount of each Intra-Group Payable and each Intra-Group Receivable, as set out in the Completion Statement, has been repaid by each relevant Group Company to the relevant member of the Seller’s Group or by the relevant member of the Seller’s Group to the relevant Group Company, as the case may be.

h. The Seller shall procure that the Trade Debts owing by any member of the Seller’s Group to a Group Company as at Completion shall be settled within 60 days after Completion.

i. The Purchaser shall procure that the Trade Debts owing by any Group Company to a member of the Seller’s Group as at Completion shall be settled within 60 days after Completion.

j. Without prejudice to the other provisions of this clause 11 in relation to Intra-Group Payables, Intra-Group Receivables and Trade Debts, with effect from Completion and save in respect of:

172. any liabilities or obligations pursuant to, and in accordance with, the Transaction Documents or for breach of the Transaction Documents; and

173. each of the Continuing Arrangements,

the Seller agrees, and shall procure that each applicable member of the Seller’s Group that is not a party to this agreement shall agree, and the Purchaser agrees and shall procure that each Group Company shall agree:

li. that all Related Party Arrangements are terminated and cease to be binding with effect from Completion:

(r) at no cost to the Group Companies or the Seller’s Group;

(s) with no residual obligations or liability for the Group Companies or the Seller’s Group, other than any Trade Debts to be settled in accordance with subclauses 11.8 and 11.9; and

(t) without any residual rights for any member of the Seller’s Group (including, for the avoidance of doubt, any residual licence for the use of Intellectual Property Rights and/or know-how of any Group Company or its business) or the Group Companies,

it being acknowledged and agreed by the parties that this subclause 11.10 shall be sufficient to effect such termination of the Related Party Arrangements on the terms set out in this subclause; and

lii. with effect from Completion:

(u) to release and discharge each Group Company and each member of the Seller’s Group, respectively, from any and all liabilities or obligations to the applicable members of the Seller’s Group or Group Companies, respectively (other than any Trade Debts) in respect of such Related Party Arrangements; and

(v) procure that each member of the Seller’s Group or Group Company, respectively, shall waive any and all claims (in the absence of fraud) it has or may have against any Group Company or member of the Seller’s Group, respectively (including in respect of such Related Party Arrangements).
9. **Seller’s Warranties and Special indemnities**

a. The Seller warrants to the Purchaser that, subject to the provisions of this agreement and in particular to the provisions of clause 13 and Schedule 6, each of the statements set out in Schedule 4 (the **Seller’s Warranties**) is true and accurate at the date of this agreement with reference to the facts and circumstances then prevailing and will also be true and accurate immediately before Completion with reference to the facts and circumstances then prevailing.

b. Each Seller’s Warranty shall be separate and independent and shall not be limited by reference to any other Seller’s Warranty.

c. The Seller acknowledges and agrees that the Purchaser has entered into this agreement and will complete this agreement in reliance on the Seller's Warranties.

d. Subject to clause 13 and Schedule 6, the Seller indemnifies and holds harmless the Purchaser against all Losses which may be made, brought against, suffered or incurred by the Purchaser or any Group Company, and which arises directly or indirectly out of or in connection with any of the Seller's Warranties being untrue or inaccurate.

e. Subject to clause 12.6, the Seller indemnifies and holds harmless the Group Companies and the Purchaser for any and all:

174. **Losses in connection with any Tax imposed by a Taxation Authority which relates to any period or part period prior to Completion with respect to:**

   liii. amounts paid or charged for any transaction, including but not limited to the license of intangible property, lending or borrowing, property transferred or services provided between a member of the Seller's Group and a Group Company, under any law in relation to Tax that applies with respect to any transfer pricing arrangement or withholding tax; or
   
   liv. the inability of any Group Company to utilise or deduct an income tax loss which was disclosed as carried forward by any Group Company or as set out in the Accounts due to the application of the current year or prior year tax loss provisions contained in Divisions 165, 166 and 167 of the **Income Tax Assessment Act 1997** (Cth) other than as a result of the change in ownership of Group Companies arising due to the transaction contemplated in this agreement or as a result of any change in the business operations arising in the period after Completion; and

175. **Losses of a Group Company in connection with:**

   lv. any failure by a Group Company to pay its employees all amounts in relation to their employment due and owing to them prior to Completion in full and on time;
   
   lvi. any misrepresentation or mischaracterisation of an employee of a Group Company as an independent contractor or casual employee prior to the Completion Date; or
   
   lvii. conduct of a Group Company prior to the Completion Date resulting in liability of the Group Company to pay the superannuation guarantee charge in relation to any independent contractor of a Group Company,

and the Seller Parent Guaranty will guarantee the Seller's obligation in connection with this clause 12.4.

f. Notwithstanding any other provision of this agreement, and subject to the provisions of Schedule 6, the maximum amount that a Group Company or the Purchaser may recover (whether by way of
damages or otherwise) from the Seller or the Seller's Guarantor in respect of any claim under or in connection with clauses 12.4 and 17.7:

176. in respect of any Special Tax Claims, A$12,000,000, provided that this amount shall be reduced or eliminated to the extent that the relevant Taxation Authority issues a binding ruling that is provided to the Purchaser; and

177. in respect of any Special Employment Claims, A$3,000,000.

g. Notwithstanding any other provision of this agreement:

178. the Seller or a Group Company may apply to the Commissioner of Taxation of the Commonwealth of Australia for a ruling regarding the extent to which the tax losses referred to in clause 12.5(a)(ii) are able to be utilised or deducted in any period, including in accordance with Divisions 165, 166 and 167 of the Income Tax Assessment Act 1997 (Cth) or any other matter which the Seller considers necessary or appropriate;

179. at the Seller’s expense, the Seller shall have the sole conduct of any ruling process, including any application, responses to requests for further information, negotiations, withdrawal, appeal, dispute, compromise or defence relating to that ruling, irrespective of whether Completion has occurred;

180. if an application for a ruling is made and has not been withdrawn prior to Completion but the ruling has not yet been issued at the time of Completion, the Purchaser shall procure that the Seller and its advisers shall be given access to such information and provided with such authorisations and assistance (including assistance from employees of the Purchaser) as is reasonable or necessary for the Seller to continue to conduct and complete the ruling process following Completion. For the avoidance of doubt, any Losses of the Purchaser or the Group Companies relating to such access, authorisations and assistance will be taken to be covered by the indemnity in clause 12.5(a); and

181. the Purchaser shall not, and following Completion shall procure that the Group Companies do not, make or pursue any application for a ruling relating to the matters referred to in clause 12.5(a) without the prior written consent of the Seller (which consent may be withheld at the Seller’s sole discretion).

10. W&I Insurance

a. Purchaser's recourse for Warranty Claims and Tax Covenant Claims and General Indemnity

Notwithstanding any other provision of this agreement, any other Transaction Document or any other matter or thing:

182. the Purchaser agrees that it will not be entitled to make, will not make, and irrevocably waives any right it may have to make any Warranty Claim or any Tax Covenant Claim or any claim under the General Indemnity against the Seller (or any member of the Seller's Group) to the maximum extent permitted by law (including Consequential Loss) except to the extent required to permit or facilitate any Warranty Claim or any Tax Covenant Claim or any claim under the General Indemnity but only on the basis that the Seller has no liability in relation to the facts and circumstances the subject of the Warranty Claim or the Tax Covenant Claim or any claim under the General Indemnity in excess of AUD 1 in aggregate;

183. the Purchaser’s sole potential recourse in respect of all and any Warranty Claims and Tax Covenant Claims and claims under the General Indemnity shall, except to the extent of AUD 1 in aggregate, be under the W&I Insurance Policy; and
184. the Purchaser acknowledges that this subclause 13.1 has full force and effect and will not be limited, affected or otherwise prejudiced by any inability of the Purchaser to pursue or obtain any remedy in respect of any Warranty Claim or Tax Covenant Claim or any claim under the General Indemnity under any W&I Insurance Policy, whether due to policy terms, exceptions or exclusions, validity (including if the W&I Insurance Policy is invalid due to the insolvency, breach or default of any person), creditworthiness or for any other reason, shall not affect or in any way increase the liability of the Seller under this agreement.

b. Required terms in W&I Insurance Policy

The Purchaser must procure that at all times the W&I Insurance Policy contains terms the effect of which are that:

185. the W&I Insurer underwrites the W&I Insurance Policy on the basis that subclause 13.1 does not prevent, restrict or limit the right of the Purchaser (as insured) to recover and claim upon the W&I Insurance Policy;

186. the W&I Insurer irrevocably waives its rights to take subrogated action or to claim in contribution or to exercise rights assigned to it against:

lvi. the Seller;

lix. any member of the Seller’s Group; and/or

lx. any person for whom the Seller or any member of the Seller’s Group is vicariously or contractually liable,

(each a Waiver Beneficiary) in relation to any Warranty Claim and in relation to any Tax Covenant Claim and in relation to any claim under the General Indemnity, except as set out in paragraph 0 of Schedule 6; and

187. the W&I Insurer acknowledges and agrees that each Waiver Beneficiary is entitled to directly enforce the waiver referred to in subclause 13.2(b) and may plead such waiver in bar to any subrogated action, claim in contribution or exercise of assigned rights which may be brought against them in any jurisdiction and that in respect of such waiver the Purchaser contracts in its own right and as agent of each Waiver Beneficiary.

c. Purchaser's obligations in respect of W&I Insurance Policy

The Purchaser must:

188. not

lxii. do anything which is reasonably likely to bring about the lapse, cancellation, avoidance, vitiation of the W&I Insurance Policy or any provision of it;

lxii. agree to any amendment, variation or waiver of the W&I Insurance Policy;

lxiii. do anything or fail to do anything or permit anything to be done or occur or permit anything not to be done or to not occur which may prejudice the W&I Insurance Policy or entitle the W&I Insurer to deny or reduce its liability or to cancel or avoid the W&I Insurance Policy; or

lxiv. novate or otherwise assign its rights (or do anything which has similar effect) under the W&I Insurance Policy;
189. give full and true disclosure to the W&I Insurer of all matters and things the non-disclosure or misrepresentation of which might in any way prejudice or affect the W&I Insurance Policy;

190. comply at all times with the terms and conditions of the W&I Insurance Policy including provisions relating to disclosure, post-Completion deliverables, notification and claims cooperation; and

191. where requested to do so by a Waiver Beneficiary, enforce any term of the W&I Insurance Policy under which the W&I Insurer waives its right to take subrogated action or to claim in contribution or to exercise rights assigned to it against a Waiver Beneficiary (and without limitation of any right of a Waiver Beneficiary to separately enforce such terms).

d. Fraud

192. Subject to subclause 13.4(b), in the case of fraud by the Seller, the Purchaser is not prevented by any provision of this agreement from making, and the limitations in Schedule 6, other than paragraphs 5, 7 and 10 of Schedule 6, will not apply to, a claim against the Seller to the extent and in respect of those rights of recovery arising out of or directly relating to the fraud of the Seller (any such claim being a Fraud Claim).

193. For the purposes of any Fraud Claim:

lxv. no statements made nor any information or knowledge possessed by any Seller or a member of the Seller's Group, is to be imputed to any other person including any director or officer of a member of the Seller's Group;

lxvi. the Fraud Claim must be on an individual (and not joint or joint and individual) basis; and

lxvii. no Fraud Claim may be made against any person other than the Seller.

e. This clause prevails

If there is any conflict or other inconsistency between this clause 13 and any other provision of this agreement or any other Transaction Document, this clause 13 shall prevail.

11. Purchaser's and Purchaser’s Guarantor’s Warranties

Each of the Purchaser and the Purchaser’s Guarantor warrants to the Seller at the date of this agreement and immediately before Completion with reference to the facts and circumstances then prevailing that:

194. it is a corporation validly existing under the laws of Delaware, USA and has been in continuous existence since its incorporation;

195. the Purchaser holds (and will at Completion hold) sufficient guarantees and financial resources to ensure the viability of and being capable of providing, if necessary, sufficient funds to the Group Companies to operate and provide the educational services rendered by them and to comply with the commitments made at the time the relevant authorizations for the provision of those services were requested by the Group Companies;

196. it has the power to execute and deliver this agreement and each of the other Transaction Documents and to perform its obligations under each of them and has taken all action necessary to authorise such execution and delivery and the performance of such obligations;
197. this agreement constitutes, and each of the other Transaction Documents to which it is or will be a party will when executed constitute, legal, valid and binding obligations on it in accordance with its and their respective terms;

198. the execution and delivery by it of this agreement and of each of the other Transaction Documents to which it is or will be a party and the performance of its obligations under it and each of them do not and will not conflict with or constitute a default under any provision of:

lxviii. any agreement or instrument to which it a party and which is material in the context of the Transaction; or

lxix. its constitutional documents; or

lxx. any law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which it is bound;

199. subject to the terms of this agreement, all authorisations from, and notices or filings with, any governmental or other authority that are necessary to enable the Purchaser or the Purchaser’s Guarantor, as the case may be, to execute, deliver and perform its obligations under this agreement and each of the other Transaction Documents to which it is or will be a party have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with;

200. the W&I Insurance Policy includes terms to the effect that the W&I Insurer will only be entitled to subrogate against the Seller or make any claim for contribution or otherwise if the relevant Losses arose in whole or in part out of the Seller’s fraud and then only to the extent of the rights of recovery relating directly to the Seller’s fraud;

201. the Purchaser has (and at Completion will have) immediately available on an unconditional basis (subject only to Completion) the necessary cash resources to meet in full its obligations then due under this agreement, and each of the other Transaction Documents to which it is or will be a party;

202. none of the Purchaser, the Purchaser’s Guarantor or any of their respective Associated Persons:

lxxi. is in violation of, or has violated, any applicable Sanctions;

lxxii. is, or has been, a Sanctioned Person;

lxxiii. has engaged in any transaction or conduct that is likely to result in it becoming a Sanctioned Person;

lxxiv. has conducted or is conducting any business dealings or activities with or for the benefit of, or is otherwise involved in any business with, any Sanctioned Person;

lxxv. has engaged, or is engaging, in any transaction or behaviour which may give rise to a liability under or in connection with applicable Sanctions; and/or

lxxvi. is causing, or has caused, any other person to be in violation of any Sanctions;

203. none of the Purchaser, the Purchaser’s Guarantor or any of their respective Associated Persons is or has been, in the period of six years prior to the date of this agreement, engaged in or been subject to any litigation, arbitration, settlement, alternative dispute resolution proceedings or process, proceedings (including criminal and/or administrative proceedings),
enquiry or investigation (including with or by any governmental, administrative or regulatory body) (Action) concerning or relating to any Sanctions and/or Sanctioned Persons nor are there any circumstances which are likely to give rise to any such Action;

204. it has in place all adequate policies, procedures and systems designed to prevent any violation of applicable Sanctions and/or prevent it (and/or any of its Associated Persons) from being designated and/or listed as a Sanctioned Person;

205. none of the Purchaser, the Purchaser’s Guarantor or any of their respective current or former Associated Persons or any other person associated with or acting on behalf of the Purchaser or the Purchaser’s Guarantor (including a shareholder) has: (i) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 or the United Kingdom Bribery Act 2010; (ii) violated or is in violation of any other antibribery or anticorruption law or regulation enacted in any jurisdiction, whether in connection with or arising from the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions or otherwise; or (iii) made, offered to make, promised to make or authorised the payment or giving of, or requested, agreed to receive or accepted, directly or indirectly, any bribe, rebate, payoff, influence payment, facilitation payment, kickback or other unlawful payment or gift of money or anything of value prohibited under any applicable law or regulation (any such payment, a Prohibited Payment);

206. none of the Purchaser, the Purchaser’s Guarantor or any of their respective shareholders or Associated Persons has engaged or engages in any activity, practice or conduct (or failure to act) which would constitute an offence under: (i) the United Kingdom Bribery Act 2010 if such activity, practice or conduct (or failure to act) were carried out in the United Kingdom; or (ii) under the U.S. Foreign Corrupt Practices Act of 1977 if such activity, practice or conduct (or failure to act) were carried out in the United States;

207. each of the Purchaser and the Purchaser’s Guarantor has put in place adequate procedures designed to prevent and detect any Prohibited Payment and to enable whistleblowing by its directors, officers, agents, employees and contractors; and

208. neither the Purchaser, nor any of its shareholders (including the Purchaser’s Guarantor), directors, officers, agents or employees is, or has been subject, to any Action with regard to any actual or alleged Prohibited Payment.

12. **Tax Matters**

The Seller and the Purchaser shall comply with the provisions of Schedule 7 with effect from Completion.

13. **Announcements and Confidentiality**

a. Subject to subclauses 16.5 and 16.6, the Seller shall (and shall procure that each other member of the Seller’s Group and, in respect of the period up to Completion, each Group Company, and each such person’s advisers and connected persons, shall) and the Purchaser shall (and shall procure that each other member of the Purchaser’s Group including, in respect of the period from Completion, each Group Company, and each such person’s advisers and connected persons, shall):

209. not make any announcement concerning the Transaction or any related or ancillary matter; and

210. keep confidential the provisions and subject matter of, and the negotiations relating to, each Transaction Document.
b. The Purchaser:

211. must, and must procure that each other member of the Purchaser's Group for the time being shall, keep confidential all
information provided to it by or on behalf of the Seller or otherwise obtained by it in connection with this agreement which
relates to the Seller or any other member of the Seller's Group; and

212. must procure that, if after Completion any Group Company holds confidential information relating to the Seller or any other
member of the Seller’s Group, that Group Company shall after Completion keep that information confidential and shall, so
far as it is practicable, return that information to the Seller or destroy it (at its election), in either case without retaining copies
(other than to the extent required under applicable law or regulation or internal compliance policies).

c. The Seller:

213. must, and must procure that each other member of the Seller’s Group for the time being shall, keep confidential all
information provided to it by or on behalf of the Purchaser or otherwise obtained by it in connection with this agreement
which relates to the Purchaser or any other member of the Purchaser’s Group; and

214. undertakes to the Purchaser (for itself and as trustee for each Group Company) that it will not, and will ensure that each
member of the Seller's Group and each Associated Person of a member of the Seller's Group do not, on and from Completion:

lxxvii. use or disclose or otherwise exploit (or permit any other person to use or disclose or otherwise exploit) for its own
benefit or for the benefit of any person other than the Purchaser, any confidential information relating to a Group
Company without the prior written consent of the Purchaser or the relevant Target Company; or

lxxviii. use, directly or indirectly, any Proprietary Information directly relating to any of the Group Companies or the
Business to its advantage (or any Seller Associated Persons' advantage) or to the commercial disadvantage of the
Purchaser or any Group Company or for the purposes of engaging in any Restricted Activity.

d. Except to the extent specified in such subclauses, the provisions of subclauses 16.1, 16.2 and 16.3 shall apply before, on and after
Completion.

e. Nothing in subclauses 16.1, 16.2 or 16.3 prevents any announcement being made or any confidential information being disclosed:

215. where such announcement is in the Agreed Form or the confidential information disclosed comprises only information set out
in an announcement in the Agreed Form; or

216. with the written approval of the other parties, which in the case of any announcement shall not be unreasonably withheld or
delayed; or

217. to the extent required by law, any court of competent jurisdiction, any stock exchange or any competent regulatory body, but
if a person is so required to make any announcement or to disclose any confidential information, the relevant party shall
promptly notify the other parties, where practicable and lawful to do so, before the announcement is made or disclosure
occurs (as the case may be); or

218. to any Taxation Authority where such disclosure is necessary or desirable in the course of managing the Tax affairs of a
member of the Seller’s Group or the Purchaser’s Group, as the case may be.
f. Nothing in subclauses 16.1, 16.2 or 16.3 prevents any confidential information being disclosed to the extent:

219. required to enable any person to enforce its rights under any Transaction Document or for the purpose of any judicial proceedings;

220. that the information is disclosed on a strictly confidential basis by a person to its professional advisers, auditors or bankers;

221. that the information is disclosed by the Seller on a strictly confidential and need to know basis to another member of the Seller’s Group or by the Purchaser on a strictly confidential and need to know basis to another member of the Purchaser's Group; or

222. that the information is in or comes into the public domain otherwise than, in the case of the Seller, as a result of a breach of any undertaking or duty of confidentiality by any member of the Seller’s Group, and, in the case of the Purchaser or the Purchaser’s Guarantor, as a result of a breach of any undertaking or duty of confidentiality by any member of the Purchaser’s Group for the time being or, after Completion, by any Group Company.

14. **Guarantees by Purchaser’s Guarantor and Seller’s Guarantor**

a. The Purchaser’s Guarantor unconditionally and irrevocably:

223. guarantees to the Seller the payment when due of all amounts payable by the Purchaser under or pursuant to this agreement and the other Transaction Documents;

224. undertakes to ensure that the Purchaser will perform when due all its obligations under or pursuant to this agreement and the other Transaction Documents;

225. agrees that if and each time that the Purchaser fails to make any payment when it is due under or pursuant to this agreement or any other Transaction Document, the Purchaser’s Guarantor must on demand (without requiring the Seller first to take steps against the Purchaser or any other person) pay that amount to the Seller as if it were the principal obligor in respect of that amount; and

226. agrees as principal debtor and primary obligor to indemnify the Seller against all losses and damages sustained by it or them flowing from any non-payment or default of any kind by the Purchaser under or pursuant to this agreement or any other Transaction Document.

b. The Purchaser’s Guarantor's obligations under this agreement shall not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including:

227. any time or indulgence granted to, or composition with, the Purchaser or any other person;

228. the taking, variation, renewal or release of, or neglect to perfect or enforce this agreement, any other Transaction Document or any right, guarantee, remedy or security from or against the Purchaser or any other person;

229. any variation or change to the terms of this agreement or any other Transaction Document; or

230. any unenforceability or invalidity of any obligation of the Purchaser, so that this agreement shall be construed as if there were no such unenforceability or invalidity.

c. Until all amounts which may be or become payable under this agreement and the other Transaction Documents have been irrevocably paid in full, the Purchaser’s Guarantor shall

---
231. The Purchaser’s Guarantor will not take or hold any security from the Purchaser in respect of this agreement and any such security which is held in breach of this provision will be held by the Purchaser’s Guarantor in trust for the Seller.

d. The Purchaser’s Guarantor must reimburse the Seller for all legal and other costs (including irrecoverable VAT) and, for the avoidance of doubt, GST (except to the extent the Seller is entitled to an input tax credit in respect of such GST under the GST Act) incurred by it in connection with the enforcement of the Purchaser’s Guarantor's obligations under this agreement.

e. Any agreement, waiver, consent or release given by the Purchaser shall bind the Purchaser’s Guarantor and in references to the "parties" the Purchaser and the Purchaser’s Guarantor shall be treated as being a single party.

f. The aggregate liabilities and obligations of the Purchaser's Guarantor under this clause 17 in relation to a claim or any other matter will not be greater than the aggregate liabilities and obligations which the Purchaser has (or would have, assuming the Purchaser was solvent) in relation to that claim or matter. Without limiting the generality of the preceding sentence, the parties intend and agree that for the purposes of this clause 17 the Purchaser's Guarantor is to have the benefit of all exclusions, qualifications and limitations set out in this agreement that apply to the relevant liabilities and obligations of the Purchaser.

g. The Seller’s Guarantor unconditionally and irrevocably:

232. guarantees to the Purchaser the payment when due of all amounts payable by the Seller under or pursuant to subclause 11.4 only and no other provisions of this Agreement;

233. undertakes to ensure that the Seller will perform when due all its obligations under or pursuant to such subclause 12.4;

234. agrees that if and each time that the Seller fails to make any payment when it is due under or pursuant to subclause 12.4, the Seller’s Guarantor must on demand (without requiring the Purchaser first to take steps against the Seller or any other person) pay that amount to the Purchaser as if it were the principal obligor in respect of that amount; and

235. agrees as principal debtor and primary obligor to indemnify the Purchaser against all losses and damages sustained by it or them flowing from any non-payment or default of any kind by the Seller under or pursuant to such subclause 12.4 or 12.6, provided at all times that the obligations on the Seller's Guarantor under this clause 17.7 are subject to clause 12.6.

h. The Seller’s Guarantor's obligations under this agreement shall not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including:

236. any time or indulgence granted to, or composition with, the Seller or any other person;

237. the taking, variation, renewal or release of, or neglect to perfect or enforce this agreement, any other Transaction Document or any right, guarantee, remedy or security from or against the Seller or any other person;

238. any variation or change to the terms of this agreement or any other Transaction Document; or
239. any unenforceability or invalidity of any obligation of the Seller, so that this agreement shall be construed as if there were no such unenforceability or invalidity.

i. Until all amounts which may be or become payable under subclause 12.4 have been irrevocably paid in full, the Seller’s Guarantor shall not as a result of this agreement or any payment or performance under this agreement be subrogated to any right or security of the Seller or claim or prove in competition with the Seller against the Purchaser or any other person or claim any right of contribution, set-off or indemnity.

240. The Seller’s Guarantor will not take or hold any security from the Seller in respect of this agreement and any such security which is held in breach of this provision will be held by the Seller’s Guarantor in trust for the Purchaser.

j. The Seller’s Guarantor must reimburse the Purchaser for all legal and other costs (including irrecoverable VAT and, for the avoidance of doubt, GST) incurred by it in connection with the enforcement of the Seller’s Guarantor's obligations under this agreement.

k. Any agreement, waiver, consent or release given by the Seller shall bind the Seller’s Guarantor and in references to the "parties" the Seller and the Seller’s Guarantor shall be treated as being a single party.

l. The liabilities and obligations of the Seller's Guarantor under this clause 17 in relation to a claim or any other matter will not be greater than the liabilities and obligations which the Seller has (or would have, assuming the Seller was solvent) in relation to that claim or matter. Without limiting the generality of the preceding sentence, the parties intend and agree that for the purposes of this clause 17 the Seller's Guarantor is to have the benefit of all exclusions, qualifications and limitations set out in this agreement that apply to the relevant liabilities and obligations of the Seller.

15. Notices

a. Any notice or other communication to be given under this agreement must be in writing and, subject to subclause 18.2, must be delivered or sent by courier, by fax or by e-mail to the party to whom it is to be given at its address, fax number or e-mail address appearing in this agreement as follows:

241. to the Seller at:

Fax:

E-mail:

marked for the attention of Chief Legal Officer;

242. to the Purchaser at:

Address: SEI Newco Inc. c/o Strategic Education, Inc., 2303 Dulles Station Blvd. Herndon VA USA 20171

E-mail:

marked for the attention of Chief Financial Officer, with a copy to Lizette Herraiz, General Counsel;

243. to the Purchaser’s Guarantor at:
b. The Indebtedness and EBITDA Schedule to be given to the Purchaser under subclause 8.2 may be given by e-mail to Daniel Jackson (). Communications to be given by any party under subclause 7.10 may be given by e-mail in accordance with the terms of subclause 7.10.

c. Any notice or other communication shall be deemed to have been given:

244. if delivered or sent by courier, on the date of delivery to the relevant address; or

245. if sent by fax, on the date of transmission, if transmitted before 3.00 p.m. (local time at the country of destination) on any Business Day, and in any other case on the Business Day following the date of transmission; or

246. if sent by e-mail, on the date of sending, if sent before 5.00 pm (local time at the country of destination) on any Business Day, and in any other case on the Business Day following the date of sending, provided that receipt shall not occur if the sender receives an automated message that the e-mail has not been delivered to the recipient.

d. In proving the giving of a notice or other communication, it shall be sufficient to prove that delivery was made to the relevant address or that the fax or e-mail was properly addressed and transmitted or sent, as the case may be.

e. This clause shall not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this agreement.

16. No Merger

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any such transaction. Each indemnity in this agreement survives Completion under this agreement.

17. Further Assurances

Each party shall, at its own cost and expense, execute and do (or procure to be executed and done by any other necessary party) all such deeds, documents, acts and things as the other party may from time to time reasonably require to give full effect to this agreement and the transactions contemplated by it.

18. Assignments

a. Except as permitted by subclauses 21.2 and 21.3, no party may assign, transfer, charge or otherwise deal with all or any of its rights or obligations under this agreement nor grant, declare, create or dispose of any right or interest in it and any such purported assignment, transfer, charge, dealing, grant, declaration, creation or disposal shall be void.
b. The Purchaser may assign (in whole or in part) the benefit of this agreement to any other member of the Purchaser’s Group, provided that if such assignee ceases to be a member of the Purchaser’s Group all benefits relating to this agreement assigned to such assignee shall be deemed automatically by that fact to be re-assigned to the Purchaser immediately before such cessation.

c. The Purchaser may assign its rights under this agreement (by way of security only) to any bank(s) and/or financial institution(s) lending money or making other banking facilities available to the Purchaser (or any member of the Purchaser’s Group) or related security agent or trustee, as the case may be.

d. If an assignment is made by the Purchaser in accordance with this clause 21, the Seller shall not be under any greater obligation or liability thereby than if such assignment had never occurred and the amount of loss or damage recoverable by the assignee shall be calculated as if that person had been originally named as the Purchaser in this agreement (and, in particular, shall not exceed the sum which would, but for such assignment, have been recoverable hereunder by the Purchaser in respect of the relevant fact, matter or circumstance).

19. Payments

a. Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), each payment to be made to the Seller or to the Purchaser under this agreement shall be made in AUD by transfer of the relevant amount into the relevant account on the date the payment is due for value on that date and in immediately available funds. The relevant account for a given payment is:

247. if that payment is to the Seller:

or such other account (including an account with a financial institution in respect of whom the Seller or another member of the Seller’s Group may have entered into a foreign exchange transaction) as the Seller shall, not less than three Business Days before the date that payment is due, have specified by giving notice to the Purchaser for the purpose of that payment. Payment to the relevant account in accordance with this clause shall constitute a good discharge to the Purchaser in respect of the relevant payment;

248. if that payment is to the Purchaser:

or such other account as the Purchaser shall, not less than three Business Days before the date that payment is due, have specified by giving notice to the Seller for the purpose of that payment.

b. If a party defaults in making any payment when due of any sum payable under this agreement, it shall pay interest on that sum from (and including) the date on which payment is due until (but excluding) the date of actual payment (after as well as before judgment) at an annual rate equal to 4% per annum, which interest shall accrue from day to day and be compounded monthly.

c. If the Purchaser is required by law to make a deduction or withholding in respect of any sum payable under this agreement, other than any withholding related to a breach by the Seller of clause 4, the Purchaser shall, at the same time as the sum which is the subject of the deduction or withholding is payable, make a payment to the Seller of such additional amount as shall be required to ensure that the net amount received by the Seller will equal the full amount which would have been received by it had no such deduction or withholding been required to be made.

20. General

a. Except as otherwise expressly provided in this agreement, each party shall pay the costs and expenses incurred by it in connection with the negotiation, preparation, entering into and completion
of this agreement. The Purchaser shall pay any applicable transfer, stamp or VAT tax in connection with the transaction.

b. This agreement may be executed in counterparts, which taken together shall constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this agreement by executing a counterpart.

c. The rights of each party under this agreement:

249. may be exercised as often as necessary; and

250. except as otherwise expressly provided by this agreement, are cumulative and not exclusive of rights and remedies provided by law.

A failure to exercise or a delay in exercising any right, power or remedy under this agreement does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing and specifically.

d. To the extent that a representation, warranty, indemnity, undertaking or acknowledgment given by a party in this agreement is given to or for the benefit of any Related Body Corporate of the other party (such other party being referred to as the Recipient) or any director, officer, employee or agent of the Recipient or its Related Bodies Corporate (each referred to as a Third Party Beneficiary), the benefit of that representation, warranty, indemnity, undertaking or acknowledgment is held by the Recipient on trust for, and is enforceable by, each such Third Party Beneficiary, notwithstanding that they are not a party to this agreement.

e. Any provision of this agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

21. Whole Agreement

a. This agreement and the other Transaction Documents contain the whole agreement between the parties relating to the transactions contemplated by the Transaction Documents and supersede all previous agreements, whether oral or in writing, between the parties relating to these transactions except the non-disclosure agreement entered into between Laureate Education, Inc. and the Purchaser's Guarantor dated 24 November 2019. Except as required by statute, no terms shall be implied (whether by custom, usage or otherwise) into this agreement.

b. Each party:

251. acknowledges that in agreeing to enter into this agreement and the other Transaction Documents it has not relied on: (i) any express or implied representation, warranty, collateral contract or other assurance made by or on behalf of any other party before the entering into of this agreement; or (ii) any warranty given to another party other than itself pursuant to this agreement;

252. waives all rights and remedies which, but for this subclause 24.2, might otherwise be available to it in respect of any such express or implied representation, warranty, collateral contract or other assurance; and
253. acknowledges and agrees that no such express or implied representation, warranty, collateral contract or other assurance may form the basis of, or be pleaded in connection with, any claim made by it under or in connection with this agreement.

c. Save for the termination provisions set out in subclauses 6.6 and 8.7, no party has any right to terminate this agreement and the parties waive their rights (if any) to annul, rescind, dissolve, withdraw from, cancel or terminate this agreement in any circumstances.

d. Nothing in this agreement limits or excludes any liability for fraud or limits any remedy which cannot be waived as a matter of applicable law.

e. This agreement may only be amended in writing and where such amendment is signed by all the parties.

22. Governing Law

This agreement and, to the extent permitted by law, all related matters including non-contractual matters shall be governed by the laws of New South Wales, Australia.

23. Arbitration

a. Any dispute, controversy or claim (Dispute) under or in connection with this agreement, including any question regarding its existence, validity or termination, must be resolved pursuant to the dispute resolution process set out in this clause 26.

b. A party claiming that a dispute has arisen under this agreement must give notice, in writing, of the Dispute to the other party adequately identifying and providing details of the Dispute (Notice of Dispute).

c. Within 10 Business Days after service of the Notice of Dispute (Initial Period), the parties must use their best endeavours to resolve the Dispute.

d. If the Dispute is not resolved within the Initial Period (or within such further period as the parties may agree in writing as appropriate) either party may refer the Dispute to mediation to be administered by the Australian Disputes Centre and:

254. the mediation must be conducted in accordance with the ADC Guidelines for Commercial Mediation which are operating at the time the matter is referred to the ADC (Guidelines);

255. the Guidelines set out the procedures to be adopted, the process of selection of the mediator and the costs involved; and

256. the terms of the Guidelines are hereby deemed incorporated into this Agreement.

e. The parties must do all things reasonably required to refer the Dispute to mediation by the ADC.

f. Each party must pay its own costs (including legal costs) of complying with this clause 26.

g. In the event that the Dispute has not been settled within 28 days (or such other period as agreed to in writing between the parties), after the appointment of a mediator, either party may refer the Dispute to arbitration to be finally resolved under the Arbitral Rules of the Australian Centre for International Commercial Arbitration (ACICA), which rules are deemed to be incorporated by reference in this clause 26.

h. The parties agree that:
the tribunal will consist of three arbitrators. Each party must appoint one arbitrator within 15 days of the notice of arbitration. The third arbitrator, who will be the chair of the tribunal, must be nominated by the two party-appointed arbitrators within 15 days of the last of their appointments. If either party fails to nominate an arbitrator within 15 days of the notice of arbitration or if the two party-appointed arbitrators fail to agree upon an arbitrator within 15 days of their appointments, the arbitrator must be appointed by Sydney;

258. the seat of the tribunal must be Sydney; and

259. the language of the arbitration will be English.

i. This clause 26 does not apply to any Dispute for which an expert determination procedure is provided under Schedule 7 subclause 6.6 and Schedule 12 clause 3.

j. Nothing in this clause 26 will be construed as preventing the parties from seeking urgent injunctive or interlocutory relief or conservatory or similar interim relief in any court of competent jurisdiction at any time that a Dispute has arisen under this Agreement.

k. The Seller irrevocably appoints Allens (Attention: Vijay Cugati) of 126 Phillip Street, Sydney NSW Australia as its agent (Seller Agent) to receive and acknowledge on its behalf service of any document relating to any legal or administrative proceeding, procedure, suit or action relating to or arising out of this agreement. The Seller agrees that any service of any such document on the Seller Agent will be treated as effective service on the Seller for all purposes.

l. The Purchaser irrevocably appoints Hogan Lovells (Attention: David Holland) of 20 Martin Place, Sydney NSW 2000 as its agent (Purchaser Agent) to receive and acknowledge on its behalf service of any document relating to any legal or administrative proceeding, procedure, suit or action relating to or arising out of this agreement. The Purchaser agrees that any service of any such document on the Purchaser Agent will be treated as effective service on the Purchaser for all purposes.

24. **Language**

The language of this agreement and the transactions envisaged by it is English and all notices, demands, requests, statements, certificates or other documents or communications must be in English unless otherwise agreed.

**THIS AGREEMENT** has been signed by the parties (or their duly authorised representatives) on the date stated at the beginning of this agreement.

**Schedule 1.**

**The Target Companies**
### LEI Higher Education Holdings Pty Ltd

<table>
<thead>
<tr>
<th>Company name:</th>
<th>LEI Higher Education Holdings Pty Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company number:</strong></td>
<td>142 712 847</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>22 March 2010, Victoria (Australia)</td>
</tr>
<tr>
<td><strong>Directors:</strong></td>
<td>Michael James Reed</td>
</tr>
<tr>
<td></td>
<td>Victoria Elizabeth Silbey, who is expected to be replaced with Rick H. Sinkfield prior to Completion as Mr Sinkfield took over the role of Laureate Chief Legal Officer on 17 July 2020</td>
</tr>
<tr>
<td><strong>Secretary:</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Financial year end:</strong></td>
<td>31 December</td>
</tr>
<tr>
<td><strong>Issued share capital:</strong></td>
<td>62,373,651 ordinary shares</td>
</tr>
<tr>
<td><strong>Registered shareholder(s):</strong></td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>No of shares</td>
</tr>
<tr>
<td>LEI AMEA Investments B.V.</td>
<td>62,373,651</td>
</tr>
</tbody>
</table>

### LEI Australia Holdings Pty Ltd

<table>
<thead>
<tr>
<th>Company name:</th>
<th>LEI Australia Holdings Pty Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company number:</strong></td>
<td>133 805 820</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>21 October 2008, Victoria (Australia)</td>
</tr>
<tr>
<td><strong>Directors:</strong></td>
<td>Michael James Reed</td>
</tr>
<tr>
<td></td>
<td>Victoria Elizabeth Silbey, who is expected to be replaced with Rick H. Sinkfield prior to Completion as Mr Sinkfield took over the role of Laureate Chief Legal Officer on 17 July 2020</td>
</tr>
<tr>
<td><strong>Secretary:</strong></td>
<td>Julie Craig</td>
</tr>
<tr>
<td><strong>Financial year end:</strong></td>
<td>31 December</td>
</tr>
<tr>
<td><strong>Issued share capital:</strong></td>
<td>78,302,488 ordinary shares</td>
</tr>
<tr>
<td><strong>Registered shareholder(s):</strong></td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>No of shares</td>
</tr>
<tr>
<td>LEI AMEA Investments B.V.</td>
<td>78,302,488</td>
</tr>
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### LESA Education Services Holdings Pty Ltd

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<thead>
<tr>
<th>Company name:</th>
<th>LESA Education Services Holdings Pty Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company number:</strong></td>
<td>606 999 955</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>10 July 2015, Queensland (Australia)</td>
</tr>
<tr>
<td><strong>Directors:</strong></td>
<td>Linda Mary Brown</td>
</tr>
<tr>
<td></td>
<td>Michael James Reed</td>
</tr>
<tr>
<td><strong>Secretary:</strong></td>
<td>Julie Craig</td>
</tr>
<tr>
<td><strong>Financial year end:</strong></td>
<td>31 December</td>
</tr>
<tr>
<td><strong>Issued share capital:</strong></td>
<td>2,966,865 ordinary shares</td>
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<tr>
<td>Registered shareholder(s):</td>
<td>Name</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>LEI AMEA Investments B.V.</td>
</tr>
</tbody>
</table>

Company name: LEI New Zealand

Company number: 3261127

Registered office: DLA Piper New Zealand, DLA Piper Tower, 205 Queen Street, Auckland Central, Auckland, 1010, New Zealand

Date and place of incorporation: 7 February 2011, Auckland (New Zealand)

Directors: Linda Mary Brown, Michael James Reed

Secretary: N/A

Financial year end: 31 December

Issued share capital: 465,003 ordinary shares

Registered shareholder(s):

<table>
<thead>
<tr>
<th>Name</th>
<th>No of shares</th>
<th>% of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEI AMEA Investments B.V.</td>
<td>465,003</td>
<td>100%</td>
</tr>
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</table>
### Schedule 2.

#### The Subsidiaries

<table>
<thead>
<tr>
<th><strong>Company name:</strong></th>
<th>Torrens University Australia Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company number:</strong></td>
<td>154 937 005</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>3 January 2012, South Australia (Australia)</td>
</tr>
</tbody>
</table>
| **Directors:** | Linda Mary Brown  
Gregory John Crafter  
Robert Dennis Gibson  
Michael Douglas Mann  
Michael James Reed  
Paula Riggi Singer  
Gerard Sutton |
| **Secretary:** | Julie Craig |
| **Financial year end:** | 31 December |
| **Issued share capital:** | 51,000,002 ordinary shares |

#### Registered shareholder(s):

<table>
<thead>
<tr>
<th><strong>Name</strong></th>
<th><strong>No of shares</strong></th>
<th><strong>% of capital</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>LEI Higher Education Holdings Pty Ltd</td>
<td>51,000,002</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Company name:</strong></td>
<td>LEI Australia Education Pty Ltd</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Company number:</strong></td>
<td>167 175 206</td>
<td></td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
<td></td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>10 December 2013, Victoria (Australia)</td>
<td></td>
</tr>
</tbody>
</table>
| **Directors:** | Linda Mary Brown  
Michael James Reed |
<p>| <strong>Secretary:</strong> | N/A |
| <strong>Financial year end:</strong> | 31 December |
| <strong>Issued share capital:</strong> | 87,420,223 ordinary shares |
| <strong>Registered shareholder(s):</strong> | |
| <strong>Name</strong> | <strong>No of shares</strong> | <strong>% of capital</strong> |
| LEI Australia Holdings Pty Ltd | 87,420,223 | 100% |</p>
<table>
<thead>
<tr>
<th><strong>Company name:</strong></th>
<th>THINK: Education Group Pty Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company number:</strong></td>
<td>119 365 990</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>21 April 2006, Victoria (Australia)</td>
</tr>
</tbody>
</table>
| **Directors:** | Linda Mary Brown  
| | Michael Douglas Mann  
| | Michael James Reed  
| | Paula Riggi Singer  
| | Gerard Sutton |
| **Secretary:** | Julie Craig |
| **Financial year end:** | 31 December |
| **Issued share capital:** | 7,840,910 ordinary shares |
| **Registered shareholder(s):** | Name  
| | LEI Australia Education Pty Ltd  
| | No of shares  
| | 7,840,910  
| | % of capital  
<p>| | 100% |</p>
<table>
<thead>
<tr>
<th>Company name:</th>
<th>THINK: Education Services Pty Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company number:</td>
<td>071 851 842</td>
</tr>
<tr>
<td>Registered office:</td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td>Date and place of incorporation:</td>
<td>1 December 1995, New South Wales (Australia)</td>
</tr>
</tbody>
</table>
| Directors: | Linda Mary Brown  
Michael Douglas Mann  
Michael James Reed  
Paula Riggi Singer  
Gerard Sutton |
| Secretary: | Julie Craig |
| Financial year end: | 31 December |
| Issued share capital: | 144 ordinary shares |
| Registered shareholder(s): | Name: THINK: Education Group Pty Ltd  
| No of shares | 144  
<p>| % of capital | 100% |</p>
<table>
<thead>
<tr>
<th><strong>Company name:</strong></th>
<th>THINK: Colleges Pty Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company number:</strong></td>
<td>050 049 299</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>4 July 1990, New South Wales (Australia)</td>
</tr>
<tr>
<td><strong>Directors:</strong></td>
<td>Linda Mary Brown</td>
</tr>
<tr>
<td></td>
<td>Michael Douglas Mann</td>
</tr>
<tr>
<td></td>
<td>Michael James Reed</td>
</tr>
<tr>
<td></td>
<td>Paula Riggi Singer</td>
</tr>
<tr>
<td></td>
<td>Gerard Sutton</td>
</tr>
<tr>
<td><strong>Secretary:</strong></td>
<td>Julie Craig</td>
</tr>
<tr>
<td><strong>Financial year end:</strong></td>
<td>31 December</td>
</tr>
<tr>
<td><strong>Issued share capital:</strong></td>
<td>17,479,550 ordinary shares</td>
</tr>
<tr>
<td><strong>Registered shareholder(s):</strong></td>
<td><strong>Name</strong></td>
</tr>
<tr>
<td></td>
<td>THINK: Education Group Pty Ltd</td>
</tr>
<tr>
<td></td>
<td><strong>No of shares</strong></td>
</tr>
<tr>
<td></td>
<td><strong>% of capital</strong></td>
</tr>
<tr>
<td><strong>Company name:</strong></td>
<td>Laureate Education Services Australia Pty Ltd</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td><strong>Company number:</strong></td>
<td>603 224 728</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Level 24, 680 George Street, Sydney NSW 2000, Australia</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>5 December 2014, Victoria (Australia)</td>
</tr>
</tbody>
</table>
| **Directors:** | Linda Mary Brown  
Michael James Reed |
| **Secretary:** | Julie Craig |
| **Financial year end:** | 31 December |
| **Issued share capital:** | 10 ordinary shares |
| **Registered shareholder(s):** | **Name**  
LESAs Education Services Holdings Pty Ltd  
<p>| <strong>No of shares</strong> | 10 |
| <strong>% of capital</strong> | 100% |</p>
<table>
<thead>
<tr>
<th><strong>Company name:</strong></th>
<th>Blue Mountains International Hotel Management Consulting Shanghai Co., Ltd. (步禄酒店管理咨询(上海)有限公司)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uniform Social Credit Code:</strong></td>
<td>91310000580560337A</td>
</tr>
<tr>
<td><strong>Registered office:</strong></td>
<td>Room 227, No. 976, Pubei Road, Xuhui District, Shanghai, China</td>
</tr>
<tr>
<td><strong>Date and place of incorporation:</strong></td>
<td>19 August 2011, Shanghai (China)</td>
</tr>
<tr>
<td><strong>Legal representative:</strong></td>
<td>Linda Mary Brown – executive director and legal representative</td>
</tr>
<tr>
<td><strong>Secretary:</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Financial year end:</strong></td>
<td>31 December</td>
</tr>
<tr>
<td><strong>Registered capital:</strong></td>
<td>USD 300,000</td>
</tr>
</tbody>
</table>

**Registered shareholder(s):**

<table>
<thead>
<tr>
<th>Name</th>
<th>No of shares</th>
<th>% of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laureate Education Services Australia Pty Ltd</td>
<td>N/A</td>
<td>100%</td>
</tr>
</tbody>
</table>
**Schedule 3.**

**Leasehold Properties**

**Schedule 4.**

**Seller’s Warranties**

In this Schedule:

1. **Relevant Date** means, in relation to a Group Company, the later of: (a) the date which is two years prior to the date of execution of this agreement; and (b) the date of incorporation of that Group Company; and

2. where any statement is qualified by the expression **so far as the Seller is aware** or **to the best of the Seller’s knowledge, information and belief** or any similar expression, that statement shall be deemed to refer to the actual knowledge of the Seller or
knowledge which the Seller would reasonably have been expected to have after having made reasonable enquiry only of each Key Individual.
1. **information**

   1. All information and documents provided in the Data Room (including in response to questions asked by the Purchaser or its advisers through the Data Room) is true and accurate in all material respects, and so far as the Seller is aware is not misleading or deceptive in any material respect (whether by omission or otherwise).

   2. The materials uploaded to the Data Room have been compiled and, in relation to responses to questions asked by the Purchaser or its advisers through the Data Room, prepared in good faith.

   3. As far as the Seller is aware, they have not withheld any material information from the Purchaser which would reasonably be expected to affect the willingness of the Purchaser to enter into this agreement or enter it on materially different terms.

a. **Title**

   **Ownership of Shares**

   1. The Shares constitute the whole of the issued share capital of the Target Companies and are fully paid up.

   2. The Seller is the owner of all of the Shares. The Seller is entitled to transfer the full legal and beneficial ownership in the Shares to the Purchaser on the terms set out in this agreement.

   3. There is no Encumbrance or Permitted Encumbrance over any of the Shares, there is no agreement or commitment in writing to give or create any such Encumbrance (other than this agreement) and, so far as the Seller is aware, no person has made any claim to be entitled to any right over or affecting the Shares.

   4. There are no agreements, arrangements or understandings in writing in place in respect of the Shares under which a Target Company is obliged at any time to issue any share capital or any other security giving rise to a right over, or an interest in, the capital of that Target Company, including any rights convertible to equity.

b. **Subsidiaries**

   1. The shares, details of which are set out opposite "issued share capital" under a Subsidiary's name in Schedule 2, constitute the whole of the issued share capital of that Subsidiary. The shares in each such Subsidiary that are indicated in Schedule 2 as being owned by a Target Company or another Group Company are owned by the relevant Group Company free from any Encumbrance and are fully paid up, there is no agreement or commitment in writing to give or create any such Encumbrance and, so far as the Seller is aware, no person has made any claim to be entitled to any right over or affecting any such shares in the Subsidiaries.

   2. There are no agreements, arrangements or understandings in writing in place in respect of a Subsidiary's shares under which a Subsidiary is obliged at any time to issue any share capital or any other security giving rise to a right over, or an interest in, the capital of that Subsidiary, including any rights convertible to equity.

   3. Other than as set out in Schedule 2, no Group Company is the owner of any shares of any other company.
b. Capacity, Incorporation and Insolvency

Incorporation and capacity of the Seller

The Seller is a limited liability company validly existing under the laws of the Netherlands with the requisite power and authority to enter into and perform, and has taken all necessary corporate action to authorise the execution and performance of its obligations under, this agreement and each of the other Transaction Documents to which it is or will be a party.

ii. Valid obligations

This agreement constitutes, and each of the other Transaction Documents to which it is or will be a party will, when executed, constitute legal, valid and binding obligations of the Seller in accordance with its terms.

iii. No default

The execution and delivery by the Seller of this agreement and each of the other Transaction Documents to which it is or will be a party and the performance of its obligations under it and each of them do not and will not conflict with or constitute a default under any provision of:

a. any agreement or instrument to which it is a party and which is material in the context of the Transaction; or

b. its constitutional documents; or

c. any law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which it is bound.

Filings and consents

Other than as expressly set out in this agreement, all authorisations from, and notices or filings with, any governmental or other regulatory authority that are necessary to enable the Seller to execute, deliver and perform its obligations under this agreement, and each of the other Transaction Documents to which it is or will be a party, have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with.

Incorporation of Group Companies

Each Group Company is a company validly existing under the laws of the country of its incorporation as shown in Schedule 1 or Schedule 2, as applicable, with full power and authority to conduct its business as presently conducted on the date of this agreement.

Constitutional documents, corporate registers and minute books

1. The constitutional, organisational or other equivalent constituent documents of each Group Company have been properly kept and true and accurate copies are in the Data Room or available to the public at the relevant commercial registry.

2. The registers and minute books required to be maintained by each Group Company under the law of the jurisdiction of its incorporation:

   i. are up-to-date;

   ii. are maintained in accordance with applicable laws; and
contain complete and accurate records of all matters required to be dealt with in such registers and books, in each case in all material respects.

3. All registers, books and records referred to in paragraph 3.6(b) are in the possession (or under the control) of the relevant Group Company.

4. All material filings, publications, registrations or other formalities required by applicable law to be delivered or made by each Group Company to the commercial registries in each relevant jurisdiction have been duly delivered.

**Group Companies**

The particulars relating to the Group Companies set out in Schedule 1 and Schedule 2, as applicable, to this agreement are true and accurate.

**Insolvency**

1. No Group Company is the subject of an Insolvency Event.

2. Where the laws of another jurisdiction apply to any Group Company, a warranty in terms of clause 3.8(a) of this Schedule 4 (with appropriate modifications to reflect the laws of that jurisdiction) is given in respect of that Group Company.

3. No administrator, receiver or administrative receiver has been appointed in respect of the whole or any part of the Assets or undertaking of any Group Company.

4. No order has been made and no resolution has been passed for the winding up of any Group Company and, so far as the Seller is aware, no petition has been presented for that purpose.

5. No Group Company is unable to pay its debts as they fall due and no Group Company has stopped paying its debts as they fall due.

6. No voluntary arrangement, compromise or similar arrangement with creditors has been proposed, agreed or sanctioned in respect of a Group Company.

c. **Compliance**

**Compliance with laws**

1. No Group Company has, since the Relevant Date and up to the date of this agreement, received written notice from any governmental or regulatory body that it is in violation of any applicable statute, regulation, order, decree or judgment of any court or governmental agency of the jurisdiction in which it is incorporated, where such violation or default would have a material adverse effect on the Assets or financial position of the Group taken as a whole.

2. So far as the Seller is aware, no Group Company has, since the Relevant Date, done or omitted to do anything, the doing or omission of which amounts to a contravention of any applicable statute, order, regulation or the like giving rise to any material fine, penalty or other liability or sanction on the part of that Group Company.

**Licences**

1. Each Group Company has in full force and effect all material licences, permissions, authorisations, registrations and consents required for the carrying on of the business as now carried on by it and no
Group Company has received written notice that it is materially in default under any such licence, permission, authorisation, registration or consent.

2. There is no investigation, enquiry or proceeding outstanding or, so far as the Seller is aware, anticipated and the Seller is not aware of any other circumstances which are likely to result in the suspension, cancellation, modification, revocation or non-renewal of any licence, permission, authorisation, registration or consent required by a Group Company for the carrying on of the business as it is carried on by it on the date of this agreement.

3. Each of Torrens University Australia Limited, THINK: Colleges Pty Ltd and MDS is in compliance with the applicable regulatory requirements for the carrying on of the business as now carried on by it and none of them has received written notice that it is in default under any such regulatory requirements.

. Litigation

Except as claimant in the collection of debts arising in the ordinary course of business, no Group Company is engaged in any litigation, arbitration or administrative proceeding which is in progress and which is material in relation to the Group taken as a whole nor, so far as the Seller is aware, has any such proceeding been expressly threatened in writing by or against any Group Company.

d. Accounts

General

The Accounts:

a. have been prepared in accordance with the Applicable Accounting Standards;

b. give a true and fair view of (or the equivalent standard in the jurisdiction of the Group Company to which they relate) the financial position of the relevant Group Company as at the Accounts Date;

c. have been certified without reservations by the relevant Group Company's auditors; and

d. have been prepared on a basis consistent, in all material respects, with the basis employed in such audited accounts of the relevant Group Company for the immediately preceding financial year, except to the extent necessary to reflect changes to the Applicable Accounting Standards.

. Management Accounts

1. The Management Accounts have been prepared on a consistent basis in all material respects with the management accounts for the immediately preceding financial period.

2. The Management Accounts, bearing in mind the fact that they are unaudited and may not take into account any adjustments that are customary or required for the purpose of preparing year end consolidated statutory accounts, do not materially misstate, taken as a whole, the Assets and liabilities of the Group Companies as at the date on which the Management Accounts are made nor the profits or losses of the Group Companies for the period concerned.

. Position since Accounts Date

Since the Accounts Date:
1. the Business has been carried on in the ordinary course and in the same manner as it was conducted prior to the Accounts Date;

2. there has been no material adverse change in the financial or trading position, profitability, operations, prospects, the Assets or the liabilities of the Group taken as a whole, except as a result of market conditions and other factors generally affecting similar businesses;

3. the Group has taken all reasonable steps to preserve the goodwill and the Business;

4. no Group Company has issued or allotted any Securities, brought back or redeemed any Securities or otherwise reduced its share capital, declared or paid any dividends or other distributions or authorised, or agreed conditionally or otherwise to do, any of those things;

5. no Material Agreement has been varied or terminated;

6. no Group Company has repaid any shareholder loans or advances;

7. no Group Company has created an Encumbrance over, sold, transferred, leased or disposed of any asset other than in the ordinary course of business and for less than AUD 2,000,000;

8. no contracts or commitments differing from those ordinarily necessitated by the nature of the Business have been entered into or incurred;

9. no Group Company has cancelled, waived, released or discounted in whole or any party any debt, suit, demand, claim or right; and

10. no Group Company has instituted significant changes in management policy.

e. **Commercial arrangements and Insurance**

   **Material Agreements**

   In this subparagraph 6.1, **Material Agreement** means an agreement entered into by a Group Company which:

   i. has an annual value in excess of AUD 1,000,000; or

   ii. is a contract of guarantee or indemnity pursuant to which any Group Company guarantees or indemnifies the performance of any obligation by any person other than another Group Company, other than any Lease.

1. A complete copy of each Material Agreement is in the Data Room.

2. No Group Company has, since the Relevant Date, received written notice that it is in default of any obligation under any Material Agreement.

3. So far as the Seller is aware:

   1. all Material Agreements are in full force and effect and are valid and binding in accordance with their terms (subject to applicable insolvency laws);

   2. each other party to a Material Agreement has complied with its material obligations under the relevant Material Agreement; and
3. each Material Agreement is at arm's length and within the ordinary course of conduct of the Business.

4. No Group Company:
   4. is at the date of this agreement;
   5. will be immediately after Completion; or
   6. has been during the five years before the date of this agreement,

   a party to any agreement or arrangement (legally enforceable or not) to which the Seller is or was a party to or in which any Seller Group Member, a director, or former director of the Seller or a member of the Seller's Group is was interested in in any way.

a. Indebtedness

5. No Group Company has, since the Relevant Date, received any written notice:
   7. to repay any borrowings or indebtedness under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which are repayable on demand; or
   8. that an event of default has occurred and is outstanding under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) or other credit facility of a Group Company.

6. The total amount borrowed by each Group Company from its bankers does not exceed its overdraft and other facilities.

7. So far as the Seller is aware, no Group Company has outstanding any loan capital or any money borrowed or raised (other than under its bank facilities or normal trade credits).

8. No Group Company has, since the Relevant Date, lent any money which is due to be repaid and has not been repaid and no Group Company owns the benefit of any debt, other than in any such case: (i) any debts accrued in the ordinary course of its business; (ii) any Intra-Group Payables or Intra-Group Receivables; and (iii) any loans from one Group Company to another Group Company.

b. Insurances

The Group Companies have taken out insurances on the bases and in respect of the risks referred to in the list of insurance cover contained in the Data Room, and:

a. so far as the Seller is aware, such insurances are in full force and effect;

b. so far as the Seller is aware, there are no special circumstances which might lead to any liability under such insurances being avoided by the insurers; and

c. so far as the Seller is aware, no material claims which remain outstanding have been made under any such insurances.
2. **Assets**

   a. **General warranties**

   9. The Group owns the Assets (other than the Rental Assets) free from any Third Party Interests and so far as the Seller is aware, there are no matters that could result in the creation of any Third Party Interests.

   10. All Third Party Interests granted to or by any Group Company have (if appropriate) been registered in accordance with law or comply with all necessary formalities as to registration.

   11. Each Group Company has taken all necessary action to ensure that each Encumbrance granted in its favour under any document to which it is a party is enforceable, registered, perfected, protected and afforded priority in accordance with the PPSA, or where the laws of another jurisdiction apply to any Group Company, the relevant register of Encumbrances in that jurisdiction.

   12. The Assets:

      9. are in the possession of a Group Company, the relevant employees or officeholders;

      10. are all of the assets necessary for the proper conduct of the Business in the ordinary course; and

      11. are in satisfactory working order in all material respects, fair wear and tear excepted.

   13. There are no outstanding proposals of, or written notices, orders or directions given by any Government Agency about the Assets or their use.

   14. So far as the Seller is aware, there are no matters which may:

      12. result in any order, notice, direction or proposal by any Government Agency about the Assets or their use; or

      13. impair, prevent, or otherwise interfere with the Group's use of the Assets prior to or after Completion.

   b. **Property**

   15. Schedule 3 sets out complete and accurate material particulars of the Leasehold Properties, including all options for renewal, the current rents payable and the dates and conditions of future rent reviews.

   16. The Leasehold Properties are the only real property leased, controlled, used or occupied by any Group Company and the Business is carried on only at the Leasehold Properties.

   17. The current use of the Leasehold Properties is permitted by applicable law and the relevant licenses, including all applicable planning and zoning regulations and there are no infringements.

   18. In respect of each Leasehold Property, a Group Company has a valid legal title or licence for the term of the relevant lease under which that Leasehold Property is held (the **Lease**), free from onerous or unusual conditions, to all rights necessary for the current use and enjoyment of that Leasehold Property.

   19. To the knowledge of the Seller, the landlord of each Leasehold Property is the registered proprietor of that land, or otherwise has a genuine interest in that land sufficient to lawfully grant the Leases to the relevant Group Company.
20. Where a Group Company’s interest in a Leasehold Property was acquired by way of assignment or sublease, the interest was validly acquired and all necessary consents and approvals were obtained and formally documented. Such documentation has been made available in the Disclosed Information.

21. No Group Company has received any written:

14. notice served by the relevant landlords for the purposes of amending, invalidating or terminating any of the Leases;

15. notice to vacate or default notice from any third party in respect of any of the Leasehold Properties;

16. notice from a Government Agency related to any of the Leasehold Properties that will, or would be reasonably likely to, affect any Group Company’s use and enjoyment of the property or give rise to any liability for any Group Company; or

17. notice or proposal requiring work to be done or expenditure to be made on or in respect of any of the Leasehold Properties.

22. To the knowledge of the Seller, the Group Companies hold, or enjoy the benefit of, all rights, interest and privileges which are necessary or appropriate for the conduct of the Business from the Leasehold Properties. No right or facility necessary for the current use and enjoyment of any of the Leasehold Properties is enjoyed on terms entitling any person to terminate or curtail it, save on determination of the relevant Lease.

23. The Leasehold Properties are free from any Encumbrance.

24. So far as the Seller is aware, no Group Company is in breach of any statutory, municipal or other requirement (including zoning requirements, planning consents and building permits) in connection with the use of the Leasehold Properties and the transactions contemplated by this agreement will not trigger any such breach or default.

25. There are no material disputes affecting any of the Leasehold Properties.

26. To the knowledge of the Sellers, there are no restrictive covenants or provisions, legislation, orders, charges, restrictions, agreements, conditions or other matters which preclude the use of the Leasehold Properties for the purpose or purposes for which the Leasehold Properties are now used.

27. No Group Company or member of the Seller's Group has received any:

18. written notice, order or declaration from a Government Agency materially affecting any Leasehold Property which will not be dealt with at Completion, other than the usual rate notices and any land tax notices, and which, in each case, requires the demolition of the improvements on the Property or, under the zoning for the Property in the relevant planning scheme, prevents the Property from being able to be used as it is currently used on the date of this agreement;

19. written notice, order, declaration, report or recommendation from a Government Agency relating to a compulsory acquisition proposal affecting any Leasehold Property; or

20. written notice, order, declaration, report or recommendation from a Government Agency in connection with resumptions, road dedications, road widening or similar things affecting the Leasehold Properties.
28. So far as the Seller is aware, the Group Companies have paid all rent, rates and other amounts that are presently due and payable in respect of the Leasehold Properties.

29. Each Group Company has complied with or satisfied all applicable laws concerning the Leasehold Properties which are required to be complied with or capable of satisfaction on or before Completion, including by obtaining all planning, development, building, occupancy and other consents for construction, fitting out, use and occupancy of the Leasehold Properties and satisfying all conditions attached to those consents.

30. Where required by law, the leases of the Leasehold Properties and all options for renewal of the leases of the Leasehold Properties have been properly registered on the titles to the Leasehold Properties or submitted for registration in the appropriate office or registry. In all other cases the leases for the Leasehold Properties are protected by caveats registered on the titles to the Leasehold Properties or fall within the category of leasehold interests that receive statutory protection in the relevant jurisdiction without the requirement for registration.

31. No Group Company has any interest in land except for its interest in properties subject of the Leasehold Properties.

32. So far as the Seller is aware, the landlords of each Lease have transferred their interests in the land to the registered proprietors noted on the relevant title searches.

33. So far as the Seller is aware, the Data Room contain accurate copies of each lease entered in the name of a Group Company in respect of each Leasehold Property and constitute and reflect the current lease terms.

34. So far as the Seller is aware, each consent required under any legislation or Lease or from any authority for any development or use carried out by the Group Companies on any Leasehold Property has been properly obtained. All conditions or restrictions imposed in any such consent have been observed and performed in all respects.

3. Intellectual Property

4. In this paragraph 8, Intellectual Property Rights means (a) copyright, patents, database rights and rights in trademarks, designs, business names, know-how, domain name licences and confidential information (whether registered or unregistered), (b) applications for registration, and rights to apply for registration, of any of the foregoing rights and (c) all other intellectual property rights and equivalent or similar forms of protection existing in Australia or New Zealand.

35. The Data Room contains a list (as referred to in the Disclosure Schedule) of all patents, registered trademarks, domain names, registered service marks, registered designs or other registered Intellectual Property Rights of which a Group Company is the registered proprietor or for which application has been made by a Group Company.

36. The Group Companies legally and beneficially own or use pursuant to binding licence agreements all Intellectual Property Rights necessary to conduct their business substantially in the manner presently conducted on the date of this agreement.

37. No Group Company has infringed the Intellectual Property Rights, rights of confidentiality, moral rights or any other rights of any other person.

38. So far as the Seller is aware, there has, since the Relevant Date, been no unauthorised use by any person of any material Intellectual Property Rights of a Group Company or any confidential information belonging to any Group Company.
39. No know-how, trade secret or other confidential information of a Group Company has been disclosed or made available to any third party except in the ordinary course of business or subject to a binding obligation of confidentiality on the part of the recipient.

40. No Group Company carries on business under a name or names other than its registered corporate or trade names.

5. INFORMATION TECHNOLOGY

In this paragraph 9:

6. Business IT means all Information Technology owned or used by any Group Company and which is material to its business; and

7. Information Technology means computer systems, communication systems, software and hardware.

41. So far as the Seller is aware, the Business IT is in good working order in all material respects. So far as the Seller is aware, the present capacity and performance of the Business IT is sufficient to satisfy the business requirements (including requirements as to data volumes) of the business as it is carried out on the date of this agreement.

42. So far as the Seller is aware, there are, and, since the Relevant Date, there have been, no performance reductions or breakdowns of, or logical or physical intrusions to, any Business IT or losses of data which in each case have had (or are having) a material adverse effect on the business.

43. A Group Company either owns or is validly licensed to use all the software comprised in the Business IT.

44. None of the Business IT is wholly or partly dependent on any facilities that are not under the ownership, operation or control of a Group Company.

45. The Group Companies have a business continuity plan for the Business IT which is designed to minimise the impact of any loss of or damage to the Business IT on the conduct of the business.

46. In relation to any contract pursuant to which any material services relating to, and licences of, Business IT are provided to the relevant Group Company:

21. it is in full force and effect, no written notice having been given or received by any relevant Group Company to terminate it; and

22. the relevant Group Company has not received or sent written notice that it is in breach of any of its material obligations or that a dispute has arisen in respect of it and the Seller is not aware of any fact or matter which may give rise to a notice to terminate by a counterparty.

8. DATA PROTECTION

a. In this paragraph 10, Data Protection Legislation means all applicable laws in connection with privacy and protection of personal data in any jurisdiction in which a Group Company operates its business.

47. So far as the Seller is aware, since the Relevant Date:

23. any collection, holding, use or disclosure of personal information by a Group Company has been consistent with the Group Company’s privacy policy;
24. each group Company has complied in all material respects with all applicable requirements (including notification requirements) of the Data Protection Legislation in respect of its business and

25. there are no facts, matters or circumstances that could reasonably be expected to give rise to a breach of the Group Company’s privacy policy or Data Protection Legislation.

48. No Group Company has, since the Relevant Date, received written notice in respect of any material infringement or alleged infringement of the Data Protection Legislation in respect of its business.

49. There are no unresolved complaints or investigations in relation to a Group Company’s data handling practices.

9. Employment

50. The Seller has disclosed to the Purchaser in respect of the Group Companies:

26. true and complete copies of the service or employment agreements of the President/Chief Executive Officer, Chief Financial Officer, Vice President – People and Talent, all employees reporting directly to the President/Chief Executive Officer (the Senior Employees);

27. a breakdown of the workforce of the Group Companies, including:

   (1) the total number of full time equivalent employees of the Group Companies as at 27 July 2020 and the annual salary payable to such full time equivalent employees;

   (2) the total number of independent contractors and consultants engaged by the Group Companies;

   (3) the total number of casual employees of the Group Companies as at 27 July 2020;

   (4) the total number of workers engaged by a labour hire provider, that is contracted by a Group Company;

28. details of any arrangement or practice of the Group regarding redundancy payments above the statutory payment;

29. details of any accrued annual leave, long service leave, sick leave and personal/carer's leave entitlements of each employee of each Group Company as at 30 June 2020;

30. any written arrangement under which any employee or former employee of any Group Company has received since the Relevant Date or may be entitled to receive any bonus, commission or other payment or benefit (whether contractual or discretionary) that is calculated by reference to the performance of any Group Company or the Group, the performance of the employee or former employee or any combination of these;

31. all commitments given to any employee of any Group Company in relation to change of ownership of the Companies or the transactions contemplated by this agreement;

32. a breakdown of the workforce of the Group Companies by reference to all Modern Awards, Enterprise Agreements and other industrial instruments which cover each employee, including their classification level, or, if no such Modern Award, Enterprise Agreement or other industrial instruments apply to them, confirmation of that fact; and
33. all material policies and practices (whether contractual or discretionary) that are or may be applicable to employment or the termination of employment of any employee of any Group Company or applicable to a contractor, consultant or worker engaged by any Group Company.

34. paid all amounts due to each employee and former employee other than in respect of remuneration accrued for the current salary payment period and current expense claims;

35. otherwise complied with all of its obligations in relation to the employment and classification of its employees or engagement of workers (both current and former) including all obligations arising under any Modern Award, Enterprise Agreement or Transitional Agreement, all obligations in relation to occupational health and safety and workers' compensation and all other applicable employment legislation and regulations; and

36. made sufficient provision in its accounting records as at the Accounts Date for all annual leave, long service leave and personal/carer's leave entitlements then due to all employees.

51. The Group Companies have complied in all material respects with the provisions of all applicable employment legislation, regulations, Modern Award, Enterprise Agreement and employment agreements applicable to any of its current and former employees.

52. No Group Company is or has, since the Relevant Date, been involved in any material dispute, claim or legal proceedings whether arising in common law, contract, statute or otherwise with or in relation to any employee, contractor or worker or a former employee, contractor or worker and, so far as the Seller is aware, there is no fact or matter in existence which could give rise to any such dispute, claim or legal proceedings.

53. Except as disclosed under subparagraph 11.1(a) above, there is not in existence any written contract of employment between a Group Company and a Senior Employee which cannot be terminated by 12 months’ notice or less without giving rise to a claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).

54. Except as disclosed under subparagraph 11.1(a) above, there is not outstanding any written agreement or written arrangement to which a Group Company is a party for profit sharing or for payments to any Senior Employee of bonuses or for incentive payments or other similar matters.

55. No Senior Employee has given or been given written notice to terminate his employment.

56. Save as has been disclosed in the Data Room, no Group Company has any written agreement or written arrangement with, or recognises, a trade union, works council, staff association or other body representing any of its workers.

57. No Group Company has entered into any written arrangement in breach of s 15 of the Labour Hire Licensing Act 2018 (Vic), s 12 of the Labour Hire Licensing Act 2017 (SA) or s 11 of the Labour Hire Licensing Act 2017 (Qld).

58. The Group Companies have complied with the terms of all applicable industrial instruments (including modern awards and enterprise agreements, within the meaning of the Fair Work Act 2009 (Cth), and transitional instruments, within the meaning of the Fair Work Act (Transitional Provisions and Consequential Amendments) Act 2009 (Cth)).

59. Each Group Company maintains accurate leave records for each of its employees in accordance with regulation 3.36 of the Fair Work Regulations 2009 (Cth) and no employee of a Group Company has been misrepresented as a casual employee or independent contractor.

60. Each Group Company has:

34. paid all amounts due to each employee and former employee other than in respect of remuneration accrued for the current salary payment period and current expense claims;

35. otherwise complied with all of its obligations in relation to the employment and classification of its employees or engagement of workers (both current and former) including all obligations arising under any Modern Award, Enterprise Agreement or Transitional Agreement, all obligations in relation to occupational health and safety and workers' compensation and all other applicable employment legislation and regulations; and

36. made sufficient provision in its accounting records as at the Accounts Date for all annual leave, long service leave and personal/carer's leave entitlements then due to all employees.
61. No Group Company has claimed any payments under the JobKeeper Scheme.

10. Not used

11. TAX

a. Taxation liabilities

62. All Taxation of any nature whatsoever for which a Group Company is liable has been duly paid and no written arrangement or written agreement has been entered into by any Group Company which extends the period of assessment or payment with respect to any Taxation.

63. All Taxation for which a Group Company is liable in respect of the equity transfer from Blue Mountains International Hotel Management School Pty Limited to Laureate Education Services Australia Pty Ltd on 7 September 2018 has been duly paid.

64. Any liability of a Group Company to pay the superannuation guarantee charge in relation to any person who provides labour to a Group Company has been duly paid.

b. Taxation returns

65. All notices, computations and returns which ought to have been submitted to a Taxation Authority by a Group Company have been properly and duly so submitted and all information, notices, computations and returns submitted to a Taxation Authority are true, accurate and complete in all material respects and are not the subject of any material dispute with a Taxation Authority.

66. All material records which a Group Company is required to keep for Taxation purposes have been duly kept and are available for inspection at the premises of the Group Company or at the premises of PricewaterhouseCoopers, being the taxation adviser to the Group Companies.

67. No Group Company has asked for any extensions of time for the filing of any currently outstanding tax returns or other documents relating to Taxation.

c. Penalties and interest

No Group Company has within the past three years paid or become liable to pay any material interest, penalty, surcharge or fine relating to Taxation.

d. Investigations

No Group Company has within the past 12 months been subject to or, so far as the Seller is aware, is subject to any current, pending or anticipated nonroutine investigation or audit by any Taxation Authority.

a. Arm’s length transactions

All transactions and other dealings between any Group Company on the one hand, and any international related party on the other, have been (and can be demonstrated to have been) conducted at arm’s length in accordance with applicable transfer pricing rules.

a. No debt forgiveness

No debt or liability of a Group Company has been forgiven within the meaning of Division 245 of the Income Tax Assessment Act 1997 (Cth) nor has any arrangement for such a forgiveness been entered into in relation to any such debts or other liabilities.
a. Correct Withholdings

Any obligation of or on behalf of a Group Company under any law with respect to Taxation to withhold or deduct amounts at source, including but not limited to non-resident interest, dividend and royalty withholding tax and withholding from the salary or wages of employees or former employees, has been complied with including where appropriate, duly paid to the relevant Tax Authority in accordance with the relevant law and by the relevant due date.

a. Tax Consolidation

Each Group Company which is resident of Australia for income tax purposes is, and will remain at Completion, a member of a valid multiple entry income tax consolidated group as defined in section 719-5 of the Income Tax Assessment Act 1997 (Cth) and for which LEI Australia Holdings Pty Ltd is, and will remain at Completion, the provisional head company.

a. Income Tax Loss Deductions

All claims with respect to the deduction of Australian income tax losses with respect to any period or part period before Completion comply with and satisfy the current and prior year tax loss provisions contained in Divisions 165, 166 and 167 of the Income Tax Assessment Act 1997 (Cth).

a. GST

In relation to GST:

68. each Group Company:

37. is registered for GST under the GST Act where required to be registered for GST;

38. has complied in all respects with the GST Act;

39. is not in default of any obligation to make any payment or return (including any business activity statement) or notification under the GST Act; and

40. Has correctly claimed input tax credits on all creditable acquisitions and has held valid tax invoices in each relevant tax period in which the input tax credits were claimed and continues to hold those tax invoices as required by law;

69. there is no contract, arrangement or understanding requiring a Group Company to supply anything which does not contain a provision enabling the Group Company as a supplier to require the other party to the contract, arrangement or understanding to pay to the Group Company the amount of any GST for which the Group Company (or the representative member of any GST group of which the Group Company is or has been a member) is liable on a supply under that contract, arrangement or understanding in addition to the consideration for that supply or otherwise seek reimbursement so that the Group Company retains the amount it would have retained but for the imposition of GST;

70. there is no contract, arrangement or understanding requiring a Group Company to pay any amount in respect of GST on a supply which does not contain a provision enabling the Group Company as recipient to require the other party to the contract arrangement or understanding to provide to the Group Company a Tax invoice for any GST on that supply prior to the due date for payment for that supply; and

71. there is and has been no payment of any amount in respect of GST made by a Group Company where it is not contractually obliged to make such payment.
a. Duty

72. All documents in respect of which a Group Company is liable to pay duty and all transfers of any issued shares or units in any Group Company (other than as contemplated by this Agreement), have been properly stamped under applicable duty legislation and there are no outstanding assessments of duty in respect of any document in respect of which a Group Company is liable to pay duty, nor any requirement on the part of a Group Company to upstamp any document in the future on account of any interim stamping.

73. All duty assessed in respect of any document which a Group Company is liable to pay has been paid and any document required to be stamped has not been insufficiently stamped.

74. In respect of all transactions to which a Group Company is a party, or may be interested in the enforcement of, and which were effected without a written instrument, all necessary statements, forms or applications have been lodged with the relevant revenue authorities and all duty assessed has been paid and the statement, form or application in respect of the transaction has been properly stamped and has not been insufficiently stamped.

75. No Group Company has been a party to any transaction where an exemption, concession or other relief from duty was obtained in relation to that transaction, including any transaction in relation to which the relevant Group Company received, whether wholly or partly, relief from duty under any corporate reconstruction, exemption or concession provisions or as a result of ex gratia arrangements in any Australian jurisdiction.

12. Disclosure Schedule

13. Claims

1. Disclosed Information

a. The following are taken to be disclosed to the Purchaser:

1. all information contained in:
   i. the Data Room; or
   ii. this agreement, any other Transaction Document or any document referred to in the agreement as being in the Agreed Form (in each case including the recitals of, and each schedule, annexure or attachment to, the relevant document); or
   iii. the Accounts (including any notes to and any auditors' and directors' report on them) or the Management Accounts;

2. the VDD Reports;

3. the facts, matters and circumstances disclosed in the Disclosure Schedule;

4. any fact, matter or circumstance which is within the actual knowledge of the Purchaser Deal Team Member prior to the date of this agreement; and
5. all information which would have been disclosed to the Purchaser had the Purchaser conducted searches five Business Days before the date of this agreement of the public records maintained by any of the following:

i. the Australian Securities and Investments Commission;

ii. IP Australia;

iii. the Land Titles Office (or its equivalent in each State and Territory of Australia);

iv. searches against each Group Company on the High Court, Federal Court and the Supreme Courts in every State and Territory of Australia;

v. on the Australian personal Property Securities Register;

vi. the New Zealand Companies Office Register;

vii. registers maintained by the District Court of New Zealand, High Court of New Zealand, Court of Appeal of New Zealand or Supreme Court of New Zealand;

viii. registers maintained by the Intellectual Property Office of New Zealand; and

ix. registers maintained by Land Information New Zealand,

(therein, the Disclosed Information).

b. The fact that any information or document in the Data Room is in a language other than English shall not render the disclosure of that document, or any matter referred to in it, as not Fairly Disclosed for the purposes of paragraph 2.1(a) below.

c. References in the Disclosure Schedule to paragraph numbers shall be to paragraph numbers in Schedule 4 to which the disclosure is most likely to relate. Such references are given for convenience only and shall not limit the effect of any of the Disclosed Information, all of which is made against the Seller’s Warranties as a whole. Information set out in the Disclosure Schedule and other Disclosed Information is included solely to qualify the Seller’s Warranties, is not an admission of liability with respect to the matters covered by such information and is not warranted in any respect whatsoever. The inclusion of any specific item or amount in the Disclosure Schedule or in any other Disclosed Information is not intended to imply that such item or amount (or higher or lower amounts) is or is not material, and no party shall use the fact of the inclusion of any such item or amount in the Disclosure Schedule or in any other Disclosed Information in any dispute as to whether any obligation, item, amount or matter not described therein is or is not material for the purposes of this agreement.

2. Exclusions

a. The Seller shall not be liable in respect of any Warranty Claim or any claim under the General Indemnity to the extent that the matter or circumstance giving rise to the Warranty Claim or any claim under the General Indemnity:

   a. was Fairly Disclosed in the Disclosed Information; or

   b. was disclosed in this agreement, including the Schedules (other than the Disclosure Schedule).
b. The Seller shall not be liable in respect of any Warranty Claim or any claim under the General Indemnity (other than any Warranty Claim in respect of the Tax Warranties) to the extent that the matter or circumstance giving rise to the Warranty Claim or any claim under the General Indemnity:

c. was taken into account in the Accounts or the Completion Statement or is otherwise reflected in the Accounts or the Completion Statement or in calculating the Purchase Price; or

d. has been or is made good or is otherwise compensated for without cost or delay to the Purchaser or any Group Company; or

e. would not have arisen (or would have been reduced) but for a change in legislation or a change in the interpretation of legislation on the basis of case law made after the date of this agreement (whether relating to Taxation, the rate of Taxation or otherwise) or any amendment to or the withdrawal of any practice previously published by any Taxation Authority, in either case occurring after the date of this agreement, whether or not that change, amendment or withdrawal purports to be effective retrospectively in whole or in part; or

f. would not have arisen (or would have been reduced) but for any change at or after Completion of (i) the date to which any Group Company makes up its accounts or (ii) in the bases, methods, principles or policies of accounting of any Group Company other than a change which is reported by the auditors for the time being of a Group Company to be necessary in their opinion because such bases, methods, principles or policies of accounting as at the date of Completion are not in accordance with any published accounting practice or principle then current; or

g. would not have arisen (or would have been reduced) but for any act or omission of any member of the Seller’s Group or any Group Company on or before Completion carried out at the written request of the Purchaser or any act or omission of the Purchaser or any Group Company after Completion; or

h. would not have arisen (or would have been reduced) but for any failure or omission by any Group Company to make any valid claim, election, surrender or disclaimer, to give any valid notice or consent or to do any other thing under the provisions of any enactment or regulation relating to Taxation after Completion, the making, giving or doing of which was taken into account in computing the provisions for Taxation in the Accounts or the Completion Statement or was referred to in the Disclosed Information; or

i. would not have arisen (or would have been reduced) but for any claim, election, surrender, revocation or disclaimer made or notice or consent given after Completion by any Group Company or any member of the Purchaser's Group under the provisions of any enactment or regulation relating to Taxation other than any claim, election, surrender, revocation, disclaimer, notice or consent assumed to have been made, given or done in computing the amount of any allowance, provision or reserve in the Accounts or the Completion Statement; or

j. would not have arisen (or would have been reduced) but for a cessation, or any change in the nature or conduct, of any trade carried on by any Group Company at Completion, being a cessation or change occurring on or after Completion.

3. **Financial limits**

Subject to paragraph 15, the liability of the Seller shall be limited as follows:
k. there shall be disregarded for all purposes, and the Seller shall not be liable in respect of, any Claim in respect of which the amount of the damages (or, in the case of a Tax Covenant Claim, the amount) to which the Purchaser would otherwise be entitled is less than:

a. in respect of Claims in respect of Title and Capacity Warranties, nil;

b. in respect of all other Claims other than a claim under clause 10 of this agreement, A$450,000;

l. the Seller shall not be liable in respect of any Warranty Claim or Tax Covenant Claim or any claim under the General Indemnity unless the aggregate amount of damages (or, in the case of a Tax Covenant Claim, the amount) resulting from any and all Warranty Claims and Tax Covenant Claims or any claims under the General Indemnity (other than Claims disregarded as contemplated by paragraph (a) above) exceeds in aggregate the retention under the W&I Insurance Policy;

m. the maximum aggregate liability of the Seller arising out of or in connection with any and all Warranty Claims, Tax Covenant Claims or any claim under the General Indemnity shall not exceed AUD 1;

n. the Seller shall not be liable in respect of any Other Claim unless the aggregate amount of damages resulting from any and all Other Claims (other than Other Claims disregarded as contemplated by paragraph (a) above) exceeds in aggregate AUD 250,000; and

o. the maximum aggregate liability of the Seller in respect of all and any Other Claims shall not exceed USD$321,345,000.

4. **Time limits**

p. The liability of the Seller in respect of all Claims shall terminate:

q. The liability of the Seller:

41. in respect of a Special Employment Claim or a claim under clause 10 of this agreement shall terminate on the seventh anniversary of the Completion Date except in respect of any
Special Employment Claim or a claim under clause 10 of this agreement of which notice is given to the Seller in accordance with the provisions of paragraph 5 below before that date;

42. in respect of a Special Tax Claim shall terminate on the fifth anniversary of the date of this agreement except in respect of any Special Tax Claim of which notice is given to the Seller in accordance with the provisions of paragraph 5 below before that date; and

43. in respect of any Special Claim or a claim under clause 10 of this agreement shall in any event terminate if proceedings in respect of it have not been commenced within six months after the giving of notice of that Special Claim or a claim under clause 10 of this agreement in accordance with the provisions of paragraph 5 below.

5. Notice

If the Purchaser or, following Completion, any Group Company becomes aware of a matter or circumstance which may give rise to a Claim, the Purchaser shall give notice to the Seller specifying the relevant facts (including the Purchaser's estimate, on a without prejudice basis, of the amount of such Claim) as soon as reasonably practicable (and in any event within 30 days) after it or the relevant Group Company (as the case may be) becomes aware of that matter or circumstance.

6. Reduction in Purchase Price

Any payment made by the Seller in respect of a Claim shall, to the maximum extent possible, be deemed to be a reduction in the Purchase Price.

7. Duty to mitigate

The Purchaser shall take all steps reasonably necessary to mitigate any loss or damage incurred by it as a result of any matter or circumstance giving rise to a Claim.

8. Waiver of set-off etc.

The Purchaser waives any and all rights of set off, counterclaim, deduction or retention against or in respect of any of its payment obligations under this agreement or any of the other Transaction Documents which it might otherwise have by virtue of any Claim.

9. Contingent liabilities

If any Claim is based upon a liability which is contingent only, the Seller not shall have any obligation to make a payment in respect thereof unless (and until) such liability ceases to be contingent.

10. No double recovery

The Purchaser agrees that it shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same loss. For this purpose, recovery by any member of the Purchaser’s Group shall be deemed to be recovery by the Purchaser.

11. No liability for consequential loss etc.

The Seller shall not have any liability for any Consequential Loss.

12. Tax Warranties

The provisions of paragraphs 4, 5, 6 and 7 of Schedule 7 shall apply to the Tax Warranties.
13. **Other Claims**

The provisions of paragraphs 1, 2, 5, 6, 7, 8, 9, 10 and 11 of this Schedule 6 shall apply, *mutatis mutandis*, to any Other Claim save that paragraphs 1 and 2 shall not apply to any Special Claims.

14. **Conduct of Special Tax Claims**

The provisions of paragraphs 3, 4, 5, 6 and 7 (other than paragraph 7.11) of Schedule 7 shall apply, *mutatis mutandis*, to any Special Tax Claim.

15. **Effect of fraud**

Save for paragraphs 5, 7 and 10 of this Schedule 6, the limitations set out in this Schedule shall not apply to limit the liability of the Seller in the event of a claim arising against the Seller as a result of fraud on the part of the Seller.

16. **Tax Covenant**

**Schedule 1. INTERPRETATION**

a. In this Schedule, unless the contrary intention appears, words and expressions defined elsewhere in this agreement have the same meaning and:

Schedule 2. **Accounts Relief** means any Relief which is taken into account in the Completion Statement as an asset;

Schedule 3. **Post Completion Relief** means a Relief arising to a Group Company which is neither a Seller’s Relief nor an Accounts Relief;

Schedule 4. **Potential Liability** means a liability to or claim for Taxation or a non-availability, loss, reduction or cancellation of any Relief which may result in a claim against the Seller under this Schedule, or which may do so if paragraph 3 of Schedule 6 were not to apply, or any matter which may result in a claim against the Seller for breach of a Tax Warranty;

Schedule 5. **Relevant Period** means any period ended prior to Completion in respect of which a Group Company is required to make a return or a payment to a Taxation Authority;

Schedule 6. **Relief** means any loss, allowance, credit, relief, deduction or set-off in respect of, or taken into account, or capable of being taken into account, in the calculation of a liability to, Taxation or any right to a repayment of Taxation;

Schedule 7. **Saveable Amount** means, in respect of a Relief, the amount by which a liability to Taxation may be decreased by the use of that Relief;

Schedule 8. **Seller’s Conduct Matter** means, in relation to a Group Company, the preparation and submission of all notices, claims, returns and computations, the preparation and submission of
all correspondence relating to such notices, claims, returns and computations and the negotiation and agreement of all matters relevant to the tax position of such Group Company for a Relevant Period;

Schedule 9. **Seller’s Group** means the Seller and those companies (other than a Group Company) which may be treated for relevant Taxation purposes as being, or as having at any time been, either a member of the same group of companies as the Seller or otherwise associated with the Seller;

Schedule 10. **Seller’s Relief** means a Relief arising to a Group Company as a result of a Transaction or Transactions occurring (or deemed to occur) on or before Completion or in respect of a period ended on or before Completion but that is not an Accounts Relief;

Schedule 11. **Straddle Period** means any period commencing before Completion which is not a Relevant Period; and

Schedule 12. **Transaction** means any transaction, event, act or omission (or any transaction, event, act or omission deemed to occur for Taxation purposes).

a. In this Schedule, references to:

Schedule 13. **profits** include income, profits or gains of any description and from any source;

Schedule 14. **profits earned** on or before a certain date or in respect of a certain period include profits treated as, or deemed to be, earned on or before that date or in respect of that period for Taxation purposes;

Schedule 15. **profits earned** include profits earned, accrued or received (or treated as, or deemed to be, earned, accrued or received for Taxation purposes);

Schedule 16. a **repayment of Taxation** include any repayment supplement or interest in respect of it; and

Schedule 17. **Taxation** include, in a case where Taxation for which a Group Company is liable is discharged by another person, the amount corresponding to that Taxation for which a Group Company is, after that discharge, liable.

a. For the purposes of this Schedule, a Group Company shall be deemed to be liable for a payment of Taxation, and to make that payment of Taxation, if a Group Company would be liable for a payment of Taxation but for the use or setting off against profits or against a liability to pay Taxation of a Post Completion Relief or Accounts Relief.

b. In this Schedule, unless the contrary intention appears, a reference to a paragraph or subparagraph is to a paragraph or subparagraph of this Schedule.

**Schedule 18. COVENANT**

a. The Seller covenants with the Purchaser that, subject to the following provisions of this Schedule, the Seller will pay to the Purchaser, to the extent possible by way of repayment of the purchase price for the Shares (but not so as to limit the amount payable where not wholly possible), an amount equal to:

r. any payment of Taxation made or to be made by a Group Company the liability for which arises as a result of any Transaction or Transactions occurring on or before Completion (other than Taxation arising in respect of income, profits or gains earned after Completion as a result of any such Transaction or Transactions) or in respect of any profits earned on or before Completion;
s. any out-of-pocket costs or expenses reasonably and properly incurred by the Purchaser or a Group Company solely and directly in connection with any payment of Taxation as is referred to in the preceding paragraphs or in connection with any action taken in avoiding, resisting or settling any such payment of Taxation or such non-availability, loss, reduction or cancellation of a right to a repayment of Taxation,

whether or not a Group Company is or may be entitled to claim reimbursement of the payment from any person.

b. If the Seller is liable to pay an amount to the Purchaser or any other member of the Purchaser's Group pursuant to this Tax Covenant or the Tax Warranties and:

t. that payment is subject to a deduction or withholding for or on account of Tax; or

u. the receipt of that payment is subject to Tax,

then the payment must be grossed up by such an amount as is necessary to ensure that the net amount retained by the recipient after deduction or withholding of Tax or payment of Tax equals the amount the recipient would have retained had the deduction, withholding or Tax not been payable. A recipient will be deemed to be subject to Tax (whether by way of assessment, deduction, withholding or otherwise) if Tax arises or is imposed on the head company of a consolidated group of which the recipient is a member.

c. For the purposes of this Schedule (other than paragraph 3), all rights and liabilities of the parties shall be calculated on the assumption (if not actually the case) that the date of Completion is the end of an accounting period or a taxable period (as appropriate) and that the Completion Statement is the consolidated balance sheet of the Group for an accounting period or a taxable period (as appropriate) ending on that date.

Schedule 19. PAYMENT

A payment to be made by the Seller under paragraph 2 shall be made (i) within forty five Business Days from the date on which notice setting out the amount due is received by the Seller from the Purchaser or a Group Company in accordance with paragraph 5 of Schedule 6 or (ii) if later:

v. subject to subparagraph (d), in the case of a payment of Taxation within subparagraph 2.1(a)(a), on the date which is two Business Days prior to the last date on which that payment of Taxation may be made in order to avoid incurring a liability to interest or penalties;

w. in the case of a deemed payment of Taxation referred to in subparagraph 1.3, on the date which is one Business Day prior to the earliest date on which Taxation becomes payable which would not have been payable had the Relief not been used; and

x. if the payment relates to a liability to make a payment of Tax which is disputed by the Seller or a Group Company (a Disputed Liability) and the date on which payment of that Tax is required by law has been postponed following an application to the relevant Taxation Authority, court or tribunal, or the Tax does not in practice have to be paid until the Disputed Liability is determined, five Business Days before the date on which payment in respect of that Tax becomes required by law after that postponement, or is in practice required to be made following determination of the Disputed Liability, provided always that

a. if any action to be taken for the purposes of resisting, appealing, disputing, compromising or defending that Disputed Liability (including any such action to be taken at the request or direction of the Seller in accordance with any provision of
this Schedule) cannot be taken prior to the Tax that is the subject matter of the Disputed Liability, or a payment on account of that Tax, being paid, or if failure to pay the Disputed Liability would have a material adverse effect on the business of the Purchaser’s Group, then the Seller shall pay to the Purchaser an amount equal to that amount of Tax (a **Disputed Tax Payment**) within forty five Business Days after receipt by the Seller of written notice from the Purchaser specifying that amount and including evidence reasonably satisfactory to the Seller that the action to be taken for the purposes of resisting, appealing, disputing, compromising or defending that Disputed Liability cannot be taken prior to the Tax that is the subject matter of the Disputed Liability, or a payment on account of that Tax, being paid, or of the material adverse effect on the business of the Purchaser’s Group; and

b. if the Seller makes a Disputed Tax Payment, and the Disputed Liability is settled, compromised or determined at a lesser sum than the amount of the Disputed Tax Payment, then the difference between the Disputed Tax Payment and the amount for which the Disputed Liability is settled, compromised or determined shall be repaid to the Seller within five Business Days after, as applicable: (A) the receipt of a repayment in respect thereof by a Group Company or any member of the Purchasers’ Group from the relevant Taxation Authority; or (B) if such a repayment is set off against any other amount payable to the relevant Taxation Authority, the date upon which that other amount would otherwise have been due for payment.

**Schedule 20. EXCLUSIONS**

The covenants contained in paragraph 2 shall not extend to any liability otherwise falling within this Schedule and no claim shall arise under the Tax Warranties to the extent that:

y. provision or reserve for the liability is made or the liability is otherwise taken into account, or its actual or assumed payment or discharge is taken into account, in the Completion Statement; or

z. the liability is:

c. interest arising from a failure to pay Taxation to a Taxation Authority within a reasonable time after the Seller has made a payment of an amount in respect of that liability to Taxation under paragraph 3; or

d. interest attributable to a period after Completion on an amount to which paragraph 2 does not apply by virtue of subparagraph 4(a) or 4(c); or

e. a penalty or fine incurred after Completion in connection with such an amount; or

aa. it would not have arisen (or would have been reduced) but for a change in legislation or a change in the interpretation of legislation on the basis of case law made after the date of this agreement (whether relating to Taxation, the rate of Taxation or otherwise) or any amendment to or the withdrawal of any practice previously published by a Taxation Authority, in either case occurring after the date of this agreement, whether or not that change, amendment or withdrawal purports to be effective retrospectively in whole or in part; or

ab. it would not have arisen (or would have been reduced) but for a voluntary act or omission carried out or effected by the Purchaser or a Group Company after Completion other than an act or omission which:
f. is in the ordinary course of business as carried on by a Group Company at Completion and could not reasonably have been avoided; or

g. a Group Company was legally committed to do, or omit to do, under a commitment that existed on or before Completion; or

ac. it has been made good or otherwise compensated for without cost to the Purchaser or a Group Company; or

ad. any income, profits or gains to which the payment is attributable were actually earned or received by or actually accrued to a Group Company but were not reflected in the Completion Statement; or

ae. it arises as a consequence of any failure by the Purchaser or a Group Company to comply with any of their respective obligations under this Schedule; or

af. it arises as a result of the failure or omission of a Group Company to make any valid claim, election, surrender or disclaimer, to give any valid notice or consent or to do any other thing under the provisions of any enactment or regulation relating to Taxation after Completion, the making, giving or doing of which was taken into account in computing the provisions for Taxation in the Completion Statement or was contained in the Disclosed Information; or

ag. it arises as a result of any claim, election, surrender, revocation or disclaimer made or notice or consent given by a Group Company or any member of the Purchaser's Group after Completion under the provisions of any enactment or regulation relating to Taxation other than any claim, election, surrender, revocation, disclaimer, notice or consent assumed to have been made, given or done in computing the amount of any allowance, provision or reserve in the Completion Statement or which is made at the prior request of the Seller pursuant to its rights under this Schedule; or

ah. it arises as a result of any change after Completion of the date to which a Group Company makes up its accounts or in the bases, methods or policies of accounting of a Group Company other than a change which is reported by the auditors for the time being of a Group Company to be necessary in their opinion because such bases, methods or policies of accounting as at the date of Completion are not in accordance with any generally accepted accounting practice or principle then current; or

ai. it would not have arisen (or would have been reduced) but for a cessation, or any change in the nature or conduct, of any trade carried on by a Group Company at Completion, being a cessation or change occurring on or after Completion; or

aj. it would not have arisen (or would have been reduced) but for a change in the rate of the tax depreciation available to a Group Company or a reallocation or deferral of deductible expenses into a period ending after Completion; or

ak. it relates to transfer taxes, stamp duties or other Taxation which is not imposed on or calculated by reference to net income, profits or gains and which arise as a result of the sale of the Shares pursuant to this agreement except in respect of any transfer taxes, stamp duties or other Taxation which relate to any exemption or other relief previously obtained and to which a clawback applies as a result of the sale of the Shares pursuant to this agreement; or

al. it arises or is increased as a result of transfer pricing legislation (or its equivalent) to the extent that a Group Company or a member of the Purchaser's Group has obtained a corresponding adjustment (and for these purposes a Group Company or a member of the
Purchaser's Group shall use reasonable endeavours to obtain a corresponding adjustment within a reasonable time); or

am. it would not have arisen (or would have been reduced) but for any act, omission, transaction or arrangement carried out by the Seller or any Group Company prior to Completion at the written request or with the approval of the Purchaser, other than in connection with any binding ruling from the relevant Tax Authority obtained as contemplated in subclause 12.6(a);

an. it would not have arisen but for the loss of a Relief (whether from the loss of any imputation credits, franking credits, or any tax losses in any Group Company or otherwise) that results from the sale or transfer of Shares pursuant to this agreement;

ao. the Tax liability would not have arisen but for any change in ownership of a Group Company after Completion (including by reference to direct or indirect voting interests or market value interests) except for any change of ownership from Seller contemplated by this agreement; or

ap. the Tax liability arises as a result of the application of the thin capitalisation rules in Subpart FE of the Income Tax Act 2007 to a Group Company after Completion.

Schedule 21. CORRESPONDING BENEFIT AND REFUNDS

a. If a Group Company (or any successor to all or any part of its business) or the Purchaser receives a benefit or makes a saving which it would not have received or made but for the circumstances giving rise to a claim under this Schedule or under the Tax Warranties, then:

aq. the Purchaser shall procure that full details of the benefit or saving are given to the Seller as soon as practicable and in any event within ten Business Days of receipt of the benefit or saving in question;

ar. the Purchaser shall procure that, as soon as practicable and in any event within ten Business Days of the date when the benefit is received or saving in question is made (being the date when the Taxation would otherwise have been due to avoid interest or penalties which are not due by virtue of the saving), any payment already made by the Seller in respect of the claim is forthwith repaid to the Seller up to the amount of the benefit or saving and that any interest or repayment supplement received relating to the benefit or saving so far as repaid is also forthwith paid to the Seller; and

as. any amount of the benefit or saving (including any interest or repayment supplement) that is not so paid to the Seller shall be carried forward and set off against any future payment or payments which become due from the Seller under this Schedule or under the Tax Warranties.

b. If a Group Company or the Purchaser is entitled to receive a benefit or make a saving, as referred to in subparagraph 5.1, it shall use all reasonable endeavours to obtain any such benefit or make such saving within a reasonable time.

c. If a Group Company is or may be entitled to receive from any Taxation Authority a repayment or credit in respect of Taxation relating to any period ended on or before Completion then:

at. the Purchaser shall give the Seller full details of the entitlement as soon as practicable and in any event within ten Business Days of the Purchaser becoming aware of the entitlement arising;
au. the Purchaser shall at the request of the Seller take all reasonable steps to procure that the repayment or credit shall be obtained, keeping the Seller fully informed of the progress of any action taken; and

av. an amount equal to the repayment or credit (including any repayment supplement or interest) received by the Purchaser or a Group Company less any amount taken into account in the Completion Statement in respect of the repayment or credit shall be paid by the Purchaser to the Seller within five Business Days of receipt.

Schedule 22. CONDUCT OF TAX AFFAIRS

a. The Purchaser shall cause the Group Companies to procure that:

   aw. the Seller (or such professional advisers as the Seller may select) shall have the sole conduct of the Seller’s Conduct Matter;

   ax. the Seller (or its advisers) shall be provided promptly with any information received by the Purchaser or a Group Company, or of which the Purchaser or a Group Company otherwise becomes aware, which may be relevant to the Seller’s Conduct Matter, and with such assistance (including assistance from employees of the Purchaser and a Group Company) and access to such documents and records of, or relating to, a Group Company, as the Seller (or its advisers) may reasonably require in connection with the Seller’s Conduct Matter;

   ay. the Group Companies retain for a period of seven years from Completion, or such longer period as is required by applicable law, all books, records and other information (whether stored electronically or otherwise) relating to the Seller’s Conduct Matter;

   az. a Group Company shall within a reasonable time authorise, sign and submit to the relevant Taxation Authority such returns and other ancillary information, accounts, statements and reports relating to a Relevant Period and make such claims and elections and give such consents and comply with all procedural requirements in respect of the making or giving of such returns, ancillary information, accounts, statements and reports or such claims, elections or consents as the Seller (or its advisers) may, in its/their absolute discretion, direct in writing;

   ba. a Group Company shall appoint such person or persons as the Seller shall direct (including the Seller) from time to time to act as agent for a Group Company to deal with the Seller’s Conduct Matter and shall notify the relevant Taxation Authority of such appointment;

   bb. a Group Company shall not do any act or thing (including, in particular, the carry-back of losses from accounting periods ending after Completion) after Completion which:

       h. might affect a Group Company's ability to make claims for allowances or reliefs in respect of any Relevant Period; or

       i. would reduce or extinguish any relief or allowance relating to any Relevant Period; and

   bc. a Group Company shall not (unless so directed in writing by the Seller) amend, disregard, withdraw or disclaim any returns, statements, elections, claims or benefits in respect of any Relevant Period or Straddle Period.

b. If the Seller directs a Group Company to make a payment on account to any Taxation Authority in respect of any matter over which the Seller has conduct and the Seller has paid an equivalent amount to the Purchaser, the Group Company shall, or the Purchaser shall procure that the Group Company shall, make the payment to the relevant Taxation Authority within two Business Days of the
Purchaser receiving the money from the Seller. If the Seller makes a payment to the Purchaser pursuant to this subparagraph such payment shall, to the extent of the payment, be deemed to discharge the liability of the Seller to the Purchaser under paragraph 2 or for breach of the Tax Warranties, in respect of such liability.

c. Subject to subparagraphs 6.4 to 6.6 and the provisions of paragraph 7, the Purchaser and its advisers shall have sole conduct of all tax affairs of a Group Company other than a Seller’s Conduct Matter.

d. Where any computation, return, ancillary information, statements, reports or accounts is or are required to be submitted for, or in respect of, the Straddle Period relating to a Group Company, a draft shall be submitted by the Purchaser to the Seller marked for the attention of the company secretary (or such advisers as it shall nominate) at least 20 Business Days before its intended submission to any Taxation Authority and the Seller and its advisers shall be given access to all information necessary to determine its accuracy. In addition, the Seller shall be kept informed by the Purchaser of any negotiations regarding the Taxation liabilities of a Group Company relating to the Straddle Period and before any agreement in respect of those Taxation liabilities is reached with such authority, details of the proposed agreement shall be given by the Purchaser to the Seller at least 15 Business Days before the proposed conclusion of such agreement.

e. If, within 15 Business Days of receiving any draft computation, draft return, draft ancillary information, draft statements, draft reports, draft accounts, details of negotiations or proposed agreements referred to in subparagraph 6.4, the Seller makes any representations to the Purchaser those representations shall, to the extent that they are reasonable, be reflected in the computations, returns, ancillary information, statements, reports, accounts, negotiations or agreement with the relevant Taxation Authority.

f. If the parties, having negotiated in good faith for a period of 20 Business Days, fail to reach agreement as to whether the representations made by the Seller are reasonable, either the Seller or the Purchaser may refer the matter for determination by an internationally recognised adviser on tax matters in the relevant jurisdiction (the Expert). The Expert shall be appointed either by agreement between the parties or (if they do not agree within five Business Days of the party wishing to make the reference notifying the other of the proposed reference) on the application of either the Seller or the Purchaser to the Chair of the Resolution Institute (Australia). The Expert shall decide the matter in question as an expert (and not as an arbitrator) and his decision shall be final, except in the case of manifest error. Both parties shall make all relevant information available to the Expert. The costs of the Expert shall be borne by the parties in such proportions as the Expert considers to be fair and reasonable in all the circumstances.

Schedule 23. CONDUCT OF TAX CLAIMS

a. If the Purchaser or a Group Company receives any letter, enquiry, notice, demand, determination, assessment or other document, or a Taxation Authority takes any action, from which it appears that a Group Company may incur or suffer a Potential Liability, or if the Purchaser or a Group Company is, or becomes, aware of any fact which affects, or which may affect, any assessment which may give rise to a Potential Liability, the Purchaser shall or shall procure that a Group Company shall, notify the Seller of the relevant facts as soon as practicable and in any case involving an assessment with a time limit for appeal at least ten Business Days before the expiry of that time limit and in any other case, in any event within ten Business Days of receipt thereof.

b. On the giving of the notice referred to in subparagraph 7.1, the Seller shall be entitled at any time to elect that subparagraphs 6.1(a)(a) and 6.1(a)(b) shall apply to the Potential Liability as if it were a Seller’s Conduct Matter and shall be entitled to resist the Potential Liability in the name of a Group Company and have the conduct of any appeal, dispute, compromise or defence of the Potential Liability and of any incidental negotiations relating thereto subject to the Seller having indemnified the Purchaser and a Group Company to their reasonable satisfaction against all charges, costs and
expenses which they may incur in resisting the Potential Liability and in complying with their obligations under subparagraph 6.1(a) (b).

c. Subject to any election made under subparagraph 7.2 and the provisions of subparagraphs 7.4 to 7.10, the Purchaser and its advisers shall have sole conduct of negotiations and correspondence relating to the Potential Liability. The Purchaser agrees to conduct such negotiations and correspondence as expeditiously as reasonably practicable.

d. Where any correspondence, return, ancillary information, statements, reports, accounts or other documentation is or are required to be submitted to a Taxation Authority in relation to a Potential Liability, the Purchaser shall procure that a draft shall be submitted to the Seller marked for the attention of Chief Legal Officer of Laureate Education, Inc. (or such other person or advisers as the Seller shall nominate) at least 15 Business Days before its intended submission (or if there is a statutory or administrative time limit for submitting such correspondence, return, ancillary information, statements, reports, accounts or other documentation, such draft shall be sent to the Seller as aforesaid at such time as is reasonable in the circumstances, before its intended submission).

e. The Purchaser shall procure that the Seller shall be kept fully informed of any negotiations regarding the tax liabilities of a Group Company relating to the Potential Liability and that the Seller is provided with:

   bd. a copy of all correspondence or other documentation received by the Purchaser or a Group Company (including a note of any material communications or discussions not in written form) in respect of a Potential Liability within ten Business Days of receipt (or such communications or discussions taking place, as appropriate); and

   be. notification of any proposed meeting with the relevant Taxation Authority, together with an agenda for that meeting as soon as reasonably practicable. Where any such meeting is to take place between the Purchaser or a Group Company and the relevant Taxation Authority, the Seller shall be entitled to send a representative to that meeting.

f. The Purchaser shall procure that the Seller and its advisers shall be given access to such information and provided with such assistance (including assistance from employees of the Purchaser and a Group Company and access to any external advisors appointed by the Purchaser) as is reasonable and necessary to determine the accuracy or to review any correspondence, return, ancillary information, statements, reports, accounts submitted to it pursuant to subparagraph 7.4 above or to consider any action proposed to be taken by a Group Company, including any proposed negotiation, agreement or compromise in relation to any Potential Liability.

g. If the Seller sends to the Purchaser any written requests for documents or any written requests for responses to any questions in respect of a Potential Liability, the Purchaser shall, provided such requests are reasonable, provide such documentation or answer such questions (which answers shall be in written form), as the case may be, within 20 Business Days of receipt of such request or question.

h. If, within 15 Business Days (or such lesser time as is reasonable if there is a statutory or administrative time limit for making submissions to the relevant Taxation Authority) of receiving any draft computation, return, ancillary information accounts or correspondence or details of negotiations or proposed agreements or compromises referred to in the subparagraphs above, the Seller makes any representations to the Purchaser those representations shall, except to the extent that they are unreasonable, be reflected in such tax computations, returns, ancillary information, statements, reports, accounts; or correspondence, negotiations, agreements or compromises. If the Seller does not make any representations in the appropriate time as referred to above, or if it makes such representations which are reflected in such revised drafts, the Seller shall be deemed to have
agreed the contents of such drafts and the Purchaser shall be free to make such submissions to the relevant Taxation Authority.

i. If the parties, having negotiated in good faith for a period of 20 Business Days, fail to reach agreement as to whether the representations made by the Seller are unreasonable, the provisions of subparagraph 6.6 shall apply as if the representations were in respect of the tax affairs of a Group Company during the Straddle Period.

j. The Purchaser will not, and will procure that a Group Company will not, compromise or settle any Potential Liability or agree any matter which may affect the outcome of any dispute or negotiation with any Taxation Authority in relation to any Potential Liability without the written consent of the Seller.

k. The rights of the Seller pursuant to this paragraph 7 shall be subject to any provisions as to the conduct of the matters described in this paragraph that are included in the W&I Insurance Policy.

Schedule 24.
Completion Obligations

At Completion:

76. the Seller shall procure the delivery to the Purchaser of:

44. resignation letters in the Agreed Form, effective on Completion, for each Resigning Director of a Group Company; and

45. an original or certified copy of the minutes of a meeting (or a written resolution) of the board of directors of each Group Company, in Agreed Form, at which it has been resolved to:

(5) accept the resignation of each Resigning Director of that Group Company; and

(6) appoint as a director of that Group Company, in each case subject to such person having consented to act, each Replacement Director of that Group Company; and

77. the Seller shall deliver or make available to the Purchaser:

46. the ASIC corporate key for, and all statutory registers required to be kept by, each Australian incorporated Group Company;

47. all statutory registers required to be kept by each New Zealand incorporated Subsidiary pursuant to the New Zealand Companies Act 1993, including the share register of each New Zealand incorporated Group Company (showing each entity wholly-owned by a Group Company); and

48. the company keys (if any) issued by the New Zealand Companies Office in respect of each New Zealand incorporated Group Company or if there is no company key, a duly executed letter of authorisation (in the prescribed form) in respect of each New Zealand incorporated Group Company, granting the Purchaser authority to manage each relevant New Zealand Group Company's online company records.

Schedule 25.
Board Changes
Schedule 26.

Accounts and Applicable Accounting Standards

Schedule 27.

Completion Statement

Schedule 1. Preparation of the draft Completion Statement

As soon as reasonably practicable and by no later than 40 Business Days following Completion, the Purchaser shall prepare and deliver to the Seller a draft completion statement setting out the CY21 EBITDA Amount, the CY21 EBITDA Adjustment Amount, Net Debt and Working Capital of the Group Companies as at Completion (the draft Completion Statement). The Completion Statement (including the draft Completion Statement) shall be prepared in the form shown in Part 2 of this Schedule and in accordance with the following:

a. in accordance with the specific accounting policies, principles, practices and rules set out in paragraph 2 of this Schedule;

b. to the extent not covered by paragraph (a) above, in accordance with the same accounting policies, principles, practices, rules, estimation techniques and procedures as were actually used in the preparation of the Management Accounts, ; and

c. to the extent not covered by paragraph (a) or (b) above, in accordance with US GAAP as at 31 December 2019.

For the avoidance of doubt, paragraph (a) above shall take precedence over paragraphs (b) and (c) above, and paragraphs (b) shall take precedence over paragraph (c).

Schedule 2. Specific Accounting Principles

a. Except as required by paragraphs 2.2 to 2.4 of this Schedule, the following accounting treatments shall be applied in preparing the Completion Statement:

d. the Completion Statement shall be prepared on a consolidated basis by reference to the seven-digit general ledger of the Group Companies as at the Effective Time and applying procedures that would customarily be adopted at a financial year end, including eliminating intra-group balances together with any intra-group profits. No item shall be included more than once in the Completion Statement, or be included (or excluded) solely on the grounds of immateriality, and no account shall be taken of the funds flows arising at or as a consequence of Completion;

e. the Completion Statement shall be expressed in AUD and all amounts expressed in any other currencies shall be translated into AUD at the Exchange Rate; and

f. the Completion Statement shall take into account information in respect of Adjusting Events as defined in ASC 855 (Subsequent Events) up until the time the Purchaser delivers the draft Completion Statement to the Seller (the Delivery Time).

b. The Completion Statement shall exclude fixed and non-current assets other than prepaid accreditation fees, deferred contract costs and other security deposits (GL Account 1970100) and for
these purposes, fixed assets shall include capitalised course development costs, capitalised staff costs, in each case whether or not recharged from the Seller’s Group, and intangible fixed assets.

c. Cash shall comprise amounts which are freely available to be lent, spent, or distributed by the Group Companies in the ordinary course of business and shall exclude: (i) any cash held in China; and (ii) any restricted or trapped cash as it relates to international student deposits (including but not limited to GL Accounts 1008261, 1028202 and 1086570), domestic tuition assurance deposits (including but not limited to GL Accounts 1087803, 1087820 and 1087830) and government grant funding (including but not limited to GL Account 1018240) (together these amounts in sub-paragraph (ii) shall form **Restricted Cash**). Restricted Cash shall be included in the calculation of Working Capital and Estimated Working Capital. For the avoidance of doubt if the between the date of this agreement and Completion, (x) domestic tuition assurance deposits; and/or (y) security deposit amounts, are released and replaced with bank guarantees or letters of credit, in each case in accordance with all applicable laws, then such amounts of cash released shall be excluded from the calculation of Working Capital and Estimated Working Capital, and the Target Working Capital shall be reduced by the same amount. In relation to subparagraph (y), to the extent such bank guarantees or letters of credit do not remain on foot on and from Completion, and as a result such bank guarantees or letters of credit must be replaced by the Purchaser, any such amounts in connection with any replacement bank guarantees or letters of credit are not to be included in the calculation of Working Capital, Estimated Working Capital and Target Working Capital.

d. Revenue shall be recognised in accordance with paragraph 1.1(b) above, provided that:

  g. tuition revenue shall be recognised net of any scholarships or discounts on a straight-line basis over the duration of the academic session to which it relates; and

  h. exam fee revenue shall be recognised on the later of the fee being received and the exam being taken.

e. A liability for deferred revenue shall be recognised in Working Capital equal to any amounts received or receivable by the Group Companies (including student deposits, grants, subsidies and sponsorship) in advance of revenue recognition in accordance with paragraph 2.4 above.

f. Prepayments in the Completion Statement shall comprise amounts paid by the Group Companies on or prior to the Effective Time in respect of goods and services receivable by the Group Companies after the Effective Time. For the avoidance of doubt, prepayments shall exclude any prepayments and other assets in relation to Seller’s Group insurance policies and any other contractual or other arrangements, in each case that cease to be of benefit to the Group Companies following Completion.

g. To the extent not provided for as deferred revenue, full provision shall be made (without double counting) against the following receivables (including accrued income) that remain unpaid at the Delivery Time:- receivables in relation to students who are no longer enrolled and have not attended courses within the preceding six months.

h. Full provision (without double counting) shall also be made against receivables to the extent they relate to revenue recognised on or prior to the Effective Time and prior to the Delivery Time have been credit noted or become refundable, including as a result of a Group Company having cancelled participation in a course.

i. To the extent not already included in Net Debt, an accrual shall be made in Working Capital for goods and services provided to the Group Companies on or before the Effective Time which have not been paid for by the Effective Time and for any other liabilities which meet the criteria for recognition as liabilities in accordance with US GAAP. Such accrual shall include emoluments and outgoings in respect of employees and contractors up to the Effective Time including all salaries,
overtime payable, payments for services, commissions, incentive plans, long service awards, employee bonuses (including discretionary annual bonuses), pension contributions, severance costs, insurance, and any post-retirement and/or healthcare benefits and accrued vacation pay or holiday entitlement (including tax and social security contributions on the foregoing), but excluding capital expenditure.

j. The liability to be included in Working Capital in respect of the discretionary annual bonuses (including, for these purposes, the corporate bonus plans and local bonus plans in the Management Accounts) shall be the aggregate of unpaid bonuses, if any, in respect of periods ended on or before 31 December 2019 plus an amount equal to (i) the number of days from 1 January 2020 to the Completion Date (inclusive) divided by 365, multiplied by the aggregate bonus awarded or budgeted to be awarded by the Group Companies in respect of periods on or after 1 January 2020 (together, in each case, with Taxes thereon but excluding transaction related bonuses which shall be accrued in accordance with subparagraph 2.11(b) below), and less any portion of such bonuses paid on or prior to the Effective Time.

k. A liability shall be included in Net Debt in respect of the following:

i. all bank borrowing due by the Group Companies (including all accrued but unpaid interest thereon);

j. any Seller-related transaction bonuses (excluding, for the purposes of this Schedule, discretionary bonuses unless awarded by the Seller), costs and advisory fees (including Taxes thereon) to the extent payable by the Group Companies after the Effective Time;

k. any obligations of a Group Company to pay any amounts in respect of phantom share schemes or other equity incentive arrangements (including the full amount of any retention and/or transaction bonuses) (including Taxes thereon) to the extent payable by a Group Company after the Effective Time;

l. any liabilities in respect of derivative instruments measured at the amount that would be required to settle these at Completion;

m. any break fees or prepayment penalties, premiums, fees, costs or expenses which may be incurred by a Group Company in relation to the repayment or termination of any of (a), (b), (c) and (d) above at Completion;

n. any accrued but unpaid income tax or withholding taxes (including withholding taxes payable on Seller’s Group royalties, network fees or interest) that relates to any period or part period up to and including the Effective Time. For the purposes of the Completion Accounts, the Effective Time will be treated as the end of a Tax accounting period;

o. the current asset retirement obligations associated with the Pyrmont Street leases;

p. current accrued long service leave shall be included in Completion Net Debt as at the Effective Time and calculated on a consistent basis as the Accounts (including applicable tax and social security contributions); and

q. any shortfall in capital expenditure paid prior to the Completion Date compared to the forecast capital expenditure for the equivalent period as provided for in Schedule 17.

For the avoidance of doubt, any bank guarantees or letters of credits under or in connection with the Key Contracts at items 1 and 2 of Schedule 15 shall be excluded from Net Debt.
l. If any account could be included within more than one of the definitions of Net Debt or Working Capital, it shall, for the avoidance of doubt, only be included within one of such definitions to avoid possible double counting.

m. Deferred tax assets and deferred tax liabilities shall be excluded from the Completion Accounts.

n. Operating and capital lease liabilities shall be excluded from Net Debt.

o. The Parties acknowledge and agree that any EBITDA-related calculation for the purposes of this agreement must be calculated in accordance with the same accounting policies, principles, practices, rules, estimation techniques and procedures as were actually used in the preparation of the Management Projected EBITDA.

Schedule 3. Notification of disputed items

Within 20 Business Days of delivery to the Seller of the draft Completion Statement, the Seller shall give a notice to the Purchaser of any item or items it wishes to dispute together with the reasons for such dispute and a list of proposed adjustments. If, by the expiry of such period of 20 Business Days, no such notice is given to the Purchaser or the Seller has given notice to the Purchaser that there are no items it wishes to dispute, the draft Completion Statement shall constitute the Completion Statement for the purposes of this agreement.

Schedule 4. Resolution of disputed items and finalisation of the Completion Statement

If, in accordance with this Schedule, notice is given to the Purchaser as to any item or items in dispute:

r. the Seller and the Purchaser shall attempt to agree in writing the item or items disputed;

s. if any such item or items are not agreed in writing within 20 Business Days of the delivery to the Purchaser of any such notice, the Seller or the Purchaser may by notice to the other require that the item or items in dispute (and no other item) shall be referred to and determined by the Independent Accountants; and

t. the draft Completion Statement adjusted to take account of each item in dispute (of which notice is given in accordance with this Schedule) as agreed in writing or as determined by the Independent Accountants (as the case may be), shall constitute the Completion Statement for the purposes of this agreement.

Schedule 5. Provision of information

78. Following Completion, the Purchaser shall, and shall procure that the Group Companies shall, provide the Seller with all access to premises, information, assistance (including assistance from employees of the Purchaser and the Group Companies) and access to (including the ability to take copies of) books and records of account, documents, files, working papers and information stored electronically which it may reasonably require for the purposes of this Schedule.

79. Following Completion, the Seller shall provide the Purchaser with all access to premises, information, assistance (including assistance from employees of the Seller), and access to (including the ability to take copies of) books and records of account, documents, files, working papers and information stored electronically which it may reasonably require for the purposes of this Schedule.
Schedule 6.

Independent Accountants

Schedule 1. If and whenever any item in dispute relating to the ascertainment of the CY21 EBITDA Amount, the CY21 EBITDA Adjustment Amount, Net Debt, Working Capital, Intra-Group Payables and/or Intra-Group Receivables falls to be referred, in accordance with the relevant provision of this agreement, to Independent Accountants for determination, it shall be referred to such firm of internationally recognised chartered accountants:

a. as the Seller and the Purchaser may agree in writing within five Business Days after the expiry of the period allowed by the relevant provision of this agreement for the Seller and the Purchaser to reach agreement over the relevant item in dispute; or

b. failing such agreement, as shall be nominated for this purpose on the application of either the Seller or the Purchaser by the Chair of the Resolution Institute (Australia).

Schedule 2. The Seller and the Purchaser shall co-operate in good faith to do everything necessary to procure the effective appointment of the Independent Accountants. The Seller and the Purchaser shall agree terms of engagement with the Independent Accountants as soon as reasonably practicable after the Independent Accountants are nominated and shall not withhold or delay their consent to such terms if they are reasonable and consistent with the provisions of this agreement. The Seller and the Purchaser shall counter-sign the terms of appointment as soon as they are agreed.

Schedule 3. The Independent Accountants shall act on the following basis:

c. the Independent Accountants shall act as experts and not as arbitrators;

d. the item or items in dispute shall be notified to the Independent Accountants in writing by the Seller and/or the Purchaser within 20 Business Days of the Independent Accountants' appointment;

e. their terms of reference shall be as set out in Schedule 11 and this Schedule;

f. the determination of the Independent Accountants shall be limited to the item or items in dispute included in the notice by the Purchaser pursuant to paragraph 3 of Schedule 11 and notified to the Independent Accountants by the Seller and/or the Purchaser pursuant to paragraph 4(b) of Schedule 11;

g. the Independent Accountants shall decide the procedure to be followed in the determination;

h. the Seller and the Purchaser shall each provide, and the Purchaser shall procure that the Group Companies shall provide, the Independent Accountants promptly with all access to premises, information, assistance (including assistance from employees) and access to books and records of account, documents, files, working papers and information stored electronically which they reasonably require, and the Independent Accountants shall be entitled (to the extent they consider it appropriate) to base their determination on such information and on the accounting and other records of the Group Companies;

i. the determination of the Independent Accountants shall be within the range of the submission of the Seller and the Purchaser in relation to the item or items in dispute and (in the absence of manifest error) shall be final and binding on the parties; and

j. the costs of the determination, including fees and expenses of the Independent Accountants, shall be borne equally as between the Seller on the one hand and the Purchaser on the other hand.
Schedule 4.
Indebtedness and EBITDA Schedule

Schedule 5.
Continuing Arrangements

Schedule 6.
Key Contracts

Schedule 7.
Intellectual Property Rights

Schedule 8.
Monthly CY2020 and CY2021 Capital Expenditure Forecasts

Schedule 9.
Transitional Services Agreement
Signatories

Signed by  )  /s/ Aldert Jan de Bruin
for LEI AMEA INVESTMENTS B.V. )
Aldert Jan de Bruin
Director A

/s/ Kimberleigh J. Cantwell
Kimberleigh J. Cantwell
Director B

Signed by  )  /s/ Jean-Jacques Charhon
for LAUREATE EDUCATION, INC. )
Jean-Jacques Charhon
Executive Vice President and Chief Financial Officer
Signed by /s/ Karl McDonnell for SEI NEWCO, INC. Karl McDonnell President

Signed by /s/ Karl McDonnell for STRATEGIC EDUCATION, INC. Karl McDonnell Chief Executive Officer
MASTER AGREEMENT

In Santiago, Chile, as of September 10, 2020 (the “Effective Date”), this master agreement (this “Agreement”) is made and entered into as by and among, (A) LAUREATE INTERNATIONAL, B.V., a private limited liability company (besloten vennoostschap) incorporated according to the laws of the Netherlands, Chilean tax identification number 59,085,750-5; LAUREATE I, B.V., a private limited liability company (besloten vennoostschap) incorporated according to the laws of the Netherlands, Chilean tax identification number 59,085,740-8; and SERVICIOS REGIONALES UNIVERSITARIOS LE, S.C., a company (sociedad civil) incorporated according to the laws of Mexico, Chilean tax identification number 59,294,380-8 (collectively, the “Controlling Entities”), all represented by Mr. Rick Sinkfield and domiciled for this purposes at Avenida Kennedy 5454, Oficina 904, Las Condes, Santiago, Chile; and (B) FUNDACIÓN EDUCACIÓN Y CULTURA, a Chilean non-for-profit foundation, tax identification number 53,334,445-3, represented by Mr. Jorge Selume Zaror, both domiciled for this purpose in Av. Andrés Bello 2711, Piso 8, Las Condes, Santiago, Chile (“Fundación”);

RECITALS:

WHEREAS, the Controlling Entities are wholly owned subsidiaries of Laureate Education, Inc. (“Laureate”), a public benefit corporation incorporated in accordance with the laws of the state of Delaware, United States of America;

WHEREAS, through the Controlling Entities, Laureate controls several educational institutions in Chile, some of which are non-for-profit universities and others are for-profit professional institutes, all in accordance with the Law of Higher Education, as defined below;

WHEREAS, Fundación is a Chilean non-for-profit foundation, whose sole members are Sociedad Educacional SES and Sociedad Educacional Gundemara;
WHEREAS, the controllers of Sociedad Educacional SES and Sociedad Educacional Gundemara are respectively Mr. Jorge Selume Zaror and Mr. Juan Antonio Guzmán Molinari, both of which have substantial experience in the Chilean higher education sector;

WHEREAS, Laureate wishes to transfer the whole of the control of its Chilean educational institutions to a Chilean non-for-profit institution, and Fundación wishes to obtain the whole of the control of said educational institutions;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1.

DEFINITIONS.

Section a. Defined Terms. As used in this Agreement, the following terms shall have the meaning set forth below (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

“Active Members” means LDES and LCHII.

“Affected Company” has the meaning set forth in Section 10.03.

“Affiliate” means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person (a “Controlled Person”) shall be deemed to be “controlled by” another Person (a “Controlling Person”) if the Controlling Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of the Controlled Person whether through the ownership of voting securities, by contract or otherwise.

“AIEP” means Instituto Profesional AIEP SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“AIEP Acquiror” means UNAB.

“AIEP Entities” means jointly IP AIEP, CFT AIEP and AIEP Regional.

“AIEP Regional” means Centro de Formación Técnica AIEP Regional SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.
“Business Day” means any day on which banks are not authorized to be closed in Santiago, Chile or the City of New York.

“Campvs Mater” means Campvs Mater SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“CFT AIEP” means Centro de Formación Técnica Instituto AIEP SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“Ch$” means Chilean pesos, the legal currency of Chile.

“Chilean Withholding Taxes” means the amounts determined in accordance with Section 2.07. and Section 3.05. that Fundación and AIEP Acquiror, respectively, are required to withhold in accordance with Article 74 of the Chilean Income Tax Law (Decree Law No. 824 of 1974, as amended) in respect of the LDES Shares Purchase Price and the LDES Education Shares Purchase Price.

“Claim Notice” has the meaning specified in Section 10.01.

“Closing” and “Closing Date” has the meaning specified in Section 4.01.

“Confidential Information” means any information concerning the business and affairs of any of the Universities, the Educational Institutions or the Relevant Companies, but excludes information that is or becomes public knowledge other than as a direct or indirect result of any breach of this Agreement.

“Controlling Entities” has the meaning set forth in the Preamble to this Agreement.

“Controlling Entities’ Breach of Warranties” has the meaning set forth in Section 9.01.

“Directive Boards” means the board of directors of each of the Universities.

“Disagreement Notice” has the meaning specified in Section 10.03.

“Educational Institutions” means SECSA, EMM and AIEP.

“Effective Date” has the meaning set forth in the preamble to this Agreement.

“EMM” means Instituto Profesional Escuela Moderna de Música SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.
“Employee” means an employee of an Educational Institution having signed a labour agreement governed by the Chilean Labour Code.

“Exhibits” has the meaning set forth in Section 14.02.

“Financial Statements” means (a) the audited balance sheet of AIEP, EMM, LCHII and Inmobiliaria e Inversiones San Genaro Dos SpA as of December 31, 2019 and December 31, 2018, and the related audited statements of operations, changes in stockholders’ equity and cash flows for the years then ended, together with the related notes and schedules thereto and the unqualified report and certification of the independent public accountants relating thereto; (b) the unaudited balance sheet of SECSA, LDES, Campvs Mater, CFT AIEP and AIEP Regional as of December 31, 2019 and (c) the unaudited balance sheet of each of the Educational Institutions and the Relevant Companies as of July 31, 2020 and the related unaudited statements of operations, changes in stockholders’ equity and cash flows of the Educational Institutions and Relevant Companies for the seven (7) months then ended.

“Fundación” has the meaning set forth in the Preamble to this Agreement.

“Fundación’s Breach of Warranties” has the meaning set forth in Section 9.05.

“Fundamental Representations” means the representations and warranties of the Controlling Entities contained in Section 7.01. (Organization), Section 7.02. (Authority), Section 7.03. (Ownership), Section 7.04. (Corporate Approvals) and Section 7.05 (No contravention).

“Governmental Order” means any binding order, writ, judgment, injunction, decree, stipulation, determination, or award of any Governmental Authority.

“Governmental Authority” means any federal, state, regional, municipal or local government or political subdivision thereof, any foreign government or any court of competent jurisdiction, administrative agency, division, subdivision, department, bureau, branch, office or commission or other governmental or regulatory authority or instrumentality, in each case with competent jurisdiction.

“IEDE Mexico” means Institute for Executive Development Mexico SA de CV, a variable capital corporation (sociedad anónima de capital variable) incorporated according to the laws of Mexico.

“IESA” means Inmobiliaria Educacional SpA, a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“IFRS” means the International Financial Reporting Standards, as issued by the International Accounting Standards Board and as applied in Chile.
“Indae” means Instituto Nacional de Computación y Administración de Empresas Limitada, a limited liability company (sociedad de responsabilidad limitada) incorporated according to the laws of the Republic of Chile.

“Indae Purchase Agreement” means the agreement between Laureate SPA and Laureate Holding SpA as sellers and Fundación and Sociedad Educacional SES as buyers, for the sale of all of the rights in INDEA, for a total price of US$600,000.

“Intellectual Property” means all intellectual property and industrial property rights of every kind and description throughout the world, including all (a) patents, patent applications and invention disclosures; (b) trademarks, trade names, trade dress, logos, Internet domain names, corporate names and other similar designations of source or origin, together with all translations, adaptations, derivations and combinations thereof, together with the goodwill symbolized by any of the foregoing; (c) copyrights and copyrightable subject matter, moral rights, and rights of attribution and integrity; (d) inventions, trade secrets and other confidential information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, models, methodologies, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (e) rights in computer software, whether in source code, object code or other form, data, databases, algorithms, technology supporting the foregoing, and all documentation (including comments, user manuals, and training materials) related to the foregoing; and (f) applications, registrations and renewals for the foregoing.

“Laureate” has the meaning set forth in the Recitals to this Agreement.

“Law” means all applicable laws, statutes, codes, constitutions, rules, regulations, ordinances, decisions, injunctions, court decision or rulings of any Governmental Authority and all applicable Governmental Orders.

“Law of Higher Education” means Chilean Law No. 21,091, as amended.

“LCH Education” means LE Educacional SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“LCH Education Capital Increase” has the meaning set forth in Section 4.02. (v).

“LCHII” means Laureate Chile II SpA, a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“LDES” means Laureate Desarrollos Educacionales SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.
“LDES Education” means LDES Educacional SpA, a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“LDES Education Shares” means 141,334,915 shares issued by LDES Education, which represent all issued and outstanding shares of LDES Education.

“LDES Education Shares First Installment” means $ 192,050,000.

“LDES Education Shares Second Installment” means $ 22,575,000, less any deductions, if applicable, as set forth in Section 9.02.

“LDES Education Shares Purchase Price” means the LDES Education Shares First Installment plus the LDES Education Shares Second Installment.

“LDES Sellers” means Laureate International, BV and Laureate I, BV.

“LDES Shares” means 98,539,855 shares issued by LDES, which represent all issued and outstanding shares of LDES.

“LDES Shares Purchase Price” means $ 3,000,000.

“Leases” means the lease agreements entered into between the Educational Institutions and various Persons with respect to real estate.

“Legal Action” has the meaning set forth in Section 10.03.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, usufruct, charge, security interest, right of first refusal, preemptive right, option, condition or restriction on voting rights, encumbrance or other adverse claim of any kind in respect of such asset, including, without limitation, any Liens relating to Taxes.

“Loss” means any losses, damages, claims, costs, liabilities, payments, Taxes, fines, assessments and expenses, interest, awards, settlements, judgments and penalties (including reasonable attorneys’, accountants’ and consultants’ fees and expenses) imposed upon or otherwise suffered or incurred by a Person, but excluding any indirect losses or moral or punitive damages.

“Material Adverse Effect” means a material adverse effect on (i) the business, assets, operations or financial condition of the Relevant Companies or the Educational Institutions taken as a whole, or (ii) the ability of the Parties to perform its Obligations under this Agreement, as the context requires.

“New San Genaro Dos” means Nueva San Genaro Dos SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile that subsequently merged into AIEP.
“Obligation” means any obligation of a Person, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, financial or otherwise.

“Ordinary Course of Business”: an action taken by or on behalf of a Person shall not be deemed to have been taken in the “Ordinary Course of Business” unless such action is recurring in nature, is consistent with the Person’s past practices and is taken in the ordinary course of the Person’s normal day to day operations.

“Person” means any individual, partnership, firm, joint venture, trust, incorporated organization, association, corporation, institution, party, entity, governmental authority or other entity.

“Pre-Closing Tax Period” has the meaning set forth in Section 13.01.

“Real Estate” means the real estate mentioned in Exhibit 7.10 hereto, owned by AIEP.

“Relevant Companies” means LDES, LDES Education, LCHII, LCH Education, Campvs Mater, CFT AIEP, AIEP Regional and New San Genaro Dos.

“SECSA” means Sociedad Educacional Campvs SpA., a stock corporation (sociedad por acciones) incorporated according to the laws of the Republic of Chile.

“Shares” means the LDES Shares and the LDES Education Shares.

“Special Indemnities” has the meaning set forth in Section 9.02.

“Straddle Period” has the meaning set forth in Section 13.02.

“Subsidiary” means the for-profit entities owned or controlled, directly or indirectly, by a Person.

“Tax” or “Taxes” means any and all taxes (including, without limitation, any income tax, franchise tax, capital gains tax, estimated tax, gross receipts tax, value added tax, surtax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, property tax, occupation tax, occupancy tax, municipal license tax, gift tax, withholding tax or payroll tax), levies, assessments, charges or fees, or other governmental taxes or charges, imposed, assessed or collected by or under the authority of any Governmental Authority, as well as any refund, interest, penalties or additions to tax attributable to any such taxes.

“Tax Certificate” shall have the meaning set forth in Section 2.07.1 and Section 3.03.1
“Tax Refund” shall mean monetary reimbursements owing to Taxes determined by a Governmental Order originated in (i) the collection of dividends or profits by the Educational Institutions and/or Relevant Companies during commercial years 2017, 2018 and 2019; (ii) the payment of provisional Taxes during commercial years 2017, 2018 and 2019, in each case resulting from a request made by the Educational Institutions or the Relevant Companies to the competent Governmental Authority before the Closing Date; or (iii) any other Tax refunds (or credits in lieu of cash Tax refunds arising from (i) or (ii) above actually received from the Closing Date and until the first anniversary of the Closing Date.

“Tax Refund Amount” shall mean the amount of $5,100,000.

“Tax Returns” means any and all returns, sworn statements, reports, claim for refund, documents, certificates and forms (including elections, declarations, amendments, schedules, information returns or attachments thereto) required to be filed or supplied to any Governmental Authority, or provided for under applicable Law, in connection with the determination, withholding, assessment, collection or payment of Taxes.

“UDLA” means Universidad de Las Américas, a Chilean, private post-secondary education institution, fully autonomous, which is incorporated as a non-for-profit private corporation and is subject to the Law of Higher Education.

“UNAB” means Universidad Andrés Bello a Chilean, private post-secondary education institution, fully autonomous, which is incorporated as a non-for-profit private corporation and is subject to the Law of Higher Education.

“Universities” means UNAB, UDLA and UVM.

“US Dollar” or “$” means United States dollars, the legal currency of the United States of America.

“UVM” means Universidad de Viña del Mar, a Chilean, private post-secondary education institution, fully autonomous, which is incorporated as a non-for-profit private corporation and is subject to the Law of Higher Education.

Section b. Interpretation and Rules of Construction. In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

1... when a reference is made in this Agreement to an Article, Section or Exhibit, such reference is to an Article of or a Section of or an Exhibit to, this Agreement;
2. the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

3. whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

4. the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

5. all terms defined in this Agreement have the defined meanings when used in any certificate or other document delivered or made available pursuant hereto, unless otherwise defined therein;

6. the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

7. references to a Person are also to its successors and permitted assigns; and

8. the use of “or” is not intended to be exclusive unless expressly indicated.

ARTICLE 2.

CONTROL OF THE UNIVERSITIES, SECSA AND EMM.

Section a. Purchase and Sale of the LDES Shares. Upon the terms and subject to the conditions of this Agreement, at the Effective Date, each of the LDES Sellers hereby sells, assigns, transfers and delivers to Fundación, and Fundación hereby purchases, assumes, acquires and accepts from each of the LDES Sellers, the LDES Sellers’ right, title and interest in and to the LDES Shares set forth opposite to each LDES Seller’s name in Exhibit 2.01, free and clear of all Liens.

Section b. Purchase price. At the Effective Date, Fundación hereby pays $3,000,000, which is equivalent to the LDES Shares Purchase Price, in US Dollars, in immediately available funds by wire transfer, to the LDES Sellers’ designated accounts set forth in Exhibit 2.02, allocated to each LDES Seller as set forth in Exhibit 2.01.

Section c. Deliveries from Controlling Entities to Fundación. At the Effective Date, each of the Controlling Entities hereby deliver or cause to be delivered to Fundación, the following:
(i) certificates evidencing the LDES Shares under the name of Fundación and the cancellation of the share certificates issued to the Controlling Entities evidencing the LDES Shares;

(ii) a copy of the shareholders ledger (registro de accionistas) of LDES with due registration of the transfer of the LDES Shares to Fundación;

(iii) duly executed share transfer forms (traspasos de acciones), substantially in the form attached hereto as Exhibit 2.03(iii);

(iv) resignation letters, effective as of the Effective Date, duly executed by each director of LDES and its Subsidiaries, which resignations waive all claims against LDES and its Subsidiaries in the form attached hereto as Exhibit 2.03(iv); and

(v) resignation letters, effective as of the Effective Date, duly executed by each of the members of the Directive Boards listed in Exhibit 2.03(v), which resignations waive all claims against the Universities in the form attached hereto as Exhibit 2.03(v).

Section d. Deliveries from Fundación to Controlling Entities. At the Effective Date, Fundación hereby delivers or causes to be delivered to the Controlling Entities, the following:

(i) wire transfer of immediately available funds to such account designated by the Controlling Entities set forth in Exhibit 2.02 in an amount equal to the LDES Shares Purchase Price, as reduced by an amount equal to the applicable Chilean Withholding Taxes as provided in Section 2.07.2; and

(ii) duly executed share transfer forms (traspasos de acciones), substantially in the form attached hereto as Exhibit 2.03(iii).

Section e. Transfer of LDES Shares. At the Effective Date, the LDES Shares are hereby transferred by the Controlling Entities to Fundación with all their economic and corporate rights, free of all Liens that may limit or constrain in any manner their ownership, possession, holding, transferability, right of vote or right of use.

Section f. Control of Universities. Immediately following the transfer of the LDES Shares from the Controlling Entities to Fundación, Fundación shall cause the Active Members to celebrate an Extraordinary Assembly of Active Members (Asamblea Extraordinaria de Socios Activos) of each of the Universities in which the Active Members shall appoint members of each of the Directive Boards to replace those that have resigned pursuant to Section 2.03 (v).
Section g. Withholding Taxes.

1. The parties acknowledge that the sale of all LDES Shares from LDES Sellers to Fundación is subject to Chilean Withholding Taxes. LDES Sellers shall determine as required by applicable Law, the amount of such Chilean Withholding Taxes and the mechanism under which Chilean Withholding Taxes shall apply. Fundación shall withhold and pay any Chilean Withholding Taxes as directed by the LDES Sellers, being the amount set out in the certificate delivered by the LDES Sellers at the Effective Date (the “Tax Certificate”) attached hereto as Exhibit 2.07.1, which Tax Certificate will also set out the calculation of such amount.

2. To the extent that amounts are withheld by Fundación under Section 2.07.1., such withheld and deducted amounts will be paid as promptly as possible and in any event within the time periods provided under applicable Laws to the applicable Tax authority and, to the extent so paid to such Tax authority, will be treated for all purposes of this Agreement as having been paid to the LDES Sellers in respect of which such deduction and withholding was made by Fundación; provided, that, Fundación shall furnish the LDES Sellers with evidence of payment of the respective Chilean Withholding Taxes as soon as reasonably practicable.

3. In case the sale of the LDES Shares would not result in a gain subject to tax in Chile for the LDES Sellers, which will be set out in the Tax Certificate, Fundación shall not withhold and pay any Chilean Withholding Taxes.

4. Other than as set out in this Section 2.07., payment of the LDES Purchase Price shall be made in full without any withholding or set off or deduction for on account of any counterclaim.

ARTICLE 3.

CONTROL OF AIEP ENTITIES.

Section a. Purchase and Sale of the LDES Education Shares. Upon the terms and subject to the conditions of this Agreement, at the Closing Date, each of the Controlling Entities shall sell, assign, transfer and deliver to AIEP Acquiror, and Fundación shall cause AIEP Acquiror to purchase, assume, acquire and accept from each of the Controlling Entities, the Controlling Entities’ right, title and interest in and to the LDES Education Shares set forth opposite to each Controlling Entities’ name in Exhibit 3.01, free and clear of all Liens. AIEP Acquiror shall assume all rights and obligations set forth in this Agreement.

Section b. Purchase Price. The purchase price for the LDES Education Shares shall be equal to the LDES Education Shares Purchase Price, which shall be paid as follows:
1. At the Closing Date, the AIEP Acquiror shall pay the LDES Education Shares First Installment, in US Dollars, in immediately available funds by wire transfer, to the Controlling Entities’ designated accounts set forth in Exhibit 2.02, allocated to each Controlling Entity as set forth in Exhibit 3.01.

2. No later than the first anniversary of the Closing Date, the AIEP Acquiror shall pay the LDES Education Shares Second Installment, in US Dollars, in immediately available funds by wire transfer, to the Controlling Entities’ designated accounts set forth in Exhibit 2.02, allocated to each Controlling Entity as set forth in Exhibit 3.01.

Section c. Withholding Taxes.

1. The parties acknowledge that the sale of all LDES Education Shares from the Controlling Entities to AIEP Acquiror is subject to Chilean Withholding Taxes. The Controlling Entities shall determine as required by applicable law, the amount of such Chilean Withholding Taxes and the mechanism under which Chilean Withholding Taxes shall apply. AIEP Acquiror shall withhold and pay any Chilean Withholding Taxes as directed by the Controlling Entities, being the amount set out in the Tax Certificate delivered by the Controlling Entities at Closing, which Tax Certificate will also set out the calculation of such amount with respect to the LDES Education Shares First Installment and the LDES Education Shares Second Installment.

2. To the extent that amounts are withheld by AIEP Acquiror under Section 3.03.1, such withheld and deducted amounts will be paid as promptly as possible and in any event within the time periods provided under applicable Laws to the applicable Tax authority and, to the extent so paid to such Tax authority, will be treated for all purposes of this Agreement as having been paid to the Controlling Entities in respect of which such deduction and withholding was made by AIEP Acquiror; provided, that, AIEP Acquiror shall furnish the Controlling Entities with evidence of payment of the respective Chilean Withholding Taxes as soon as reasonably practicable.

3. In case the sale of the LDES Education Shares would not result in a gain subject to tax in Chile for the Controlling Entities, which will be set out in the Tax Certificate, AIEP Acquiror shall not withhold and pay any Chilean Withholding Taxes.

4. Other than as set out in this Section 3.03., the payment of the LDES Education Purchase Price shall be made in full without any withholding or set off or deduction for on account of any counterclaim, except as provided in Section 9.02.

ARTICLE 4.

CLOSING.
Section a. **Closing Date.** The closing of the purchase of the LDES Education Shares (the “Closing”) shall take place at the offices of Barros & Errázuriz Abogados, Av. Isidora Goyenechea 2939, Piso 10, comuna de Las Condes, Santiago, Chile as soon as possible, but in no event later than the date which is one Business Day after the Effective Date (the “Closing Date”), provided that the conditions stated in ARTICLE 5 have been satisfied or, when permissible, waived (by the party entitled to waive the condition) and continue to be satisfied.

Section b. **Deliveries from Controlling Entities to AIEP Acquiror.** At the Closing Date, the Controlling Entities shall deliver or cause to be delivered to AIEP Acquiror, the following:

(i) certificates evidencing the LDES Education Shares under the name of AIEP Acquiror and the cancellation of the share certificates issued to the Controlling Entities evidencing the LDES Education Shares;

(ii) a copy of the shareholders ledger (registro de accionistas) of LDES Education with due registration of the transfer of the LDES Education Shares to the AIEP Acquiror;

(iii) duly executed share transfer forms (traspasos de acciones), substantially in the form attached hereto as Exhibit 4.02 (iii); and

(iv) resignation letters, effective as of the Closing Date, duly executed by each director of LDES Education and its Subsidiaries which resignations waive all claims against LDES Education and its Subsidiaries in the form attached hereto as Exhibit 2.03 (iv).

(v) evidence of filing of Form 50 before the Servicios de Impuestos Internos demonstrating payment of all withholding Taxes on capitalized interest arising from the capital increase of LCH Education dated August 14, 2020 (the “LCH Education Capital Increase”).

(vi) the Tax Certificate pursuant to Section 3.03.1

Section c. **Deliveries from AIEP Acquiror to Controlling Entities.** At the Closing Date, the AIEP Acquiror shall deliver or cause to be delivered to the Controlling Entities, the following:

(i) wire transfers of immediately available funds to such account designated by the Controlling Entities set forth in Exhibit 2.02 in an amount equal to the LDES Education Shares First Installment , as reduced by an amount equal to the applicable Chilean Withholding Taxes as provided in Section 3.03.2;
Section d. Transfer of LDES Education Shares. The LDES Education Shares shall be transferred by the Controlling Entities to the AIEP Acquiror with all their economic and corporate rights, free of all Liens that may limit or constrain in any manner their ownership, possession, holding, transferability, right of vote or right of use.

ARTICLE 5.

CONDITIONS TO THE CLOSING.

Section a. Condition to Obligations of Controlling Entities and AIEP Acquiror. The respective obligations of the Controlling Entities and the AIEP Acquiror to consummate the Closing are subject to the satisfaction of the condition that no Governmental Authority or other agency or commission or court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other Governmental Order (whether temporary, preliminary or permanent) which remains in effect, and which has the effect of making the transactions contemplated hereby illegal or otherwise prohibiting consummation of the transactions contemplated by this Agreement.

Section b. Conditions to Obligations of Controlling Entities. The obligation of Controlling Entities to consummate the Closing shall be subject to the satisfaction (or waiver by the Controlling Entities) of the following conditions at or prior to the Closing Date:

a. Indae Purchase Agreement. The Indae Purchase Agreement shall have been executed.

b. Representations and Warranties. Each of the representations and warranties of the Fundación contained in this Agreement shall be true and correct in all material respects, as of the date made and, except as specifically contemplated by this Agreement, as of the Closing Date, with the same force and effect as if made as of the Closing Date, and the Controlling Entities shall have received from the Fundación a certificate of an authorized executive officer of the Fundación to such effect substantially in the form attached hereto as Exhibit 5.02 (ii).

c. Covenants. All covenants contained in this Agreement to be performed and complied with by Fundación and AIEP Acquiror, as applicable, on or before the Closing Date shall have been performed and complied with on all material respects by the Closing Date and the
Controlling Entities shall have received from AIEP Acquiror a certificate of an authorized executive officer of AIEP Acquiror to such effect substantially in the form attached hereto as Exhibit 5.02 (iii).

d. **Resolutions and powers of attorney.** The Controlling Entities shall have received from the AIEP Acquiror (i) certified copies of resolutions duly adopted by the board of AIEP Acquiror authorizing the execution and performance of this Agreement and the transactions contemplated hereby and such resolutions shall not have been revoked and shall remain in full force and effect and (ii) powers of attorney of the AIEP Acquiror, duly executed and legalized, authorizing their representatives to purchase the LDES Education Shares.

**Section c.**  **Conditions to Obligations of AIEP Acquiror.** The obligation of AIEP Acquiror to consummate the Closing shall be subject to the satisfaction (or waiver by the AIEP Acquiror) of the following conditions at or prior to the Closing Date:

e. **Indae Purchase Agreement.** The Indae Purchase Agreement shall have been executed.

f. **Representations and Warranties.** Each of the representations and warranties of the Controlled Entities contained in this Agreement shall be true and correct in all material respects as of the date made and, except as specifically contemplated by this Agreement, as of the Closing Date, with the same force and effect as if made as of the Closing Date, and AIEP Acquiror shall have received from the Controlling Entities a certificate to such effect substantially in the form attached hereto as Exhibit 5.03 (ii).

g. **No Material Adverse Effect.** Since the Effective Date, nothing has occurred which has or could reasonably be expected to have a Material Adverse Effect.

h. **Covenants.** All material covenants contained in this Agreement to be performed and complied with by the Controlling Entities on or before the Closing Date shall have been performed and complied with on all material respects by the Closing Date and AIEP Acquiror shall have received from the Controlling Entities a certificate to such effect substantially in the form attached hereto as Exhibit 5.03 (iv).

i. **Resolutions and powers of attorney.** The AIEP Acquiror shall have received from the Controlling Entities (i) certified copies of resolutions duly adopted by the board of directors (or shareholders
meetings, if necessary) of the Controlling Entities authorizing the execution and performance of this Agreement and the transactions contemplated hereby, and such resolutions shall not have been revoked and shall remain in full force and effect and (ii) powers of attorney of the Controlling Entities, duly executed, legalized and provided with an apostille (to the extent required), authorizing their representatives to sell the LDES Education Shares.

j. The Controlling Entities shall have caused the payment of the amounts due to UNAB by certain Affiliates of the Controlling Entities, as set forth in Exhibit 5.03 (vi).

ARTICLE 6.

COVENANTS.

Section a. Conduct of LDES Education and Subsidiaries. Between the Effective Date and the Closing Date, except as otherwise contemplated by this Agreement, or with the written consent of Fundación, the Controlling Entities shall cause the business of LDES Education and its Subsidiaries including the AIEP Entities to be conducted only, and the Controlling Entities shall prevent LDES Education and its Subsidiaries including the AIEP Entities, from taking any action except, in the Ordinary Course of Business. Without limiting the foregoing, except as contemplated by this Agreement or with consent of Fundación, the Controlling Entities shall be prohibited and shall prohibit each of LDES Education and its Subsidiaries including the AIEP Entities, between the Effective Date and the Closing Date, from directly or indirectly doing, or proposing or agreeing to do, any of the following:

k. liquidate, dissolve, reorganize, recapitalize or otherwise wind up LDES Education or any of its Subsidiaries or any substantial portion of its business;

l. amend its governing documents in any material respects;

m. issue, sell, grant or transfer any equity securities;

n. dispose of any properties or incur any Liens or permit any Liens to be imposed on any property, other than in the Ordinary Course of Business;

o. incur any indebtedness other than in the Ordinary Course of Business or alter the terms of any indebtedness other than in the Ordinary Course of Business;
p. entering into any contract, commitment or lease outside of the Ordinary Course of Business or entering into,
assign, amend, terminate, waive any right or modify in any material respect any Material Contract;
q. taking any action that would result in the failure or non-satisfaction of any condition set forth in this Agreement;
r. declaring, setting aside or paying any dividend or other distribution (whether in cash, stock or property) in respect
of, purchasing, redeeming or otherwise acquiring, its capital stock;
s. merging or consolidating with any other Person.
t. make any amendments, outside the Ordinary Course of Business, with respect to tuitions, discounts, scholarships
or student financing;
u. increase the salaries, benefits or other compensation payable to employees in a manner inconsistent with the
Ordinary Course of Business, or in a manner that does not reflect prevailing market conditions; terminate or hire
any employee outside the Ordinary Course of Business or transfer an employee to the Controlling Entities or its
Affiliates;
v. authorize any of, or commit, propose or agree to take any of the foregoing actions.

Section b. Public Announcements.

The initial press release with respect to this Agreement shall be agreed upon by Fundación and the Controlling Entities. Thereafter
the parties agree to consult with each other before issuing any press release or making any public statement with respect to this
Agreement or the transactions contemplated hereby, provided, however, that any Party may make any public disclosure it believes in
good faith is mandatory by applicable Law or any listing or trading agreement concerning its publicly traded securities.

Section c. Best Efforts. Subject to the terms and conditions of this Agreement, each party will use its best efforts to
cause the Closing to occur.

Section d. Further Action. Each of the Controlling Entities, Fundación and the AIEP Acquiror shall, and shall cause
their respective Subsidiaries and Affiliates to, execute such documents and take such further actions as may be reasonably required
or desirable to carry out the provisions hereof and the transactions contemplated hereby at or after the Closing to evidence the
consummation of the transactions contemplated pursuant to this Agreement.
ARTICLE 7.

CONTROLLING ENTITIES’ REPRESENTATIONS AND WARRANTIES.

i. Each of the Controlling Entities hereby represents and warrants to Fundación and the AIEP Acquiror that, except as disclosed through the Exhibits to this Article:

Section a. Organization.

1. The Controlling Entities are entities duly organized and existing under the laws of their respective incorporation jurisdictions.

2. Each of the Educational Institutions and the Relevant Companies: (i) exists and is duly organized and validly existing, according to the laws of the Republic of Chile; and (ii) possesses all the permits, authorizations and certifications from the competent authorities, necessary to develop the activities and businesses that are currently undertaken by them, in the places under the conditions in which they currently operate.

3. Exhibit 7.01 hereof contains a list of all direct and indirect Subsidiaries of LDES and LDES Education.

4. The shares of the Educational Institutions and Relevant Companies are owned free of all Liens and have full voting rights, with no restrictions or limitations.

5. There are no pending subscription rights in favor of any third parties, nor an option or right of any kind that gives the Controlling Entities or its Affiliates, or to third parties, the right to purchase, subscribe or acquire, any title, share or right in the Educational Institutions or the Relevant Companies or to capitalize credits against them.

Section b. Authority. The Controlling Entities possess sufficient capacity, power and authorization to execute this Agreement and to consummate the transactions contemplated hereby.

Section c. Ownership.

1. The Controlling Entities own, beneficially and of record, the Shares. The Shares are free and clear of all Liens, options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to such shares. The Shares have been duly authorized and validly issued, are fully paid and have full voting rights, with no restrictions or limitations. As of the date hereof, Fundación has acquired good and valid title to the LDES Shares and upon Closing AIEP Acquiror will acquire good and valid title to the LDES Education Shares.
2... The acquisition by Fundación of the LDES Shares shall enable Fundación acquire on the Effective Date whole and exclusive control of the Universities, SECSA and EMM.

3... The acquisition by AIEP Acquiror of the LDES Education Shares shall enable AIEP Acquiror obtain on the Closing Date whole and exclusive control of of LDES Education and its Subsidiaries, including the AIEP Entities.

Section d.. Corporate approvals. The execution, delivery and performance by each of the Controlling Entities of this Agreement has been duly approved by all requisite action on the part of the Controlling Entities, and the required powers of attorney were duly granted pursuant to the applicable by-laws and regulations. The individuals who appear on behalf of the Controlling Entities, will have, as of the Closing Date, all the necessary powers and authority to execute and perform the Obligations arising under this Agreement including, without limitation, the capacity to own and the faculty to sell the Shares. This Agreement constitutes legal, valid and binding obligation of each of the Controlling Entities, enforceable against each of the Controlling Entities in accordance with its terms.

Section e.. No contravention. The execution and performance of this Agreement and its related agreements and documents (i) does not contravene any provision contained in the by-laws, statutes or other analogous provisions of the Controlling Entities, the Educational Institutions or the Relevant Companies, nor any shareholder agreement or other contract or covenant with respect to Controlling Entities, the Educational Institutions or the Relevant Companies; (ii) as of the Closing Date, will not grant the right to terminate or resolve any contract or agreement to which any Educational Institution or Relevant Company is a party; nor will it mean, directly or indirectly, any breach of any contract in which any Educational Institution or Relevant Company is a party or impose an Obligation on any Educational Institution or Relevant Company; and (iii) does not require the authorization or consent of any Person, under any kind of material contract, including any material credit, concession, licensing and franchise contracts to which the Educational Institutions or the Relevant Companies are parties.

Section f.. Compliance with Laws. Except as set forth in Exhibit 7.06, the Educational Institutions and Relevant Companies have conducted their business in accordance with all Laws and Governmental Orders applicable to them and are not in a violation of any such Law or Governmental Order. Except as disclosed in Exhibit 7.06, none of the Educational Institutions or Relevant Company has, as of the date hereof and during the two-year period prior to the Effective Date received any written notice from any Governmental Authority of any actual, alleged, possible or potential violation of, or noncompliance with, any Law by any Educational Institution or Relevant Company.
Section g. Financial Statements. Exhibit 7.07 contains true and complete copies of the Financial Statements; and the Financial Statements (i) were derived from the books and records of the Educational Institutions and the Relevant Companies and (ii) are true, correct and complete in all material respects and except as otherwise specified therein, present fairly, in all material respects, the financial position of the Educational Institutions and the Relevant Companies as of the dates thereof and the results of operations, changes in stockholders’ equity and cash flows for the periods covered thereby in accordance with IFRS, or U.S. Gaap, as applicable.

Section h. Undisclosed Liabilities. Except as set forth on Exhibit 7.08, as of the date of the Financial Statements to the date of this Agreement, the Educational Institutions and the Relevant Companies have been conducted in the Ordinary Course of Business and no Educational Institution or Relevant Company has incurred any Obligations, indebtedness, liabilities or contingencies, that according to IFRS, applied on a consistent basis with the Financial Statements, would require to be reflected in a balance sheet or notes thereto of the Educational Institutions or the Relevant Companies for such period, other than those reflected in the Financial Statements, other than in the Ordinary Course of Business.

Section i. Assets. (a) Each Educational Institution and Relevant Company is the current owner of, or has a valid leasehold interest in, all goods and assets necessary for the conduct of their business as presently conducted (except those that have been transferred in the Ordinary Course of Business); and (b) All such goods and assets are free of all encumbrances, Liens, forbiddances or limitations that restrict their ownership or use, with exception to those encumbrances, Liens, forbiddances or limitations included in Exhibit 7.09.

Section j. Real Estate and Leases. (a) Exhibit 7.10 hereof contains details of all the Real Estate and contains details of all the Leases; (b) The description of each of the Real Estate in such Exhibit is, in each case, true, accurate and complete and includes all the information which is needed fully and exactly to identify the Real Estate and the Leases; (c) AIEP has good and valid title to and is the sole legal and beneficial owner of the Real Estate; (d) Each of the Educational Institutions listed therein is fully and solely entitled to the Leases listed under its name in the Exhibit 7.10, is in exclusive occupation of the land the subject of the Leases and has a good title to such Leases, which is in perfect order pursuant to the applicable law; and (e) No Real Estate or Lease is subject to any encumbrance or Lien other than those set out in Exhibit 7.10.

Section k. Leases. (a) Each Lease complies with all applicable laws and regulations. All Leases and all amendments and modifications thereto are in full force and effect, and there exists no default under any such Leases by the Educational Institutions or any other party thereto, nor any event which, with notice or lapse of time or both, would constitute a default thereunder by the Educational Institutions or any other party thereto; and (b) On termination of any Lease, the Educational Institutions will be
under no obligation to restore the land held under that Lease to the state of the land at the start of the Lease.

Section 1. **Litigation.** Except for the exceptions contained in Exhibit 7.12, as of the date hereof,

1... There are no suits, claims, petitions, litigation, audits, investigations or any other type of legal action or proceeding (including any civil, labor, criminal, administrative or appellate proceeding) or extra-judicial claims pending, in process or that may be assumed will be initiated, for any motive, against one or more of the Educational Institutions or the Relevant Companies.

2... No Educational Institution or Relevant Company is engaged in any litigation or arbitration proceedings and there are no such proceedings pending or threatened by or against any Educational Institution or Relevant Company.

3... The Controlling Entities are not aware of anything which is likely to give rise to any litigation or arbitration proceedings by or against any Educational Institution or Relevant Company.

4... No Educational Institution or Relevant Company is the subject of any investigation, inquiry or enforcement proceedings or process by any Governmental Authority nor are the Controlling Entities aware of anything which is likely to give rise to any such investigation, inquiry or proceeding or process.

5... There are no existing or pending judgments, awards or decisions affecting any Educational Institution or Relevant Company.

Section m. **Taxation.** Except as disclosed in Exhibit 7.13:

1... Each Tax required to be paid by the Educational Institutions and Relevant Companies before the Closing Date (whether pursuant to any Tax Return or otherwise) has been duly paid in full on a timely basis, except for such Taxes, if any, being contested in good faith and as to which adequate reserves have been provided in accordance with IFRS. The Educational Institutions and Relevant Companies have made all required estimated advance Tax payments (monthly provisional payments or other provisioned payments) as required by applicable Law. Net taxable income of each of the Educational Institutions and Relevant Companies with respect to each period ending on or prior to the Closing Date has been determined in accordance with applicable Tax Law. Any Tax required by applicable Law to be withheld or collected by any of the Educational Institutions and Relevant Companies has been duly withheld and collected, and (to the extent required) each such Tax has been timely paid in full to the appropriate Governmental Entity;
2... All Tax Returns referring to Decree Law N° 824, Decree Law N° 825, Law N° 20.780, Law N° 20.899 and Law N° 21.210 and any applicable Law relating to Tax required to be filed by or with respect to the Educational Institutions and Relevant Companies have been correctly and timely filed (taking into account any extension of time to file granted or obtained) and were prepared and presented pursuant to the accounting information of the Educational Institutions and Relevant Companies and according to Chilean Tax Law and Internal Revenue Service instructions.

3... All Taxes shown to be payable on such Tax Returns and required to be paid before the Closing Date have been timely paid in full.

4... No deficiency for any material amount of Tax has been asserted or assessed by a Governmental Authority in writing against the Educational Institutions or the Relevant Companies that has not been satisfied by payment, settled or withdrawn.

5... The Financial Statements, fully accrue all actual and contingent liabilities for Taxes with respect to all periods through the dates thereof in accordance with IFRS.

6... There are no outstanding or unsettled written claims, asserted deficiencies or assessments against any of the Educational Institutions and Relevant Companies for the assessment and collection of Taxes.

7... No claim or other proceeding is pending or has been threatened against or with respect to Educational Institutions and Relevant Companies in respect of any Tax and there are no unsatisfied liabilities for Taxes with respect to any notice of deficiency or similar document received by Educational Institutions and Relevant Companies.

8... The representations and warranties made in this Section 7.13 refer only to activities of the Educational Institutions and Relevant Companies carried out until the Closing and therefore are not intended to serve as representations or warranties regarding Taxes attributable to any Tax period (or portion thereof) beginning after the Closing Date.

Section n.. **Tax Certificates.** The Chilean Withholding Taxes provided for in the Tax Certificates have been prepared according to Law and are not less than the Chilean Withholding Taxes for which Fundación and the AIEP Buyer are liable with respect to the purchases of the LDES Shares and the LDES Education Shares, respectively.

Section o.. **Employees and Employee Benefits.** The Relevant Companies have no Employees and do not have any Obligation outstanding with any of their former Employees.
1. Exhibit 7.15.1 contains a true, correct and complete list of Employees’ and directors’ benefit plans that are in addition to what applicable Law requires, including without limitation all pension, retirement, medical, stock option, severance, change-in-control or “golden parachute”, fringe benefit, bonus, incentive, deferred compensation, employee loan and all other Employee benefit plans, programs, policies or other arrangements, under which any Employee, director or consultant of the Educational Institutions.

2. The Educational Institutions have, or will have no later than the Closing Date, paid all accrued salaries, bonuses, commissions, wages, severance and accrued vacation pay of the Employees and former Employees which were due to be paid on or prior to the Closing Date.

3. Except as set forth on Exhibit 7.15.3, the Educational Institutions have withheld all amounts owing to Taxes required by Law or by contract to be withheld from the wages, salaries and other payments to Employees.

4. The consummation of the Closing, whether alone or together with any other event, will not entitle any current or former employee, advisor or director of the Educational Institutions to severance payments, unemployment compensation or any other payment or accelerate the time of payment or vesting, or increase the amount, of compensation or benefits due any such current or former employee or director.

5. None of the Educational Institutions and Relevant Companies are currently in the process or about to initiate the process of collective negotiation with its workers, and, as of the Effective Date, there are no activities on process by the workers’ organization that have as their objective the constitution of a union or the initiation of collective negotiations.

6. None of the Educational Institutions and Relevant Companies is subject to a labor complaint, action or dispute, for which they have received written notice, other than the ones included in Exhibit 7.15.6 hereto.

Section p. No Brokers Fees. The Educational Institutions, the Universities and the Relevant Companies have not hired, paid, pledged, or offered fees, remuneration, or compensation of any kind, to brokers, banks (commercial or investment), consultants, advisors, lawyers, accountants, auditors or other professionals for services related to the negotiation or celebration of this Agreement. The Educational Institutions, the Universities and the Relevant Companies have not paid or offered to pay any compensation to its dependents, managers, executives or directors for services related to the celebration of this Agreement, in addition to their normal and ordinary compensation previously agreed to with said dependents, managers, executives and directors in the Ordinary Course of Business.
Section q. **No Related Party Obligations.** Except as set forth in Exhibit 7.17, there are no pending Obligations from the Universities, the Educational Institutions or the Relevant Companies to the Controlling Entities or any of its Affiliates.¹

Section r. **Intellectual Property.** Except as set forth on Exhibit 7.18 the conduct of the business of the Educational Institutions and Relevant Companies does not infringe or otherwise violate any Person’s Intellectual Property and as of the date hereof there is no such claim pending or threatened against the Educational Institutions or the Relevant Companies, as the case may be. Exhibit 7.18 sets forth a list of all trademarks and Internet domain names used by the Educational Institutions in their business all of which are owned exclusively by the Educational Institutions free and clear of all Liens.

Section s. **Insurance.** Subject to Section 12.05., the Educational Institutions hold insurance in accordance with Laws and consistent the Ordinary Course of Business. The insurance policies contracted by the Educational Institutions are listed in Exhibit 7.19. The Educational Institutions are in compliance with all terms and conditions contained in all insurance policies and payment of insurance premiums.

Section t. **Disclaimer of the Controlling Entities.** (a) EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 7, NONE OF THE CONTROLLING ENTITIES, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, MANAGERS OR REPRESENTATIVES MAKE OR HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF THE SHARES, UNIVERSITIES, THE EDUCATIONAL INSTITUTIONS, THE RELEVANT COMPANIES OR THEIR RESPECTIVE PROPERTIES, ASSETS, SECURITIES OR BUSINESSES, INCLUDING WITH RESPECT TO (I) MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR PURPOSE, (II) THE OPERATION OF THE SUCH ENTITIES BY FUNDACIÓN AND/OR THE AIEP ACQUIROR AFTER THE CLOSING OR (III) THE PROBABLE SUCCESS OR PROFITABILITY OF THE UNIVERSITIES, THE EDUCATIONAL INSTITUTIONS OR THE RELEVANT COMPANIES AFTER THE CLOSING AND ANY SUCH REPRESENTATION OR WARRANTY IS HEREBY EXPRESSLY DISCLAIMED. (b) OTHER THAN THE INDEMNIFICATION OBLIGATIONS OF THE CONTROLLING ENTITIES SET FORTH IN ARTICLE 9 NONE OF THE CONTROLLING ENTITIES, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, MANAGERS OR REPRESENTATIVES WILL HAVE OR BE SUBJECT TO ANY LIABILITY OR INDEMNIFICATION OBLIGATION TO FUNDACIÓN OR THE AIEP ACQUIROR, THEIR AFFILIATES OR ANY OTHER PERSON RESULTING FROM THE DISTRIBUTION TO FUNDACIÓN, ITS

¹ Shall include any outstanding amount under the services agreement between Laureate Entities and the institutions.
AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES’ USE OF, OR THE FUNDACIÓN, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES’ USE OF, ANY INFORMATION RELATING TO THE EDUCATIONAL INSTITUTION OR THE RELEVANT COMPANIES, INCLUDING ANY INFORMATION, DOCUMENTS OR MATERIAL MADE AVAILABLE TO THE FUNDACIÓN, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES, WHETHER ORALLY OR IN WRITING, IN THE DATA ROOM, MANAGEMENT PRESENTATIONS, RESPONSES TO QUESTIONS SUBMITTED ON BEHALF OF THE FUNDACIÓN OR ITS AFFILIATES OR IN ANY OTHER FORM IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

ARTICLE 8.

FUNDACIÓN REPRESENTATIONS AND WARRANTIES.

Section a. Organization. Fundación is a non-for-profit foundation duly organized and existing under the laws of the Republic of Chile.

Section b. Authority. The execution of this Agreement has been approved by the board of directors of Fundación. The individuals who execute this Agreement on behalf of Fundación have all the required powers and authorizations from Fundación to execute this Agreement and to execute and perform all other agreements contemplated in this Agreement and to consummate the transactions contemplated hereby. This Agreement constitutes legal, valid and binding obligation of Fundación, enforceable against it in accordance with its terms.

Section c. Non-contravention. The execution of this Agreement does not (i) contravene or infringe any provision set forth in the by-laws of Fundación; nor (ii) means, directly or indirectly, the breach of any agreement in which Fundación is party to.

Section d. Independent Investigation

Fundación has conducted its own independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition, software, technology and prospects of the Universities, the Educational Institutions and the Relevant Companies, which investigation, review and analysis was done by Fundación, its Affiliates and their respective directors, officers, employees, agents, advisors or other representatives. Fundación acknowledges that it, its Affiliates and their respective representatives have been provided adequate access to the personnel, properties, premises and records of the Universities, the Educational Institutions and the Relevant Companies for such purpose. In entering into this Agreement, (except for the representations and warranties contained in ARTICLE 7 and the Exhibits thereto and indemnification obligations of the Controlling Entities set forth in ARTICLE 9) Fundación acknowledges
that it has relied solely upon the aforementioned investigation, review and analysis and not on any factual representations or opinions of any of the Controlling Entities, its Affiliates or their respective representatives.

ARTICLE 9.

NON-COMPLIANCE AND INDEMNIFICATION.

Section a. Controlling Entities’ Breach of Warranties. From and after the Closing, each of the Controlling Entities jointly and severally agrees to pay and to indemnify, hold harmless and defend Fundación or the AIEP Acquiror (each a “Buyer Indemnified Party”) from and against:

w. any and all Losses actually suffered or incurred by any Buyer Indemnified Party, arising out of or resulting from any inaccuracy or breach of any representation or warranty of the Controlling Entities contained in ARTICLE 7 of this Agreement (a “Controlling Entities’ Breach of Warranties”) provided that such indemnification shall be subject to the limitations set forth in ARTICLE 10 and provided further that the Controlling Entities’ Breach of Warranties will not give Buyer Indemnified Party the right to seek termination of this Agreement or to seek nullity or rescission; and

x. any and all Losses actually suffered or incurred by any Buyer Indemnified Party, arising out of or resulting from the breach of any covenant or agreement of the Controlling Entities contained in this Agreement.

Section b. Special Indemnities. From and after the Closing, each of the Controlling Entities jointly and severally agrees to pay and to indemnify, hold harmless and defend the Buyer Indemnified Parties, and authorize the AIEP Acquiror, to withhold and deduct from the LDES Shares Second Installment any amounts owing to the following (the “Special Indemnities”):

1... any amounts of Chilean Withholding Taxes not provided for in the Tax Certificates;

2... any amounts of Taxes arising from the LCH Education Capital Increase not covered by the amounts paid under Section 4.02(v), and any Losses arising from the LCH Education Capital Increase incurred by LCH Education;

3... any Taxes imposed, assessed or collected arising from any audit carried out by the Servicio de Impuestos Internos in connection to the recognition of income originated in AIEP’s enrollment process for the commercial years 2019 and 2020 (until the Closing Date) (the “AIEP Contingency”), provided that any such Taxes shall be treated as a Legal Action in accordance with Section 10.03.;
4... the amount of any Obligations, existing as of the Closing Date, from the Universities, the Educational Institutions or the Relevant Companies to the Controlling Entities or any of its Affiliates, different than those set forth in Exhibit 7.17; or

5... any amount by which the Tax Refunds paid to the Educational Institutions and/or the Relevant Companies is less than the Tax Refund Amount.

Section c. Deductions. (a) Any deductions made pursuant to Section 9.02. shall be treated as an adjustment to the portion of the LDES Education Shares Purchase Price payable to Laureate International, BV. (b) any Loss arising from an Special Indemnity, which the AIEP Acquiror is entitled to deduct from the LDES Shares Second Installment pursuant to Section 9.02., shall be multiplied by 1.05 exclusively for purposes of such deduction. (c) except for the events described in Section 9.02.4, to the extent the amount of a Special Indemnity has not been finally resolved by a final and non-appealable judgement, AIEP Acquiror shall be entitled to withhold the amount provided in a Governmental Order of the Servicio de Impuestos Internos (Citación or Liquidación) until such final and non-appealable judgement is passed, provided that such withheld amount is deposited with a mutually agreed escrow agent, and provided further that such Special Indemnity shall be treated as a Legal Action in accordance with Section 10.03. (d) the Fundación and the AIEP Acquiror shall inform in writing to the Controlling Entities any withholding and deduction to the LDES Education Shares Purchase Price that it intends to make, providing all information necessary to justify the right to make such deduction, and shall give the Controlling Entities the opportunity to contest such decision.

Section d. Rights of Parties. For the avoidance of doubt, should AIEP Acquiror not deduct from the LDES Education Shares Second Installment any amounts pursuant to Section 9.02. such decision shall not prevent Fundación and/or AIEP Acquiror from seeking indemnification under this Agreement, if applicable.

Section e. Fundación’s Breach of Warranties. From and after the Closing, Fundación agrees to pay and to indemnify, hold harmless and defend the Controlling Entities from and against any and all Losses actually suffered or incurred by any of the Controlling Entities, arising out of or resulting from any inaccuracy or breach of any representation or warranty of Fundación contained in ARTICLE 8 of this Agreement (a “Fundación’s Breach of Warranties”).

Section f. Currency for Indemnifications. For the purposes of this ARTICLE 9. and ARTICLE 10. (i) when determining whether a threshold or ceiling have been met regarding any alleged Loss, the relevant amounts shall be converted to Dollars at the rate published on the date the claim is notified to the indemnifying party by the Central Bank of Chile, using for such purposes the average of the exchange rates between Chilean Pesos and Dollars (expressed in Chilean Pesos per Dollar) calculated as
published for such date by the Central Bank of Chile pursuant to paragraph No. 6 of Chapter I of the Compendium of Rules on Foreign Exchange of the Central Bank of Chile, or to another equivalent rate or, if no such rate is published by the Central Bank of Chile in case any Adverse Consequences denominated in Chilean Pesos and (ii) any payment shall be made in Dollars at the rate specified above.

Section g.. No Duplication. Any amounts payable pursuant to the indemnification obligations under this ARTICLE 9. shall be paid without duplication and in no event shall a Buyer Indemnified Party be indemnified under different provisions of this Agreement for the same Loss even if such Loss results from, arises out of or relates to the breach of more than one of the representations, warranties, covenants or agreements made by the Controlling Entities in this Agreement.

Section h.. Survival of Representations. The representations and warranties of the parties hereto contained in this Agreement and the obligations under Section 9.02. shall survive the Closing for a period of 12 months after the Closing; provided, however, that (a) the Fundamental Representations shall survive the Closing Date for the applicable statute of limitations (as provided by the appropriate Dutch, Chilean or Mexican Law, as applicable); and (b) any Claim Notice made in accordance with Section 10.03 within the time periods set forth in this Section 9.08., shall survive until such claim or withholding and deduction is finally and fully resolved. None of the covenants or agreements contained in this Agreement shall survive the Closing other than those which by their terms contemplate performance after the Closing and such surviving covenants and agreements shall survive the Closing only until the expiration of the term of the undertaking set forth in such agreements and covenants.

ARTICLE 10.

LIMITATION OF LIABILITY.

Section a.. Claims. Fundación cannot claim damages against the Controlling Entities for Controlling Entities’ Breach of Warranties, unless Fundación has presented such claim, within the term set forth in Section 9.08. in writing to the Controlling Entities (a “Claim Notice”), specifying (in reasonable detail) the subject matter to which the claim is referring, the nature of the breach of the warranties and the estimated amount of damages claimed (detailing the calculation made by the Fundación with respect to the Loss suffered by the Buyer Indemnified Party, provided that such estimation shall not be conclusive of the final amount of such claim and demand.

Section b.. Basket. De Minimis. Maximum Liability. Notwithstanding anything to the contrary contained in this Agreement: (i) the Controlling Entities shall not be liable for any Losses pursuant to Controlling Entities’ Breach of Warranties (other than Fundamental Representations) or the AIEP Contingency unless and until the aggregate amount of indemnifiable Losses arising therefrom incurred by any or all of the
Buyer Indemnified Parties taken as a whole exceeds $1,000,000 (the “Basket”), whereupon the Controlling Entities shall be liable for the amount of any Losses in excess of the Basket except for the case of the AIEP Contingency in which the Controlling Entities shall be liable for the entire amount of any Losses including the Basket; (ii) no Losses may be claimed owing to Controlling Entities’ Breach of Warranties (other than Special Indemnities) or shall be included in calculating the Basket other than Losses in excess of $25,000 (provided that a series of events or occurrences, stemming from the same cause or generated by the same pattern of facts or from the same inaccuracy or breach, shall be deemed as a single event or occurrence); (iii) the maximum amount of indemnifiable Losses which may be recovered from the Controlling Entities arising out of Controlling Entities’ Breach of Warranties (other than Fundamental Representations or claims or causes of action arising from fraud or willful misconduct (dolo)) and Special Indemnities shall be an amount equal to 10% of LDES Education Shares Purchase Price, including any mount withheld and deducted pursuant to Section 9.02.; (iv) the Controlling Entities shall have no liability under this Agreement with respect to Controlling Entities’ Breach of Warranties or Special Indemnities to the extent arising out of (A) Buyer Indemnified Party’s own demonstrable own gross negligence or willful misconduct, or (B) Buyer Indemnified Party’s breach of a covenant provided under this Agreement, or (C) transactions or actions taken by any Buyer Indemnified Party on or after the Closing breaching any applicable Law or this Agreement, in each case provided that Buyer Indemnified Party shall use its commercially reasonably efforts to mitigate its Losses upon and after becoming aware of any event which would reasonably be expected to give rise to any Losses that are indemnifiable pursuant to a Controlling Entities’ Breach of Warranties or Special Indemnities; provided, however that the foregoing shall not deemed to impose any obligation or duty to initiate legal proceedings to seek such recovery; and (v) in the case of breaches of any Fundamental Representations, the maximum aggregate amount of indemnifiable Losses that may be recovered from the Controlling Entities is one hundred percent (100%) of the LDE Education Shares Purchase Price.

Section c. Procedure. When any Buyer Indemnified Party becomes aware of facts constituting a Controlling Entities’ Breach of Warranties or becomes aware of the existence of a suit, claim, action or summons against any Buyer Indemnified Party relating to a subject matter that can serve as a basis for claiming damages against the Controlling Entities for a Controlling Entities’ Breach of Warranties, Fundación (jointly with the respective Buyer Indemnified Party), shall follow the procedure set forth in the foregoing sub-sections.

1. Fundación shall send the Controlling Entities a Claim Notice within the survival period set forth in Section 9.08. provided that in case of a Legal Action the Claim Notice shall be sent within the period set forth in Section 10.03.3.
2. Fundación shall reasonably cooperate with the Controlling Entities, deliver all necessary information and grant reasonable access to the Controlling Entities to all personnel, documents and records that are relevant and that the Controlling Entities reasonably requests in writing, with the objective of avoiding, disposing, opposing, mitigating, compromising, agreeing, defending or appealing any of said claims.

3. **Legal Actions.** In the event that a claim, administrative complaint or other action (a “Legal Action”) in relation to any subject matter covered by the Controlling Entities’ representations warranties is initiated against Fundación or one or more of the Educational Institutions or Relevant Companies (the “Affected Company”), the Fundación shall promptly send to the Controlling Entities the Claim Notice communicating the existence of said Legal Action and shall deliver a copy of all the written documentation received in relation to the same, provided, however, that failure to send such Claim Notice shall not affect the indemnification provided hereunder, except to the extent the Controlling Entities shall have been actually and materially prejudiced as a result of such failure. The Controlling Entities shall assume the defense of the Legal Action and notify Fundación in writing that the Controlling Entities has taken up such defense within 20 calendar days of the receipt of Claim Notice from Fundación of the existence of the Legal Action or within such lesser period of time which enables the Controlling Entities to answer or challenge such Legal Action in a timely fashion. During such 20-calendar day (or lesser, if applicable) period, Fundación shall be entitled to make such filings as are necessary to preserve the parties’ positions and rights with respect to such Legal Action. Once the Controlling Entities assume the defense of a Legal Action, the Controlling Entities shall be entitled to take such actions, and retain such experts, consultants and/or counsel, at its expense, as it believes in good faith may be necessary or appropriate to assume and control the defense of the Legal Action and shall be the only one responsible for the costs of said defense and for the results of the Legal Action, reimbursing on behalf of the Controlling Entities the Affected Company for all sums that the Affected Company must pay in relation to the Legal Action and as a result of same. If the Controlling Entities do not take any effective or likely to be effective course of action within the term referred to above, or if the Controlling Entities in their communication do not assume full responsibility for the defense of the Legal Action expressly, then Fundación or the Affected Company may freely decide in which form to defend the Legal Action, being able to hire such experts, consultants and/or counsel and present the objections, allegations and defenses that Fundación or the Affected Company deems appropriate. If Fundación or the Affected Company assumes the defense of the Legal Action and the result of same is adverse to Fundación or to the Affected Company, the Controlling Entities shall not be entitled to claim as a complete defense or as limitation of its own liability, the fact that Fundación or the Affected Company did not properly defend the Legal Action.

4. If the Controlling Entities assume, at its own cost, exclusive responsibility for the defense of a Legal Action, the Affected Company shall (i) permit
the Controlling Entities to assume the complete defense in said Legal Action provided that Fundación or the Affected Company may participate in such defense at its own expense; (ii) carry out, in representation of the Affected Company, all those acts that the Controlling Entities in good faith believe appropriate, and grant (or the Affected Company shall grant) the Controlling Entities assistance reasonably required to avoid, dispute, oppose, defend or appeal any of said claims, and (iii) instruct lawyers and other professional advisors that the Controlling Entities shall act on behalf of the Affected Company, whatever the case may be; subject, however, in all the enumerated cases to the following: (1) that the Controlling Entities shall keep Fundación or the Affected Company informed of the progress of the defense and the projected actions; and (2) that the lawyers and other professionals designated by the Controlling Entities are approved by Fundación or the Affected Company (approval that cannot be unreasonably withheld).

5. The Controlling Entities shall not be entitled to assume the defense of a Legal Action (i) unless the Controlling Entities admit irrevocably and unconditionally to Fundación and/or the relevant Affected Company in writing and in a legally binding manner their liability in respect of the Legal Action; or (ii) if the exercise of the right to defend the Legal Action, in the opinion of the Affected Company, be reasonably be likely to have an adverse effect on the goodwill, business or affairs of the Affected Company or a potential conflict of interest exists in respect of any such claim; or (iii) if the exercise of any conduct rights would render any policy of insurance maintained by the Affected Company or available to it, void or voidable or entitle the relevant insurer to repudiate or rescind any such policy; or (iv) the potential imposition of criminal liability against Fundación and/or the relevant Affected Company exists.

6. The Controlling Entities may not settle any Legal Action without the consent of Fundación and/or the relevant Affected Company, which consent shall not be unreasonably withheld, conditioned or delayed; provided that the consent of Fundación and/or the relevant Affected Company shall not be needed if a Legal Action is settled and the settlement calls solely for the payment of monetary damages to be born exclusively by the Controlling Entities and does not impose equitable relief on Fundación and/or the relevant Affected Company or requires Fundación and/or the relevant Affected Company to admit fault.

7. In the case of a Claim Notice that is not a Legal Action, upon such notice having been given to the Controlling Entities, the Controlling Entities shall have 30 Business Days in which to notify Fundación in writing (the “Disagreement Notice”) that the claim for indemnification is in dispute, setting forth in reasonable detail the basis of such dispute. In the event that a Disagreement Notice is not given to Fundación within the required 30 days, the Controlling Entities’ shall be obligated to pay Fundación the amount set forth in the Claim Notice 30 days after the date that the Claim Notice has been given to the Controlling Entities. In the event that a Disagreement Notice is timely given to Fundación, the parties hereto shall have 30 days to resolve any such dispute. In the
event that such dispute is not resolved by such parties within such period, the parties shall have the right to pursue all available remedies to resolve such dispute.

8...In the event of a Claim Notice, the amount of which (i) is undisputed by the Controlling Entities, (ii) is finally determined through settlement pursuant to Section 10.03; (iii) is finally determined by a final judgment from which no appeal may be taken or (iv) was disputed but as to which (x) a final arbitral award has been rendered pursuant to ARTICLE 16 hereof or (y) an agreement has been reached between the Controlling Entities and Fundación, such amount shall, subject to the terms and conditions of this ARTICLE 10, conclusively be deemed a liability of the Controlling Entities’ hereunder and shall be paid to Buyer Indemnified Party within 30 days of being so deemed, in cash by wire transfer of immediately available funds, and shall finally and conclusively resolve the matter that was the subject of such indemnification.

Section d.. **Insurance.** The amount of any Loss for which indemnification is provided under this Agreement shall be net of any amounts that are actually recovered by a Buyer Indemnified Party under insurance policies (net of deductibles or self-insured retentions) or indemnity or contribution agreements or otherwise with respect to such Loss. The Buyer Indemnified Party (as applicable) shall seek recovery under all insurance policies covering any Loss to the same extent as it would if such Loss were not subject to indemnification hereunder. In the event that an insurance or recovery is made by any party with respect to any Loss for which any such Person has been indemnified hereunder and has received funds in the amount of the Loss or portion thereof, then a refund equal to the aggregate amount of the recovery (subject to the other limitations set forth herein) shall be made.

Section e.. **Exclusive Remedy.** The Controlling Entities, Fundación and the AIEP Acquior acknowledge and agree that the foregoing indemnification provisions shall be the exclusive remedy of the parties with respect to the Universities, the Educational Institutions and the Relevant Companies, and the transactions contemplated by this Agreement, and waive any remedies allowing the resolution of this Agreement or the transaction contemplated hereunder after Closing has occurred. In addition, the parties declare and acknowledge that the rules set forth in Paragraph 8, Title XXIII, Book Four of the Civil Code, regarding latent defects (*vicios redhibitorios*) shall not be applicable to this Agreement and are hereby expressly and irrevocably waived.

ARTICLE 11.

TERMINATION.

Section a.. **Termination.** This Agreement may be terminated:

i. at any time, by mutual consent of the Controlling Entities and Fundación;
ii. by either party, if the Closing shall not have occurred by September 15, 2020 or such later date as may subsequently be agreed upon in writing by the parties hereto, provided, however, that the right to terminate this Agreement pursuant to this Section 11.01 (ii) shall not be available to any party whose breach of any covenant or agreement under this Agreement shall have been a material cause of, or resulted in, the failure of the Closing to occur on or before such date;

iii. prior to the Closing Date, by either party if there shall be any Law or Governmental Order that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any non-appealable final order, decree or judgment of any court or governmental body having competent jurisdiction;

iv. by Fundación, if the Controlling Entities breach or fail to perform any of their covenants or agreements contained in this Agreement, or if any of the representations or warranties of the Controlling Entities contained in this Agreement fail to be true and correct in any material respect; or

v. by the Controlling Entities, if Fundación breaches or fails to perform any of its covenants or agreements contained in this Agreement, including the failure to cause the AIEP Acquiror to assume all rights and obligations under this Agreement, or if any of the representations or warranties of Fundación contained in this Agreement fail to be true and correct in any material respect.

**Section b. Effect of Termination.** In the event of termination of this Agreement as provided in Section 11.01, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except that (a) if this Agreement is terminated by the Controlling Entities pursuant to clause (v) of Section 11.01, the Controlling Entities shall not be obligated to reimburse the LDES Purchase Price, and shall be entitled to retain such amount as penalty for Fundación’s breach (clausula penal), and Fundación shall be obligated to return to the Controlling Entities the LDES Shares free and clear of any Lien; and (b) nothing herein shall relieve any party hereto from liability for any intentional breach of this Agreement occurring prior to such termination.
ARTICLE 12.

POST-CLOSING COVENANTS.

Section a. Non-Solicitation. For a period of twelve (12) months from and after the Closing Date, (i) the Fundación shall not, and shall cause the Universities, the Educational Institutions and the Relevant Companies not to, solicit for employment or retention or hire, any officer or current employee of the Controlling Entities or their Affiliates, or induce them to leave the respective employer provided that nothing herein shall prevent the hiring of any officer or employee whose employment contract has been terminated; and (ii) the Controlling Entities and their Affiliates shall not solicit for employment or retention or hire, any officer or current employee of the Universities, the Educational Institutions or the Relevant Companies, or induce them to leave the respective employer provided that nothing herein shall prevent the hiring of any officer or employee whose employment contract has been terminated.

Section b. Confidentiality. For a period of twenty four (24) months from and after the Closing Date, the Controlling Entities and its Affiliates will refrain from using any of the Universities, the Educational Institutions, and the Relevant Companies’ Confidential Information except in connection with this Agreement. The foregoing restrictions on disclosure shall not apply to information which subsequently and lawfully comes into either Controlling Entities or its Affiliates’ possession from a third Person who is lawfully in possession of such information and who is not in violation of any contractual, legal or fiduciary obligations to Fundación, the AIEP Acquiror or the Universities, the Educational Institutions or the Relevant Companies in making such disclosure. In the event that any Controlling Entities or its Affiliates is requested or required pursuant to an oral or written question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process to disclose any of the Universities, the Educational Institutions or the Relevant Companies Confidential Information, such Controlling Entity or Affiliate will, to the extent permitted by applicable Laws, notify Fundación or the AIEP Acquiror promptly of the request or requirement so that they may seek an appropriate protective order or waive compliance with the provisions of this Section 12.02. This provision shall apply for any information obtained pursuant to Section 13.03 for a period of thirty-six (36) months from and after the Closing Date.

Section c. Transitional Services. No later than 30 days following the Closing Date, the parties shall, and shall cause their respective Affiliates, including in the case of Fundación and the AIEP Acquiror, the Universities and the Educational Institutions, to enter into the amendments and termination to existing agreements and new agreements, as applicable, under the terms and conditions set forth in Exhibit 12.03 hereof.

Section d. Names. As soon as reasonably practicable (and, in any event, within 60 days) after the Closing Date, Fundación and the AIEP Acquiror shall use
all reasonable efforts to procure that the name of any Relevant Company whose name includes the word “Laureate” is changed so that it no longer contains the word “Laureate”.

Section e. Insurance. Fundación and AIEP Acquiror acknowledge and agree that, by virtue of this Agreement and effective from and after the Effective Date, (i) the Universities, the Educational Institutions and the Relevant Companies will cease to be insured by any insurance policies of, or secured by, Laureate and its Affiliates and (ii) Fundación, the AIEP Acquiror and its Affiliates (including the Universities, the Educational Institutions and the Relevant Companies) shall be solely responsible for procuring, paying for and maintaining insurance coverage for the Universities, the Educational Institutions and the Relevant Companies. The Controlling Entities and its Affiliates shall cooperate with Fundación and AIEP Acquiror and shall make its best efforts to obtain an extension of coverage for a transitional period, but assumes no liability if current carriers do not agree to such extension; provided that any premiums that may be recovered in connection with such insurance shall inure to the benefit of the party that originally paid such premiums, and provided further that any new insurance policy put in place after the Closing Date shall be the first insurance to apply and any coverage afforded by insurance programs arranged by Laureate and its Affiliates shall be secondary.

Section f.. Post-Closing Cooperation. The Controlling Entities, Fundación and AIEP Acquiror shall cooperate with each other, and shall cause their Affiliates (including the Universities, the Educational Institutions and the Relevant Companies) and their officers, employees, agents, auditors and representatives to cooperate with each other, for a reasonable period after the Closing Date to ensure the orderly transition of the Universities, the Educational Institutions and the Relevant Companies from the Controlling Entities to Fundación and AIEP Acquiror and to minimize any disruption to the Universities, the Educational Institutions and the Relevant Companies and the other respective operations of the Controlling Entities and its Affiliates that may result from the transactions contemplated by this Agreement. After the Closing, upon reasonable written notice, each party shall furnish or cause to be furnished to each other and their Affiliates and their respective employees, counsel, auditors and representatives access, during normal business hours, to such information and assistance relating to the Universities, the Educational Institutions and the Relevant Companies (to the extent within the control of such party) as is reasonably necessary for financial reporting and accounting matters. The parties and their Affiliates shall fully cooperate with each other regarding pending insurance claims filed prior to the Closing Date.

Section g.. IEDE Mexico. The Controlling Entities shall use their best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to complete the dissolution of IEDE Mexico as soon as legally practicable after the date hereof, including by seeking to
fulfill all approvals and permits from Governmental Authorities and other Persons and promptly furnishing all information requested by AIEP Acquiror, any Governmental Authority or any other Persons in connection with the obtainment of such approvals in each case as soon as practicable after the date hereof.

Section h. IESA Leases. The Controlling Entities shall collaborate with AIEP Acquiror in order to obtain from the lessors under the lease agreements set forth in Exhibit 12.08 their consent to accept AIEP as a direct lessee, provided that should AIEP Acquiror fail to obtain such consent the Controlling Entities shall cause IESA to maintain the existing lease agreement with such lessors in the terms and conditions existing prior to the Closing Date.

ARTICLE 13.

TAXES.

Section a. Preparation of Tax Returns. Fundación shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Tax Returns of the Educational Institutions and Relevant Companies for all taxable periods that end on or prior to the Closing Date and that have not yet been filed and are required to be filed after the Closing Date (such periods, “Pre-Closing Tax Periods”), in each case consistent with applicable Tax Law. Fundación shall cause any amounts shown to be due on all Tax Returns for Pre-Closing Tax Periods to be timely remitted to the applicable Governmental Authority no later than the date on which such Taxes are due.

Section b. Straddle Period. In the case of any taxable period that includes (but does not end on) the Closing Date (a “Straddle Period”), Fundación shall prepare or cause to be prepared and timely file or cause to be timely filed all Tax Returns of the Educational Institutions and Relevant Companies for all such Straddle Periods consistent with applicable Tax Law. Fundación shall cause any amounts shown to be due on such Straddle Period Tax Returns to be timely remitted to the applicable Governmental Authority no later than the date on which such Taxes are due.

Section c. Cooperation. From and after the Closing Date, Fundación, AIEP Acquiror, the Controlling Entities and each of their Affiliates, including the Educational Institutions and the Relevant Companies, shall deploy reasonable commercial efforts to cooperate, and Fundación and AIEP Acquiror shall procure that the Educational Institutions and the Relevant Companies reasonably cooperate, including giving access to books and records the Controlling Entities reasonably may request relating to Taxes in connection with the filing of Tax Returns 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. The Controlling Entities shall be able to retain a copy of Tax Returns, work papers and a copy of all material records or a copy of other documents in its possession (or in the possession of its Affiliates) relating to Tax matters of the Universities, Educational Institutions and Relevant Companies for any taxable period that includes the date of the Closing and for all prior taxable periods until the later of (i) the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate (as determined by any relevant Tax authority) or (ii) six years following the due date (without extension) for such Tax Returns. Any information obtained under this Section 13.03 shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding.

ARTICLE 14.

MISCELLANEOUS.

Section a. Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be borne by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section b. Exhibits. All the exhibits referred to in any section of this Agreement (the “Exhibits” and any of which an “Exhibit”) are understood to be part of this Agreement, for all legal purposes.

Section c. Amendment. This Agreement may not be amended or modified except by written document signed by the party affected by such amendment, and expressly stating that it is intended to amend this Agreement.

Section d. Waiver. At any time prior to the Closing, either party hereto may (i) extend the time for the performance of any of the Obligations or other acts of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made by the other party and contained herein or in any document delivered by the other party pursuant hereto or (iii) waive compliance by the other party hereto with any of the agreements or conditions contained herein; provided, however, any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby.

Section e. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon
such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

Section f. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto relating to the transactions contemplated hereby and supersedes all prior agreements and undertakings, both written and oral with respect to the subject matter hereof.

Section g. Assignment. Except as expressly contemplated in this Agreement, neither this Agreement nor any right, remedy, Obligation or liability arising under or by reason of this Agreement shall be assignable by any party to this Agreement without the prior written consent of the other party.

Section h. Binding Effect. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns, and nothing herein, expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

ARTICLE 15.

APPLICABLE LAW.

i. This Agreement is governed by, and construed in accordance with, the laws of the Republic of Chile.

ARTICLE 16.

ARBITRATION.

Section a. Arbitration. Any difficulty or controversy arising among the parties to the this Agreement with respect to the application, interpretation, duration, validity or execution of the this Agreement, or for any other reason, shall be submitted to arbitration pursuant to the Rules of Arbitration of the International Chamber of Commerce by three arbitrators. The claimant shall nominate one arbitrator in the request for arbitration. The respondent shall nominate one arbitrator in the answer to the request. The two party-nominated arbitrators shall then have 30 days to agree, in consultation with the parties to the arbitration, upon the nomination of a third arbitrator to act as president of the tribunal, barring which the International Court of Arbitration of the International Chamber of Commerce shall select the third arbitrator (or any arbitrator that claimant or respondent shall fail to nominate in accordance with the foregoing). The place of
arbitration shall be Santiago, Chile. The language of the arbitration shall be English. The law governing this arbitration agreement shall be the Laws of the Republic of Chile.

Section b. Costs. During the course of the arbitration, the parties shall bear their own expenses, costs and fees of their attorneys, representatives and technical assistants. At the end of the arbitration, the arbitration panel shall establish in the arbitration award the criteria for the reimbursement of such expenses, costs and legal fees in favor of the Party that prevails, always in the proportion that such Party prevailed.

Section c. Confidentiality. The parties agree that the existence, contents and result of the arbitration shall be always kept confidential during its entire course and also after it is concluded. All elements of the arbitration (including the arguments of the parties, evidence, reports, decisions, third party statements and any documents submitted or exchanged within the proceeding) may only be disclosed to the arbitration panel, to the parties, their attorneys, technical assistants and to persons necessarily bound to the arbitration proceeding, except if the disclosure is required for the compliance of the obligations imposed by applicable Law.

ARTICLE 17.

NOTICES.

All communications, notices, Claim Notices, requests, or requirements pursuant to this Agreement shall be made in writing and become effective only if they have been delivered personally or via e-mail to:

1... In the case of the Controlling Entities:
   a. Rick Sinkfield
   b. Chief Legal Officer
   c. Laureate Education, Inc.
   d. 650 South Exeter St.
   e. Baltimore, MD 21202

   with a copy to:

   Pablo Guerrero
   Barros & Errázuriz Abogados
   Av. Isidora Goyenechea 2939, Piso 10
   f. Santiago, Chile
In the case of Fundación:

a. Jorge Selume
b. Avenida Kennedy 5454, Office 1701
c. Las Condes
Santiago, Chile

with a copy to:

Alejandro Alvarez
Bofill Mir & Alvarez Jana
Av. Andres Bello 2711, Piso 8
d. Santiago, Chile

ARTICLE 18.
COUNTERPARTS.
This Agreement is executed in two counterparts of even wording and date, and each party shall retain one of them.

(signature page to follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.
LAUREATE INTERNATIONAL, B.V.

By: /s/ Richard H. Sinkfield  
Title: Attorney-in-Fact

LAUREATE I, B.V.

By: /s/ Richard H. Sinkfield  
Title: Attorney-in-Fact

SERVICIOS REGIONALES UNIVERSITARIOS LE, S.C.

By: /s/ Richard H. Sinkfield  
Title: Attorney-in-Fact

FUNDACIÓN EDUCACIÓN Y CULTURA
By:  /s/ Jorge Selume 
Title: ___________________________
MEMBERSHIP INTEREST PURCHASE AGREEMENT

BY AND BETWEEN

ADTALEM GLOBAL EDUCATION INC.

and

LAUREATE EDUCATION, INC.

Dated as of September 11, 2020
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This MEMBERSHIP INTEREST PURCHASE AGREEMENT, dated as of September 11, 2020 (this “Agreement”), is entered into by and among Adtalem Global Education Inc., a Delaware corporation (“Purchaser”) and Laureate Education, Inc., a Delaware public benefit corporation (“Seller”). Purchaser and Seller are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, Seller directly owns all of the issued and outstanding limited liability company interests (the “Interests”) of Walden e-Learning, LLC, a Delaware limited liability company (the “Company”);

WHEREAS, the Company directly owns all of the issued and outstanding limited liability company interests of Walden University, LLC, a Florida limited liability company (the “Company Subsidiary”), which operates the University;

WHEREAS, Purchaser wishes to purchase from Seller, and Seller wishes to sell to Purchaser, at the Closing, the Interests, upon the terms and subject to the conditions of this Agreement; and

WHEREAS, prior to the execution and delivery of this Agreement, holders of a majority in voting power of the outstanding shares of capital stock of Seller have executed and delivered an irrevocable written consent (the “Seller Stockholder Consent”), constituting the Seller Stockholder Approval, approving this Agreement (as it may be amended from time to time) and the transactions contemplated hereby, for purposes of Section 271 of the Delaware General Corporate Law (the “DGCL”), which consent became effective (a) following the approval by the board of directors of Seller of this Agreement and of such stockholder consent, and (b) prior to the execution of this Agreement, in accordance with Section 228(c) of the DGCL.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I.

DEFINITIONS

As used herein, the terms below shall have the following meanings.

“Accounting Principles” means the accounting policies set forth on Exhibit A.

“Accrediting Body” means any non-governmental entity, including institutional and specialized or programmatic accrediting agencies, which engage in the granting or withholding of accreditation of postsecondary educational institutions or programs in accordance with standards relating to the performance, governance, operations, financial condition or academic standards of such institutions, including the Higher Learning Commission.
“Affiliate” means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by or is under common control with such first Person; provided, however, that (a) Wengen Alberta, Limited Partnership (“Wengen”), its direct and indirect equityholders, their respective affiliated investment funds and alternative investment vehicles and their respective Affiliates (defined without giving effect to this proviso), and including their portfolio companies and portfolio investments but excluding the Company Group, shall be deemed not to be Affiliates of Seller and (b) the Company Group shall be deemed to be Affiliates of (i) Seller until the Closing and (ii) Purchaser from and after the Closing. As used in this definition, “control” (including, with correlative meanings, “controlled by” and “under common control with”) means (a) the ownership of more than 50% of the voting securities or other voting interest of any Person or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract, as a general partner, as a managing partner, as a manager (as such term “manager” is defined in the Delaware Limited Liability Company Act) or otherwise.

“AI Technologies” means deep learning, machine learning, and other artificial intelligence technologies, including any and all proprietary algorithms, Software or systems that make use of or employ neural networks, statistical learning algorithms (including linear and logistic regression, support vector machines, random forests, k-means clustering), or reinforcement learning.

“Ancillary Documents” means the Transition Support Services Agreement, the Escrow Agreement, the IP Assignment and License and any other Contract which is contemplated by this Agreement to be entered into by Seller, Purchaser or any of their respective Affiliates in connection with the transactions contemplated hereby, or any certificate delivered by Seller, Purchaser or any of their respective Affiliates at the Closing or otherwise pursuant to this Agreement or in connection with the transactions contemplated hereby.

“Antitrust Law” means the HSR Act and any other applicable Law designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

“Assigned IP” means (a) Seller’s and its Affiliates’ (other than the Company Group) entire right, title and interest in and to all Intellectual Property (including Intellectual Property in Curricular Materials, and all Curricular Know-How) (other than (i) Intellectual Property in Software and (ii) Intellectual Property in the University Course Materials) that is owned or purportedly owned by any of them as of the date hereof or developed or acquired by any of them during the Pre-Closing Period and, in each case, is exclusively or primarily used or held for use exclusively or primarily in connection with the Business, but excluding the Owned Registered IP which will be transferred to the Company Group pursuant to the Pre-Closing IP Transfer; (b) Seller’s and its Affiliates’ (other than the Company Group) entire right, title and interest in and to all Intellectual Property in the University Course Materials, that is owned or purportedly owned by any of them as of the date hereof or developed or acquired by any of them during the Pre-Closing Period; (c) Seller’s and its Affiliates’ (other than the Company Group) entire right, title and interest in and to all Intellectual Property in any Software that is owned or purportedly
owned by any of them as of the date hereof or developed or acquired by any of them during the Pre-Closing Period and, in each case, is exclusively used or held for use exclusively in connection with the Business, which Software includes, for the avoidance of doubt, all proprietary Software comprising the MyDR Software application and all proprietary Software comprising the Faculty Payment Software application; (d) any portion or component of the Student Portal Software created or developed by or on behalf of the Seller (or any of its Affiliates other than the Company Group) for the exclusive use of, or that is exclusively used by, the Company Group as of the date hereof or during the Pre-Closing Period (and all Intellectual Property therein); and (e) an undivided equal ownership interest in and to the Student Portal Software and all proprietary Intellectual Property therein (excluding any of the rights included in the foregoing clause (d)) (this clause (e), the “Joint Portal IP”). The “Assigned IP” includes, for the avoidance of doubt, any Intellectual Property in the materials created pursuant to the Student Recruitment and Support Services Agreement dated December 15, 2011 by and between the Company Subsidiary and OIE Support LLC.

“Balance Sheet Time” means 11:59 p.m. (New York City time) on the Business Day immediately preceding the Closing Date.

“Base Consideration” means an amount equal to $1,480,000,000.

“Benefit Plan” means each employee benefit plan (including any “employee benefit plan” as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and each stock purchase, stock option, restricted stock, stock unit, stock appreciation right, severance, retention, employment, consulting, change-in-control, fringe benefit, bonus, incentive, profit-sharing, savings, retirement, deferred compensation, vacation, paid time-off, perquisite, group or individual health, dental, medical, vision, disability and life insurance, survivor benefits and each other benefit plan, agreement, program, policy or other arrangement for any current or former employee, director or officer of a designated entity, or any dependent, beneficiary or family member of the foregoing.

“Borrower Defense Claim” means any Proceeding seeking recovery pursuant to or arising from Section 455(h) of the HEA, or 34 CFR 685.206(c) or any successor regulations thereto whereby a Title IV Program loan borrower may obtain from the DOE discharge or comparable relief, whether in whole or in part, from repayment obligations with respect to a Title IV loan due to acts or omissions of an applicable postsecondary educational institution, and the DOE may seek recovery of any such discharged loan amounts from the institution.

“Burdensome Condition” means, with respect to any written DOE preacquisition review letter, any condition contained therein other than a condition that would permit such DOE preacquisition review letter to meet the definition of “DOE Preacquisition Response” (without taking into account any conditions included as examples in clause (d) thereof).

“Business” means the business conducted by the Company Group.

“Business Data” means data, databases of data or information, in any format, Processed in the conduct of the Business, including all financial data related to the Business, all student
data contained in any databases that are Processed in the conduct of the Business, all Company Training Data, all customer lists, all supplier lists, all pricing and cost information, and any data relating to business and marketing plans, in each case, in any form or media, whether or not specifically listed herein.

“Business Day” means any day, other than a Saturday or a Sunday, on which commercial banks in New York City are not required or authorized by Law to remain closed.

“Closing Cash and Cash Equivalents” means, with respect to the Company Group, the aggregate of all cash and cash equivalents (including short term investments) of the Company Group as of the Balance Sheet Time, determined in accordance with the Accounting Principles, including (a) all deposits and cash in transit and all checks and funds received by any member of the Company Group or their banks (e.g., checks deposited or funds paid to lock-box accounts) which are not yet cleared as of prior to the close of business on the day immediately prior to the Closing Date, but only to the extent such deposit or cash in transit subsequently clears and (b) any restricted cash or cash equivalents, including any cash or cash equivalents required to be held in a restricted account, as collateral or otherwise, to support any surety bond, letter of credit, performance bond or similar instrument, whether required by any Educational Agency or otherwise, including, for the avoidance of doubt, any cash or cash equivalents required to be held in a restricted account, as collateral or otherwise, to support any surety bond, letter of credit, performance bond or similar instrument, in each case, that is required by any Educational Agency (the “Regulatory Restricted Cash”), including any such Regulatory Restricted Cash to be listed on Section 1.01(g) of the Seller Disclosure Schedule (which schedule shall be provided by Seller at any time prior to the date that is 30 days prior to the Closing), but excluding, in each case, (i) any restricted cash or cash equivalents held in a restricted account, as collateral, pledged or otherwise to support the Pre-Closing DOE Letter of Credit (the “DOE Restricted Cash”) and (ii) all withdrawals and cash in transit from the Company Group and all checks and funds written or paid by any member of the Company Group or their banks prior to the close of business on the day immediately prior to the Closing Date, but not yet cleared, only to the extent such withdrawal or cash in transit subsequently clears (which shall be included as Current Liabilities in Closing Working Capital).

“Closing Indebtedness” means, without duplication, (a) the Indebtedness of the Company Group as of immediately prior to the Closing and (b) any Liabilities for declared but unpaid dividends or distributions. Notwithstanding the foregoing, “Closing Indebtedness” shall not include amounts included in Transaction Expenses, amounts included as Current Liabilities in the calculation of Closing Working Capital, Taxes included in the Closing Tax Amount or amounts owed solely among members of the Company Group.

“Closing Tax Amount” means an amount equal to the liability for Taxes of the Company Group that are accrued but unpaid as of the end of the Closing Date with respect to any Pre-Closing Tax Period. The Closing Tax Amount shall be calculated in accordance with the past practice and accounting methodologies of the Company Group applied in filing their Tax Returns. For the purposes of this definition, the following Taxes shall be deemed to have accrued: (a) all Taxes in respect of a tax period ending on or prior to the Closing Date, (b) any
Taxes (or portion thereof) in respect of a Straddle Tax Period that are allocated to the Pre-Closing Tax Period pursuant to Section 9.02(b)(iii), and (c) any payroll Taxes arising in a Pre-Closing Tax Period that have been deferred as described in Section 3.15(o). For the avoidance of doubt, the amount accrued shall be subject to adjustment pursuant to Section 2.04.

“Closing Working Capital” means Current Assets minus Current Liabilities as of the Balance Sheet Time. The terms “Current Assets” and “Current Liabilities” mean the combined current assets and current liabilities, respectively, of the Company Group, including only the line items specifically included in the sample calculation of Closing Working Capital set forth in Exhibit A, with each item calculated in accordance with the Accounting Principles; provided, however, that (a) assets newly acquired and liabilities newly incurred following the date of the sample calculation of Closing Working Capital set forth in Exhibit A, in each case in accordance with the terms and conditions of this Agreement, that cannot be appropriately placed in line items in such sample calculation, but that constitute current assets or current liabilities of the Company Group, will also be included solely to the extent expressly agreed between the Parties in writing (which agreement shall not be unreasonably withheld, conditioned or delayed) and consistent with the Accounting Principles, (b) Current Assets shall not include (i) Closing Cash and Cash Equivalents or (ii) deferred tax assets and (c) Current Liabilities shall not include (i) Closing Indebtedness, (ii) Transaction Expenses, (iii) deferred tax Liabilities or (iv) Closing Tax Amount.

“Co-Ownership Agreement” means the Course Material Co-Ownership Agreement, dated as of October 8, 2019, by and between Seller and the Company Subsidiary, covering the Intellectual Property rights described in Schedule A thereof consisting of (a) the University course materials in use as of October 8, 2019 as listed in the “Walden Course List, 04-10-19” or in development for those courses, excluding any Intellectual Property owned by a Third Party included therein (the “University Course Materials”), and (b) learning objects contributed to the OneFolio system by the Company Group and Seller as of October 8, 2019 (the “OneFolio Materials”).


“Columbia Leases” collectively means: (a) that certain Crestpointe Corporate Center Standard Office Lease Agreement dated August 25, 2016 by and between AAK II LLC and Seller, for certain real property located at 7065 Samuel Morse Drive, Columbia, Maryland (the “7065 Property”); (b) that certain Crestpointe Corporate Center Standard Office Lease Agreement dated July 30, 2009 by and between AAK III LLC and Seller, for certain real property located at 7070 Samuel Morse Drive, Columbia, Maryland (the “7070 Property”); and that certain Crestpointe Corporate Center Standard Office Lease Agreement dated February 14, 2012 by and between AAK III LLC and Seller, for certain real property located at 7080 Samuel Morse Drive, Columbia, Maryland (the “7080 Property” and, together with the 7065 Property and the 7070 Property, the “Columbia Property”).

“Company AI Property” means Owned Intellectual Property, and products or services of the Company Group, that employ, rely on or make use of AI Technologies.
“Company Benefit Plan” means each Benefit Plan that (a) is subject to ERISA or is otherwise material and (b) is (i) sponsored or maintained by the Company Group (each such Company Benefit Plan, a “Sponsored Company Benefit Plan”) or (ii) contributed to, or required to be contributed to by the Company Group (or for which the Company Group otherwise has Liability).

“Company Group” means the Company and any Subsidiary of the Company, collectively or individually, as the context requires.

“Company IT Systems” means all information technology and computer systems and Company Software owned or controlled by the Company Group.

“Company Privacy Policies” means each external or internal, past or present privacy policy of the Company Group (or if applicable, Seller and its Affiliates other than the Company Group, with respect to the Business), including any policy relating to: (a) the privacy of users of the Company Group’s websites, applications, or Company Software; (b) the Processing of any Personal Data by the Company Group or with respect to the Business; and (c) any employee, student, contractor, or faculty information with respect to the Company Group or the Business.

“Company Software” means all Software (a) used by the Company Group in the conduct of the Business or (b) incorporated by the Company Group into the products or services of the Company Group.

“Company Training Data” means all training data, validation data, test data, other data or information, or databases owned, purportedly owned, or controlled, by the Company Group and used in the development, or ongoing operation of, Company AI Property.

“Compliance Review” means any program review, audit, investigation, or proceeding initiated by or before any Educational Agency related to the University’s compliance with any Educational Laws, but not including reviews occurring in the course of a routine approval renewal, Title IV Program compliance audits by an independent auditor pursuant to 34 C.F.R. § 668.23, or substantive change reviews.

“Confidentiality Agreement” means that certain Second Amended and Restated Confidentiality and Non-Disclosure Agreement, entered into as of July 11, 2020, by and between Purchaser and Seller as it may be further amended, restated or otherwise modified from time to time.

“Consent” means any consent, waiver, approval, notice, application, authorization, qualification, registration, declaration or filing.

“Consolidated Tax Group” means any “affiliated group” (as defined in Section 1504(a) of the Code or any analogous combined, consolidated, unitary or similar group defined under state, local or foreign Law) that includes Seller, and any similar group of corporations that includes Seller and files state or local income Tax Returns on a combined, consolidated or unitary basis.
“**Contract**” means any agreement, understanding, contract, note, bond, deed, mortgage, lease, sublease, license, sublicense, instrument, commitment, grant, subsidy, promise, undertaking or other legally binding arrangement, whether written or oral.

“**Curricular Know-How**” means all know-how, information, documents and trade secrets that are used by the Company Group in the operation of the Business and enable the Company Group to use the Curricular Materials or to operate the University.

“**Curricular Materials**” means all (a) educational materials, curricula, media and tools and (b) other resources that provide educational, curriculum, instructional and research experiences for students, in each case (clauses (a) and (b)), in physical or tangible format (including written, electronic, audiovisual, visual, digital, tactile or otherwise), that are used by the Company Group in the operation of the Business, including the following: lesson plans and planning materials; syllabi; textbooks; know-how; workbooks; manipulatives; charts; graphs; teaching processes; course materials; pictorials; posters; learning standards or objectives; lesson objectives; assignments and projects given to students; books, materials, videos, presentations and readings used in a course; and the tests, assessments and other methods and materials used to evaluate student learning.

“**Debt Financing Sources**” means the entities that have committed to provide or arrange or otherwise entered into agreements in connection with all or any part of the Debt Financing or other financing in connection with the transactions contemplated hereby (including the parties to the Debt Commitment Letter or any other commitment letter with respect to any other financing and any engagement letters, joinder agreements, credit agreements, loan documents, purchase agreements, underwriting agreements or indentures relating thereto, together with their respective Affiliates and their and their respective Affiliates’ officers, directors, employees, controlling persons, agents and representatives and their respective successors and assigns), it being understood and agreed that none of Purchaser or any of its Affiliates shall be deemed to be a Debt Financing Source.

“**Default**” means (a) any actual breach, violation or default, (b) the existence of circumstances or the occurrence of an event that with the passage of time or the giving of notice or both would (i) constitute a breach, violation or default or (ii) give rise to a right of termination, renegotiation or acceleration or loss of material benefit.

“**DOD**” means the U.S. Department of Defense, including the DOD Tuition Assistance programs administered under a Voluntary Education Partnership Memorandum of Understanding (MOU) between the University and DOD.

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

“**DOE Preacquisition Application**” means a materially complete electronic application, together with any required exhibits or attachments, marked for a comprehensive pre-acquisition review to be submitted to DOE by or on behalf of the University with respect to the transactions contemplated by this Agreement to obtain the DOE Preacquisition Response.
“DOE Preacquisition Response” means a response issued by DOE to the University following DOE’s comprehensive review of the DOE Preacquisition Application, which shall not indicate, as a condition to the issuance of the PPA following the Closing, that the DOE intends to: (a) require the University to post a letter of credit in an amount in excess of 25% of the Title IV Program funding received by the University in its most recently completed fiscal year; (b) restrict the ability of the University to add new locations, add new educational programs or modify its existing educational programs for a period that is longer than required for the DOE to review and accept the University’s financial statements and Title IV Compliance audit covering one complete fiscal year of the University’s uninterrupted Title IV Program participation, with such fiscal year being the first full fiscal following the date of the issuance by the DOE of the temporary PPA; (c) require the University to limit enrollment levels for Title IV eligible students of the University programs for a period that is longer than required for the DOE to review and accept the University’s financial statements and Title IV Compliance audit covering one complete fiscal year of the University’s uninterrupted Title IV Program participation, with such fiscal year being the first full fiscal year following the date of the issuance by the DOE of the temporary PPA; (d) impose conditions on Purchaser’s existing Title IV eligible institutions (which, for purposes of this part (d) and (e) of this definition, excludes the University) (the “Purchaser Legacy Group”), as a consequence of the acquisition of the University, such as restrictions on the ability to add new locations, new educational programs, or modify existing educational programs, limit enrollment levels for Title IV eligible students of the Purchaser Legacy Group Title IV eligible programs; or (e) post a letter(s) of credit in excess of 15% of the Title IV Program funding received by the Purchaser Legacy Group, in its most recently completed fiscal year.

“Educational Agency” means any Person, whether governmental, government chartered, tribal, private, or quasi-private, that engages in granting or withholding Educational Approvals, administers Student Financial Assistance Programs to or for students, otherwise regulates postsecondary schools or programs, or establishes standards relating to or otherwise regulates the performance, governance, operation, financial condition, privacy, or academic standards of such schools and programs, which for purposes of this definition shall only include the DOE, VA, DOD, and any Accrediting Body, or any State Educational Agency.

“Educational Approvals” means any material license, permit, consent, authorization, certification, written formal grant of exemption, accreditation, registration, or similar approval, issued or required to be issued by an Educational Agency, including any such approval necessary for: (a) the University to operate and offer its educational programs in all states in which it operates or is required to be authorized, including through online or distance education delivery method; and (b) for the University to participate in any program of Student Financial Assistance offered by such Educational Agency, but excluding any license for persons engaged in recruiting or similar approval issued with respect to the University’s employees.

“Educational Consent” means any Consent required to be made with or obtained from, or, in the case of a notice, delivered to, any Educational Agency with regard to the transactions contemplated by this Agreement, whether required to be obtained, made or, in the case of a
notice, delivered prior to or after the Closing, which is necessary under applicable Educational Laws in order to maintain or continue any Educational Approval presently held by the University.

“Educational Law” means any statute, law, provision, ordinance, regulation, rule, code, order, constitution, guidance, directive, interpretation, policy, judgment, other requirement or rule of law of, or issued or administered by, any Educational Agency, or any Accrediting Body standard applicable to the University, including the provisions of the HEA or state laws pertaining to the educational matters applicable to postsecondary educational institutions.

“Equity Interests” means any share, capital stock, partnership, membership, joint venture or similar interest in any Person, and any option, warrant, right or security (including debt securities) convertible, exchangeable or exercisable therefor.


“Escrow Agent” means Bank of America, N.A., or other escrow agent reasonably agreed in writing between Purchaser and Seller, as the Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement to be entered into at the Closing by and among Purchaser, Seller and the Escrow Agent.

“Estimated Purchase Price” means an amount equal to (a) the Base Consideration, plus (b) the amount, if any, by which the Estimated Closing Working Capital exceeds the Target Working Capital, minus (c) the amount, if any, by which the Target Working Capital exceeds the Estimated Closing Working Capital, plus (d) Estimated Closing Cash and Cash Equivalents, minus (e) Estimated Transaction Expenses, minus (f) Estimated Closing Indebtedness, minus (g) Estimated Closing Tax Amount, calculated consistent with the sample calculation of Purchase Price set forth on Exhibit B.


“Existing Credit Agreement” means that certain Third Amended and Restated Credit Agreement, dated as of October 7, 2019 among Seller, the lending institutions from time to time party thereto and Citibank, N.A., as administrative agent and collateral agent (the “Existing Credit Agreement Administration Agent”).

“Existing Indenture” means that certain Indenture, dated as of April 26, 2017, among Seller, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (the “Existing Notes Trustee”), relating to Seller’s outstanding 8.250% Senior Notes due 2025 (the “Existing Notes”).

“Fraud” means, with respect to either Party, an actual and intentional fraud with respect to the making of representations and warranties contained in this Agreement or any certificate delivered hereunder and not with respect to any other matters; provided, that such actual and intentional fraud of such Party specifically excludes any statement, representation or omission
made negligently or recklessly and shall only be deemed to exist if (a) the applicable Party made a false representation with actual knowledge of its falsity when made, (b) that the statements made by such Person were made with the intent to deceive another Party to enter into this Agreement and rely thereon (or with the expectation that such other Party would rely thereon) and that such other Party would take action or inaction to such other Party’s detriment (including consummation of the transactions contemplated by this Agreement), (c) such reliance and subsequent action or inaction by such other Party was reasonable and (d) such action or inaction resulted in damages, losses or Liabilities, to such other Party.

“Fundamental Representations” means the representations and warranties of (a) Seller set forth in Section 3.01 (Organization), Section 3.02 (Subsidiaries), Section 3.03 (Capitalization), Section 3.04 (Title to Interests), Section 3.05 (Authority; Execution and Delivery; Enforceability) and Section 3.25 (No Brokers) and (b) of Purchaser set forth in Section 4.01 (Organization), Section 4.02 (Authority; Execution and Delivery; Enforceability) and Section 4.09 (No Brokers).

“GAAP” means United States generally accepted accounting principles.

“Governmental Authority” means any (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature, (b) international, multinational, federal, state, local, municipal, foreign or other government, agency or authority or (c) governmental agency of any nature (including any governmental division, department, agency, commission, securities exchange or instrumentality and any court or other tribunal), provided that “Governmental Authority” shall exclude any Educational Agency solely to the extent related to educational matters applicable to postsecondary educational institutions.


“Indebtedness” means, without duplication, all Liabilities of the Company Group in respect of: (a) indebtedness for borrowed money; (b) obligations evidenced by any bond, note, debenture, or other debt instrument or security; (c) obligations secured by a Lien (other than a Permitted Lien) on the equity assets or property of the Company Group; (d) obligations in respect of letters of credit, bankers’ acceptances, surety bonds, performance bonds and similar facilities issued for the account of such Person (but solely to the extent (i) drawn as of the Closing or (ii) drawn following the Closing and prior to the final determination of the Purchase Price as a result of actions or events occurring prior to the Closing); (e) obligations in respect of any financial hedging arrangements including any interest rate swap; (f) obligations under any leases which are required to be classified as capitalized leases under GAAP (other than any lease obligations which would not have been classified as capitalized leases under GAAP prior to the implementation of ASC 842); (g) accrued bonus Liabilities (and any Taxes arising from the payment of any such bonuses, payments or amounts to the extent not included in the Closing Tax Amount); (h) accrued severance Liabilities payable by the Company Group following the Closing triggered by a termination of employment at or prior to the Closing; (i) any employer contributions that the Company Group is obligated to make, but has not yet made as of the Closing, to any defined contribution retirement plan maintained by Seller or any of its Affiliates.
that is intended to qualify under Section 401(a) of the Code; (j) any deferred rent payments in connection with any COVID-19
pandemic programs or relief efforts administered or promulgated by any Governmental Authority, and any amounts that the
Company Group has elected to defer pursuant to Section 2302 of the CARES Act (or any similar provision of federal, state, local, or
non-U.S. Law), to the extent not included in the Closing Tax Amount; (k) payment obligations for incurred, but not reported, claims
under any Seller Benefit Plan that (i) is a health and welfare plan and (ii) that is an insurance policy or a self-insured benefit plan,
that are payable by the Company Group following the Closing; (l) guarantees of the payment or performance by any Person or under
obligations of the type referred to in the immediately preceding clauses (a) through (k); and (m) all interest, fees, prepayment
premiums, penalties and other fees and expenses owed with respect to the indebtedness referred to above assuming the repayment in
full of such indebtedness as of such time, excluding (A) in each case of clauses (a) through (l) above, any such items to the extent
existing solely between or among the members of the Company Group, (B) any guarantees of the type referred to in clause (l) that
will be released effective as of the Closing and (C) any surety bond, performance bond, restricted cash account, letters of credit or
similar arrangements required by any Governmental Authorities or Educational Agencies except to the extent drawn as of the
Closing or drawn following the Closing prior to the final determination of the Purchase Price as a result of actions or events
occurring prior to the Closing.

“Indemnified Individuals” each present and former (in each case, as of immediately prior to the Closing) officer, director,
manager, agent, employee or fiduciary of the Company Group.

“Indemnified Taxes” means, without duplication, any and all Liabilities (a) for Taxes of Seller or any Affiliate of Seller
(other than the Company Group), but excluding Taxes of the Company Group, (b) for Taxes of the Company Group in respect of
any Pre-Closing Tax Period, determined in accordance with Section 9.02(b)(iii) in the case of any Straddle Tax Period, other than
any Taxes described in Section 8.02(a)(vi) of the Seller Disclosure Schedule; (c) for Transfer Taxes for which Seller is responsible
pursuant to Section 9.01, and (d) for Taxes for which the Company Group is liable solely (i) as a result of a Tax Sharing Agreement
entered into before the Closing, (ii) as a transferee or successor pursuant to any transactions prior to the Closing, or (iii) as a result of
being a member of a consolidated, combined, unitary or similar group prior to the Closing.

“Indemnity Escrow Account” means a bank account designated in writing by the Escrow Agent, into which the Indemnity
Escrow Amount will be deposited.

“Indemnity Escrow Amount” means $74,000,000.

“Intellectual Property” means all intellectual property rights or other proprietary rights of any kind worldwide, including
those arising from or in respect of the following, whether protected, created or arising under any Law, and all worldwide common
law or statutory rights in, arising out of, or associated therewith, including (a) Patents, (b) Trademarks, (c) copyrights, rights in
works of authorship, whether registered or unregistered, and all applications and registrations therefor, and all extensions,
restorations and renewals of any of the foregoing, (d) domain name registrations, uniform resource locators and other names and
locators associated
with the Internet (“Domain Names”), (e) trade secrets and know-how, inventions (whether patentable or unpatentable and whether or not reduced to practice), methods, processes, designs, formulae, models, tools, and algorithms, rights in research and development, discoveries and improvements, and rights in confidential information or proprietary information, (f) social media accounts, usernames and other digital identifiers (“Social Identifiers”), (g) Software (including firmware, middleware, and all related software specifications and documentation), (h) rights in data collections and databases, (i) moral rights, publicity, and industrial designs, (j) AI Technologies, and (k) all registrations and applications for the foregoing and any renewals or extensions thereof.

“IP Assignment and License” means that Intellectual Property Assignment and License Agreement in the form attached hereto as Exhibit E, pursuant to which (a) the Assigned IP will be assigned to the Company Group and (b) each Party will provide to the other a license to certain Intellectual Property defined therein.

“Judgment” means any judgment, writ, decree, decision, injunction, order, compliance agreement or settlement agreement of, with or approved by any Governmental Authority (without giving effect to the proviso in the definition thereof) or arbitrator.

“Knowledge of Purchaser” means the actual knowledge of the persons set forth on Section 1.01(a) of the Purchaser Disclosure Schedule, including any information that such persons would reasonably be expected to know after reasonable inquiry of such person’s direct reports.

“Knowledge of Seller” means the actual knowledge of the persons set forth on Section 1.01(a) of the Seller Disclosure Schedule, including any information that such persons would reasonably be expected to know after reasonable inquiry of such person’s direct reports.

“Law” means any applicable federal, national, supranational, state, provincial, local or other domestic or foreign law (including common law), statute, treaty, rule, regulation, Judgment, directive, ordinance, interpretation, policy, codes of practice or guidance, with or by, or any other requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority, or any provision or condition of any Permit, provided that “Law” shall exclude any Educational Law solely to the extent related to educational matters applicable to postsecondary educational institutions.

“Lease” means each written lease, sublease, or license with respect to the Leased Real Property (including the Columbia Leases and the San Antonio Lease), in each case, as in effect.

“Liability” means any obligation or liability whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

“Lien” means any claim, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, license, encroachment, encumbrance, preemptive right, right of first refusal, restriction on transfer, or promise regarding the transfer of an asset (or any interest therein) to a
Third Party, whether voluntarily incurred or arising by operation of law, and includes any agreement to give any of the foregoing in the future.

“Lookback Date” means January 1, 2018.

“Material Adverse Effect” means any event, change, circumstance, effect, development or fact that, individually or in the aggregate with other events, changes, circumstances, effects, developments or facts, (a) has, or would reasonably be expected to have, a material adverse effect on the financial condition, business, results of operations, assets or Liabilities of the Company Group, taken as a whole, or (b) would reasonably be expected to prevent or materially impair the ability of Seller to consummate the transactions contemplated hereby; provided, however, that no such events, changes, circumstances, effects, developments or facts attributable to or resulting or arising from or in connection with any of the following matters shall be deemed by themselves, either alone or in combination, to constitute or contribute to, and shall not be taken into account in determining whether there has been or will be, a Material Adverse Effect solely for purposes of clause (a) above: (i) conditions affecting the financial markets, debt, credit, capital, banking or securities markets (including any disruption thereof) in, or the economy as a whole of, the United States or any other jurisdiction in which the Company Group operates or conducts the Business; (ii) any national, international or any foreign or domestic regional economic, financial, social or political conditions (including changes therein) generally in the United States or any other country or jurisdiction in which the Business operates; (iii) changes in interest, currency or exchange rates or the price of any commodity, security or market index; (iv) changes in the industries in which the Business operates or seasonal fluctuations in the Business; (v) the existence, occurrence or continuation of any earthquakes, floods, hurricanes, tropical storms, wild fires, other natural disasters, the significant worsening of the trajectory of the COVID-19 pandemic or any new pandemic; (vi) any changes in the value of or demand for any securities or indebtedness of Seller or any of its Affiliates (provided that the underlying causes giving rise or contributing to any such changes may, if they are not otherwise excluded from the definition of Material Adverse Effect by another exception in clauses (i) through (xiii), be taken into account in determining whether there has been, a Material Adverse Effect); (vii) the occurrence, escalation, outbreak or worsening of any hostilities, acts of war, sabotage, police action, military conflict, terrorism or military actions; (viii) changes in Law or Educational Law or GAAP or, in each case, any interpretations or enforcement thereof; (ix) the public announcement or pendency of this Agreement or any of the transactions contemplated hereby, the identity of Purchaser or any of its Subsidiaries or direct or indirect equityholders, Representatives or financing sources (provided that this clause (ix) shall not apply with respect to a representation or warranty contained in this Agreement to the extent that the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or the performance of obligations under this Agreement); (x) any change in, or failure by the Company Group to meet internal estimates, predictions, projections or forecasts, including as provided to Purchaser by the Company or any of the Company’s representatives (provided that the underlying causes giving rise or contributing to any such failure may, if they are not otherwise excluded from the definition of Material Adverse Effect by another exception in clauses (i) through (xiii), be taken into account in determining whether there has been, a Material Adverse
Effect); (xi) any action or inaction by Seller which is required in order for Seller to comply with the express requirements of this Agreement, excluding any (A) actions (or inactions) in compliance with the terms of Section 5.01(a) and (B) inactions (or actions) taken in compliance with Section 5.01(b) as a result of Purchaser’s failure to provide a consent to deviate from the requirements thereof with respect to a corresponding action (or inaction) in response to Seller’s written request therefor; (xii) any actions taken at the express written request of Purchaser; and (xiii) any actions taken by Purchaser or any of its Affiliates after the date of this Agreement; except, in the case of the foregoing clauses (i) through (v), (vii) and (viii), to the extent, and solely to the extent, such events, changes, circumstances, effects, developments or facts disproportionately affect the Company Group relative to other businesses in the industries in which the Business operates.

“Off-the-Shelf Software” means any Software that is generally commercially-available and is mass marketed pursuant to a standard form agreement that is not subject to any negotiation and involves a replacement cost or aggregate annual license and maintenance fees of less than $25,000.

“Open Source Software” means any Software that is subject to any license that is approved by the Open Source Initiative and listed at http://www.opensource.org/licenses, the GNU General Public License (GPL), the Lesser GNU Public License (LGPL), or any “copyleft” license or any other license that requires as a condition of use, modification or distribution of such Software that such Software or other Software, combined or distributed with it, be: (a) disclosed or distributed in source code form; (b) licensed for the purpose of making derivative works; (c) redistributable at no charge; or (d) licensed subject to a patent non-assert or royalty-free patent license.

“Organizational Documents” means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the “Organizational Documents” of a corporation include its certificate of incorporation and by-laws, the “Organizational Documents” of a limited partnership include its limited partnership agreement and certificate of limited partnership and the “Organizational Documents” of a limited liability company include its operating agreement and certificate of formation.

“Owned Intellectual Property” means (a) all Owned Registered IP, (b) all other Intellectual Property owned or purportedly owned by the Company Group as of the date hereof or developed or acquired by any of them during the Pre-Closing Period, and (c) all Assigned IP.

“Owned Registered IP” means Intellectual Property that is registered or subject to a pending application with a Governmental Authority (including, for clarity, any renewals or extensions thereof) and Domain Name registrations, and in each case, that (a) is owned or purportedly owned by the Company Group as of the date hereof or during the Pre-Closing Period or (b) will be transferred to the Company Group pursuant to the Pre-Closing IP Transfer.

“Patent(s)” means all issued patents and all patent applications, including all provisionals, non-provisionals, converted provisionals, continuations, divisionals, continuations-in-part, reexaminations and reissues, substitutions, rights in respect of utility models, and all extensions,
and renewals of any of the foregoing, including all pre-grant and post-grant forms of, and priority rights to, any of the foregoing.

“Permitted Liens” means (a) Liens for Taxes that are (i) not due and payable or that are (ii) being contested in good faith by appropriate proceedings, in case of clause (ii), for which an adequate reserve has been established and reflected in the Financial Statements in accordance with GAAP, (b) statutory, mechanics’, carriers’, workmen’s, repairmen’s, laborers’ and materialmen liens or other similar Liens arising or incurred in the ordinary course of business, for sums (i) not yet due or (ii) which are being contested in good faith by appropriate filings, in each case, that are not the result of delinquent payments and for which an adequate reserve has been established and reflected in the Financial Statements in accordance with GAAP, (c) Liens listed on Section 1.01(b)(i) of the Seller Disclosure Schedule, (d) Liens arising under original purchase price conditional sales contracts and equipment leases with Third Parties entered into in the ordinary course of business, in each case that are not, individually or in the aggregate, material to the Business taken as a whole, and that are not the result of delinquent payments, (e) easements, covenants, rights-of-way and other similar restrictions of record affecting title to real estate, in each case, that are nonmonetary in nature, (f) (i) zoning, building, land use and other governmentally established restrictions, (ii) Liens that have been placed by any developer, landlord or other Third Party on property over which the Company Group has easement, lease or license rights and (iii) unrecorded easements, covenants, rights-of-way and other similar restrictions, in each case, that are nonmonetary in nature, (g) Liens which have been insured against by owner or leasehold title insurance policies benefitting the Company Group owning or leasing the parcel of real property, (h) Liens securing rental payments under capital leases that are not otherwise material to the Business taken as a whole, in each case, that are not the result of delinquent payments, (i) Liens securing the obligations under the Existing Credit Agreement (or any replacement credit facility), in each case, that will be released at the Closing, which shall not be Permitted Liens as of the Closing, including, for the avoidance of doubt, Liens listed on Section 1.01(b)(ii) of the Seller Disclosure Schedule, (j) statutory Liens of lessors and Liens lessors granted under the terms of any Lease that are not the result of delinquent payments, (k) non-exclusive licenses to Intellectual Property and (l) Liens incurred in the ordinary course of business and that are not material in amount or effect on the Business and do not, individually or in the aggregate materially impair the Business or the continued use or operation of the assets of the Business and do not materially detract from the value of the assets to which they relate; provided that the Liens described in clauses (c), (e), (f), (g) and (j) of this definition shall only be Permitted Liens to the extent (and only to the extent) such Liens do not materially interfere with the Company Group’s use of, or materially impair the value of, the underlying property.

“Person” means any person or entity, whether an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority, Educational Agency or other entity or organization, as applicable.

“Personal Data” means any information relating to an identified or identifiable natural person who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more
factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

“Post-Closing Educational Consents” means those Educational Consents which, pursuant to applicable Educational Law, shall be effectuated, obtained, made or, in the case of a notice, delivered, as applicable, following the Closing, identified as such on Section 1.01(e) of the Seller Disclosure Schedule.

“Post-Closing Tax Period” means any Tax Period that begins after the Closing Date and the portion of any Straddle Tax Period that begins after the Closing Date.

“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 the Title IV Programs, which may include on a temporary or provisional basis.

“Pre-Closing DOE Letter of Credit” means any letter of credit posted by Seller and the University to the DOE in effect between the date of this Agreement and the date of the Closing.

“Pre-Closing Educational Consents” means those Educational Consents which, pursuant to applicable Educational Law, shall be effectuated, obtained, made or, in the case of a notice, delivered, as applicable, prior to the Closing, identified as such on Section 1.01(d) of the Seller Disclosure Schedule.

“Pre-Closing Tax Period” means any Tax Period that ends on or before the Closing Date and the portion of any Straddle Tax Period that ends on the Closing Date.

“Proceeding” means any claim, suit, charge, complaint, action, indictment, demand, audit, hearing, mediation, investigation, inquiry, arbitration or other proceeding, whether judicial or administrative, civil or criminal, at law or in equity, before any Governmental Authority (without giving effect to the proviso in the definition thereof) or arbitrator.

“Process” or “Processing” means the collection, use, storage, processing, generating, recording, distribution, transfer, import, export, protection, disposal, disclosure of, or other activity regarding, data (whether electronically or in any other form or medium).

“Purchase Price” means an amount equal to (a) the Base Consideration, plus (b) the amount, if any, by which the Closing Working Capital exceeds the Target Working Capital, minus (c) the amount, if any, by which the Target Working Capital exceeds the Closing Working Capital, plus (d) Closing Cash and Cash Equivalents, minus (e) Transaction Expenses, minus (f) Closing Indebtedness, minus (g) Closing Tax Amount with each item calculated consistent with the sample calculation of Purchase Price set forth on Exhibit B.

“R&W Insurance Policy” means the representation and warranty liability insurance policies to be issued by Euclid Transactional, LLC and certain other insurers (collectively, the
“Insurer”) to Purchaser on or prior to the Closing Date in respect of the transactions contemplated hereby substantially in the form attached hereto as Exhibit C.

“Regulatory Lookback Date” means July 1, 2017.

“Related Party” means: (a) Seller and its Affiliates (other than the Company Group); (b) each Person who is, or who was at the time of the entry into the transactions or the creation of the interest in question an officer, manager, director, employee or agent of Seller, the Company Group or any of their respective Affiliates; (c) each member of the immediate family (as such term is defined in Rule 16a-1 of the Exchange Act) of each of the Persons referred to in clause (a) or (b) above; (d) each Person that is, or that was at the time of the entry into the transactions or the creation of the interest in question, an Affiliate of the Persons referred to in clause (a) or (b) above; (e) Wengen and its officers, directors and employees; and (f) the successors and permitted assigns of each of the foregoing.

“Representatives” means, as to any Person, such person’s directors, managers (as such term is defined in the Delaware Limited Liability Company Act), officers, employees, investment bankers, financial advisors, attorneys, accountants or other advisors, agents or representatives.

“Required Bank Information” means the information required by paragraphs 6(a), (b) and (c) of Annex D of the Debt Commitment Letter.

“Required Information” means, as of any date, collectively (a) the Audited Annual Carve-Out Financials and the Unaudited Quarterly Carve-Out Financials (including, in the case of Audited Annual Carve-Out Financials, the auditor’s report thereon), and any updated financial statements provided pursuant to Section 5.16(h)(ii) and Section 5.16(h)(iii), (b) other data as would be necessary for the Debt Financing Sources to receive customary “comfort” (including “negative assurance” comfort) on the financial information in clause (a) above from independent accountants and (c) management discussion and analysis disclosure related to the financial information in clause (a) above customarily included in private placements pursuant to Rule 144A promulgated under the Securities Act or other offering exempt from registration.

“San Antonio Lease” means that certain Office Lease Agreement dated December 6, 2010 by and between Wurzbach/N.W. Military Road Partners, Ltd. and Seller, for that certain real property located at 11503 N.W. Military Highway, San Antonio, Texas (the “San Antonio Property”).

“Securities Act” means the Securities Act of 1933.

“Security Incidents” means (a) any unauthorized access, acquisition, interruption, alteration or modification, disclosure, loss, theft, corruption or other unauthorized Processing of Personal Data or Business Confidential Information owned or otherwise Processed by or on behalf of the Company Group, (b) inadvertent, unauthorized, or unlawful sale, disclosure, or rental of Personal Data owned by the Company Group or (c) any other unauthorized access to,
acquisition of, interruption of, alteration or modification of, loss of, theft of, corruption of, or use of the Company IT Systems.

“Seller Benefit Plan” means each Benefit Plan, including any Company Benefit Plan, that (a) is subject to ERISA or is otherwise material and (b) is sponsored, maintained, contributed to, or required to be contributed to by Seller or an Affiliate of Seller (or for which Seller or an Affiliate of Seller otherwise has Liability), in which any Service Provider or former Service Provider participates.

“Seller Marks” mean any and all Trademarks owned by Seller and its Affiliates (other than the Company Group), including Trademarks comprising, using or containing the same, whether alone or in combination with other words or elements, and all translations, adaptations, derivations and combinations thereof, and any Trademarks confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, but, notwithstanding anything to the contrary in the foregoing, excluding in all cases those Trademarks that will be assigned to the Company Group pursuant to the Pre-Closing IP Transfer.

“Seller Stockholder Approval” means the adoption of this Agreement (as it may be amended from time to time) and the approval of the transactions contemplated hereby by the stockholders of Seller by the affirmative vote or written consent of the holders of a majority in voting power of the outstanding shares of capital stock of Seller.

“Service Provider” means any (a) individual who is employed by the Company or the Company Subsidiary (an “Employee”) or (b) individual whose employee ID number is set forth on Section 1.01(e) of the Seller Disclosure Schedule (or any individual hired as a replacement for such person).

“Shared Contract” means each Contract to which Seller or one of its Affiliates, other than the Company Group, is a party, and which is (a) exclusively or primarily used in the Business and is (b) material to the Company Group.

“Software” means any computer program, operating system, application, mobile device application, firmware or software code of any nature, including all object code, and source code and any derivations, updates, enhancements and customization of any of the foregoing, whether in machine-readable form, programming language and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature.

“Specified Open Source Software” means any Open Source Software that is subject to any license that requires that, if any Software that incorporates or embeds such licensed Software is licensed, conveyed, distributed or made available to Third Parties, the proprietary source code of such Software must be licensed or made available to Third Parties at no charge.

“State Educational Agency” means (a) any state educational licensing body that provides a license, approval, authorization, or written exemption necessary for the University to provide postsecondary education in that state, including via distance education and (b) any state agency having jurisdiction to enforce Laws concerning consumer protection matters, including
misrepresentation and unfair, deceptive or abusive acts and consumer fraud, in each such case as applicable to the operation of postsecondary educational institutions.

“Straddle Tax Period” means any Tax Period that begins on or before and ends after the Closing Date.

“Student Financial Assistance” means any form of student financial assistance, grants or loans that is administered by any Educational Agency, including (a) the Title IV Programs and any other program authorized by the HEA and administered by the DOE, (b) any education assistance program in which the University participates for military service members and families administered by the DOD and the military service branches thereof and (c) any educational assistance program in which the University participates for veterans administered by the VA and the designated state approving agencies for the supervision of such programs.

“Student Portal Software” means the Software application developed by Seller or its Affiliates for use thereby, including by the Company Group and University students and faculty to access support information, links, course materials, and other materials, links and information associated with the Business. For the avoidance of doubt, the “Student Portal Software” includes all Software comprising the above application but not the data therein.

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company or other business association or entity, whether incorporated or unincorporated, of which (a) such Person or any other Subsidiary of such Person is a general partner or a managing member, (b) such Person or one or more of its Subsidiaries holds voting power to elect a majority of the board of directors or other governing body performing similar functions, or (c) such Person or one or more of its Subsidiaries, directly or indirectly, owns or controls more than 50% of the equity, membership, partnership or similar interests.

“Target Working Capital” means negative $57,728,896.

“Tax” and “Taxes” means any federal, state, local, foreign or supranational (a) income, capital gains, alternative or add-on minimum, base erosion minimum, diverted profits, estimated, gross income, gross receipts, sales, use, value added, ad valorem, franchise, capital stock or other equity securities, net worth, profits, license, registration, withholding, employment, unemployment, disability, severance, occupation, social security (or similar, including FICA), payroll, workers’ compensation, transfer, financial transaction, conveyance, documentary, stamp, property (real, tangible or intangible), commercial rent, premium, environmental, windfall profits, unclaimed property and other taxes of any kind, repayments of any grants, subsidies, state aid or similar amounts received or deemed received from any Governmental Authority, any customs duties, escheat obligation, or any other fees, charges, levies, excises, duties or assessments of any kind in the nature of (or similar to) taxes, together with any interest, penalties, inflation linkage or addition thereto, imposed under Tax Law and (b) any penalty imposed for the failure to file, properly to file, or timely to file any Tax Return.
“Tax Period” means any period with respect to which Taxes are assessed or a Tax Return is filed or required to be filed under any applicable Tax Law or according to the applicable procedures of a Taxing Authority.

“Tax Return” means any report, return, claim for refund, statement, document, declaration, schedule, notice, notification, form, election, voucher, certificate or other information or filing filed or required to be supplied to any Taxing Authority with respect to Taxes, including any schedule or attachment thereof and including any amendment made with respect thereto.

“Tax Sharing Agreement” means any Tax sharing, allocation or indemnification or similar agreement, provision or arrangement.

“Taxing Authority” means any Governmental Authority having authority or jurisdiction over the assessment, determination, reporting, collection, or administration of any Taxes.

“Third Party” means, with respect to any Person, any other Person other than an Affiliate, successor, or permitted assign of such original Person.

“Title IV” means Title IV of the HEA.

“Title IV Programs” means the programs of federal student financial assistance administered pursuant to Title IV.

“Trademark(s)” mean(s) any trademark, trade dress, service mark, trade name, trade dress rights, logo, designs, corporate names, business symbols, or other identifiers of source, whether or not registered, all registrations and applications therefor, and all goodwill associated therewith and symbolized thereby.

“Transaction Expenses” means, without duplication: (a) any out-of-pocket fees, costs, payments and expenses incurred or payable (and solely to the extent not already paid) by or on behalf of the Company Group to any Third Party or to Seller or its Affiliates or to any Related Party (excluding the Company Group), including legal, accounting, investment banking and other advisor, consultant and other professional fees, in each case in connection with or as a result of (i) the participation in or response to the investigation, review and inquiry conducted by Purchaser and its Representatives with respect to the Company Group (and the furnishing of information to Purchaser and its Representatives in connection with such investigation and review) in connection with the transactions contemplated hereby or any Competing Transaction; (ii) the negotiation, preparation, drafting, review, execution, delivery or performance of this Agreement, any Ancillary Document or any other document delivered or to be delivered in connection with the transactions contemplated hereby or any Competing Transaction; (iii) the preparation, submission, printing, filing and mailing of any filing or notice required to be made or given in connection with any of the transactions contemplated hereby, including the Information Statement; or (iv) the obtaining of any Consent or waiver required to be obtained in connection with the transactions contemplated hereby, in each case, to the extent remaining unpaid as of immediately prior to the Closing; (b) (i) the amounts set forth on Section 1.01(f) of
the Seller Disclosure Schedule and (ii) any sale bonuses, change in control bonuses, retention bonuses or other similar bonuses or payments that become payable (solely to the extent not already paid) by the Company or the Company Subsidiary at or following the Closing as a result of the Closing (and, with respect to clause (i) or (ii), any payroll, employment, social security, Medicare, unemployment or similar Taxes in respect of any such bonuses or payments required to be paid by the Company Group to the extent not included in Closing Tax Amount); and (c) 50% of all filing fees under the HSR Act.

“Transfer Taxes” means all sales (including bulk sales), use, transfer, recording, value added, goods and services, ad valorem, privilege, documentary, gross receipts, registration, conveyance, excise, license, stamp or similar Taxes arising out of, in connection with or attributable to the transactions effectuated pursuant to this Agreement.

“Transition Support Services Agreement” means the Transition Support Services Agreement to be entered into by and between Purchaser and Seller at the Closing, substantially in the form attached hereto as Exhibit D.

“Treasury Regulations” means the regulations promulgated under the Code.

“University” means Walden University, LLC and the institution of higher education owned and operated by the Company Group as Walden University which has been issued the Office of Postsecondary Education Identification (OPEID) number 02504200 by the DOE.

“VA” means the U.S. Department of Veterans Affairs or any state approving agency administering veterans’ educational benefits on behalf of the U.S. Department of Veterans Affairs.

ARTICLE II.

PURCHASE AND SALE

§ 2.01 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, transfer, assign and deliver to Purchaser, and Purchaser shall purchase, acquire and accept from Seller, the Interests, free and clear of any Liens, in exchange for the Estimated Purchase Price (minus the Indemnity Escrow Amount) pursuant to Section 2.02(b) and subject to adjustment as set forth in Section 2.04.

§ 2.02 The Closing.

(a) The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the offices of Covington & Burling LLP, One City Center, 850 Tenth Street, NW, Washington, D.C. 20001, on the fifth Business Day following the day on which the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that by their terms are to be satisfied or waived at the Closing itself, but subject to the satisfaction or waiver at the Closing of such
conditions), or at such other time, date and location as Purchaser and Seller agree (including by electronic means). The date on which the Closing occurs is referred to herein as the “Closing Date.” Notwithstanding the immediately preceding sentence, if the Marketing Period and the Bank Marketing Period have not ended at the time of the satisfaction or waiver of the conditions to the obligations of the Parties set forth in Article VI, then the Closing shall occur instead on the fifth Business Day following the satisfaction or waiver of such conditions (other than those conditions that by their terms are to be satisfied or waived at the Closing itself, but subject to the satisfaction or waiver at the Closing of such conditions) after the earliest to occur of (A) any Business Day before or during the Marketing Period or the Bank Marketing Period as may be specified by Purchaser on no fewer than five Business Days’ prior notice to the Company, (B) the final day of the Marketing Period or the Bank Marketing Period (whichever is later) and (C) on such other date and at such other place as agreed to by Purchaser and Seller.

(b) For purposes of this Agreement, “Marketing Period” means a minimum period of at least 20 consecutive Business Days after Purchaser shall have received the Required Information that Seller is required to provide to Purchaser at such time; provided that (i) such 20 consecutive Business Day period shall not commence until two Business Days after Seller’s delivery of such Required Information, (ii) such 20 consecutive Business Day period shall not be required to be consecutive to the extent it would include any date from November 25, 2020 through and including November 27, 2020, January 18, 2021, February 15, 2021, May 31, 2021, July 5, 2021, September 6, 2021, any date from November 25, 2021 through and including November 27, 2021 (which dates shall not count for purposes of such 20 consecutive Business Day period), and if such period has not ended on or before December 11, 2020, it shall not commence before January 4, 2021, following receipt of the Required Information, and if such period has not ended prior to February 14, 2021, it will not commence until the Audited Annual Carve-out Financials (as defined below) of the Acquired Business (as defined below) for the fiscal year ended December 31, 2020 have been included in the Required Information, and if such period has not ended prior to February 14, 2022, it will not commence until the Audited Annual Carve-out Financials of the Acquired Business for the fiscal year ended December 31, 2021 have been included in the Required Information; provided that if such period has not ended prior to August 14, 2022, it will not commence until the audited financial statements of Purchaser for fiscal year ended June 30, 2021 have been provided to the Debt Financing Sources, (iii) if the financial statements included in the Required Information that is available to Purchaser on the first day of any such 20 consecutive Business Day period would not be sufficiently current on any day during such 20 consecutive Business Day period to permit (A) a registration statement filed by Seller using such financial statements to be declared effective by the United States Securities and Exchange Commission (the “SEC”) on the last day of the 20 consecutive Business Day period and (B) the Company’s independent auditors to issue a customary comfort letter (in accordance with its normal practices and procedures) on the last day of the 20 consecutive Business Day period (any documents complying with the requirements of clauses (A) and (B), mutatis mutandis, “Compliant Documents”), then a new 20 consecutive Business Day period shall commence two Business Days after Purchaser’s receipt of updated Required Information that would be sufficiently current to
permit the actions described in clauses (A) and (B) above on the last day of such 20 consecutive Business Day period, (iv) the Marketing Period shall be deemed not to have commenced if, (A) prior to the completion of such 20 consecutive Business Day period, the Company’s independent auditors shall have withdrawn their audit opinion with respect to any of the financial statements contained in the Required Information in which case the Marketing Period shall not be deemed to commence unless and until a new unqualified audit opinion is issued with respect to the applicable Required Information by the Company’s independent auditors, another “big four” accounting firm or another independent public accounting firm reasonably acceptable to Purchaser, or (B) Seller shall have notified Purchaser pursuant to Section 5.16(d) that the restatement of any of the Company’s financial statements included in the Required Information is probable, in which case the Marketing Period shall be deemed not to commence unless and until two Business Days following the date on which such restatement has been completed and the Required Information has been amended or Seller or the Company, as the case may be, has determined that no restatement shall be required under GAAP and (v) the Marketing Period shall end on any earlier date on which the proceeds of the Debt Financing sufficient to consummate the transactions contemplated by this Agreement are obtained, at which time the Marketing Period shall be deemed to have been completed. If Seller shall in good faith reasonably believe that it has delivered the Required Information to Purchaser and that the Required Information qualifies as a Compliant Document, Seller may deliver to Purchaser written notice to that effect (stating when Seller believes it has completed such delivery), in which case Seller shall be deemed to have delivered such Required Information on the date specified in such notice (and the Marketing Period shall be deemed to have commenced on the date that is two Business Days after the date specified in such notice), unless (A) Seller has not completed delivery of such Required Information that qualifies as a Compliant Document and (B) within three Business Days after its receipt of such notice from Seller, Purchaser reasonably believes (in good faith) that Seller has not completed delivery of such Required Information that qualifies as a Compliant Document and delivers a written notice to Seller to that effect (stating which Required Information Seller has not delivered or does not qualify as a Compliant Document).

(c) For purposes of this Agreement, “Bank Marketing Period” means a period of at least 15 consecutive Business Days (provided that, such period shall not be required to be consecutive to the extent it would include any date from November 25, 2020 through and including November 27, 2020 (which dates shall not count for purposes of the 15 consecutive Business Day period), January 18, 2021, February 15, 2021, May 31, 2021, July 5, 2021, September 6, 2021, any date from November 25, 2021 through and including November 27, 2021 (which dates shall not count for purposes of the 15 consecutive Business Day period), and if such period has not ended on or before December 11, 2020, it shall not commence before January 4, 2021) following receipt of the Required Bank Information.

(2) **Purchaser Deliverables.** At the Closing, Purchaser shall deliver to Seller:
(3) **Other Purchaser Payments.**

(a) At the Closing, Purchaser shall deliver to the Escrow Agent cash in an amount equal to the Indemnity Escrow Amount, plus the amount of the fees and expenses payable to the Escrow Agent in connection with establishing the Indemnity Escrow Account.

(b) Promptly following the Closing, by wire transfer of immediately available funds on behalf of the Company Group, the Company shall pay, or Purchaser shall cause the Company to pay, the Transaction Expenses described in clause (a) of the definition thereof in accordance with wire transfer instructions provided by each payee thereof.

(4) **Seller Deliverables.** At the Closing, Seller shall deliver, or cause to be delivered, to Purchaser, each in form and substance reasonably satisfactory to Purchaser (or, with respect to Business Data, in the form in which such Business Data is maintained in the ordinary course of business):

(a) certificates representing the Interests, duly endorsed in blank or accompanied by membership interest powers duly endorsed in blank in proper form for transfer, free and clear of all Liens (other than restrictions on the hypothecation, sale, transfer or other disposition thereof under applicable securities Laws);

(b) a properly executed and valid statement described in Section 1.1445-2(b) of the Treasury Regulations certifying under penalties of perjury that Seller is not a foreign person within the meaning of Section 1445(f)(3) of the Code and a properly executed, true, correct and complete Internal Revenue Service Form W-9 of Seller;

(c) a certificate signed by an officer (or similar authorized person) of Seller as to the satisfaction of each of the conditions set forth in Section 6.02(a), Section 6.02(b) and Section 6.02(c) in the form attached hereto as Exhibit G;

(d) a certificate executed by an authorized officer of Seller, attaching and certifying as to the truth, correctness and completeness of, (A) copies of the
Organizational Documents of the Company Group as in effect as of the Closing and (B) certificates of good standing with respect to the Company Group issued by the applicable jurisdiction where such entities are formed, in case of each of clauses (A) and (B), dated as of a recent practicable date;

(e) the Escrow Agreement, duly executed by Seller and the Escrow Agent;

(f) the Transition Support Services Agreement and IP Assignment and License, each duly executed (and, to the extent applicable, filed) by Seller and any of its Affiliates (including the members of the Company Group) party thereto;

(g) the Lease Assignments, duly executed by the parties thereto;

(h) the Existing Debt Releases;

(i) copies of termination agreements, in form and substance reasonably satisfactory to Purchaser, with respect to the Contracts listed on Section 3.24(b) of the Seller Disclosure Schedule (which, for clarity, does not include the Co-Ownership Agreement, which shall be amended in accordance with the terms of this Agreement and the IP Assignment and License) duly executed by the parties thereto;

(j) a copy of all Business Data that is possessed or controlled by Seller or its Affiliates and is not (A) already in the possession or control of the Company Group or (B) being provided to the Company Group pursuant to the Transition Support Services Agreement;

(k) copies of all documents (e.g., short form agreements) and filings required to be executed or filed by Seller or its Affiliates (other than the Company Group) in connection with the Pre-Closing IP Transfer; and

(l) copies of any customary payoff letters reasonably requested by Purchaser pursuant to Section 5.16(d) (iii).

Estimated Purchase Price. At least five and no more than 10 Business Days prior to the Closing, Seller shall deliver, or cause to be delivered, to Purchaser a written statement duly executed by an authorized officer of Seller (the “Estimated Closing Statement”) setting forth in reasonable detail Seller’s good faith estimates of the amount of (a) the Closing Working Capital (“Estimated Closing Working Capital”), (b) Closing Cash and Cash Equivalents (“Estimated Closing Cash and Cash Equivalents”), (c) Transaction Expenses (“Estimated Transaction Expenses”), (d) Closing Indebtedness (“Estimated Closing Indebtedness”) and (e) Closing Tax Amount (“Estimated Closing Tax Amount”), and, based on the foregoing, Seller’s calculation of the Estimated Purchase Price, together with reasonably detailed supporting calculations, in each case, determined in accordance with the definitions in this Agreement and the Accounting Principles and shall not reflect any accounting principles, policies, methods, practices,
categories, estimates, judgments or assumptions other than the Accounting Principles. Seller shall consider in good faith any comments provided by Purchaser with respect to the Estimated Closing Statement, and if Seller accepts any such comments, it shall deliver to Purchaser updated versions of the Estimated Closing Statement, which updated versions shall thereupon supersede and replace the prior versions for all purposes hereunder.

iv. Post-Closing Adjustment.

(1) Delivery of Closing Statement. As soon as practicable after the Closing Date but no later than 120 days after the Closing Date, Purchaser shall prepare and deliver, or cause to be prepared and delivered, to Seller a written statement (the “Closing Statement”), setting forth in reasonable detail its calculation of the amount of (i) Closing Working Capital, (ii) Closing Cash and Cash Equivalents, (iii) Transaction Expenses, (iv) Closing Indebtedness and (v) Closing Tax Amount, and, based thereon, Purchaser’s calculation of the Purchase Price and the adjustment (if any) necessary to reconcile the Estimated Purchase Price to the Purchase Price, in each case, which shall be determined in accordance with the definitions in this Agreement and the Accounting Principles and shall not reflect any accounting principles, policies, methods, practices, categories, estimates, judgments or assumptions other than the Accounting Principles.

(2) Objections; Resolution of Disputes.

(a) Unless Seller notifies Purchaser in writing within 45 days after Purchaser’s delivery of the Closing Statement (such 45-day period, the “Objection Period”) of any dispute or objection thereto based on Seller’s good faith belief that the Closing Statement was not prepared in accordance with the requirements of Section 2.04(a) (a “Notice of Objection”), the Closing Statement and the calculations of Closing Working Capital, Closing Cash and Cash Equivalents, Transaction Expenses, Closing Indebtedness, Closing Tax Amount and the Purchase Price set forth therein shall be final, binding and conclusive on the Parties. Following the delivery of the Closing Statement and for purposes of Seller’s review of the Closing Statement and preparation of any Notice of Objection, Seller and its Representatives, upon reasonable advance notice, shall be permitted during normal business hours to review the books and records of Purchaser and the Company Group and shall be provided with all information and reasonable access to the Representatives of Purchaser and the Company Group, as applicable, who were involved in the preparation of the Closing Statement, including, subject to Seller’s and its applicable Representatives’ entry into a customary access letter required by such accountants, all work papers of the accountants who audited, compiled or reviewed such statement in connection with Seller’s and its Representatives’ review thereof. Any information provided to Seller and its Representatives pursuant to this Section 2.04(b)(i) shall be considered Confidential Information and subject to Section 5.03. Any Notice of Objection shall specify the amount in dispute for each disputed item and the basis for the objections set forth therein. Seller shall be deemed to have agreed with all other items and amounts contained in the Closing Statement not so disputed by Seller.

(b) If Seller provides the Notice of Objection to Purchaser within the Objection Period, Seller and Purchaser shall, during the 30​day period
following Purchaser’s receipt of the Notice of Objection (such 30-day period, the “Resolution Period”), attempt in good faith to resolve Seller’s objections. During the Resolution Period, Purchaser and its Affiliates and their respective Representatives shall be permitted to review the working papers of Seller and, subject to Purchaser’s and its applicable Representatives’ entry into a customary access letter required by such accountants, its accountants involved with preparing the Notice of Objection and the basis therefor. All such discussions and communications between the Parties related thereto shall (unless otherwise agreed by Purchaser and Seller) be governed by Rule 408 of the Federal Rules of Evidence and any applicable similar state rule, and any resolution by them agreed to in writing as to any disputed amounts shall be final, binding and conclusive. The resolution of any disputed item during the Resolution Period shall be final, binding and conclusive on the Parties. If Seller and Purchaser are unable to resolve all such objections within the Resolution Period, then either Seller or Purchaser may refer all such matters remaining in dispute to a nationally recognized independent valuation, accounting or specialty firm to be mutually agreed upon by Seller and Purchaser or, if Seller and Purchaser are unable to agree within five Business Days from the end of the Resolution Period, then such nationally recognized independent valuation, accounting or specialty firm jointly selected by Seller’s and Purchaser’s independent accountants within five Business Days thereafter (such agreed firm being the “Independent Expert”). Seller and Purchaser each agree to promptly sign an engagement letter among Seller, Purchaser and the Independent Expert, in commercially reasonable form, as may reasonably be required by the Independent Expert, on terms and conditions consistent with this Section 2.04. The Independent Expert shall be instructed, acting as an expert in accounting and not as an arbitrator, pursuant to such engagement letter, to resolve only those matters set forth in the Notice of Objection remaining in dispute. Seller and Purchaser each agree to furnish to the Independent Expert access to such individuals and such information, books and records as may be reasonably required by the Independent Expert to make its final determination (any such information, books and records shall be provided to the other Party prior to its submission or presentation to the Independent Expert). As promptly as practicable, and in any event not more than 30 days following the engagement of the Independent Expert, or such later date as Seller and Purchaser may mutually agree, Purchaser and Seller shall each submit a written presentation detailing each Party’s complete statement of proposed resolution of each issue still in dispute to the Independent Expert (it being understood that the content of each such presentation shall be limited to (A) whether the Closing Statement was properly calculated in accordance with the definitions in this Agreement and the Accounting Principles, (B) the proposed resolution of each disputed issue by such Party and (C) reasonable supporting detail for the foregoing). Seller and Purchaser shall also instruct the Independent Expert to use its commercially reasonable efforts to render its reasoned written decision within 30 days from the date that information related to the unresolved objections is presented to the Independent Expert by Seller and Purchaser. With respect to each disputed line item, such decision shall be made in strict accordance with the terms and definitions within this Agreement and the Accounting Principles and, if not in accordance with the position of either Seller or Purchaser, shall not be in excess of the higher, nor less than the lower, of the amounts advocated by Purchaser in the Closing Statement or Seller in the Notice of Objection with respect to such disputed line item. Except as Seller and Purchaser may
otherwise agree, all communications between Seller and Purchaser or any of their respective Representatives, on the one hand, and the Independent Expert, on the other hand, shall be in writing with copies simultaneously delivered to the non-communicating Party. None of Seller, Purchaser, nor any of their respective Affiliates shall have any ex parte communications or meetings with the Independent Expert regarding the subject matter hereof without the other Party’s prior written consent. The resolution of disputed items by the Independent Expert shall be final, binding and conclusive on, and enforceable by, the Parties (absent manifest error). All fees and expenses of the Independent Expert shall be borne on a proportionate basis by Purchaser, on the one hand, and Seller, on the other, based on the percentage which the portion of the contested amount not awarded in favor of each Party bears to the amount actually contested by such Party. By way of illustration, if Purchaser’s calculations would have resulted in a $1,000,000 net payment to Purchaser, and Seller’s calculations would have resulted in a $1,000,000 net payment to Seller and the Independent Expert’s final determination as adopted pursuant to this Section 2.04(b)(ii) results in an aggregate net payment of $500,000 to Seller, then Purchaser and Seller shall pay 75% and 25%, respectively, of such fees and expenses.

(3) **Adjustment Payment.** Within five Business Days after the Closing Working Capital, Closing Cash and Cash Equivalents, Transaction Expenses, Closing Indebtedness, Closing Tax Amount and the Purchase Price have been finally determined in accordance with Section 2.04(b), (i) if the Estimated Purchase Price is less than the Purchase Price, Purchaser shall pay to Seller the amount of such shortfall, and (ii) if the Estimated Purchase Price is greater than the Purchase Price, Seller shall pay to Purchaser the amount of such excess. For Tax purposes, any payment by Purchaser or Seller under this Section 2.04(c) shall be treated as an adjustment to the Purchase Price. Any payment under this Section 2.04(c) shall be made by wire transfer of immediately available funds to an account designated in writing by Purchaser or Seller, as the case may be (such designation to be made at least three Business Days prior to the date on which such payment is due).

**ARTICLE III.**

Representations and Warranties of SELLER

Seller represents and warrants to Purchaser as follows, as of the date hereof and as of the Closing Date (provided that references in representations and warranties to a particular date (including references to “the date hereof”, “the date of this Agreement” or words of similar import) will be given effect whenever such representations and warranties are made), with each such representation and warranty subject to such exceptions, if any, as are set forth in the disclosure schedule of Seller delivered to Purchaser contemporaneously with the execution of this Agreement (the “Seller Disclosure Schedule”). Disclosures in any section or subsection of the Seller Disclosure Schedule shall only address the corresponding Section or subsection of this Article III and such other Sections or subsections of the Seller Disclosure Schedule to the extent to which applicability of such disclosures is reasonably apparent on its face.

on i. **Organization.**
(1) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Company Subsidiary is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Florida. Each of the Company and the Company Subsidiary (i) has the requisite limited liability company power and authority to conduct its business as it is presently being conducted to own, lease or operate, as applicable, its assets and properties, and to conduct its business as presently conducted and (ii) is duly qualified to do business and in good standing (if such concept is applicable in the relevant jurisdiction) in each jurisdiction where such qualification is necessary under applicable Law, except, in the case of this clause (ii), as would not have a Material Adverse Effect. True, correct and complete copies of the Organizational Documents of the Company Group, and all amendments thereto, have been made available to Purchaser. Neither the Company nor the Company Subsidiary is in violation of its respective Organizational Documents, other than any violations that are de minimis in nature.

(2) Seller is a public benefit corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware with the power and authority to conduct its business as it is presently being conducted, including ownership of the Company Group.

On ii. Subsidiaries. Other than the Company’s ownership of the Company Subsidiary, neither the Company nor the Company Subsidiary owns, directly or indirectly, or holds any rights or obligations to acquire, any shares of capital stock or any other interests (including voting interests, Equity Interests or investments) in any other Person or any securities exercisable or exchangeable for or convertible into shares of capital stock or any other interests (including voting interests, Equity Interests or investments) in any other Person. Except as set forth on Section 3.02 of the Seller Disclosure Schedule, the Company owns and has good and valid title to all of the Equity Interests of the Company Subsidiary, free and clear of all Liens, other than restrictions on the hypothecation, sale, transfer or other disposition thereof under applicable securities Laws and is the beneficial and record owner of all of such Equity Interests.

On iii. Capitalization. The authorized, issued and outstanding Equity Interests of each of the Company and the Company Subsidiary are set forth on Section 3.03 of the Seller Disclosure Schedule. All of the outstanding Equity Interests of each the Company and the Company Subsidiary are duly authorized, validly issued, fully-paid and non-assessable and are held beneficially and of record by the equityholders thereof as set forth on Section 3.03 of the Seller Disclosure Schedule, free and clear of any Liens other than restrictions on the hypothecation, sale, transfer or other disposition thereof under applicable securities Laws, except as set forth on Section 3.03 of the Seller Disclosure Schedule. Neither the Company nor the Company Subsidiary has any outstanding (i) Equity Interests or other securities convertible into, or exchangeable or exercisable for, any of its Equity Interests or containing any profit participation features, nor any rights or options to subscribe for or to purchase its Equity Interests or (ii) any equity appreciation rights, profit participation rights or phantom equity or similar plans or rights. There are no (A) outstanding obligations of the Company Group (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Equity Interests or any warrants, options or other rights to acquire its Equity Interests or (B) voting trusts, proxies or other Contracts among
any of the Company Group’s equityholders or any other Person with respect to the voting or transfer of any of the Company Group’s Equity Interests.

iv. Title to Interests. Except as set forth on Section 3.04 of the Seller Disclosure Schedule, Seller owns and has good and valid title to the Interests, free and clear of any Liens other than restrictions on the hypothecation, sale, transfer or other disposition thereof under applicable securities Laws and is the beneficial and record owner of all of the Interests. Other than this Agreement, the Interests are not subject to any voting trust agreement or other Contract restricting or otherwise relating to the voting, dividend rights or disposition of the Interests.

v. Authority; Execution and Delivery; Enforceability. Seller has the requisite corporate power and authority to execute and deliver, and, subject to the effectiveness of the Seller Stockholder Approval, to perform its obligations under, and to consummate the transactions contemplated to be consummated by it pursuant to, this Agreement, including the transfer of the Interests, as applicable, and the Ancillary Documents to which it will be a party. Each of Seller’s Affiliates (including the Company Group) who will become party to any Ancillary Documents has the requisite power and authority to execute and deliver, and to perform its obligations under, and to consummate the transactions contemplated to be consummated by it pursuant to, such Ancillary Documents. Seller and its applicable Affiliates (including the Company Group) have taken all organizational action required by their respective Organizational Documents and applicable Law (without giving effect to the proviso in the definition thereof) to authorize the execution and delivery of, and the performance of its obligations under, and the consummation of the transactions contemplated to be consummated by it or such Affiliate pursuant to, this Agreement, as applicable, and the Ancillary Documents to which it or such Affiliate will be a party. The Seller Stockholder Consent, which has been executed and delivered to Purchaser and which became effective immediately following the approval by the board of directors of Seller of this Agreement and prior to the execution and delivery of this Agreement, (a) is the only vote or approval of the holders of any class or series of equity securities of Seller necessary to adopt and approve this Agreement and the transactions contemplated hereby and (b) has been obtained in compliance with Section 228 of the DGCL and Seller’s Organizational Documents. This Agreement and the Ancillary Documents to which Seller and its Affiliates (including the Company Group) will be a party, upon Seller’s and its Affiliates’ (including the Company Group) execution and delivery hereof and thereof will be, duly executed and delivered by Seller and its Affiliates (including the Company Group), and (assuming the due authorization, execution and delivery by each of the other parties hereto and thereto) constitute, or shall upon such execution and delivery constitute its legal, valid and binding obligations, enforceable against Seller and its Affiliates, as applicable, in accordance with their respective terms, subject, as to enforcement, to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors’ rights generally and except insofar as the availability of equitable remedies may be limited by Law (whether considered in a Proceeding in equity or at law) (the “Enforceability Exceptions”).

vi. Non-Contravention and Approvals.
(1) The execution, delivery and performance by Seller of, and Seller’s and its Affiliates’ (including the Company Group’s) compliance with, this Agreement and the Ancillary Documents to which Seller or any of its Affiliates (including the Company Group) will be a party do not and will not, and the consummation by Seller and its applicable Affiliates (including the Company Group) of the transactions contemplated to be consummated by them pursuant to this Agreement and such Ancillary Documents will not, (i) violate or conflict with Seller’s or its applicable Affiliates’ Organizational Documents, (ii) subject to obtaining the Consents set forth on Section 3.06(a) of the Seller Disclosure Schedule, with or without notice, lapse of time or both, result in any acceleration of any obligations, violation or breach of, or constitute a Default under, or give rise to any right of amendment, acceleration, termination or cancellation of or material payment under, or loss of any benefit under, any Material Contract, Company Privacy Policy or Contract relating to Business Data or (iii) subject to obtaining the Consents referred to in Section 3.06(b), violate any (A) Judgment or (B) Law (without giving effect to the proviso in the definition thereof), in either case (clause (A) or (B)), to which Seller or the Company Group is subject or (iv) result in the creation of any Lien (other than Permitted Liens or Liens arising from any act of Purchaser or its Affiliates) upon the Interests or the properties, rights or assets (including Business Data) of the Company Group, except in the case of the foregoing clauses (ii), (iii) and (iv), for any Default, violation or creation of any Lien that, individually or in the aggregate, would not have a Material Adverse Effect.

(2) No Consent of, to or with any Governmental Authority (without giving effect to the proviso in the definition thereof) is required to be obtained or made under Law (without giving effect to the proviso in the definition thereof) by Seller or any of its Affiliates (including the Company Group) for the execution, delivery and performance by Seller and its applicable Affiliates (including the Company Group) of this Agreement and the Ancillary Documents or the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, other than, (i) those set forth on Section 3.06(b)(i) of the Seller Disclosure Schedule and Section 1.01(d) of the Seller Disclosure Schedule (other than the “Courtesy Notices” thereon), (ii) compliance with and filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”) and other applicable Antitrust Laws set forth on Section 3.06(b)(ii) of the Seller Disclosure Schedule (the “Foreign Filing”), (iii) applicable requirements under applicable securities Laws, including the Exchange Act and the rules and regulations promulgated thereunder, including the filing with the SEC of an information statement of the type contemplated by Rule 14c-2 promulgated under the Exchange Act containing the information specified in Schedule 14C under the Exchange Act related to this Agreement and the Seller Stockholder Consent (the “Information Statement”) and (iv) those Consents the failure of which to obtain, individually or in the aggregate, would not have a Material Adverse Effect.

ivii. Financial Statements.

(1) Attached to Section 3.07(a) of the Seller Disclosure Schedule is a true, correct and complete copy of (i) the audited consolidated statement of operations, consolidated balance sheet, consolidated statement of cash flows and consolidated statement of changes in member’s equity for the Company Group as of and for the fiscal years ended December 31, 2018
and December 31, 2019, including the notes and schedules thereto, accompanied by the reports thereon of the Company Group’s independent auditors for the years then ended and (ii) the unaudited consolidated statement of operations, consolidated balance sheet, consolidated statement of cash flows and consolidated statement of changes in member’s equity for the Company Group as of and for the six months ended June 30, 2020 (the “Most Recent Balance Sheet” and the date of the Most Recent Balance Sheet, the “Most Recent Balance Sheet Date” and such statements, collectively, the “Financial Statements”) and the comparable prior period, including the notes and schedules thereto, accompanied by the reports thereon of the Company Group’s independent auditors.

(2) The Financial Statements, and any additional financial statements (including the Audited Annual Carve-out Financials and the Unaudited Quarterly Carve-out Financials) and any updated financial statements provided pursuant to Section 5.16(h)(ii) and Section 5.16(h)(iii) when delivered pursuant to Section 5.16 (in each case, including the notes, if any, thereto), (i) have been prepared in accordance with GAAP, consistently applied throughout the periods indicated (provided, however, that such unaudited financial statements do not contain notes and are subject to normal year-end adjustments (none of which will, individually or in the aggregate, materially alter the financial condition of the Company Group presented by such unaudited financial statements)), (ii) have been prepared in all material respects from, and in accordance with, the books and records of the Company Group (except, in each case (A) as noted therein, and (B) subject to the absence of notes) and (iii) fairly present in all material respects the financial condition of the Company Group and the operating results of the Company Group (in each case, in the aggregate, as of the applicable dates or for the applicable periods). The Company Group maintains a system of internal accounting controls appropriate for companies of a similar size and stage and are sufficient to provide reasonable assurance that, in all material respects: (1) transactions are executed in accordance with management’s general or specific authorizations and (2) transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and to maintain asset accountability. The accounts receivables of each of the Company and the Company Subsidiary shown in the balance sheets in the Financial Statements and in any additional financial statements delivered pursuant to Section 5.16 arise from bona fide transactions engaged in or entered into by each of the Company and Company Subsidiary, as applicable, in the ordinary course of business and to the Knowledge of Seller, are not subject to any material claim of offset, recoupment or counterclaim; provided that, the foregoing is not a guarantee that accounts receivable will be collected.

(3) The Financial Statements are qualified by the fact that the Company Group has not operated as a separate “stand alone” entity within Seller and its Affiliates. As a result, the Company Group has been allocated certain internal charges and credits for purposes of the preparation of the Financial Statements. Such allocations of charges and credits have been made in good faith with the intent of accurately presenting to the extent practicable the financial condition and results of operations of the Company Group for the time periods covered by the Financial Statements, but may not necessarily reflect the amounts that would have resulted from arms-length transactions or the actual costs that would have been incurred if the Company Group had operated as an independent enterprise during such periods.
viii. **No Undisclosed Liabilities.** Neither the Company nor the Company Subsidiary has any Liabilities, except for those Liabilities:

1. reflected, reserved against or disclosed in the Most Recent Balance Sheet;
2. that will be included in the calculation of Closing Working Capital, Closing Indebtedness or Closing Tax Amount;
3. incurred in the ordinary course of business since the Most Recent Balance Sheet Date (none of which, individually or in the aggregate, are material to the Company Group, taken as a whole or arose in connection with a breach of Contract or Permit, breach of warranty, tort or infringement or violation of Law (without giving effect to the proviso in the definition thereof));
4. for future performance under Contracts or Permits (other than Liabilities for any breach of or non-performance under such Contracts or Permits by any Company Group);
5. incurred pursuant to or arising under this Agreement or the transactions contemplated hereby; and
6. that, individually or in the aggregate, would not, and would not reasonably be expected to, be material to the Company Group, taken as a whole.

ix. **Absence of Changes.** Except as set forth on Section 3.09 of the Seller Disclosure Schedule, since December 31, 2019, (a) except in connection with or in preparation for the transactions contemplated by this Agreement, the Business has been conducted in all material respects in the ordinary course of business, (b) through the date of this Agreement, there has not been a Material Adverse Effect and (c) none of the Company Group has taken any action that, if taken after the date hereof, would require the prior consent of Purchaser pursuant to clauses (ii), (vii), (ix), (x), (xi), (xii), (xiii), (xv) or (xx) of Section 5.01(b).

x. **Real Property.**

1. Neither the Company nor the Company Subsidiary owns, nor has owned since the Lookback Date, any real property, nor is the Company or the Company Subsidiary party to an agreement to purchase real property or an interest in real property.

2. Section 3.10(b) of the Seller Disclosure Schedule sets forth a true, correct and complete list, as of the date hereof, of all real property leased, subleased, licensed, occupied or used by the Company Group in the Business (each, a “Leased Real Property”) and which includes the Columbia Property and the San Antonio Property, including the date of and legal name of each of the parties to such Lease and the address of each Leased Real Property and an accurate description of any oral Lease. The Company Group has (or with respect to the Columbia Property and the San Antonio Property, will have at the Closing) legal, valid existing leasehold estates or, as the case may be, leasehold interests, as tenant in all Leased Real Property. As of the Closing Date, neither the Company nor the Company Subsidiary will have any existing...
or continuing obligations or liabilities with respect to that certain real property located at 600 S. Exeter Street, Baltimore, Maryland leased by Seller under that certain Lease Agreement dated March 3, 2006 by and between Harbor East Parcel B - Commercial, LLC and Seller. There is no lease, sublease, license, use, occupancy or similar agreement granting to any party (other than the Company Group or Seller) any occupancy or use rights for any Leased Real Property, and, as of the Closing Date, no party, other than the relevant Company Group member, will hold leasehold title to or occupancy rights or be in possession of any Leased Real Property. To the Knowledge of Seller, there is no pending or threatened condemnation or other Proceeding with respect to any Leased Real Property. Possession and quiet enjoyment of the Leased Real Property by the relevant Company Group member under each Lease (or, with respect to the Columbia Property and the San Antonio Property, Seller as the current tenant thereunder) has not been disturbed in any material respect. Except as set forth on Section 3.10(b) of the Seller Disclosure Schedule, as of the date hereof there has been no rent deferred under any Lease due to the COVID-19 pandemic or otherwise that is currently unpaid or outstanding, and true, correct and complete copies of any such deferral arrangements and agreements have been provided to Purchaser. No material capital improvements to the Leased Real Property have been planned or started by Seller or the Company Group that are not complete as of the date hereof.

(3) All of the Leased Real Property and tangible assets and properties of the Company Group or located on the Leased Real Property are in all material respects in serviceable operating condition and repair (giving due account to the age and length of use of the same, ordinary wear and tear excepted) and are adequate for the conduct of the Business as of the date hereof, in substantially the same manner as it has heretofore been conducted.

xi. Sufficiency of Assets. Taking into account all of the assets, services, products, and Intellectual Property, Business Data and Company IT Systems provided or to be provided pursuant to this Agreement and the Ancillary Documents, including the services to be provided pursuant to the Transition Support Services Agreement, and assuming all Consents referred to in Section 3.06(b) have been obtained, the assets and properties (including Intellectual Property, Business Data and Company IT Systems) of the Company Group, including those leased, licensed or used by the Company Group pursuant to the Material Contracts and the Shared Contracts (to the extent that the Company receives rights and benefits thereunder), constitute all of the assets and properties which are necessary, and such assets and properties are sufficient, in each case, for the operation of the Business in all material respects, as conducted as of the date hereof. The representations and warranties set forth in this Section 3.11 shall not be construed to be a representation or warranty with respect to the infringement of any Intellectual Property owned by any Third Party.

xii. Intellectual Property.

(1) Section 3.12(a) of the Seller Disclosure Schedule sets forth, as of the date hereof, a true, correct and complete list of: (i) all Owned Registered IP; (ii) all material unregistered Software constituting Owned Intellectual Property; (iii) for all Owned Registered IP registered in the United States, all filing, maintenance, renewal and other deadlines occurring within 30 days following the date hereof; and (iv) for all Owned Registered IP registered in
countries other than the United States, all filing, maintenance, renewal and other deadlines occurring within 90 days following the date hereof.

(2) (i) All Owned Registered IP is subsisting and, to the extent registered, granted, or issued, is to the Knowledge of Seller, enforceable and valid, and (ii) all registration, renewal, maintenance, recordation and other applicable filings and fees for each item of Owned Registered IP have been timely made and paid by the applicable deadline. The Company or the Company Subsidiary, as applicable, is (or will be, pursuant to the Pre-Closing IP Transfer) the owner of record of the Owned Registered IP, and a complete chain of title therefor has been (or will be, pursuant to the Pre-Closing IP Transfer) filed for recordation or recorded with the applicable Governmental Authority.

(3) Except as set forth on Section 3.12(c) of the Seller Disclosure Schedule, the Company Group (taking into account the assignment and licenses contemplated by the IP Assignment and License or to be provided pursuant to this Agreement and the Ancillary Documents, including all the services provided pursuant to the Transition Support Services Agreement, and assuming all Consents referred to in Section 3.06(b) have been obtained) (i) owns and possesses, free and clear of all Liens (other than Permitted Liens), all right, title and interest in and to, (ii) otherwise has a right to use, pursuant to a Company IP Agreement (or Contract for Off-the-Shelf Software) with a Third Party to which the Company Group is a party or pursuant to which the Company Group will continue to receive rights and benefits following the Closing pursuant to Section 5.28, or (iii) is otherwise permitted by Law to use, all Intellectual Property necessary and sufficient for the operation of the Business in all material respects as conducted as of the date hereof (provided that the foregoing shall not be construed to be a representation or warranty with respect to the infringement of any Intellectual Property owned by any Third Party). Except as, individually or in the aggregate, would not, and would not reasonable be expected to be material to the Company Group, taken as a whole, the Company Group and Seller (and its Affiliates other than the Company Group) have not taken any action, or failed to take any action that would reasonably be expected to form the basis for, or result in the abandonment, disclaimer, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any Owned Intellectual Property. The Curricular Materials included in Owned Intellectual Property constitute all Curricular Materials owned by Seller or any of its Affiliates (including the Company Group) that are material to the Business as conducted as of the date hereof. The Company Group is (or will be at Closing, pursuant to the IP Assignment and License or the Pre-Closing IP Transfer) (i) the exclusive owner of all right, title and interest in and to all Owned Intellectual Property (excluding any Joint Portal IP), in each case, free and clear of all Liens (other than Permitted Liens), and (ii) is (or will be at Closing, pursuant to the IP Assignment and License), the owner of an undivided joint interest, free and clear of all Liens (other than Permitted Liens), of all right title and interest in and to the Joint Portal IP.

(4) Except as set forth on Section 3.12(d) of the Seller Disclosure Schedule, (i) since the Lookback Date, the Company Group, Seller, and its Affiliates other than the Company Group (as applicable) take and have taken commercially reasonable actions to (A) maintain, protect and enforce the Owned Intellectual Property that is material to the Business as conducted as of the date hereof; and (B) maintain the confidentiality of material trade secrets,
technical data, know-how, and other material confidential information included in the Owned Intellectual Property (everything included in the foregoing Section 3.12(d)(i)(B), collectively, the “Business Confidential Information”), (ii) to the Knowledge of Seller, no inadvertent or unauthorized access to or use or disclosure of any Business Confidential Information has occurred, (iii) the Company Group, Seller, or its Affiliates other than the Company Group (as applicable) have caused (A) employees and other Persons with access to material Business Confidential Information to execute a written Contract containing customary confidentiality and restriction on use terms designed to maintain the confidential status and limit the use of Business Confidential Information (the “Employee Confidentiality Agreement”), and (B) current and former employees and other Persons involved in the creation or development of any material Owned Intellectual Property, for which ownership of all right, title and interest in and to the applicable Intellectual Property does not vest automatically in the Company Group (or Seller or its Affiliates, as applicable) by operation of Law, to execute a written Contract containing, or otherwise abide by, terms (1) acknowledging the Company Group’s (or Seller’s or its Affiliates’, as applicable) ownership of all such Intellectual Property invented, created or developed in the course of, or resulting from, such Person’s employment or engagement by the Company Group (or Seller or its Affiliates, as applicable), and (2) assigning to the Company Group (or Seller or its Affiliates, as applicable) any rights, title and interest such Person may have in or to such Intellectual Property (the “Invention Assignment Agreement”), and (iv) no proprietary source code for any material Owned Intellectual Property has been delivered, licensed or disclosed to any escrow agent, or other Person who is not an employee or contractor of the Company Group performing work on behalf of the Company Group in the ordinary course of business under a reasonable confidentiality agreement.

(5) Except as set forth on Section 3.12(e) of the Seller Disclosure Schedule, (i) there are no written claims pending, or to the Knowledge of Seller, threatened against the Company Group, Seller, or any of its Affiliates other than the Company Group, contesting the validity, use, right to use, scope, ownership, right to register, transferability, or enforceability of any of the Owned Intellectual Property, (ii) the Owned Intellectual Property does not infringe or misappropriate, and the operation of the Business or use of the Owned Intellectual Property by the Company Group does not infringe, misappropriate or conflict with, any Intellectual Property rights of other Persons, and since the Lookback Date none of the Company, the Company Subsidiary, Seller, or any of its Affiliates other than the Company Group, has received any written notice regarding or alleging any of the foregoing (including any demand or offer to license any Intellectual Property rights from any other Person) and (iii) to the Knowledge of Seller, since the Lookback Date, no Third Party has, and the Company Group, Seller or its Affiliates other than the Company Group has not alleged that any other Person has, infringed, misappropriated or conflicted with any of the Owned Intellectual Property.

(6) The consummation of the transactions contemplated by this Agreement will not: (A) conflict with, adversely alter, impair, or adversely affect (1) the right, title or interest of the Company Group in and to the Owned Intellectual Property (or any Business Data owned by the Company Group), or (2) the validity, enforceability, right to use (or in the case of
Business Data, the right to Process), ownership, priority, duration or scope of any Owned Intellectual Property (or any Business Data owned or controlled by, or in the possession of, the Company Group) (with respect to the foregoing clauses (A)(1) and (2), other than in connection with the transfer by Seller (or its Affiliates, as applicable) to the Company Group of the Assigned IP and certain Owned Registered IP, respectively, pursuant to the IP Assignment and License and the Pre-Closing IP Transfer), (B) trigger any additional payment obligations to Third Parties with respect to any Owned Intellectual Property (or any Business Data owned by the Company Group) that would not have been due had the transactions contemplated hereunder and under the Ancillary Documents not been consummated, or (C) result in or require the grant to any Person of any access or right to any Owned Intellectual Property or Business Data owned by the Company Group, subject in each case, to the terms and conditions of the IP Assignment and License, except in the case of the foregoing, as would, and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(7) Neither the Company Group nor Seller (or any of its Affiliates) has incorporated or embedded any Specified Open Source Software into any material products or services of the Company Group that are distributed, licensed, conveyed or made available to Third Parties. The Company Group is in compliance in all material respects with the terms and conditions of all licenses for the Open Source Software used by the Company Group in any way (the term “use” with respect to Open Source Software includes modification or distribution by the Company Group).

(8) Except for the Open Source Software set forth on Section 3.12(h) of the Seller Disclosure Schedule, the Student Portal Software consists solely of Software that is owned by Seller or one of its Affiliates (including the Company Group); provided, however, that the Student Portal Software may connect or link to Software owned or purportedly owned by a Third Party which is licensed under a Material Contract.

xiii. Cyber Security and IT.

(1) To the Knowledge of Seller, none of the Company Software contains any virus, malware, Trojan horse, worm or other software routines or hardware components designed or intended to permit unauthorized access to, unauthorized acquisition of, or disable, erase or otherwise harm software, hardware or data except as, individually or in the aggregate, would not, and would not reasonably be expected to, be material to the Company Group and the Company Group has implemented commercially reasonable processes and procedures to mitigate against the likelihood of any of the foregoing.

(2) Except as, individually or in the aggregate, would not, and would not reasonably be expected to be material to the Company Group, taken as a whole, the Company Group maintains and since the Lookback Date has remained in compliance with, an information security program that includes commercially reasonable administrative, physical, and technical measures to protect the confidentiality, integrity, availability, and security of Personal Data and other proprietary or confidential data of or related to the Business and the Company IT Systems against unauthorized control, use, access, interruption, modification, or corruption related to the Business and to ensure continued, uninterrupted, and error-free operation of the Company IT.
Except as, individually or in the aggregate, would not, and would not reasonably be expected to be material to the Company Group, taken as a whole, the Company Group and its Affiliates have contractually obligated Third Parties that Process Personal Data on their behalf to (i) comply with applicable Laws and Educational Laws, (ii) take reasonable steps to protect and secure Personal Data from unauthorized access, acquisition, modification, or disclosure, and (iii) restrict Processing of Personal Data to purposes authorized or required pursuant to the agreement or contract with such Third Party, and the Company Group and its Affiliates have taken reasonable measures to ensure that all such Third Parties have complied with such contractual obligations.

(3) Except as set forth on Section 3.13(c), (i) there are no, and since the Lookback Date, there have not been any Proceedings by any Governmental Authority or Educational Agency against the Company Group or the Business related to Security Incidents or the Processing of Personal Data, and to the Knowledge of Seller, there are no facts or circumstances which could reasonably serve as the basis for any such investigations or claims and (ii) since the Lookback Date, there has been no Security Incident, or failure, crash or other adverse effect affecting the Company IT Systems that has resulted in a material impact, disruption or interruption in the operation of the Business or has resulted or could reasonably be expected to result in material legal or contractual liability.

(4) Except as, individually or in the aggregate, would not, and would not reasonably be expected to be material to the Company Group, taken as a whole, the Company IT Systems (together with the services provided to the Company Group pursuant to the Transition Support Services Agreement) are reasonably adequate for the Business and operations of the Company Group as currently conducted and are sufficient in all material respects for the current needs of the Business and operations of the Company Group. Except as, individually or in the aggregate, would not, and would not reasonably be expected to be material to the Company Group, taken as a whole, (i) the Company Group has taken or caused to be taken reasonable precautions designed to keep all Company IT Systems free from any material defect, bug, vulnerability, virus or programming, design or documentation error or corruption or material defect and (ii) there are no material vulnerabilities with respect to the Company IT Systems that (A) are unpatched or otherwise unresolved in whole or in part and (B) would reasonably be expected to (1) adversely impact the operation of Company IT Systems or (2) cause a Security Incident. At all times since the Lookback Date, the Company Group has implemented and maintains commercially reasonable incident response, disaster recovery, and business continuity plans and procedures to cover the material Company IT Systems and Personal Data owned or controlled by the Company Group.


(1) Section 3.14(a) of the Seller Disclosure Schedule sets forth, as of the date hereof, a true, correct and complete list (organized by subsection of this Section 3.14(a)) of the Contracts (other than any Benefit Plans or any invoice containing no legally binding obligations of the Company, the Company Subsidiary, Seller or any of its other Subsidiaries, other than customary payment terms or terms that are not materially different from the underlying Contract
which is a Material Contract) to which the Company or the Company Subsidiary (or with respect to Shared Contracts, Seller or any of its other Subsidiaries) is a party or by which any of their respective assets or properties, or any assets or properties of the Business is bound that are included within the following categories: any Contract

(a) that involved or involves payment by the Company or the Company Subsidiary of more than $500,000 in the most recent calendar year (other than employment agreements or arrangements and purchase orders issued in the ordinary course of business) and pursuant to which the Company or the Company Subsidiary has continuing obligations, rights or interests and that cannot be terminated by the Company or the Company Subsidiary without penalty without more than 90 days’ notice;

(b) concerning any partnership, joint venture, collaboration, investment or other similar arrangement of the Company Group with a Third Party;

(c) that limits or purports to limit or restrict the ability of the Company Group to compete or engage in any line of business or with any Person or in any geographic area after the Closing;

(d) that obligates the Company Group to conduct business on a “most favored nation” or similar basis with any Third Party;

(e) involving the incurrence by the Company Group of any Indebtedness in excess of $500,000;

(f) relating to any loan or advance by the Company Group to any Third Party (except for any prepayment to a vendor in the ordinary course of business) in excess of $250,000;

(g) under which the Company Group is a (A) lessee of any personal property owned by any other Person under which the aggregate annual rental payments exceed $100,000, or (B) lessor of or permits any Person to hold or operate any personal property, owned or controlled by the Company Group under which the aggregate annual rental payments exceed $100,000;

(h) with any Governmental Authority or Educational Agency, other than any such Contract which (A) does not involve any material monetary value and (B) does not subject the Company Group to any material regulatory obligations;

(i) containing any right of first refusal, right of first negotiation, or right of first offer in favor of a party other than the Company Group, which (A) relates to any assets, properties, services, rights or obligations which, individually or in the aggregate, are material, or (B) would otherwise, individually or in the aggregate, reasonably be expected to be material to the Company Group;
(j) granting any Person an option, or a preferential or other right, to purchase or license any of the Company Group’s material assets or any assets which, individually or in the aggregate, constitute a material portion of the Company Group’s assets;

(k) that is a temporary or leased staff agency agreement involving payment by or to Seller or any of its Affiliates of more than $250,000 in the most recent calendar year;

(l) that is a Shared Contract (A) exclusively related to the Business or (B) primarily related to the Business (other than purchase orders issued in the ordinary course of business pursuant to any other Shared Contract);

(m) that provides for the conditional payment of royalties, milestones or other monetary consideration based on the commercialization of products or services by the Company or the Company Subsidiary;

(n) involving a vendor listed on Section 3.23 of the Seller Disclosure Schedule that is a master or primary agreement, statement of work or purchase order (other than purchase orders issued in the ordinary course of business pursuant to a Material Contract described in this clause (xiv) or statements of work with terms that are not materially different from the underlying Contract which is a Material Contract described in this clause (xiv));

(o) between or among the Company, the Company Subsidiary, on the one hand, and any of their Related Parties, on the other hand (other than purchase orders or issued in the ordinary course of business pursuant to a Material Contract described in this clause (xv));

(p) providing for the indemnification of any Person by the Company Group, which indemnification obligations if triggered, individually or in the aggregate, would involve a material amount or otherwise reasonably be expected to be material to the Company Group other than those entered into in the ordinary course of business;

(q) involving the disposition or acquisition of any business or significant portion of the assets or properties of the Company Group, or any amalgamation, merger, consolidation, scheme of arrangement or similar business combination transaction relating to the assets or properties of the Business, under which, after the Closing, the Company Group will have any material continuing payment or other material obligation;

(r) granting a power of attorney or other similar Contract or grant of agency outside of the ordinary course of business;

(s) involving any resolution or settlement of any Proceeding under which any member of the Company Group has any continuing material obligation;
(t) requiring the Company Group to make future capital expenditures or other purchases or material, supplies, equipment or other assets or properties, in excess of $500,000 pursuant to any individual Contract or $1,000,000 in the aggregate (other than purchase orders for supplies in the ordinary course of business);

(u) pursuant to which (x) any material licenses, sublicenses, releases, covenants not to sue, exercise or assert, ownership interests, options or other material rights or interests of the Company Group, including material rights to receive royalties, have been granted (A) to the Company Group with respect to any material Intellectual Property used in the Business (other than license agreements for Off-the-Shelf Software) or (B) by the Company Group or Seller (or its Affiliates) to any Person with respect to any Owned Intellectual Property (other than non-exclusive licenses granted to customers of the Business and other Third Parties in the ordinary course of business) or (y) any material trade secrets included in the Owned Intellectual Property are disclosed to Persons other than employees of Seller or its Affiliates (the Contracts in clauses (x) and (y), collectively, the “Company IP Agreements”); or

(v) with an individual independent contractor (including any individual independent contractor who operates through a single-member entity wholly owned by such individual) (a “Contractor”) expected to result in payments (as reported on Form 1099) to such Contractor in excess of $500,000 for fiscal year 2020.

(2) Each of the Contracts required to be set forth on Section 3.14(a) of the Seller Disclosure Schedule and the Leases (collectively, the “Material Contracts”) is (other than as of the Closing, Contracts no longer in effect after the date of this Agreement that have expired in accordance with their terms or have been terminated in compliance with this Agreement, from and after such expiration or termination) in full force and effect and is valid, binding and enforceable against the Company, the Company Subsidiary, Seller or its applicable Affiliate, as the case may be, and, to the Knowledge of Seller, each other party thereto, in accordance with its terms except as enforcement may be limited by the Enforceability Exceptions and assuming all Consents referred to in Section 3.06(b) have been obtained, none of the Company, the Company Subsidiary, Seller or any of its applicable Affiliates is in Default in any material respect, and, to the Knowledge of Seller, no other party is in Default in any material respect, under any Material Contract (other than Contracts no longer in effect after the date of this Agreement that have expired in accordance with their terms or have been terminated in compliance with this Agreement). To the Knowledge of Seller, there exists no event or circumstance, which, with the passage of time, delivery of notice or both, would constitute a Default in any material respect under any Material Contract (other than Contracts no longer in effect after the date of this Agreement that have expired in accordance with their terms or have been terminated in compliance with this Agreement, from and after such expiration or termination). No written notice of any claim of material Default under a Material Contract has been received or made by the Company Group during the prior 12-months. True, correct and complete copies of all written Material Contracts have been made available to Purchaser, except for failures to be so true, correct and complete which are de minimis in nature. For clarity, an omission of any material term would not constitute a failure which is de minimis in nature.
(1) All material non-income Tax Returns required to be filed by or with respect to the Company Group have been timely filed. All non-income Tax Returns required to be filed with respect to the Company Group are true, correct and complete in all material respects.

(2) All material income Tax Returns required to be filed by the Company Group have been timely filed. All such Tax Returns are true, correct and complete in all material respects.

(3) All Taxes due and payable by or on behalf of the Company Group have been timely paid in full.

(4) There are no outstanding agreements or waivers extending the statutory period of limitations (other than any extensions automatically granted) applicable to any Tax Returns required to be filed by any member of the Company Group.

(5) Solely with respect to Taxes of the Company Group, (i) no audit, examination or other administrative or court Proceeding is currently in progress or, to the Knowledge of Seller, threatened and (ii) no claims have been asserted or threatened by a Taxing Authority in writing. Each deficiency resulting from any completed audit or examination relating to Taxes by any Taxing Authority has been timely paid in full. There is no currently effective Contract or other document extending, or having the effect of extending, the period of assessment or collection of any Taxes of the Company Group, nor has any request been made for any such extension, and no power of attorney (other than powers of attorney authorizing employees of the Company Group to act on behalf of the Company Group) with respect to any Taxes has been executed or filed by the Company Group with any Taxing Authority that is currently in effect.

(6) Neither the Company nor the Company Subsidiary is subject to Tax in any jurisdiction other than the United States by virtue of having a permanent establishment or other place of business. The Company Group has not received from any Governmental Authority in a jurisdiction where the Company Group has not filed any Tax Returns any written claim that any member of the Company Group is or may be subject to Taxes by that jurisdiction.

(7) The Company Group has withheld and timely paid to the appropriate Governmental Authority (to the extent they have become due) all amounts of Taxes required to have been withheld and paid in connection with amounts paid or owing to any current or former Employee, officer, manager, creditor, independent contractor, member or other Third Party or Person. The Company Group has complied in all material respects with all record maintenance requirements in respect of withholding under Law.

(8) There are no Liens in respect of Taxes with respect to any assets or properties of the Company Group other than Liens for Taxes not yet due and payable that arise by operation of Law.
(9) Except as expressly set forth on Section 3.15(i) of the Seller Disclosure Schedule, the Company Group is not party to, is not bound by and has no obligation under any Tax Sharing agreement, other than (i) any such agreement solely between the members of the Company Group or (ii) any commercial agreement or lease of real property entered into in the ordinary course of business the primary subject matter of which is not Taxes where any Tax indemnification obligation is germane to the subject matter of such agreement.

(10) The Company Group does not own any stock or other equity interest in any Person (other than, in the case of the Company, the Company Subsidiary) and is not party to any arrangement that is treated as a partnership for U.S. federal tax purposes.

(11) Neither the Company nor the Company Subsidiary has engaged in any “reportable transaction” within the meaning of Treasury Regulation Section 1.6011-4(b) with respect to any open years.

(12) The Company Group has properly (i) collected and remitted material sales, use, valued added, goods and services, and similar Taxes with respect to sales or leases made or services provided to its customers and (ii) for all material sales, leases or provision of services that are exempt from sales, use, valued added and similar Taxes and that were made without charging or remitting sales, use, valued added or similar Taxes, received and retained any appropriate Tax exemption certificates and other documentation qualifying such sale, lease or provision of services as exempt.

(13) Except as set forth on Section 3.15(m) of the Seller Disclosure Schedule, each entity that is or has been in the Company Group currently is and at all times since its formation has been an entity that is disregarded as separate from Seller for all U.S. federal, state and local income Tax purposes.

(14) Neither the Company nor the Company Subsidiary (i) has been a member of a Consolidated Tax Group that filed Tax Returns on a combined, consolidated or unitary basis (other than a group the common parent of which is or was the Company and a Consolidated Tax Group that includes Seller) or (ii) has any Liability for income or other material Taxes of any Person (other than any member of a Consolidated Tax Group the common parent of which is the Company or that includes Seller) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Tax Law), as a transferee or successor, or by Contract or otherwise under Law.

(15) Except as set forth on Section 3.15(o) of the Seller Disclosure Schedule, the Company Group has not deferred the payment of any payroll taxes under Section 2302 of the Coronavirus Aid, Relief and Economic Security Act, P.L. 116-136 (the “CARES Act”). Neither Seller nor any of its Affiliates (including the Company Group) has received any loan or other funds pursuant to the paycheck protection program described in Section 7(a) of the Small Business Act (SBA) as amended by Section 1102 of the CARES Act or under any program related to the COVID-19 pandemic administered or promulgated by a Governmental Authority (without giving effect to the proviso in the definition thereof).
The representations and warranties made in this Section 3.15 refer only to the activities of the Company Group in a Pre-Closing Period and no representation or warranty is made with respect to Taxes attributable to any Tax Period (or portion thereof) beginning after, or any Tax position taken after, the Closing Date.

Litigation. Except as set forth on Section 3.16 of the Seller Disclosure Schedule, (a) there are no, and since the Lookback Date have been no, Proceedings pending or, to the Knowledge of Seller, threatened (i) against the Company Group or any of their respective properties or assets or any of its managers, officers or any other Person whose Liability the Company Group has retained or assumed, either contractually or by operation of law, (ii) against Seller or any of its managers, officers or Affiliates, in connection with the Company Group or (iii) that would reasonably be expected to result in the issuance of a Judgment restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Ancillary Documents, except, in each case of clauses (i), (ii) or (iii), individually or in the aggregate, would not, and would not reasonably be expected to (A) be material to the Company Group, taken as a whole or (B) prevent, materially delay or materially interfere with the ability of Seller to consummate the transactions contemplated hereby and (b) neither the Company nor the Company Subsidiary is party to and none of their respective properties or assets are subject to any Judgment that, individually or in the aggregate, would, or would reasonably be expected to, (i) be material to the Company Group, taken as a whole, or (ii) prevent, materially delay or materially interfere with the ability of Seller to consummate the transactions contemplated hereby.

Employees; Benefit Plans.

(1) Section 3.17(a) of the Seller Disclosure Schedule contains a true, correct and complete list of each Company Benefit Plan and Seller Benefit Plan and indicates whether a Company Benefit Plan is a Sponsored Company Benefit Plan. To the extent applicable, true, correct and complete copies of the following have been made available to Purchaser: (i) the plan document, if any, for each Seller Benefit Plan, including any amendments to the plan document; (ii) the most recent annual report (Form 5500 series), if any, filed with the Internal Revenue Service (“IRS”) or the U.S. Department of Labor with respect to each Company Benefit Plan; (iii) the most recent summary plan description, including any summaries of material modifications for each Company Benefit Plan for which a summary plan description is required; (iv) each trust agreement, insurance policy and any other Contract relating to the funding, investment or administration of such Company Benefit Plan; (v) the most recent determination or opinion letter issued by the IRS with respect to any such Seller Benefit Plan intended to be qualified under Section 401(a) of the Code, if any; and (vi) any material non-routine correspondence with the U.S. Department of Labor, IRS or any other Governmental Authority regarding any such Seller Benefit Plan.

(2) Following the Closing, except (i) as expressly provided in Section 5.11, (ii) for any payment or benefit that is a Transaction Expense or (iii) for any Sponsored Company Benefit Plan, neither the Company Group nor any Affiliate of the Company Group (applying the
principles of clause (b)(ii) of the definition of Affiliate herein) would reasonably be expected to have any Liability with respect to any Seller Benefit Plan.

(3) Except as set forth on Section 3.17(c) of the Seller Disclosure Schedule, since the Lookback Date, each Seller Benefit Plan has been established, maintained and administered in compliance in all material respects in accordance with its terms and applicable Law (including ERISA and the Code). Each Seller Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination, opinion, or advisory letter from the IRS on which the applicable entity is entitled to rely, and, to the Knowledge of Seller, there are no facts or circumstances that would reasonably be expected to cause the loss of such qualification. There are no pending or, to the Knowledge of Seller, threatened Proceedings (other than routine claims for benefits in the normal course) with respect to any Seller Benefit Plan, or any trust associated with such plan, that would result in a material Liability to the Company Group. Neither the Company Group nor Seller has engaged in a non-exempt “prohibited transaction” within the meaning of section 406 of ERISA or section 4975 of the Code, and to the Knowledge of Seller, no “prohibited transaction,” within the meaning of section 406 and section 407 of ERISA or section 4975 of the Code, has occurred with respect to any Seller Benefit Plan, in each case, that would result in a material Liability to the Company Group. To the Knowledge of Seller, no fiduciary (within the meaning of Section 3(21) of ERISA) has breached his or her fiduciary duty with respect to any Seller Benefit Plan that would result in a material Liability to the Company Group. All contributions, premiums and other payments required under the terms of each Company Benefit Plan or applicable Laws have been timely made in all material respects in accordance with all applicable Laws and Company Benefit Plan terms.

(4) Except as set forth on Section 3.17(d) of the Seller Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby would reasonably be expected to, (either alone or in combination with another event) (i) result in any compensation becoming due, or increase the amount of any compensation due, to any Service Provider, (ii) increase any benefits under any Seller Benefit Plan or (iii) entitle the recipient of any material compensatory payment or compensatory benefit to receive a “gross up” payment for any income or other Taxes that might be owed with respect to such payment or benefit.

(5) Except as set forth on Section 3.17(e) of the Seller Disclosure Schedule, neither the Company nor the Company Subsidiary has any material Liability or obligation to provide post-employment medical or life insurance to any current or former employees of the Company, the Company Subsidiary or Seller or any Affiliate of Seller, except to the extent required under the Consolidated Omnibus Budget Reconciliation Act of 1985 or any similar state or local Laws.

(6) No Sponsored Company Benefit Plan is, and neither the Company nor any Person that is under common control with the Company under ERISA 4001(b) or considered a single employer with the Company under Code Sections 414(b), 414(c), 414(m) or 414(o) maintains, contributes to, or has any obligation to contribute to, or has, during the past six years
maintained, contributed to, had any obligation to contribute to or otherwise had any material Liability with respect to any, (i) pension plan (within the meaning of Section 3(2) of ERISA) subject to Title IV or Section 303 of ERISA or Section 412 of the Code, (ii) “multiemployer plan” (as defined in Section 3(37) or 4001(a)(3) of ERISA) or (iii) “multiple employer plan” (as defined in Section 413(c) of the Code).

(7) A list of Service Providers (identified by their employee ID numbers) (such list the “Service Provider Census”), as of the date of this Agreement, has been provided to Purchaser, including, for each such Service Provider, as applicable, his or her (i) employee number, (ii) home country, (iii) home state, (iv) office location, (v) whether such Service Provider is paid hourly or is on salary (including currency of pay), (vi) classification as an exempt- or non-exempt employee under the Fair Labor Standards Act, (vii) hourly rate or annual salary, (viii) 2019 annual incentive bonus award, (ix) bonus target, (x) 2019 actual gross earnings, (xi) 2020 year-to-date earnings as of July 31, 2020, (xii) active status, (xiii) original hire date, (xiv) job title, (xv) service classification and (xvi) whether such employee is full- or part-time.

(8) Each member of the Company Group and, with respect to Service Providers, Seller and each Affiliate of Seller (other than the Company Group) is, and since the Lookback Date has been, in compliance in all material respects with all applicable Laws governing the employment of labor, including all contractual commitments and all such Laws.

(9) None of the Company Group or, with respect to Service Providers, Seller or an Affiliate of Seller is party to a settlement agreement with a current or former Service Provider since the Lookback Date that involves allegations of sexual harassment. To the Knowledge of Seller, since the Lookback Date, no written claims of sexual harassment have been made against any officer or member of the senior leadership team of the Company with respect to the conduct or alleged conduct of any such Service Provider during such Service Provider’s engagement with the Company, the Company Subsidiary, Seller or an Affiliate of Seller.

(10) (i) No union or other collective bargaining unit or employee organizing entity is certified as representing any of the Service Providers or holds bargaining rights with respect to the Service Providers, (ii) no union or committee or other collective bargaining unit or employee organizing entity is recognized by the Company Group or, with respect to Service Providers, Seller or an Affiliate of Seller as representing any of the Service Providers, (iii) to the Knowledge of Seller, there are no threatened or pending union organizing activities involving any Service Providers and (iv) no Consent is required from any union or committee or other collective bargaining unit or employee organizing entity in connection with the transactions contemplated hereby.

(11) (i) There is no, pending, or to the Knowledge of Seller, threatened, Proceeding with respect to labor or employment matters which, if adversely decided, may reasonably be expected, individually or in the aggregate, to create a Liability that would be material to the Company Group, taken as a whole and (ii) the Company, the Company Subsidiary and Seller with respect to Service Providers, have not experienced any labor strike, material
slowdown, material work stoppage, or other material labor dispute since the Lookback Date, nor are any pending or, to the Knowledge of Seller, threatened in writing such activities against the Company, the Company Subsidiary or, with respect to Service Providers, Seller or an Affiliate of Seller.

(12) Since the Lookback Date, the Company Group has been in compliance with its obligations under the Workers Adjustment and Retraining Notification Act of 1988 (or any similar applicable local Law insofar as it relates to an employer’s obligations in the context of mass layoffs) (the “WARN Act”).

c.viii. Compliance with Laws; Permits. The Company Group is, and since the Lookback Date have been, in compliance with all Laws and Company Privacy Policies, except for such noncompliance that, individually or in the aggregate, would not, and would not reasonably be expected to, be material to the Company Group, taken as a whole. Since the Lookback Date, neither the Company nor the Company Subsidiary has received any written notice from a Governmental Authority that alleges the conduct of the Business is not or may not be in compliance with any Law or Judgment applicable to the Company Group or its properties or assets. The Company Group possess all material licenses, permits, registrations, permanent certificates of occupancy, authorizations, and certificates from any Governmental Authority (collectively, “Permits”) necessary to conduct the Business as currently conducted and all such Permits are valid and are in full force and effect, except for any failure to possess such Permits or any failure of such Permits to be valid and in full force and effect that, individually or in the aggregate, would not, and would not reasonably be expected to, be material to the Company Group, taken as a whole. A true, correct and complete list of all material Permits held by the Company Group and primarily or exclusively used in the Business as of the date hereof (other than Educational Approvals) is set forth on Section 3.18 of the Seller Disclosure Schedule. The Company and the Company Subsidiary are in compliance in all material respects with the terms of such Permits and of any material Permits held by Seller or any of its Subsidiaries other than the Company Group and primarily or exclusively used in the Business as of the date hereof (other than Educational Approvals).

xix. Educational Compliance and Approvals.

(1) Except as set forth on Section 3.19(a) of the Seller Disclosure Schedule, the Company Subsidiary and the University are, and since the Regulatory Lookback Date has been, in compliance, in all material respects, with all applicable Educational Laws. The Company and the University currently hold all material Educational Approvals necessary to conduct the Business as presently conducted, and, since the Regulatory Lookback Date, have complied in all material respects with the terms and conditions of all such Educational Approvals. Except as set forth on Section 3.19(a) of the Seller Disclosure Schedule, since the Regulatory Lookback Date, none of Seller, the Company, the Company Subsidiary or the University has received notice that any of the Company, the Company Subsidiary and the University are or were in violation, in any material respect, of any Educational Law or any of the terms or conditions of any Educational Approval, or alleging any failure to hold or obtain any Educational Approval. Section 3.19(a) of the Seller Disclosure Schedule includes a true, correct
and complete list of all Educational Approvals issued to the Company Subsidiary and the University that are currently in effect. Seller has made available to Purchaser copies of all Educational Approvals listed on Section 3.19(a) of the Seller Disclosure Schedule. Except as set forth on Section 3.19(a) of the Seller Disclosure Schedule, each current Educational Approval is in full force and effect. Except as set forth on Section 3.19(a) of the Seller Disclosure Schedule, no proceeding for the suspension, limitation, condition, revocation, termination or cancellation of any such proceeding is pending or, to the Knowledge of Seller, threatened in writing and no Compliance Review remains pending or unresolved. Except as listed on Section 3.19(a) of the Seller Disclosure Schedule, since the Regulatory Lookback Date, no application made to an Educational Agency by the Company Subsidiary or the University has been denied. Since the Regulatory Lookback Date, none of Seller or the Company Group has received any notice from any Educational Agency that the Company Subsidiary or the University has been placed on probation or ordered to show cause as to why any Educational Approval for the Company, the Company Subsidiary or the University or any of its educational programs should not be revoked. Except as set forth on Section 3.19(a) of the Seller Disclosure Schedule, since the Regulatory Lookback Date, none of the Seller, Company Group or the University has received notice (i) that any current Educational Approval pertaining to the University will not be renewed; or (ii) alleging a material violation of any Educational Law, including as a result of an investigation, review or audit conducted by an Educational Agency.

(2) Except as set forth on Section 3.19(b) of the Seller Disclosure Schedule, since the Regulatory Lookback Date: the Company Subsidiary and the University has been (i) licensed or exempt from licensure by applicable State Educational Agencies listed on Section 3.19(a) of the Seller Disclosure Schedule; (ii) accredited by the applicable Accrediting Bodies listed on Section 3.19(a) of the Seller Disclosure Schedule; and (iii) certified by the DOE as an eligible institution of higher education and to participate in the Title IV programs pursuant to a PPA.

(3) Since the Regulatory Lookback Date the Company Subsidiary and the University have met, in all material respects, the definition of a “proprietary institution of higher education” as defined in 34 C.F.R. § 600.5. Since the Regulatory Lookback Date, the Company, the Company Subsidiary, and the University have been in compliance, in all material respects, with all Educational Laws relating to Student Financial Assistance Programs, as applicable, including the DOE program participation requirements and administrative capability requirements set forth at 34 C.F.R. §§ 668.14, as applicable, as well as student eligibility requirements, as defined by the DOE at 34 C.F.R. § 668.31-40.

(4) Except as set forth on Section 3.19(d) of the Seller Disclosure Schedule, since the Regulatory Lookback Date, the Company Subsidiary and the University have maintained all required State Educational Agency approvals or exemptions required for the delivery of online programs in all states where it has enrolled a material number of students. The Company Subsidiary and the University are in compliance, in all material respects, with the requirements of 34 C.F.R. § 600.9.
(5) Since the Regulatory Lookback Date, each educational program offered by the Company Subsidiary and the University for which Title IV Program funds have been provided, awarded or disbursed has been and is an “eligible program” in compliance, in all material respects, with the requirements of 34 C.F.R. §668.8.

(6) Since the Regulatory Lookback Date, the Company Subsidiary and the University have disclosed and timely reported, in compliance, in all material respects, with the applicable provisions of 34 C.F.R. Part 600 regarding: (i) the addition of any new educational programs or locations; and (ii) the proper ownership of the Company, the Company Subsidiary and the University, including any shifts in ownership or control, that are required to be reported pursuant to applicable Educational Laws.

(7) Since the Regulatory Lookback Date, the Company Subsidiary and the University have complied, in all material respects, 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 engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds.

(8) For the fiscal year ending on December 31, 2019, the Company Subsidiary and the University did not receive more than 90% of its revenues from Title IV Programs, as calculated under 34 C.F.R. §668.14 and 34 C.F.R. §668.28. Section 3.19(h) of the Seller Disclosure Schedule contains the percentage of revenue received by the Company Subsidiary and the University from Title IV Programs for the fiscal years ended December 31, 2017, December 31, 2018 and December 31, 2019, as reported in the audited Financial Statements.

(9) Except as set forth on Section 3.19(i) of the Seller Disclosure Schedule, the Company Subsidiary and the University are not providing 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.

(10) Since the Regulatory Lookback Date, the Company Subsidiary and the University have not provided any portion of an educational program by correspondence.

(11) Since the Regulatory Lookback Date, the Company Subsidiary and the University have complied, in all material respects, with the applicable requirements of 34 C.F.R. § 668 Subpart F. Since the Regulatory Lookback Date, the Company, the Company Subsidiary and the University (i) have not included in its catalogs, advertising literature, or other marketing materials any references to Educational Approvals which they did not then possess, and (ii) are in compliance, in all material respects, with the consumer disclosure requirements in 34 C.F.R. § 668.43(a)(5)(v) pertaining to professional and occupational licensure, for such period in which such regulation is or has been in effect.

(12) Since the Regulatory Lookback Date, the Company Subsidiary and the University have been in compliance, in all material respects, with the consumer disclosure
requirements in 34 C.F.R. Part 668 Subpart D, including 34 C.F.R. § 668.46 (Clery Act requirements).

(13) Except as set forth on Section 3.19(m) of the Seller Disclosure Schedule, since the Regulatory Lookback Date, the Company Subsidiary and the University have been in compliance, in all material respects, with applicable Educational Laws regarding privacy and safeguarding of student educational records, including the requirements of the Family Educational Rights and Privacy Act as set forth at 20 U.S.C. § 1232g and 34 C.F.R. Part 99.

(14) Section 3.19(n)(i) of the Seller Disclosure Schedule sets forth the composite score of financial responsibility for the Company, the Company Subsidiary and the University as calculated in accordance with 34 C.F.R. § 668.172 and 34 C.F.R. Part 668, Subpart L, Appendix A, for the fiscal years ended December 31, 2017, December 31, 2018 and December 31, 2019. The Company, the Company Subsidiary and the University have complied, in all material respects, with the DOE’s financial responsibility requirements in accordance with 34 C.F.R. § 668.171 for the fiscal years ended December 31, 2017, December 31, 2018 and December 31, 2019, including any compliance based on the posting of an irrevocable letter of credit in favor of the DOE also set forth on Section 3.19(n)(ii) of the Seller Disclosure Schedule. Section 3.19(n)(iii) of the Seller Disclosure Schedule sets forth a list of all letters of credit or bonds currently required by any State Educational Agencies. Since the Regulatory Lookback Date, the DOE has not required or requested that the Company Subsidiary or the University process Title IV Program funds under the reimbursement or heightened cash monitoring –level 2 procedures set forth at 34 C.F.R. § 668.162(d) or (e)(2).

(15) Since the Regulatory Lookback Date, the Company Subsidiary and the University have complied, in all material respects, with all Educational Agency and DOE requirements and regulations pertaining to student refunds, including the 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.

(16) Section 3.19(p) of the Seller Disclosure Schedule sets forth the University’s official cohort default rates, as calculated and published by the DOE pursuant to 34 C.F.R. § Part 668, Subpart N and 34 C.F.R. § 674.5, for the three most recently completed federal fiscal years for which such official rates have been published, together with the University’s most recently issued draft cohort default rate.

(17) Since the Regulatory Lookback Date, neither Seller nor the Company, the Company Subsidiary nor the University have received any notices or documentation from the DOE or students regarding any pending Borrower Defense Claims. To the Knowledge of Seller, there are no Borrower Defense Claims involving the Company, the Company Subsidiary or the University. To the Knowledge of Seller, the DOE has not informed the Company, the Company Subsidiary or the University that any applications, claims or other filings for any Title IV Program student loan forgiveness have been submitted to or are currently pending before the DOE.
(18) Except as identified on the University’s currently effective Eligibility and Certification Approval Report, the Company, the Company Subsidiary and the University do not contract with a Third Party servicer (as such term is defined in 34 C.F.R. § 668.2).

(19) Since the Regulatory Lookback Date, the Company Subsidiary and the University have complied, in all material respects, with applicable Educational Agency requirements concerning the calculation and reporting of student outcomes, including retention, completion or graduation, and placement or employment rates, as applicable, and the methodology for calculating such rates.

(20) Since the Regulatory Lookback Date, the Company Subsidiary and the University have complied, in all material respects, with Laws and Educational Laws related to the extension of credit or that are otherwise applicable to any educational financing program offered to students of the Company, the Company Subsidiary or the University by Seller or the Company, the Company Subsidiary or the University, including the Truth in Lending Act, Equal Credit Opportunity Act, and Fair Credit Reporting Act, as applicable.

(21) To the Knowledge of Seller, there exist no facts or circumstances attributable to the Company, the Company Subsidiary or the University that would, individually or in the aggregate, materially and adversely affect the ability of the Company, the Company Subsidiary or the University to obtain any Pre-Closing Educational Consent or Post-Closing Educational Consent that must be obtained in order to continue the operation of the Company Subsidiary and the University following the Closing.

(22) No Person that exercises “substantial control”, as that term is defined at 34 C.F.R. §668.174(c)(3) (“Substantial Control”) over the Company, the Company Subsidiary 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 material unpaid liability to the DOE for a violation of a Title IV Program requirement or (ii) owes a material unpaid liability to the DOE for a Title IV Program violation.

(23) Since the Regulatory Lookback Date, the Company, the Company Subsidiary and the University have not, to the Knowledge of Seller, employed in a capacity that involves the administration of the Title IV Program or the HEA programs or the receipt of funds under those programs, any individual who, to the Knowledge of Seller, has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of federal, state or local government funds, or has been administratively or judicially determined to have committed fraud or any other material violation of Law or Educational Law involving federal, state or local government funds.

(24) Since the Regulatory Lookback Date, to the Knowledge of Seller, none of the Company, the Company Subsidiary or the University has contracted with an institution or Third Party servicer that has been terminated under Section 432 of the HEA for a reason involving the acquisition, use or expenditure of federal, state or local government funds, or that
has been administratively or judicially determined to have committed fraud or any other material violation of Law or Educational Law involving federal, state or local government funds.

(25) None of the University, the Company, the Company Subsidiary nor any Affiliate of the University that has the power, by contract or ownership interest, to direct or cause the direction of management of policies of the University, has filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(26) Since the Regulatory Lookback Date, to the Knowledge of Seller, none of the Company, Company Subsidiary or the University has contracted with or employed any individual, agency, or organization in a capacity that involves the administration or receipt of funds under the Title IV Programs, that, to the Knowledge of Seller has been, or whose officers or employees have been: (i) convicted of or pled guilty or nolo contendere to, a crime involving the acquisition, use or expenditure of funds of any Governmental Authority or Educational Agency or (ii) administratively or judicially determined to have committed fraud or any other material violation of Law or Educational Law involving funds of any Governmental Authority or Educational Agency.

(27) None of the Company, the Company Subsidiary, the University or any chief executive officer of the foregoing, has pled guilty to, has pled nolo contendere to, or has been found guilty of a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or has been administratively or judicially determined to have committed fraud or a material violation involving funds under the Title IV Programs.

(28) The Pre-Closing Educational Consents listed on Section 1.01(d) of the Seller Disclosure Schedule and the Post-Closing Educational Consents listed on Section 1.01(c) of the Seller Disclosure Schedule set forth the Educational Consents that are required to be obtained or made by the Company Subsidiary and the University in connection with the transaction contemplated by this Agreement; provided that the Company Subsidiary and the University may contact the Educational Agencies listed on Section 3.19(a) of the Seller Disclosure Schedule to determine whether any additional approvals or other filings are required.
Seller or the Company Group, with respect to any real property currently leased by the Company Group. Except as, individually or in the aggregate, would not be, and would not reasonably be expected to, be material to the Company Group, taken as a whole, neither the Company nor the Company Subsidiary has received any written notice, order or other written communication from any Governmental Authority or any Person claiming that the Company Group is, or may be, liable, in any material respect, under or violated, in any material respect, any Environmental Law, including for any release of any hazardous material. Except as, individually or in the aggregate, would not be, and would not reasonably be expected to, be material to the Company Group, taken as a whole, the Company has not expressly assumed, undertaken, become subject to by operation of Law, provided an indemnity with respect to, or, to the Knowledge of Seller, otherwise become subject to, any Liabilities of any other Person arising under Environmental Laws, in any case as a result of any written agreement to which it is a party.

Section xxi. Anti-Bribery; Trade Controls.

(1) Since the Lookback Date, none of the Company, the Company Subsidiary, any manager (as such term “manager” is defined in the Delaware Limited Liability Company Act), director, officer, or, to the Knowledge of Seller, any Service Provider, any agent, or other Person acting on behalf of the Company Group, has (i) offered, made, paid or received any unlawful bribes, kickbacks or other similar unlawful payments to or from any Person (including any customer or supplier), Governmental Authority (without giving effect to the proviso in the definition thereof), (ii) made or paid any unlawful contribution, directly or indirectly, to a domestic or foreign political party or candidate or (iii) taken any other action in material violation of any Laws applicable to the Company, the Company Subsidiary or the Business concerning or relating to bribery, corruption or fraud, including the U.S. Foreign Corrupt Practices Act of 1977 (“Anti-Corruption Laws”). The Company Group make and keep books, records and accounts that accurately and fairly reflect transactions and the distribution of the assets of the Company Group, and maintain a system of internal accounting controls sufficient to provide reasonable assurances that actions are taken in accordance with management’s directives and are properly recorded, in each case in accordance with the Anti-Corruption Laws. The Company Group have disclosure controls and procedures and an internal accounting controls system that are designed to provide reasonable assurances that violations of Anti-Corruption Laws will be prevented, detected and deterred.

(2) Since the Lookback Date, none of the Company, the Company Subsidiary, any manager (as such term “manager” is defined in the Delaware Limited Liability Company Act), director, officer, or, to the Knowledge of Seller, any agent or other Representative of the Company Group while acting on behalf of the Company Group has violated in any material respect applicable sanctions, export and import, customs, anti-boycott or other foreign trade control Laws (collectively, “Customs & International Trade Laws”). None of the Company, the Company Subsidiary, any manager (as such term “manager” is defined in the Delaware Limited Liability Company Act), director, officer, or, to the Knowledge of Seller, any agent or other Representative of the Company Group while acting on behalf of the Company Group while acting on behalf of the Company Group has been since the Lookback Date or is presently (including by virtue of such Person’s ownership or
control) the subject or target of sanctions or restrictions under any Customs & International Trade Laws.

(3) Neither the Company nor the Company Subsidiary has submitted any disclosures, or, as of the date hereof, received any written notice that it is subject to any civil or criminal Proceeding, or, as of the date hereof, has received any written allegation from any Governmental Authority (without giving effect to the proviso in the definition thereof) involving or otherwise relating to any alleged or actual violation of the Customs & International Trade Laws or Anti-Corruption Laws.

xxii. **Insurance.** (a) Each insurance policy held by or for the benefit of the Company Group with a non-captive Third Party insurer (excluding any insurance policy with respect to any Benefit Plan) (the “Insurance Policies”) is in full force and effect subject to the Enforceability Exceptions and (b) all premiums due and payable under the Insurance Policies have been paid on a timely basis and Seller, the Company and the Company Subsidiary are in compliance in all material respects with all obligations under the Insurance Policies. In the last six months, none of Seller or its Affiliates (including the Company Group) has received any written notice of cancellation, termination or material reduction in coverage with respect to any material Insurance Policy other than as set forth on Section 3.22 of the Seller Disclosure Schedule. Since the Lookback Date, neither Seller nor the Company Group has maintained, established, sponsored or participated in or contributed to any captive insurance company or similar self-insurance plan for the benefit of the Company Group.

xxiii. **Vendors.** Section 3.23 of the Seller Disclosure Schedule sets forth a true, correct and complete list, as of the date hereof, of the 10 largest vendors of the Business or Company Group, on a consolidated basis, on the basis of cost of services purchased for the Company Group’s most recent fiscal year. To the Knowledge of Seller, no such vendor has ceased, terminated or materially reduced or threatened in writing to cease, terminate or materially reduce its provision of services to the Company Group since December 31, 2019.

xxiv. **Related-Party Transactions.** Except as set forth on Section 3.24 of the Seller Disclosure Schedule, no Related Party is a party to any material Contract to which the Company Group is a party or by which it is bound or to which any of its properties or assets is subject. No Related Party has a material interest in any material property or right, tangible or intangible, that is used by the Company Group.

xxv. **No Brokers.** Other than Goldman Sachs & Co. LLC, whose fees and expenses are payable by Seller or its Affiliates prior to the Closing or will constitute Transaction Expenses, there is no investment banker, broker, finder, financial advisor or other financial intermediary that has been retained by or is authorized to act on behalf of the Company or any of its Affiliates that is entitled to any fee or commission payable by the Company Group in connection with the transactions contemplated by this Agreement.

xxvi. **Information Statement.** The Information Statement will not, at the time it (or any amendment or supplement thereto) is filed with the SEC or at the time it (as amended or supplemented) is first mailed to the stockholders of Seller, contain any untrue statement of a
material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in
light of the circumstances under which they are made, not misleading. The Information Statement will comply in all material
respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder. Notwithstanding the
foregoing, Seller makes no representation or warranty with respect to any information supplied by Purchaser or any of its
Representatives on behalf of Purchaser for inclusion or incorporation by reference in the Information Statement.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows, as of the date hereof and as of the Closing Date (provided that,
references in representations and warranties to a particular date (including references to “the date hereof”, “the date of this
Agreement” or words of similar import) will be given effect whenever such representations and warranties are made), with each such
representation and warranty subject to such exceptions, if any, as are set forth in the disclosure schedule of Purchaser delivered to
Seller contemporaneously with the execution of this Agreement (the “Purchaser Disclosure Schedule”). Disclosures in any section or
subsection of the Purchaser Disclosure Schedule shall only address the corresponding Section or subsection of this Article IV and
such other Sections or subsections of the Purchaser Disclosure Schedule to the extent to which applicability of such disclosures is
reasonably apparent on its face.

i. Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the State of
Delaware with the power and authority to conduct its business as it is presently being conducted.

ii. Authority; Execution and Delivery; Enforceability. Purchaser has the requisite corporate power and authority to execute and
deliver, and to perform its obligations under, and to consummate the transactions contemplated to be consummated by it pursuant to,
this Agreement and the Ancillary Documents to which it will be a party. Purchaser has taken all organizational action required by its
Organizational Documents to authorize the execution and delivery of, and the performance of its obligations under, and the
consummation of the transactions contemplated to be consummated by it pursuant to, this Agreement and the Ancillary Documents
to which it will be a party. This Agreement has been, and the Ancillary Documents to which Purchaser will be a party to upon
Purchaser’s execution and delivery thereof will be, duly executed and delivered by Purchaser, and (assuming the due authorization,
execution and delivery of this Agreement by Seller and each Ancillary Document by the other parties thereto) shall constitute or
shall upon such execution and delivery constitute its legal, valid and binding obligations, enforceable against it in accordance with
their respective terms subject, as to enforcement, to the Enforceability Exceptions.

iii. Non-Contravention and Approvals.

1. The execution, delivery and performance by Purchaser of, and Purchaser’s compliance with, this Agreement and the Ancillary Documents to which it will be a party do not and will not, and the consummation by Purchaser of the transactions contemplated to be
consummated by it pursuant to this Agreement and such Ancillary Documents will not, (i) violate or conflict with Purchaser’s Organizational Documents, (ii) subject to obtaining the Consents set forth on Section 4.03(b) of the Purchaser Disclosure Schedule, constitute a Default under any Contract to which Purchaser is a party or by which any of its properties or assets is bound, (iii) violate any (A) Judgment or (B) Law, in either case (clause (A) or (B)), to which Purchaser or its properties or assets are subject or (iv) result in the creation of any Lien upon any of the properties or assets of Purchaser, except, in the case of the foregoing clauses (ii), (iii) and (iv), for any Default, violation or creation of any Lien that, individually or in the aggregate, would not reasonably be expected to (A) prevent or materially impede or delay the consummation by Purchaser of the transactions contemplated by this Agreement or (B) have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement.

(2) No Consent with any Governmental Authority is required to be obtained or made under Law by Purchaser for the execution, delivery and performance of this Agreement and the Ancillary Documents or the consummation of the transactions contemplated by this Agreement and the Ancillary Documents, other than (i) those set forth on Section 4.03(b) of the Purchaser Disclosure Schedule and (ii) compliance with and filings under the HSR Act and the Foreign Filings.

In iv. Litigation. There are no (a) Proceedings pending or, to the Knowledge of Purchaser, threatened in writing against Purchaser or any of its Affiliates or (b) outstanding Judgments against Purchaser or any of its Affiliates that, in each case of clause (a) or (b), would reasonably be expected to prevent or materially delay or materially interfere with the consummation of the transactions contemplated by this Agreement or have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement.

In v. Availability of Funds.

(1) Purchaser has delivered to the Company true, correct and complete copies of (i) the executed commitment letter (the “Debt Commitment Letter”), dated as of the date hereof, by and among Purchaser and the Debt Financing Sources party thereto, pursuant to which such Debt Financing Sources have committed, subject to the terms and conditions thereof, to lend to Purchaser the amounts set forth therein (the “Debt Financing”) and (ii) any fee letter in connection with the Debt Commitment Letter or the Debt Financing (any such fee letter, a “Fee Letter”), with the fee amounts, pricing caps, securities demand and the terms of the “flex” provisions contained therein redacted (provided that Purchaser represents and warrants that such provisions do not permit the imposition of any new conditions (or the material modification or expansion of any existing conditions) with respect to the Debt Financing or any material reduction in the amount of the Debt Financing). The amounts expected to be provided pursuant to the Debt Commitment Letter (assuming the satisfaction of the conditions set forth in Article VI and assuming completion of the Marketing Period) and cash on hand, will be sufficient for Purchaser when required, to (A) pay the amounts described in Section 2.02 in cash, including the Estimated Purchase Price and (B) pay any and all fees and expenses required to be paid by
Purchaser at the Closing in connection with the transactions contemplated by this Agreement and the Debt Financing (collectively, the “Financing Uses”).

(2) As of the date hereof, except for customary engagement letters and fee credit letters, there are no side letters or other Contracts or arrangements to which Purchaser or any of its Affiliates is a party related to the Debt Financing other than as expressly set forth in the Debt Commitment Letter and any Fee Letter. As of the date hereof, neither the Debt Commitment Letter nor any Fee Letter has been amended or modified and the commitments set forth in the Debt Commitment Letter have not been withdrawn or rescinded in any respect.

(3) As of the date hereof, the Debt Commitment Letter is in full force and effect and is the valid, binding and enforceable obligation of Purchaser and its applicable Affiliates, subject to the Enforceability Exceptions. There are no conditions precedent or other contingencies related to the funding of the full amount of the Debt Financing, other than as set forth in, or contemplated by, the Debt Commitment Letter and any Fee Letter. As of the date hereof, assuming the satisfaction of the conditions set forth in Article VI and assuming completion of the Marketing Period, no event has occurred or circumstance exists which, with or without notice, lapse of time or both, would constitute a Default on the part of Purchaser under the Debt Commitment Letter or any Fee Letter. Purchaser has fully paid, or caused to be fully paid, any and all commitment fees or other fees which are due and payable on or prior to the date hereof pursuant to the terms of the Debt Commitment Letter and any Fee Letter. Purchaser affirms that it is not a condition to the Closing or any of its other obligations under this Agreement that Purchaser obtain the Debt Financing or any other financing for or related to any of the transactions contemplated hereby.

vi. Solvency. Purchaser is not entering into this Agreement or the transactions contemplated hereby with the actual intent to hinder, delay or defraud either present or future creditors of Purchaser or the Company Group. Immediately after giving effect to the consummation of the transactions contemplated hereby, including the Debt Financing, the payment of the Purchase Price and the payment of the fees and expenses of Purchaser and its Affiliates, and assuming, solely for purposes of this sentence, (a) that the representations and warranties made by Seller in Article III as modified by the Seller Disclosure Schedule are true and correct, (b) compliance by Seller with its covenants and agreements under this Agreement, (c) payment of all amounts required to be paid by or on behalf of the Company Group in connection with the consummation of the transactions contemplated hereby and (d) payment of all brokers’ and finders fees described in Section 4.09, Purchaser and its Subsidiaries will be Solvent. For purposes hereof, “Solvency” means, with regard to any Person, that (i) the sum of the assets of such Person and its Subsidiaries, taken as a whole, at present fair salable value, exceeds the total liabilities of such Person and its Subsidiaries, taken as a whole (including contingent, subordinated and unmatured, liabilities), (ii) such Person has sufficient capital and liquidity with which to conduct its business as currently conducted and (iii) such Person will be able to pay its recorded liabilities in the ordinary course of business as they mature or become due.

(1) To the Knowledge of Purchaser, there exist no facts or circumstances attributable to Purchaser or any of its Affiliates that would, individually or in the aggregate, reasonably expected to materially and adversely affect the ability of the University to obtain the DOE Preacquisition Response, any Pre-Closing Educational Consent, or Post-Closing Educational Consent that must be obtained in order to continue the operation of the University following the Closing.

(2) No Person that, following the consummation of the transactions contemplated by this Agreement, will exercise Substantial Control over the University, or any 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 material unpaid liability to the DOE for a violation of a Title IV Program requirement or (ii) owes a material unpaid liability to the DOE for a Title IV Program violation.

(3) Since the Regulatory Lookback Date, Purchaser has not, to the Knowledge of Purchaser, employed in a capacity that involves the administration of the Title IV Program or the HEA programs or the receipt of funds under those programs, any individual who, to the Knowledge of Purchaser, has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of federal, state or local government funds, or has been administratively or judicially determined to have committed fraud or any other material violation of Law or Educational Law involving federal, state or local government funds.

(4) Since the Regulatory Lookback Date, Purchaser has not, to the Knowledge of Purchaser, contracted with an institution or Third Party servicer that has been terminated under Section 432 of the HEA for a reason involving the acquisition, use or expenditure of federal, state or local government funds, or that has been administratively or judicially determined to have committed fraud or any other material violation of Law or Educational Law involving federal, state or local government funds.

(5) Neither Purchaser, nor any affiliate of Purchaser that, after the consummation of the transactions contemplated by this Agreement will have the power, by contract or ownership interest, to direct or cause the direction of management of policies of the University, has filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(6) Since the Regulatory Lookback Date, Purchaser has not, to the Knowledge of Purchaser, contracted with or employed any individual, agency, or organization in a capacity that involves the administration or receipt of funds under the Title IV Programs, that to the Knowledge of Purchaser, has been, or whose officers or employees have been: (i) convicted of or pled guilty or nolo contendere to, a crime involving the acquisition, use or expenditure of funds of any Governmental Authority or Educational Agency or (ii) administratively or judicially determined to have committed fraud or any other material violation of Law or Educational Law involving funds of any Governmental Authority or Educational Agency.
Neither Purchaser nor its chief executive officer has pled guilty to, has pled \textit{nolo contendere} to, or has been found guilty of a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or has been judicially determined to have committed fraud involving funds under the Title IV Programs.

Section viii. \textit{Investigation; Acquisition of Interests for Investment}. Purchaser has knowledge and experience in financial and business matters, and is capable of evaluating the merits and risks of the transactions contemplated by this Agreement. Purchaser confirms that Seller has made available to Purchaser and its Affiliates and Representatives the opportunity to ask questions of the officers and management of Seller and the Company Group, as well as access to the documents, information and records of or with respect to the Interests, the Business, Seller and the Company Group and to acquire additional information about the business and financial condition of the Business, and Purchaser confirms that it has made an independent investigation, analysis and evaluation of the Interests, the Business and the Company Group. Purchaser is acquiring the Interests for investment purposes and not with a view toward or for offer or sale in connection with any distribution thereof, or with any present intention of offering, distributing or selling any of the Interests in violation of the Securities Act or any other applicable securities Laws. Purchaser acknowledges that the Interests have not been registered under the Securities Act, or any state securities Laws, and agrees that the Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available, or in a transaction not subject to registration, under the Securities Act and without compliance with foreign securities Laws, in each case, to the extent applicable. Purchaser is an “accredited investor” within the meaning of Rule 501 under the Securities Act, and any Interests that Purchaser receives hereunder will be received only on its own behalf and its Affiliate assignees and not for the account or benefit of any other person or entity. Purchaser is able to bear the economic risk of holding the Interests for an indefinite period. Nothing in this Section 4.08 shall, or is intended to, limit any of the representations and warranties of Seller or any of its Affiliates set forth in this Agreement or in any Ancillary Document or any certificate delivered hereunder or any other Ancillary Document or shall bar, prevent or serve as a defense to, claims for Fraud (or any element thereof).

Section ix. \textit{No Brokers}. Other than Morgan Stanley & Co. LLC and BMO Capital Markets Corp., whose fees and expenses are payable by Purchaser or its Affiliates, there is no investment banker, broker, finder, financial advisor or other financial intermediary that has been retained by or is authorized to act on behalf of Purchaser or any of its Affiliates that is entitled to any fee or commission from Seller or its Affiliates in connection with the transactions contemplated by this Agreement.

Section x. \textit{Information Statement}. None of the information supplied or to be supplied by Purchaser for inclusion or incorporation by reference in the Information Statement will, at the time the Information Statement (or any amendment or supplement thereto) is filed with the SEC or at the time the Information Statement (as amended or supplemented) is first mailed to the stockholders of Seller, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the
circumstances under which they are made, not misleading. Notwithstanding the foregoing, Purchaser does not make any representation or warranty with respect to any other information which is contained in or incorporated by reference in the Information Statement.

ARTICLE V.
COVENANTS

§ 1. Conduct of the Business.

(1) Subject to Section 5.01(b), during the period from the date hereof and continuing until the earlier of the termination of this Agreement pursuant to Section 7.01 and the Closing (the “Pre-Closing Period”), except (i) as set forth on Section 5.01 of the Seller Disclosure Schedule, (ii) as expressly permitted or expressly required by this Agreement or any Ancillary Document, (iii) as required by applicable Law or Educational Law or (iv) as consented to in advance by Purchaser in writing (which consent shall not be unreasonably withheld, conditioned or delayed), Seller shall and shall cause each member of the Company Group to (A) conduct the Business in the ordinary course of business in all material respects, (B) use commercially reasonable efforts to maintain material Educational Approvals it currently holds (for clarity, with respect to Seller, such Educational Approvals related to the Business), (C) use commercially reasonable efforts to maintain in full force and effect all Insurance Policies or equivalent insurance or replacements thereof without gaps in, or loss of, coverage in any material respect, (D) use commercially reasonable efforts to preserve intact its present business organization and the material business relationships of the Business (including with its customers, students, instructors, suppliers, distributors, licensors, licensees, officers, employees and key contractors and applicable Governmental Authorities and Educational Agencies), (E) provide prompt notice to Purchaser if any Service Provider set forth on Section 5.01(a)(E) of the Seller Disclosure Schedule provides written notice to the Company Group or Seller that such Service Provider will terminate such Service Provider’s employment with the Company Group or Seller (as applicable) and (F) use commercially reasonable efforts to encourage members of the Board of Directors of the University as of the date hereof to remain on the Board of Directors of the University and provide prompt notice to Purchaser if any member of the Board of Directors of the University provides written notice to the University or Seller that such member will terminate such member’s services as a member of the Board of Directors of the University.

(2) Notwithstanding anything to the contrary set forth herein, including in Section 5.01(a), during the Pre-Closing Period, except (i) as set forth on Section 5.01 of the Seller Disclosure Schedule, (ii) as expressly permitted or expressly required by this Agreement or any Ancillary Document, (iii) as required by applicable Law or Educational Law or (iv) as consented to in advance by Purchaser in writing (which consent shall not be unreasonably withheld, conditioned or delayed), Seller shall not, with respect to the Company Group, the Business, the Service Providers and any assets or properties used or held for use by the Company Group, and shall cause each member of the Company Group not to:

(a) adopt any amendments to the Company Group’s Organizational Documents;
(b) adopt a plan of complete or partial liquidation or dissolution (or resolutions providing for or authorizing the same) of Seller or the Company Group or otherwise reorganize or restructure or permit the reorganization or restructuring of Seller or the Company Group or declare bankruptcy, file for receivership or consent or fail to object to the appointment of a trustee or receiver;

(c) establish a record date for, declare, set aside, make or pay any dividends on or make any other distributions (whether in securities, property or any combination thereof) in respect of the Equity Interests of the Company Group, except for cash dividends or cash distributions by a member of the Company Group solely to another member of the Company Group or to Seller or its Affiliates to the extent in compliance with Section 5.24;

(d) (A) adjust, split, combine or reclassify or otherwise amend the terms of the Equity Interests of the Company Group or authorize the issuance of any Equity Interests of the Company Group in respect of, in lieu of or in substitution for any other Equity Interests of the Company Group or (B) purchase, redeem or otherwise acquire, directly or indirectly, any Equity Interests of the Company Group;

(e) issue, deliver, grant, sell, authorize, pledge or otherwise encumber any Equity Interests of the Company Group, or subscriptions, rights, warrants or options to acquire any Equity Interests of the Company Group, or enter into other agreements or commitments of any character obligating it to issue any Equity Interests of the Company Group;

(f) (A) form any Subsidiary of the Company or the Company Subsidiary, (B) acquire or agree to acquire, directly or indirectly, by merging or consolidating with, or by purchasing any equity or voting interest in or any assets of, or by any other manner, any business or any Person or division thereof, or otherwise acquire or agree to acquire any assets (other than the acquisition of assets in the ordinary course of business) or (C) transfer, sell, lease, exclusively out license or otherwise dispose of or encumber material assets, including by merger consolidation, asset sale or other business combination; provided that this clause (C) shall not prevent the sale of inventory by the Company Group in the ordinary course of business or sales of assets valued with a value of less than $250,000 individually and $1,000,000 in the aggregate;

(g) enter into any new line of business or abandon any line of business;

(h) other than transactions solely among members of the Company Group, mortgage or pledge any of its material properties or assets (tangible or intangible), or create, assume or suffer to exist any material Liens thereupon other than Permitted Liens;
(i) sell, assign, transfer, convey, lease, abandon, allow to lapse or expire or otherwise dispose of any material rights, assets or properties of the Company outside the ordinary course of business;

(j) (A) transfer, covenant not to assert, grant or agree to grant in the future any rights to any Person (other than the Company Group) with respect to any Owned Intellectual Property, other than non-exclusive licenses or similar non-exclusive covenants or grants in the ordinary course of business, fail to diligently prosecute any Owned Registered IP or permit any Owned Registered IP to be abandoned or expire (other than statutory expirations), (B) disclose any of the Company’s or Company Subsidiary’s trade secrets, other than pursuant to reasonable non-disclosure agreements or other reasonable confidentiality arrangements entered into in the ordinary course of business, or (C) destroy, alter, dispose of or amend any physical embodiments of any material Intellectual Property to be licensed by Seller or its Affiliates (other than the Company Group) to Purchaser or the Company Group pursuant to the IP Assignment and License;

(k) except for (A) transactions solely among members of the Company Group or (B) transactions in the ordinary course with Seller or any of its Affiliates which will be repaid and terminated in full at or before the Closing, make any loans, advances or capital contributions to, or investments in, any other Person or forgive, cancel or compromise any material indebtedness of any Person, other than routine business expense advances to Employees in the ordinary course of business;

(l) materially change any method of accounting or accounting practice or policy used by the Company Group or revalue any of its material assets (whether tangible or intangible), including writing up, down or off the value of any material asset, other than as required by GAAP, a Governmental Authority or Law, or as may be consistent with the Accounting Principles;

(m) other than with respect to Taxes or Tax Returns of Seller (including consolidated federal or state Tax Returns of Seller) (A) make, revoke or change any Tax election in respect of the Company Group (unless consistent with past practices of the Company Group), (B) change an annual accounting period, or adopt or change any accounting method in respect of the Company Group, (C) file or amend any Tax Return to the extent relating to the Company Group (other than Tax Returns filed pursuant to Section 9.02(a) and, for the avoidance of doubt, Tax Returns of Seller), (D) settle any Tax claim or assessment to the extent relating to the Company Group, (E) consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment solely relating to the Company Group or (F) cause the Company Group to assume, become liable for or agree to pay the Taxes of any other Person;

(n) enter into any collective bargaining agreement, whether written or oral;

(o) (A) increase the headcount of Service Providers by more than five percent (excluding any increase resulting from any Service Provider or Potential
Transferee becoming an Employee) or hire or engage the services of any individual as a Service Provider who would have a
title of Vice President or higher (other than, in each case, hiring or engaging the services of any individual as a Service Provider
to replace any individual whose services terminate), (B) terminate the service of any Service Provider other than for
performance or “cause” who has a title of Vice President a or higher or grant any severance or termination pay to any Service
Provider except such severance or termination pay that does not exceed the greater of (x) $200,000 and (y) one and one-half
times the severance or termination pay that would be provided pursuant to written agreements outstanding or policies existing
on the date hereof and made available to Purchaser prior to the date hereof, (C) implement or announce any employee layoffs,
plant closings, reductions in force, furloughs, temporary layoffs, salary or wage reductions, work schedule changes or other
such actions that would trigger the notification requirements of the WARN Act;

(p) grant any increase in annual base salaries or base wage rates (as applicable) or target cash
incentive compensation opportunities, or grant any increase in benefits under Seller Benefit Plans to Service Providers, except
(A) as may be required by Law, (B) as may be required under agreements existing on the date hereof and made available to
Purchaser prior to the date hereof, (C) for increases to (x) annual base salaries and base wage rates (as applicable) and (y) target
cash incentive compensation opportunities, that in each case, do not, with respect to all Service Providers in the aggregate,
exclude three and a half percent (3.5%) of (1) the aggregate annual base salaries and base wage rates provided to all Service
Providers for the immediately preceding fiscal year and (2) the target cash incentive compensation opportunities applicable to
all Service Providers for the immediately preceding fiscal year, or (D) for any increases in benefits under broad-based Seller
Benefit Plans that are generally applicable to employees of Seller or its Affiliates who are not Service Providers;

(q) establish, adopt, enter into, amend or terminate any Sponsored Company Benefit Plan with
respect to any Service Provider, except (A) for the renewal of existing plans in the ordinary course of business, (B) pursuant to
applicable Law or the terms of such Sponsored Company Benefit Plan or (C) for the entry into, establishment or adoption of a
consulting or employment agreement (or similar agreement or arrangement) to replace a terminating or expiring consulting or
employment agreement or arrangement on the same or more favorable terms to the Company Group;

(r) (A) enter into or renew any Contract that, if entered into on or prior to the date hereof, would
constitute a Material Contract (I) of the types described in any of clause (ii), (iii), (iv), (vi), (vii), (viii), (ix), (x), (xi) that is a
master agreement, (xiii), (xv), (xvi) or (xviii) of Section 3.14(a) or (II) of the types described in any other clauses of Section
3.14(a), outside the ordinary course of business, in each case, other than a renewal with less than 10% in price increase in the
ordinary course of business and no other material modifications to terms that are adverse to the Company Group, or (B) modify
or amend in any materially adverse manner or terminate, release, assign or waive any material obligation or right under any
Material Contract or any Contract entered into in accordance with clause (A) of this Section 5.01(b)(xviii) or (C) exercise any
material right under any Material

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Contract, other than in the case of clause (C), in the ordinary course of business and in the case of clauses (A) and (B) the entry or modification in the ordinary course of Business to any Material Contract that is terminable on less than 30 days’ written notice with no penalty or post-termination obligation of the Company Group or any of its Affiliates;

(s) incur any Indebtedness (described in clause (a), (b), (c), (l) or (m)) of the Company Group or sell or issue any debt securities, warrants, calls or other rights to acquire by debt securities of the Company Group other than (A) among members of the Company Group or, to the extent fully repaid on or before the Closing Date, with Seller or any of its Affiliates, (B) borrowings under any instruments of Indebtedness existing as of the date hereof that will be fully repaid at or before the Closing, (C) Indebtedness that will be fully repaid at or before the Closing or (D) in the ordinary course of business in an amount not to exceed $2,500,000 in the aggregate and for which incurrence after the date hereof Seller shall provide reasonably prompt notice to Purchaser;

(t) (A) make or commit to make any capital expenditures other than those which do not exceed $250,000 individually or $1,000,000 in the aggregate, other than in accordance with the Company Group’s capital expenditure long range plan included in Section 5.01(b)(xx) of the Seller Disclosure Schedule or (B) fail to make capital expenditures in an aggregate amount of at least $24,000,000 per year for the calendar year 2020 or at least $26,000,000 per year for subsequent years;

(u) waive, release, assign, settle or compromise any claim, dispute or Proceeding other than settlements (A) solely for money in an amount payable by the Company Group not greater than $1,000,000 in the aggregate, (B) for which the Company Group’s sole obligation is to provide course credits or discounts to students or potential students in the ordinary course of business, which discounts and credits are de minimis in value and, individually and in the aggregate, are not material in value to the Company Group taken as a whole or (C) for a combination of remedies described in clauses (A) and (B):

(v) relinquish, terminate or fail to renew any material Educational Approval;

(w) between the Balance Sheet Time and the Closing, (A) make or pay any dividends or distributions, (B) incur or pay off any Indebtedness, (C) incur or pay any Transaction Expenses or (D) take any action, or fail to take any action outside the ordinary course of business, in each case, which action or failure to act would actually decrease the Purchase Price relative to the Estimated Purchase Price;

(x) make any change in the manner in which the Company Group markets its goods and services which would reasonably be expected to violate applicable Law or Educational Law or any Educational Approval in any material respect or otherwise materially change the manner in which the Company Group extends discounts or credits (including scholarships), or otherwise materially reduce the list price of goods or services of the Company Group; or
agree in writing or otherwise to take any of the actions described in clauses (i) through (xxiv) above.

ii. Access to Information.

(1) During the Pre-Closing Period, Seller shall and shall cause its Affiliates to, afford to Purchaser and its Representatives (including to the extent such Representatives are acting on behalf of or at the request of the Debt Financing Sources) reasonable access, at Purchaser’s expense and under the supervision of Seller’s personnel, upon reasonable prior notice during normal business hours and in such a manner as to not unreasonably disrupt the normal operations of the Business or the business and operations of Seller and its Affiliates, to its properties, books, records, personnel and Representatives to obtain all information concerning the Business, as Purchaser may reasonably request. All information provided pursuant to this Section 5.02 shall remain subject in all respects to the Confidentiality Agreement and all applicable terms of this Agreement, including the provisions of Section 10.02, as applicable.

(2) Subject to Section 10.02, from and after the Closing Date until the fifth anniversary thereof, in connection with (i) the preparation of Tax Returns, financial statements or audits, (ii) compliance with reporting obligations under any applicable Laws or Educational Laws or (iii) the resolution of any Third Party claims made against or incurred by Seller or its Affiliates in respect of periods prior to the Closing, upon reasonable prior notice, Purchaser shall, and shall cause each of the Company Group and their respective Affiliates and Representatives to (A) afford the Representatives of Seller reasonable access, during normal business hours, to all the properties, books, Contracts, Tax Returns, financial records and other information of Purchaser and its Affiliates in respect of the Company Group and the Business relating to periods prior to the Closing Date, (B) furnish to the Representatives of Seller such additional financial and other information regarding the Company Group and the Business relating to periods prior to the Closing Date as Seller or its Representatives may from time to time reasonably request and (C) make available to the Representatives of the Seller and its Subsidiaries and direct and indirect equityholders those employees of the Purchaser and its Affiliates whose assistance, expertise, testimony, notes and recollections or presence may be necessary to assist the Seller in connection with its inquiries for any of the purposes referred to above. If reasonably requested by Purchaser based on the advice of counsel that such an agreement is necessary or desirable, Seller or one of its Subsidiaries shall enter into a customary joint defense agreement or common interest agreement with Purchaser and its Affiliates with respect to any information to be provided to Seller pursuant to this Section 5.02(b). Prior to incurring any material out-of-pocket expenses associated with requests made by Seller under this Section 5.02(b), Purchaser and Seller shall discuss and agree in writing on the estimated amount of such expenses; provided that Purchaser shall have no obligation to incur any expense which is not agreed upon by Seller and shall not be in breach of this Section 5.02(b) as a result thereof. Seller shall promptly reimburse Purchaser (or Purchaser’s Affiliates) for reasonable out-of-pocket expenses associated with requests made by Seller under this Section 5.02(b). Any information provided to Seller and its Representatives pursuant to this Section 5.02(b) shall be considered Confidential Information and subject to Section 5.03.
Purchaser agrees that it shall use commercially reasonable efforts to preserve and keep, or cause to be preserved and kept, all books and records in respect of the Business and the Company Group in the possession of Purchaser or its Affiliates for a period of six years from the Closing Date or such longer time as may be required by Law or Educational Law.

Section iii. Confidentiality.

(1) Purchaser acknowledges that the information provided to it and its Affiliates in connection with the consummation of the transactions contemplated by this Agreement, including pursuant to Section 5.02(a), is subject to the terms of the Confidentiality Agreement; provided, however, that (i) effective upon, and only upon, the Closing, Purchaser’s and its Affiliates’ obligations under the Confidentiality Agreement shall terminate with respect to information subject thereto to the extent relating to the Company Group or the Business and (ii) nothing in the Confidentiality Agreement shall prevent Purchaser from enforcing its rights or defending itself against claims based upon or arising out of this Agreement or the Ancillary Documents or the transactions contemplated hereby or thereby.

(2) From the Closing until the fifth anniversary of the Closing Date (the “Confidentiality Period”), Seller shall, and shall cause its Affiliates and Representatives to, (i) treat and hold as confidential, and not disclose or provide access to any Person other than (A) Seller’s Affiliates and Representatives on a need-to-know basis for the purpose of performing their respective obligations or exercising their respective rights under this Agreement or any Ancillary Document, (B) as required or reasonably necessary in connection with the preparation, audit, exam or defense in any administrative or judicial proceeding of any Tax Returns, (C) as required for financial reporting purposes or (D) as required pursuant to applicable Law (including the rules of any securities exchange) or Educational Law or in any Proceeding, in which case Seller shall, to the extent legally permitted, consult with Purchaser prior to making any disclosure and give Purchaser a reasonably opportunity to comment thereon (the purposes in clauses (A) through (D), the “Purpose”) or (E) solely with respect to information that relates generally to Seller and its Subsidiaries and their respective businesses, and not specifically to the Company Group or the Business, to third parties in connection with such third parties’ due diligence concerning a potential sale of Seller or one of its Subsidiaries or all or substantially all of their respective assets (other than a sale of the Business or the Company Group (except in connection with a sale of Seller or the majority of Seller’s assets)), subject to a customary confidentiality agreement, which Seller shall use its reasonable best efforts to enforce with respect to information related to the Company Group or the Business, including at Purchaser’s request, the terms of this Agreement and all information with respect to the Business, the Company, the Company Subsidiary, the University or Purchaser or its Affiliates, or any of their businesses, Permits or other regulatory matters or activities, any payments made hereunder, any indemnification claims hereunder and all other confidential or proprietary information with respect to the Company Group, the University or Purchaser or its Affiliates (“Confidential Information”) and (ii) not use any Confidential Information for any purpose other than the Purpose. In the event that, during the Confidentiality Period, Seller or Seller’s Affiliates or Representatives becomes legally compelled to disclose any such Confidential Information,
(A) Seller shall, to the extent permissible and reasonably practicable, provide Purchaser with prompt written notice of such requirement so that Purchaser may seek a protective order or other remedy or waive compliance with this Section 5.03(b) (and, if Purchaser seeks such a protective order or other remedy, Seller shall, and shall cause its Affiliates and Representatives to reasonably cooperate with Purchaser’s efforts related thereto) and (B) in the event that such protective order or other remedy is not obtained, or Purchaser waives compliance with this Section 5.03(b), the Person so compelled to disclose Confidential Information shall furnish only that portion of such Confidential Information that is legally required to be provided and exercise its commercially reasonable efforts, at Purchaser’s expense, to obtain assurances that confidential treatment will be accorded such information. Notwithstanding the foregoing, Confidential Information shall not include any information that is (1) available publicly through no violation by Seller or its Affiliates or Representatives of this Section 5.03(b) or (2) was not previously known by Seller, any of its Affiliates or any of their respective Representatives and was after the Closing disclosed to Seller, its Affiliates or any of their respective Representatives on a non-confidential basis from a source other than Purchaser, any of its Affiliates or any of their respective Representatives who was not known by Seller, its Affiliates or any of such Representatives to be in violation of any duty of confidentiality. Seller shall be responsible for any non-compliance with, or breach of, this Section 5.03 by any of its Affiliates or Representatives.

iv. Regulatory Filings; Efforts.

(1) At reasonable and practicable times following the date hereof, Purchaser and Seller shall, and Seller shall cause its Affiliates (including the Company Group) to, make all filings, notices, petitions, statements, registrations, submissions of information, application or submission of other documents required by any Governmental Authority in connection with the transactions contemplated hereby, including, by a date mutually agreed between the Parties and no later than six months after the date hereof, (i) notification and report forms with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice as required by the HSR Act, if applicable and (ii) appropriate filings with respect to the Foreign Filing. Each of Purchaser and Seller shall cause all documents that it (or, in the case of Seller, its Affiliates (including the Company Group)) is responsible for filing with any Governmental Authority under this Section 5.04(a) to comply in all material respects with all Laws; provided that each Party shall be responsible for 50% of all filing fees under the HSR Act.

(2) Each of Purchaser and Seller shall, and Seller shall cause its Affiliates (including the Company Group) to, use reasonable best efforts to take, or cause to be taken, all reasonable actions, and to do, or cause to be done, and to assist and cooperate with the other such Parties in doing, all things reasonably necessary, proper or advisable to consummate the transactions contemplated hereby prior to the End Date, including using reasonable best efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article VI to be satisfied; (ii) the obtaining of all necessary, appropriate or desirable actions or non-actions, waivers, Consents and Judgments from Governmental Authorities and the making of all necessary registrations, declarations and filings with any Person (including registrations, declarations and filings with Governmental Authorities,
if any); (iii) the obtaining of all necessary Consents or waivers from Third Parties; and (iv) the execution or delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. Notwithstanding anything herein to the contrary, neither Purchaser nor any of its Affiliates shall be under any obligation to, nor, without Purchaser’s prior written consent (which consent may be withheld in Purchaser’s sole discretion), shall the Company Group, (A) make proposals, execute, agree or consent to or carry out agreements or submit to any Judgment (1) providing for the sale or other disposition or holding separate of any assets of Purchaser or any of its Affiliates (including, after the Closing, the Company Group) or the Company Group or the holding separate of any Equity Interests of any such Person, or imposing or seeking to impose any material limitation on the ability of Purchaser or any of its Affiliates to own such properties or assets or to acquire, hold or exercise full rights of ownership of Equity Interests of the Company Group, or (2) imposing or seeking to impose (x) any limitation whatsoever on the business activities of Purchaser or any of its Affiliates or (y) any material limitation on the Business or (B) otherwise take any step to avoid or eliminate any impediment which may be asserted or requested under the HSR Act or the relevant Laws applicable to the Foreign Filing.

(3) Purchaser and Seller shall, and Seller shall cause its Affiliates (including the Company Group) to, promptly supply the other with any information which may be required in order to effectuate any filings or application pursuant to Section 5.04(a). Subject to any Law or Educational Law relating to the exchange of information, the Confidentiality Agreement, and the preservation of any applicable attorney-client privilege, work-product doctrine, self-audit privilege or other similar privilege, Purchaser and Seller shall, and Seller shall cause its Affiliates (including the Company Group) to, use commercially reasonable efforts to collaborate in reviewing and commenting on in advance, and to consult the other on, information relating to the Company Group, Purchaser or any of their Subsidiaries, that appears in any filing made with, or written materials submitted to, any Third Party, any Governmental Authority or any Educational Agency in connection with any filing or Proceeding in connection with this Agreement or the transactions contemplated hereby. In connection with such collaboration, Purchaser and Seller shall, and Seller shall cause its Affiliates (including the Company Group) to, act reasonably and as promptly as practicable.

(4) Purchaser and Seller each shall notify the other promptly upon its (and in the case of Seller, any of its Affiliates’ (including the Company Group’s)) receipt of: (i) any comments from any officials of any Governmental Authority or Educational Agency in connection with any filings made pursuant hereto and (ii) any request by any officials of any Governmental Authority or Educational Agency for amendments or supplements to any filings made pursuant to, or information provided to comply in all material respects with, any Law or Educational Law. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to Section 5.04(a), Purchaser or Seller, as the case may be, shall promptly inform the other of such occurrence and cooperate in filing with the applicable Governmental Authority or Educational Agency such amendment or supplement.

on v. Educational Approvals. Without limiting the generality of Section 5.04:
(1) The Parties shall cooperate and use reasonable best efforts to obtain the Pre-Closing Educational Consents necessary for the consummation of the transactions contemplated by this Agreement. Prior to the Closing, the Parties will coordinate regarding the prompt submission to all applicable Educational Agencies of all letters, notices, applications or other documents required to obtain the Pre-Closing Educational Consents. At reasonable and practicable times following the date hereof, Purchaser and Seller shall, and Seller shall cause its Affiliates (including the Company Group) to, make all filings, notices, petitions, statements, registrations, submissions of information, application or submission of other documents required by any Educational Agency in connection with the transactions contemplated hereby, including, (A) the DOE Preacquisition Application and the Notice to the Minnesota Office of Higher Education no later than 30 days from the date hereof and (B) the Change of Control, Organization and Legal Structure application with the Higher Learning Commission by October 30, 2020. Each Party shall provide the other with: (i) reasonable advance review and consultation regarding any notices or applications to be filed with any Educational Agency with respect to any Pre-Closing Educational Consent; and (ii) a copy of any notice or application as filed with, or any notice received from, any Educational Agency with respect to any Pre-Closing Educational Consent. The Parties will pursue the comprehensive pre-acquisition review process provided by the DOE. To the extent practical, prior to attending any meetings, telephone calls or discussions with any Educational Agency concerning the transactions contemplated by this Agreement, the Parties shall discuss and agree upon strategy and issues to be pursued and responses to likely questions. The Parties will use their respective reasonable best efforts to ensure that their appropriate officers and employees shall be available to attend, as any Educational Agency may reasonably request, any scheduled meetings or telephone calls in connection with the transactions contemplated hereby.

(2) In furtherance of the foregoing, to the extent that the DOE issues a DOE preacquisition review letter containing conditions that result in such letter not meeting the definition of “DOE Preacquisition Response” or containing a Burdensome Condition, or an Educational Agency denies any material Pre-Closing Educational Consent listed on Section 6.01(c) of the Seller Disclosure Schedule, the Parties shall, during the Pre-Closing Period, use reasonable best efforts to resolve, eliminate, mitigate, or reduce the impact of such condition prior to the End Date. For the avoidance of doubt, this Section 5.05(b) does not limit Purchaser’s rights pursuant to Section 7.01(c)(ii) (provided Purchaser is not then in material breach of Section 5.05(b)) or the conditions set forth in Section 6.01(c)(i).

(3) During the Pre-Closing Period, and subject to the applicable Educational Law and instructions of any Educational Agency, Seller shall provide to Purchaser copies of any material correspondence relating to any (i) adverse change in the status of any Educational Approval or (ii) Compliance Review of the University that could be reasonably expected to result in the loss of an Educational Approval.

(4) The Parties hereby acknowledge that the board of managers of the University is the governing body of the University, and is charged with maintaining its accreditation and academic standards, and accordingly, the Parties agree that consultation with the board of managers of the University is an integral aspect of the integration preparation and
review process during the Pre-Closing Period. The Parties agree to use reasonable best efforts to facilitate meetings from time to
time, as may be necessary, advisable or as reasonably requested by the board of managers of the University, between representatives
of the Purchaser and members of the board of managers of the University, for the purpose of keeping the board of managers of the
University reasonably informed of the Purchaser’s expectations with respect to the University’s educational mission and community
impact following the Closing.

vi. Intercompany Accounts. All intercompany accounts as of the Closing Date between Seller or its Affiliates (other than the
Company Group), on the one hand, and the Company Group, on the other hand, shall be settled in full or, at the option of Seller, but
only to the extent permitted by Law, cancelled or otherwise eliminated in such a manner as Seller shall determine, in each case on or
prior to the Closing Date and prior to the Closing.

vii. Pre-Closing IP Transfer.

1. Seller shall, or shall cause its Affiliates (other than the Company Group) to, prior to the Closing, enter into and
deliver to the Company Group agreements in a form reasonably acceptable to Purchaser, to irrevocably transfer to the Company
Group all of such Persons’ right, title and interest in and to any and all Intellectual Property registrations and applications (i) for
which Seller or its Affiliates (other than the Company Group) are the owner of record at the applicable Governmental Authority and
(ii) that are exclusively or primarily used or held for use in connection with the Business, including those registrations and
applications on Section 5.07(a) of the Seller Disclosure Schedule (the execution and delivery of such agreements, the “Pre-Closing
IP Transfer”), and, at Seller’s sole cost and expense, file to record such agreements with the applicable Governmental Authority.
Without limiting the foregoing, Seller shall, prior to Closing and at its sole cost and expense, (A) deliver all passwords to the
Company Group and take such other actions as are reasonably necessary in accordance with the procedures of the applicable
Domain Name and Social Identifier registrars to effectuate and evidence the above transfer of ownership and control (including
administrative and technical access) to the Company Group of all Domain Names and the primary Social Identifiers for each social
media venue on Section 5.07(a) of the Seller Disclosure Schedule; and (B) use commercially reasonable efforts to deliver all
passwords to the Company Group and take such other actions as are reasonably necessary in accordance with the procedures of the
applicable Social Identifier registrars to effectuate and evidence the above transfer of ownership and control (including
administrative and technical access) to the Company Group of all other Social Identifiers included in the Owned Intellectual
Property for each social media venue on Section 5.07(a) of the Seller Disclosure Schedule. Without limiting any other provisions of
this Agreement or any Ancillary Documents, with respect to any Social Identifiers where Seller is not able to, or does not, deliver the
passwords to the Company Group or otherwise take such other actions as are reasonably necessary in accordance with the
procedures of the applicable Social Identifier registrars to effectuate and evidence the above transfer of ownership and control
(including administrative and technical access) to the Company Group of such Social Identifiers before Closing, Seller will, at its
sole cost and expense, complete such tasks promptly, and in any event within 30 days, after the Closing, at the reasonable direction
of Purchaser.
Prior to the consummation of the Pre-Closing IP Transfer, at Seller’s sole cost and expense, Seller shall make (or, if applicable shall cause its Affiliates, other than the Company Group, to make) filings with the United States Patent and Trademark Office, the United States Copyright Office and with the registries and other recording Governmental Authorities in all foreign jurisdictions, as applicable, to ensure (i) that the chain of title of each registration or pending application for registration for each Owned Registered IP asset subject to the Pre-Closing IP Transfer reflects all prior acquisitions and transfers of such item (including between Seller and its Affiliates) and (ii) that Seller (or if applicable, its Affiliate) shall be identified in the records of the applicable Governmental Authority as the then-current owner of record, without any break in chain of title, of each such Owned Registered IP asset subject to the Pre-Closing IP Transfer, free and clear of all Liens (other than Permitted Liens).

If, following the Closing, Purchaser, the Company Group or Seller discovers or identifies any Intellectual Property registrations or applications (i) for which Seller or its Affiliates (other than the Company Group) are the owner of record at the applicable Governmental Authority, and (ii) that are exclusively or primarily used or held for use in connection with the Business, but that were omitted from Section 5.07(a) of the Seller Disclosure Schedule, it shall notify the other Party, and Seller or its Affiliates shall promptly, and at Seller’s sole cost and expense, (A) enter into agreements in a form reasonably acceptable to Purchaser, to transfer to the Company Group all of such Persons’ right, title and interest in and to any and all such Intellectual Property registrations and applications and (B) file to record such agreements with the applicable Governmental Authority.

viii. Seller Marks.

(1) Purchaser, on behalf of itself and its Affiliates (including, after the Closing, the Company Group) (collectively, the “Purchaser Parties”), acknowledges and agrees that, except for the license provided in Section 5.08(b) herein, the Purchaser Parties are not acquiring and shall have no right, title, interest, license or any other rights in or to use the Seller Marks after the Closing Date. Purchaser covenants that, after the Closing Date, none of the Purchaser Parties shall (A) use, register or seek to use or register in any jurisdiction any of the Seller Marks or any other Trademarks confusingly similar thereto or (B) contest the use, ownership, validity or enforceability of any rights of Seller or any of its Affiliates in or to any of the Seller Marks, except in each case in enforcing its rights under Section 5.07(a). After the Closing Date, Purchaser shall not (and shall cause the Purchaser Parties not to) represent that it has authority to bind Seller or any of its Affiliates to any Third Party obligation.

(2) Purchaser shall, and shall cause the other Purchaser Parties to, cease and discontinue any use of the Seller Marks and, at Purchaser’s sole cost and expense, remove all Seller Marks from all such Existing Materials (as defined below), as promptly as possible after the Closing Date and in any event within 180 days thereafter. Subject to the foregoing, Seller hereby grants to the Purchaser Parties, effective as of the Closing, a non-exclusive, royalty-free, non-sublicensable, non-assignable, transitional license to use the Seller Marks for a period of 180 days following the Closing Date solely on signage and materials that were created by the Company Group prior to the Closing Date (the “Existing Materials”), solely in a manner
consistent with past practice and customary “phase out” use. All goodwill derived from the use of the Seller Marks as permitted hereunder shall inure solely to the benefit of Seller and its Affiliates.

ix. **Publicity.** Neither Purchaser, on the one hand, nor Seller, on the other hand, will issue or permit any of their respective Affiliates or Representatives to issue any press release, website posting or other public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), except as may be required by Law, Educational Law or stock exchange rules or regulations (in which case whichever of Purchaser or its Affiliates or Seller or its Affiliates, as applicable, are required to make the release or statement shall (a) consult with the other Party (whether or not such other Party is named in such release or statement) at a reasonable time prior to its issuance to allow the other Party to comment on such release or statement in advance of such issuance, (b) consider in good faith any comments timely provided by such other Party to such release or statement and (c) after such release or statement, provide the other Party with a copy thereof (or summary thereof in the case of oral statements)); provided, however, that Purchaser and its Affiliates, on the one hand, and Seller and its Affiliates, on the other hand, may, subject to the terms and conditions of this Agreement, make public announcements and engage in public communications regarding this Agreement and the transactions contemplated hereby to the extent such announcements or communications are entirely consistent with the Parties’ prior public disclosures regarding the transactions contemplated by this Agreement in accordance with this Section 5.09 and do not contain any material information or disclosures concerning this Agreement or the transactions contemplated hereby that were not included in such prior public disclosures made in accordance with this Section 5.09. If either Party or any of its Affiliates, based on the advice of its counsel, determines that this Agreement must be publicly filed with a Governmental Authority or Educational Agency, then such Party or its applicable Affiliate, prior to making any such filing, shall use commercially reasonable efforts to provide the other Party and its counsel with the version of this Agreement that it intends to file, and consider in good faith any comments provided by the other Party or its counsel and use commercially reasonable efforts to ensure the confidential treatment by such Governmental Authority or Educational Agency of any terms or provisions specified by the other Party or its counsel for redaction and confidentiality. Notwithstanding any other provision of this Agreement, (i) the requirements of this Section 5.09 shall not apply to any disclosure of Seller, the Company Group, Purchaser or any of their respective Affiliates, of any information concerning this Agreement or the transactions contemplated hereby in connection with any dispute between the Parties or their respective Affiliates regarding this Agreement or the transactions contemplated hereby, (ii) Wengen, its direct and indirect equityholders, their respective affiliated investment funds and alternative investment vehicles and their respective Affiliates (defined without giving effect to the proviso in the definition thereof but excluding Seller, and its Subsidiaries (including the Company Group)) may provide ordinary course communications regarding this Agreement and the transactions contemplated hereby to each of their and their respective Affiliates’ (defined without giving effect to the proviso in the definition thereof but excluding Seller and its Subsidiaries, including the Company Group) and investors’ affiliated investment funds and investors and potential investors therein, in each case, who are subject to customary confidentiality restrictions. Nothing
herein shall prevent either Party from making internal announcements to its employees or communications with its Representatives, in each case on a confidential basis.

**Further Action.** On the terms and subject to the conditions of this Agreement (including Section 5.04), each Party shall use its commercially reasonable efforts (except to the extent a higher standard is provided for herein, in which case, the applicable Party shall use efforts that meet such higher standard) to take or cause to be taken in an expeditious manner all actions and to do or cause to be done all things necessary or appropriate to satisfy the conditions to the Closing, to consummate the transactions contemplated by this Agreement and to comply promptly with all legal requirements that may be imposed on it or any of its Affiliates with respect to the Closing.

**Employee Matters.**

1. No later than 30 days prior to the Closing Date, the Company shall provide Purchaser with a schedule listing any then-current Service Provider who is not an Employee or otherwise engaged by the Company Group (such Service Providers, the “Potential Transferees”). Seller and the Company Group shall use commercially reasonably efforts to transfer the engagement of any Potential Transferee to the Company Group no later than the day immediately prior to the Closing Date. No later than 20 days prior to the Closing Date, Purchaser (i) with respect to any Potential Transferee who resides in the United States, shall extend an offer of employment or engagement or (ii) with respect to any Potential Transferee who does not reside in the United States, unless an offer of employment required by applicable Law, may extend an offer of employment or engagement, in each case, to each such Potential Transferee whose employment or engagement did not transfer to the Company Group prior to the Closing Date. No later than 20 days prior to the Closing Date, Purchaser shall, or shall cause its applicable Affiliates to, provide to each Service Provider who is in the employment of the Company or the Company Subsidiary immediately following the Closing (each, a “Continuing Employee”) with, (i) a base salary or base wage rate that is no less favorable than the base salary or base wage rate provided to such Continuing Employee immediately prior to the Closing, as indicated in the Service Provider Census that is provided pursuant to last sentence of this Section 5.11(b), (ii) a target annual cash incentive opportunity that is no less favorable than the target annual cash incentive opportunity provided to such Continuing Employee immediately prior to the Closing, as indicated in the Service Provider Census that is provided pursuant to last sentence of this Section 5.11(b), and (iii) other employee benefits (other than equity-based compensation), in each case, that are substantially similar in the aggregate to employee benefits provided to similarly situated employees of Purchaser or an Affiliate of Purchaser. In addition, solely with respect to any Service Provider who received an ordinary course annual equity-based compensation award from Seller or its Affiliates during the 12 month period immediately prior to the date of this Agreement, during the Continuation
Period, such Service Provider shall receive equity-based compensation that has (x) an aggregate grant date value that is no less favorable than the aggregate grant date value of any equity based compensation granted to such Service Provider as part of the last ordinary course annual grant cycle of Seller or its Affiliates occurring prior to the Closing and (y) terms (including vesting terms) that are substantially similar to the equity-based compensation granted to similarly-situated employees of Purchaser or its Affiliates (or, if no similarly situated employee of Purchaser or its Affiliates receive equity-based compensation, substantially similar to the terms of equity-based compensation granted to employees at a level above such Service Provider); provided, that in Purchaser’s discretion, such equity-based compensation may be settled in (1) the same class of equity that equity-based compensation granted to similarly-situated employees of Purchaser or its Affiliates is settled in or (2) cash. The Service Provider Census shall be updated by Seller at least two Business Days prior to the Closing to include the name of each Service Provider and to include each Service Provider’s equity-based compensation, if any, granted in the year prior to Closing and target annual cash incentive opportunity provided to such Service Provider immediately prior to the Closing; provided that the Parties have entered into any standard agreements required to be entered into under applicable privacy Law with respect to the provision of such information and the Parties will use good faith, commercially reasonable efforts to negotiate such agreements.

(3) Purchaser shall, or shall cause its applicable Affiliates to, provide to each Continuing Employee who incurs a termination of employment during the one year period following the Closing Date with severance payments and severance benefits that are no less favorable than the severance payments and severance benefits set forth on Section 5.11(c) of the Seller Disclosure Schedule.

(4) From and after the Closing Date, subject to Section 5.11, Purchaser shall, or shall cause its applicable Affiliates to, (i) honor all obligations existing on the Closing Date under the Sponsored Company Benefit Plans in accordance with their terms (including terms permitting reduction of benefits and plan amendment and termination), (ii) assume all Liabilities associated with accrued but unused vacation and paid time off balances of any Continuing Employees, and shall credit and honor, in accordance with the terms of the applicable policy of Seller or its Subsidiaries, all vacation days and other paid time off accrued but not yet taken by the Continuing Employees (including terms permitting reduction of benefits and plan amendment and termination) (other than any Potential Transferees deemed to be Continuing Employees pursuant to Section 5.11(a), who receive a payout of accrued vacation and paid time off balances in connection with termination of employment from Seller or its Affiliate), and (iii) pay any accrued bonus Liabilities and accrued severance Liabilities constituting Indebtedness (as finally determined in accordance with Section 2.04) to Continuing Employees on or prior to March 15 of the calendar year following the year in which the Closing occurs or on any later date when payments are scheduled to be made.

(5) Purchaser shall, or shall cause its Affiliates to, give each Continuing Employee full credit for such Continuing Employees’ service with Seller or an Affiliate of Seller for purposes of eligibility, vesting and determination of the level of benefits (including, for purposes of vacation and severance) under any benefit plans made generally available to
employees maintained by Purchaser or any of its Affiliates for which such Continuing Employee is otherwise eligible (but such service credit shall not be provided for benefit accrual purposes, except for purposes of vacation and severance, as applicable) to the same extent recognized by Seller or an Affiliate of Seller immediately prior to the Closing Date; provided, however, that service of a Continuing Employee with Seller or an Affiliate of Seller shall not be recognized for the purpose of any entitlement to participate in, or receive benefits with respect to, any retiree medical programs or other retiree welfare benefit programs maintained by Purchaser or any of its Affiliates; provided, further, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits with respect to the same period of service.

(6) Purchaser shall use commercially reasonable efforts, or shall use commercially reasonable efforts to cause its applicable Affiliates, as applicable, to (i) waive any preexisting condition limitations otherwise applicable to Continuing Employees and their eligible dependents under any plan of Purchaser or any of its Affiliates that provides health benefits in which Continuing Employees participate following the Closing Date (a “Purchaser Plan”), (ii) if applicable, honor, for the balance of the plan year of the Purchaser Plan, any deductible, co-payment and out-of-pocket maximums incurred by the Continuing Employees and their eligible dependents under the analogous Seller Benefit Plan during the elapsed portion of the plan year of such Seller Benefit Plan in satisfying any deductibles, co-payments or out-of-pocket maximums under the Purchaser Plan and (iii) waive any waiting period limitation or evidence of insurability requirement that would otherwise be applicable to a Continuing Employee and his or her eligible dependents under a Purchaser Plan to the extent such Continuing Employee or eligible dependent had satisfied any similar limitation or requirement under an analogous Seller Benefit Plan immediately prior to such commencement of participation in which Seller Benefit Plan the Continuing Employee participated immediately prior to the Closing Date.

(7) As of the Closing Date, Purchaser shall maintain a defined contribution retirement plan intended to qualify under Section 401(a) of the Code (the “Purchaser 401(k) Plan”) for the benefit of those Continuing Employees in the United States who shall elect to participate in the Purchaser 401(k) Plan. As soon as reasonably practicable on or following the Closing Date, but in no event later than 60 days following the Closing Date, Purchaser shall, for those Continuing Employees who elect and are eligible to participate in the Purchaser 401(k) Plan, allow such Continuing Employees to make a “direct rollover” to the Purchaser 401(k) Plan of any account balance under the defined contribution plan and trust intended to qualify under Section 401(a) of the Code that they participated in prior to the Closing, and Purchaser shall cause the Purchaser 401(k) Plan to accept as rollover contributions, all account balances (which shall include any vested employer contributions accrued) through the Closing Date and all outstanding loans.

(8) Nothing in this Agreement, including this Section 5.11, shall confer upon any Continuing Employee any right to continue in the employ or service of Seller, the Company Group, Purchaser or any of their Affiliates, or shall interfere with or restrict in any way the rights of Purchaser, the Company Group or any Affiliate of Purchaser, which rights are hereby expressly reserved, to discharge or terminate the services of any Continuing Employee at any time for any reason whatsoever, with or without cause, except to the extent expressly provided.
otherwise in a written agreement between Purchaser, the Company Group, any Affiliate of Purchaser and the Continuing Employee or any severance, benefit or other applicable plan, policy or program covering such Continuing Employee. Notwithstanding any provision in this Agreement to the contrary, nothing in this Section 5.11 shall (i) be deemed or construed to be an amendment or other modification of any Seller Benefit Plan or Company Benefit Plan, (ii) prevent Purchaser, the Company Group or any Affiliate of Purchaser from amending or terminating any Seller Benefit Plan or Company Benefit Plan in accordance with its terms or (iii) create any third party rights in any current or former service provider of the Company or its Affiliates (or any beneficiaries or dependents thereof).

\[\text{Section xii. Release.}\]

1. As an inducement to Purchaser to enter into this Agreement and each of the Ancillary Documents and consummate the transactions contemplated hereby and thereby and for other good and sufficient consideration, Seller, with the intention of binding itself and its Affiliates (determined after the Closing), assigns and any other Person claiming by, through, on behalf of or under any of the foregoing (the “Seller Releasors”), does hereby, effective as of the Closing, unconditionally and irrevocably release, acquit and forever discharge Purchaser and each of its past and present Affiliates and Representatives, and the Company Group, and all Persons acting by, through, on behalf of, under or in concert with such Persons, and each of the foregoing’s respective past, present or future officers, directors, employees, agents, general or limited partners, managers, management companies, members, advisors, stockholders, equityholders, controlling Persons, or any heir, executor, administrator, successor or assign of any of the foregoing (the “Purchaser Releasees”), of and from any and all actions, causes of action, suits, Proceedings, demands, debts, dues, Contracts, agreements, promises, covenants (whether express or implied), claims, Liabilities and Losses of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, direct, derivative, vicarious or otherwise, whether based in contract, tort or other legal, statutory or equitable theory of recovery, each as though fully set forth at length herein (collectively, a “Claim”), which the Seller Releasors now have or may hereafter have against the Purchaser Releasees, or any of them, by reason of any matter, cause, act, omission or thing whatsoever in any way arising out of, based upon, or relating to the Interests, the Company Group, the Business, or any actions taken or failed to be taken by any of the Purchaser Releasees in any capacity related to the Company Group or the Business, in each case, occurring or arising prior to the Closing (the “Purchaser Released Matters”); provided, however, that nothing set forth in this Section 5.12 shall affect the ability of Seller to enforce its rights and remedies (i) under this Agreement or any Ancillary Document in accordance with the terms hereof or thereof, (ii) under any agreement set forth on Section 3.24(a) of the Seller Disclosure Schedule or (iii) under any Contract or arrangement entered into after the Closing. Seller expressly consents that this general release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Purchaser Released Matters (notwithstanding any Law that expressly limits the effectiveness of a general release of unknown, unsuspected or unanticipated Claims). Notwithstanding the foregoing, nothing in this Agreement or any Ancillary Document shall be interpreted to release Purchaser from any of its obligations to Seller under this Agreement or any Ancillary Document.
2. As an inducement to Seller to enter into this Agreement and each of the Ancillary Documents and consummate the transactions contemplated hereby and thereby and for other good and sufficient consideration, Purchaser, with the intention of binding itself and its Affiliates, assigns and any other Person claiming by, through, on behalf of or under any of the foregoing (the “Purchaser Releasors”), does hereby, effective as of the Closing, unconditionally and irrevocably release, acquit and forever discharge Seller, Wengen and each of their past and present direct and indirect equityholders, Affiliates and Representatives and all Persons acting by, through, on behalf of, under or in concert with such Persons, and each of the foregoing’s respective past, present or future officers, directors, employees, agents, general or limited partners, managers, management companies, members, advisors, stockholders, equityholders, controlling Persons, or any heir, executor, administrator, successor or assign of any of the foregoing (the “Seller Releasors”), of and from any and all Claims which the Purchaser Releasors now have or may hereafter have against the Seller Releasors, or any of them, by reason of any matter, cause, act, omission or thing whatsoever in any way arising out of, based upon, or related to the Interests, the Company Group, the Business, or any actions taken or failed to be taken by any of the Seller Releasors in any capacity related to the Company Group or the Business, in each case, occurring or arising prior to the Closing (the “Seller Released Matters”); provided, however, that nothing set forth in this Section 5.12 shall affect the ability of Purchaser or the Company Group to enforce its rights and remedies (i) under this Agreement or any Ancillary Document in accordance with the terms hereof or thereof, (ii) against any Party hereto with respect to Fraud, (iii) under any agreement set forth on Section 3.24(a) of the Seller Disclosure Schedule or (iv) under any Contract or arrangement entered into after the Closing. Purchaser expressly consents that this general release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Seller Released Matters (notwithstanding any Law that expressly limits the effectiveness of a general release of unknown, unsuspected or unanticipated Claims). Notwithstanding the foregoing, nothing in this Agreement or any Ancillary Document shall be interpreted to release Seller from any of its obligations to Purchaser under this Agreement or any Ancillary Document.

a. Exclusivity. During the Pre-Closing Period, Seller shall not, shall cause its Affiliates (including the Company Group) not to, shall not authorize or permit any of Seller’s or its Affiliates’ their respective Representatives to and shall direct the other Related Parties not to, directly or indirectly solicit, initiate or encourage the submission of any proposal or offer from any Person (other than Purchaser and its Affiliates) with respect to the Company Group, the University, any Service Provider or any assets or properties owned, used or held for use by the Company Group, relating to any (a) merger or consolidation, (b) acquisition, purchase, sale, disposition or license of all or any material portion of the assets or equity interests in or of, the Company Group or (c) reorganization, recapitalization, restructuring, business combination or other similar transaction (a “Competing Transaction”), nor agree to or consummate any Competing Transaction, or participate in any or continue any ongoing discussions or negotiations regarding, or furnish to any other person or entity (other than Purchaser and its Affiliates and Representatives) any information with respect to, or otherwise cooperate in any way with or facilitate any effort or attempt by any Person to effect a Competing Transaction; provided, however, that any Qualifying Transaction shall not be considered a “Competing Transaction.”
Seller shall, and shall cause its Affiliates (including the Company Group) to, instruct Seller’s and its Affiliates’ respective Representatives and the Related Parties to, promptly cease any existing activities, discussions and negotiations with, and the provision of confidential information to, any Persons (other than Purchaser and its Affiliates and Representatives) with respect to any of the foregoing, promptly terminate all physical and electronic data room access granted prior to the date hereof to any such Person or any of their respective Representatives and promptly issue instructions to any such Person who has entered into a confidentiality agreement or restrictions in connection with a potential Competing Transaction that has not expired or been terminated in accordance with its terms to return or destroy any confidential information related to the Company Group, the University or the Business received thereunder in accordance with the terms of such confidentiality agreement. If any of Seller, any Related Party the Company Group or any of their respective Representatives receives any inquiry, proposal or offer from any Person relating to, or that would reasonably be expected to lead to, a Competing Transaction (each, a “Transaction Proposal”), Seller shall promptly (and in any event within one Business Day) advise Purchaser of such Transaction Proposal, the identity of the Person making such Transaction Proposal and the material terms and conditions of any such Transaction Proposal. Any violation of the restrictions set forth in this Section 5.13 by any Affiliate or Representative of Seller (including the Company Group) shall be a breach of this Section 5.13 by Seller. A “Qualifying Transaction” means any inquiry, proposal or offer, or any expression of interest, by any Third Party relating to (A) a transfer or sale of Seller, or any merger, consolidation, recapitalization, tender or exchange offer, or other business combination transaction to acquire Seller, (B) direct or indirect acquisition or purchase by any Person of more than 50% of the assets, equity or other property of Seller (determined without taking into account the equity or assets of the Company Group, it being understood that such transactions may include the equity and assets of the Company Group) or (C) any merger, consolidation, recapitalization, liquidation, dissolution or similar transaction which would result, directly or indirectly, in the disposition of more than 50% of the assets, equity or other property of Seller, in each case whether in one transaction or a series of related transactions, in each case of clauses (A), (B) and (C), in which (1) each potential purchaser or other participant participating in any process in relation thereto is bound by a customary confidentiality and non-use agreement covering any information related to the Company Group or the Business and Seller shall use its reasonable best efforts to enforce such confidentiality agreements with respect to information related to the Company Group or the Business, including, following the Closing, at Purchaser’s request and (2) the purchaser or surviving party thereunder agrees to be, or by operation of Law will be, bound by the terms of this Agreement and the Ancillary Documents applicable to Seller and any remaining obligations of Seller under this Agreement and the Ancillary Documents (including the obligation to consummate the Closing) will be fully assumed by such Person (including by operation of Law, if applicable); provided that notwithstanding the occurrence of any Qualifying Transaction, Seller or its Affiliates, as applicable, shall remain responsible and liable for its obligations pursuant to this Agreement and any Ancillary Document to which Seller or its Affiliates, as applicable, are a party.

b. Notices of Certain Events. During the Pre-Closing Period, Seller, on the one hand, and Purchaser, on the other hand, shall promptly notify each other in writing of (a) any written notice or other written communication received from any Person alleging that the
Consent of such Person is or may be required in connection with the transactions contemplated hereby and (b) any material written notice or other written communication from any Governmental Authority or Educational Agency in connection with the transactions contemplated hereby; provided, however, that the delivery of any notice pursuant to this Section 5.14 shall not affect or be deemed to modify any representation or warranty made by either Party or limit or otherwise operate as a waiver or affect the remedies available hereunder to the receiving Party or any right of such receiving Party not to consummate the transactions contemplated in accordance with Section 6.01, Section 6.02 or Section 6.03, as applicable.

c. Non-Competition; Non-Solicitation.

3. Seller acknowledges and agrees that during Seller’s ownership, directly or indirectly, of the Company Group, Seller and its Affiliates have become familiar with Intellectual Property of and Confidential Information concerning the Company Group. In further consideration of the compensation to be paid to Seller hereunder, Seller agrees to the covenants set forth in this Section 5.15 and acknowledges that each and all of the restrictions contained in this Section 5.15, including the duration, scope and geographic area of the covenants described in this Section 5.15, are fair, reasonable and necessary in order to protect the Business’ goodwill and other assets and legitimate interests of the Business as those interests exist as of the date hereof.

4. For a period of three years from and after the Closing Date, Seller shall not and shall cause its Affiliates and its and their successors and assigns, including any purchaser of Seller, any of its Affiliates or all or substantially all of their respective assets (together with Seller, the “Seller Restricted Parties”) not to, directly or indirectly, own, operate, lease, manage, control, engage in, invest in or permit its name to be used by any business that competes with the Business in the United States, Canada or the Caribbean by targeting for recruitment, or actively marketing to, students in such territories (“Competitive Activities”). Notwithstanding the foregoing, the restrictions on conduct of Competitive Activities set forth in this Section 5.15(b) shall not be deemed breached solely as a result of (i) the passive ownership by any Seller Restricted Parties, collectively, of less than an aggregate of five percent of the outstanding securities of a Person engaged, directly or indirectly, in Competitive Activities; provided, however, that such securities are listed on a national securities exchange; (ii) the passive ownership by any Seller Restricted Parties, collectively, of less than five percent in value of the outstanding voting debt of a Person engaged, directly or indirectly, in Competitive Activities; or (iii) the acquisition by, and engagement in, an After-Acquired Business by any Seller Restricted Party; provided, however, that, in the case of this clause (iii), within the three month period immediately following the consummation of the purchase or other acquisition of such After-Acquired Business in accordance with the definitive documentation thereof the applicable Seller Restricted Party, executes a definitive agreement for the sale of all (but not less than all) of the Competitive Activities of such After-Acquired Business to a Third Party, which sale is consummated no later than 12 months following execution of such definitive agreement; provided, however, that such 12 month period shall be extended for an additional period not to exceed 90 days as is necessary to obtain any competition or educational regulatory approvals required to complete such divestiture if Seller and its Affiliates and such acquiring party are using commercially reasonable efforts to obtain such approvals; provided, further, that the
restrictions on conduct of Competitive Activities set forth in this Section 5.15 shall apply with respect to the After-Acquired Business until such divestiture is consummated, unless the (A) After-Acquired Business conducts any Competitive Activities, directly or indirectly, separately from the other activities of the applicable Seller Restricted Parties, (B) After-Acquired Business does not, directly or indirectly, use any Confidential Information or Intellectual Property primarily related to the Business (it being understood that the Seller Marks are not deemed to be primarily or exclusively related to the Business) in the conduct of any Competitive Activities, and (C) the applicable Seller Restricted Parties and After-Acquired Business implement reasonable procedures designed to ensure that the foregoing requirements are satisfied. For purposes hereof, “After-Acquired Business” means any business activity that would violate the restrictions on conduct of Competitive Activities set forth in Section 5.15(b) that is acquired from any Person or is carried on by any Person that is acquired by or combined with Seller or any Affiliate of Seller; provided that such Person was, at the time of such acquisition or combination, not an Affiliate of any applicable Seller Restricted Party, as applicable, in each case, after the Closing Date. Notwithstanding anything to the contrary set forth in this Section 5.15, this Section 5.15 shall not apply to or restrict (1) any Subsidiary or Affiliate of Seller as of such time as such Person is no longer a Subsidiary or Affiliate of Seller, and any Person that purchases assets, operations or a business from Seller or its Subsidiaries or controlled Affiliates if such Person is not a Subsidiary or controlled Affiliate of Seller or its direct or indirect equityholders after such transaction is consummated and (2) any Third Party acquiror of Seller, any of its Affiliates or all or substantially all of any of their respective assets; provided that, with respect to clauses (1) and (2), during the period specified in this Section 5.15(b), (x) any such acquiring party and its Affiliates conduct any Competitive Activities, directly and indirectly, separately from the business of Seller, (y) any such acquiring party and its Affiliates or divested Person do not, directly or indirectly, use any Confidential Information or Intellectual Property primarily related to the Business (it being understood that the Seller Marks are not deemed to be primarily related to the Business) in the conduct of any Competitive Activities, and (z) any such acquiring party or divested Person and its Affiliates implement reasonable procedures designed to ensure that the foregoing requirements are satisfied. Seller shall be responsible for any non-compliance with, or breach of, this Section 5.15(b) by any of the Related Parties as if such Persons were a party hereto and bound in the same manner as Seller.

5. For a period of two years from and after the Closing Date, Seller shall not and shall cause the other Seller Restricted Parties, and shall direct each director of Seller and manager of the Company Group, not to, directly or indirectly solicit, recruit or hire any employee or officer of the Company Group as of the Closing Date or any time during the Pre-Closing Period; provided, however, that the foregoing restriction shall not apply to the solicitation, recruitment or hiring of any individual (i) as a result of general advertisements and solicitations (including by Third Party search firms or recruiter contacts) or other broad-based hiring methods not specifically targeted to any particular employee or group of employees, unless such advertisement, solicitation or other hiring method is intentionally undertaken as a means to circumvent the restrictions contained in, or conceal a violation of, this Section 5.15(c), (ii) who at such time is no longer, and has not been for 365 days, an employee of Purchaser, the Company Group or any of their respective Affiliates or (iii) who was terminated after the Closing by Purchaser or any of its Affiliates (including the Company Group). Seller shall be responsible for
any non-compliance with, or breach of, this Section 5.15(c) by any of the Related Parties or any director or Seller or manager of the Company Group as if such Persons were a party hereto and bound in the same manner as Seller.

6. For a period of two years from and after the Closing Date, Seller shall not and shall cause the other Seller Restricted Parties and direct each director of Seller and manager of the Company Group not to, except as required by Law or Educational Law, publicly, or in any manner which is reasonably expected to become public, make disparaging remarks regarding, concerning or alluding to the University, the Business, the Company Group or Purchaser that is intended to or would be reasonably likely to (i) materially injure or embarrass the subject of such statements or (ii) place the subject of such statement in a false light before the public in any material respect. Seller shall be responsible for any non-compliance with, or breach of, this Section 5.15(d) by any of the Related Parties or any director or Seller or manager of the Company Group as if such Persons were a party hereto and bound in the same manner as Seller.

7. For a period of two years from and after the date hereof, Purchaser shall not and shall cause its Subsidiaries and Affiliates and direct each director of Purchaser and manager of the Company Group not to, directly or indirectly: solicit, recruit or hire any employee or officer of Seller (i) who at such time is involved in providing services under the Transition Support Services Agreement, (ii) who is manager level or above and (iii) with whom Purchaser or its Affiliates came into contact, directly or indirectly, or who (or whose performance) becomes known to Purchaser or its Affiliates, in either case, in connection with the transactions contemplated hereby; provided, however, that the foregoing restriction shall not apply to the solicitation, recruitment or hiring of any individual (A) Service Provider as contemplated by this Agreement, (B) as a result of general advertisements and solicitations (including by Third Party search firms or recruiter contacts) or other broad-based hiring methods not specifically targeted to any particular employee or group of employees, unless such advertisement, solicitation or other hiring method is intentionally undertaken as a means to circumvent the restrictions contained in, or conceal a violation of, this Section 5.15(e), (C) who at such time is no longer, and has not been for 180 days, an employee of Seller or (D) who was terminated after the Closing by Seller.

8. If the final judgment of a court of competent jurisdiction declares any term or provision of this Section 5.15 to be invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified to cover the maximum, duration, scope or area permitted by Law.

d. Financing.

9. Unless, and to the extent, Purchaser shall have demonstrated to the reasonable satisfaction of Seller that Purchaser shall have sufficient cash from other sources (including by reason of capital markets, securities or other financing transactions) (such sources,
“Alternative Financing Sources”) available (including through customary escrow arrangements) to satisfy the Financing Uses, from and after the execution of this Agreement, Purchaser shall use its reasonable best efforts to do, or cause to be done, all things reasonably necessary or advisable to obtain the Debt Financing as soon as reasonably practicable and, in any event, not later than the Closing Date, on substantially the terms and conditions (including, to the extent applicable, the “flex” provisions), taken as a whole, described in the Debt Commitment Letter and any Fee Letter, including using reasonable best efforts to (i) enter into definitive agreements with respect to the Debt Financing on substantially the terms and conditions (as such terms may be modified or adjusted solely in accordance with the terms, and within the limits, of the flex provisions contained in any Fee Letter) and (ii) satisfy in all material respects on a timely basis all conditions applicable to and within the control of Purchaser in the Debt Commitment Letter and the Definitive Debt Financing Agreements and enforce its rights thereunder.

10. Unless, and to the extent, Purchaser shall have demonstrated to the reasonable satisfaction of Seller that Purchaser shall have sufficient cash from Alternative Financing Sources available (including through customary escrow arrangements) to satisfy the Financing Uses, from and after the execution of this Agreement, if any portion of the Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) contemplated in the Debt Commitment Letter and any related Fee Letter, Purchaser shall use its reasonable best efforts to, as promptly as practicable following the occurrence of such event but no later than the Closing Date as required by Section 2.02(a), arrange and obtain from the same or alternative sources of debt financing in an amount, when combined with any equity financing and cash on hand, that is sufficient to satisfy the Financing Uses, on terms and conditions (including any “flex” provisions) that are not materially less favorable to Purchaser in the aggregate as those contained in the Debt Commitment Letter and any related Fee Letter and which shall not include any conditions precedent or contingencies to the funding of such alternative debt financing on the Closing Date that are materially more onerous than those set forth in the Debt Commitment Letter and any related Fee Letter in effect on the date hereof. The new debt commitment letter and fee letter entered into in connection with such alternative debt financing are referred to, respectively, as a “New Debt Commitment Letter” and a “New Fee Letter.” Purchaser shall provide the Company with fully executed copies of the New Debt Commitment Letter and any related New Fee Letter (with the fee amounts, pricing caps and the economic terms of the “flex” provisions contained therein redacted and other customary redactions that do not materially adversely affect the conditionality of such alternative debt financing) as promptly as practicable following the execution thereof. In the event Purchaser enters into any such New Debt Commitment Letter or New Fee Letter, (i) any reference in this Agreement to the “Debt Financing” means the debt financing contemplated by the “Debt Commitment Letter” as such term is modified pursuant to the immediately succeeding clause (ii), (ii) any reference in this Agreement to the “Debt Commitment Letter” (and any definition incorporating the term “Debt Commitment Letter,” including the definition of Definitive Debt Financing Agreements) shall be deemed to include the Debt Commitment Letter to the extent not superseded by a New Debt Commitment Letter at the time in question and any New Debt Commitment Letter to the extent then in effect and (iii) any reference in this Agreement to the “Fee Letter” (and any definition incorporating the term “Fee Letter,” including the definition of
Definitive Debt Financing Agreements) shall be deemed to include the Fee Letter to the extent not superseded by a New Fee Letter at the time in question and any New Fee Letter to the extent then in effect.

11. Unless, and to the extent, Purchaser shall have demonstrated to the reasonable satisfaction of Seller that Purchaser shall have sufficient cash from Alternative Financing Sources available (including through customary escrow arrangements) to satisfy the Financing Uses, from and after the execution of this Agreement, Purchaser shall not agree to nor permit any termination, amendment, replacement, supplement or other modification of, or waiver of any of its rights under, the Debt Commitment Letter without Seller’s prior written consent to the extent such termination, amendment, replacement, supplement, modification or waiver would (i) add new conditions (or modify any existing condition) to the consummation or availability of the Debt Financing as compared to those in the Debt Commitment Letter as of the date hereof in a manner that would adversely impact in any material respect the ability of Purchaser to obtain the Debt Financing, (ii) reduce the amount of the Debt Financing such that the aggregate funds that would be available on the Closing Date, together with other immediately available financial resources of Purchaser, would not be sufficient to pay the Financing Uses, or (iii) reasonably be expected to prevent, materially delay or materially impair the consummation of the Closing; provided that, notwithstanding anything in this Section 5.16(c) to the contrary, the Debt Commitment Letter may be amended or supplemented to add or replace lenders, lead arrangers, underwriters, bookrunners, syndication agents or similar entities that had not executed the Debt Commitment Letter as of the date hereof. Purchaser shall promptly deliver to Seller executed copies of any amendment, replacement, supplement or other modification or waiver of the Debt Commitment Letter. Purchaser shall have the right to substitute the proceeds of any Alternative Financing Source for all or any portion of the Debt Financing contemplated by the Debt Commitment Letter by reducing commitments under the Debt Commitment Letter. In the event Purchaser enters into any such amendment, replacement, supplement or other modification or waiver, (A) any reference in this Agreement to the “Debt Financing” means the debt financing contemplated by the Debt Commitment Letter as amended, replaced, supplemented, modified or waived in accordance with this Section 5.16(c) and (B) any reference in this Agreement to the “Debt Commitment Letter” (and any definition incorporating the term “Debt Commitment Letter,” including the definition of Definitive Debt Financing Agreements) means the debt financing contemplated by the Debt Commitment Letter as amended, replaced, supplemented, modified or waived in accordance with this Section 5.16(c).

12. Seller shall, and shall cause the Company Group, and instruct its management and Representatives and management and Representatives of the Company Group, to, in each case, provide, on a timely basis, to Purchaser, its Affiliates, their respective Representatives and the Debt Financing Sources all assistance and cooperation reasonably requested by Purchaser, its Affiliates, their respective Representatives or the Debt Financing Sources in connection with the Debt Financing (which, for purposes of this Section 5.16, shall be deemed to include any Alternative Financing Source (including the offering or sale of debt, equity or equity-linked securities in either a registered offering or Rule 144A offering or other offering not requiring registration under the Securities Act) the proceeds of which are intended to be used to satisfy the Financing Uses in lieu of all or a portion of the Debt Financing) and any
syndication thereof. Without limiting the generality of the foregoing, such assistance and cooperation shall include the following:

i. participating (including by making members of senior management, certain representatives and certain non-legal advisors, in each case with appropriate seniority and expertise, available to participate) in a reasonable number of meetings due diligence sessions with senior management;

ii. promptly providing reasonable assistance with the preparation of materials for rating agency presentations, bank information memoranda, offering memoranda, private placement memoranda, registration statements, prospectuses, rating agency presentations, road show presentations, written offering material and other similar documents for the Debt Financing or any offering or sale of debt or equity securities, the proceeds of which are intended to be used to satisfy the Financing Uses (the “Offering Material”) and providing reasonable cooperation with the due diligence efforts of any sources of financing (including executing customary authorization and representation letters authorizing the distribution of, and providing access to, information about the Company Group and the Business to the Debt Financing Sources and containing customary representations to the Debt Financing Sources);

iii. (A) obtaining documents reasonably requested by Purchaser, its Affiliates, their respective Representatives or the Debt Financing Sources relating to the repayment of the existing Indebtedness and related obligations of the Company Group, including customary payoff letters, lien releases and other instruments of discharge and (B) providing, at least five Business Days prior to the Closing Date, all documentation and other information required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, relating to the Company Group, in each case as reasonably requested by Purchaser, its Affiliates, their respective Representatives or any of the Debt Financing Sources at least three Business Days prior to the aforementioned date of delivery;

iv. (A) furnishing Purchaser, its Affiliates, their respective Representatives and the Debt Financing Sources with the Required Information and Required Bank Information, (B) providing reasonable assistance in the preparation of pro forma information and (C) notifying Purchaser if the chief executive officer, chief financial officer, treasurer or controller of Seller or the Company or any member of their respective board of directors shall have knowledge of any facts as a result of which a restatement of any of the Company’s financial statements, in order for such financial statements to comply with GAAP, is probable;

v. reasonably cooperating with the marketing efforts for any portion of the Debt Financing;

vi. (A) executing and delivering as of the Closing any pledge and security documents, guarantees, hedging agreements and other definitive financing documents and other certificates or documents with respect to the Company Group (and any
assets and property of the Company Group) as may be reasonably requested by Purchaser, its Affiliates, their respective Representatives or the Debt Financing Sources and otherwise cooperate to facilitate the guaranteeing of obligations and the pledging of, granting of security interests in and obtaining perfection of any Liens on, collateral in connection with the Debt Financing and (B) providing (including using reasonable efforts to obtain such documents from its advisors) customary certificates, legal opinions or other customary closing documents as may be reasonably requested by Purchaser or the Debt Financing Sources;

vii. causing the Company’s certified independent auditors to provide (A) consent to use of their reports in any materials relating to the Debt Financing, including the Offering Materials and any filings with the SEC, that include or incorporate the Company’s consolidated financial information and their reports thereon, if applicable, and (B) auditors reports and comfort letters (including customary “negative assurances” comfort) with respect to the Audited Annual Carve-Out Financials and Unaudited Quarterly Carve-Out Financials provided pursuant to clause (h) below (including any updated financial statements provided pursuant to clause (h)(ii) and (iii) below) in customary form;

viii. updating any Required Information provided to Purchaser as may be reasonably necessary so that such Required Information qualifies as a Compliant Document; and

ix. taking all corporate actions reasonably necessary or advisable to permit the consummation of the Debt Financing and to permit the proceeds thereof to be available as of the Closing.

13. Seller and the Company hereby consent to the use of the logos and other trademarks of the Company Group and the Business in connection with the Debt Financing.

14. Notwithstanding anything in Section 5.16(d), none of the Company Group shall be required to (i) agree to pay any commitment or other fee prior to the Closing in connection with the Debt Financing, (ii) make any payment or incur any other Liability or give any indemnity in connection with the Debt Financing prior to the Closing other than expenses reimbursable under Section 5.16(g) or as set forth in Section 5.16(d) above with respect to authorization letters, (iii) take any action that would require any director, officer or employee of the Company Group to execute any document, agreement, certificate or instrument (including any resolutions) that would be effective prior to the Closing (other than the authorization letters, comfort letters, representations in connection with the preparation of the Company Group’s financial statements and other financial data and notices regarding the probable restatement of any financial statements of the Company Group referred to in Section 5.16(d) above), (iv) take any action that would unreasonably interfere with the Business or operation of the Company Group, (v) take any action that would conflict with or violate the Organizational Documents of the Company Group, any Contract to which the Company Group is a party or applicable Law or Educational Law, (vi) cause any director, officer or employee of the Company Group to incur any actual or potential personal Liability or breach any fiduciary duty or (vii) provide access to or disclose information that the Company reasonably determines would jeopardize any attorney-
client privilege (provided that the Company will use commercially reasonable efforts to provide the information in a manner that does not violate privilege) of, or conflict with any confidentiality requirements applicable to, the Company Group or any of its Affiliates.

15. Purchaser shall indemnify and hold harmless the Company Group and their respective Representatives and Affiliates from and against any reasonable and documented out-of-pocket Losses suffered or incurred by any of them in connection with the cooperation or assistance with obligations pursuant to this Section 5.16 (other than with respect to any information provided by the Company Group expressly for use in connection with the Debt Financing or any transaction with any Alternative Financing Source), except to the extent any such Loss results from (i) breach of this Agreement by Seller or any member of the Company Group or (ii) the bad faith, willful misconduct or gross negligence of the Company Group or its respective Representatives or controlled Affiliates. Purchaser will reimburse the Company Group promptly on demand for any reasonable and documented out-of-pocket expenses incurred or otherwise payable by the Company Group in connection with their cooperation pursuant to this Section 5.16, except to the extent any such expense results from the bad faith, willful misconduct or gross negligence of the Company Group or its respective Representatives or controlled Affiliates, except that in the event that (x) the Audited Annual Carve-out Financials and the Unaudited Quarterly Carve-out Financials described in Section 5.16(h)(i) and (y) management discussion and analysis disclosure related to the financial information in clause (x) above customarily included in private placements pursuant to Rule 144A promulgated under the Securities Act or other offering exempt from registration are provided to Purchaser on a date following the date that is 45 days following the date hereof, Seller shall bear all fees, expenses and costs to prepare and provide such financial statements (including all fees and expenses of the Company’s and its subsidiaries’ independent auditors with respect thereto).

16. Notwithstanding anything in this Agreement to the contrary, Seller shall use reasonable best efforts to provide to Purchaser (i) within 45 days following the date of this Agreement: (A) the audited carve-out combined statement of operations, balance sheet, statement of cash flows and statement of changes in member’s equity for the Company Group, including any assets and liabilities assigned or contributed to the Company Group by Seller at or prior to the Closing (together, the “Acquired Business” and such audited carve-out combined financial statements, the “Audited Annual Carve-out Financials”), as of and for the fiscal years ended December 31, 2018 and 2019, including the notes and schedules thereto, accompanied by the reports thereon of the Company’s and its subsidiaries’ independent auditors for the years then ended and (B) the unaudited carve-out combined statement of operations, balance sheet, statement of cash flows and statement of changes in member’s equity for the Acquired Business as of and for the six months ended June 30, 2020, and the comparable prior period (such unaudited carve-out combined financial statements, the “Unaudited Quarterly Carve-out Financials”), including the notes and schedules thereto, accompanied by the reports thereon of the Company’s and its subsidiaries’ independent auditors, in each case, the management discussion and analysis disclosure related to such financial information customarily included in private placements pursuant to Rule 144A promulgated under the Securities Act or other offering exempt from registration, and, (ii) the Unaudited Quarterly Carve-out Financials for the nine months ended September 30, 2020, and the comparable prior period, including the notes and
schedules thereto, on or prior to November 14, 2020 and management discussion and analysis disclosure related to the such financial information customarily included in private placements pursuant to Rule 144A promulgated under the Securities Act or other offering exempt from registration and (iii) (A) for any subsequently completed fiscal year ended after the Most Recent Balance Sheet Date and at least 60 days prior to the Closing Date, the Audited Annual Carve-out Financials for the two fiscal years then ended, including the notes and schedules thereto, accompanied by the reports thereon of the Company’s and its subsidiaries’ independent auditors, and (B) for any subsequently completed fiscal quarter ended after September 30, 2020 and at least 40 days prior to the Closing Date (other than the fourth fiscal quarter), the Unaudited Quarterly Carve-out Financials for such fiscal quarter and the comparable prior period, including the notes and schedules thereto, and, in each case, the management discussion and analysis disclosure related to such financial information customarily included in private placements pursuant to Rule 144A promulgated under the Securities Act or other offering exempt from registration.

17. On or prior to the Closing, Seller shall deliver customary evidence reasonably satisfactory to Purchaser of irrevocable release of each member of the Company Group and all assets held by the Company Group from any obligations (including guarantees) under the Existing Credit Agreement and related loan documents, the Existing Indenture and Existing Notes and any unreleased security interests in, to, or against the Owned Intellectual Property (collectively, the “Existing Debt Releases”) to which each of them is party, or by or under which assets of the Company Group are pledged or bound as of the Closing Date, including, confirmation of the delivery of any officers’ certificates, opinions of counsel and other customary documents requested by the Existing Credit Agreement Administration Agent or Existing Notes Trustee and evidence of the release of all Liens thereunder on the equity and assets of the Company and the Company Subsidiary together with all termination statements, Lien releases, re-assignments of Intellectual Property, discharges of security interests, pledges guarantees, notices to terminate control agreements and bailee letters and other similar discharge and release documents (in recordable form, if applicable).

e. **R&W Insurance.** Purchaser has obtained a conditional binder for the R&W Insurance Policy, attached hereto as Exhibit C, and Purchaser acknowledges that a true, correct and complete copy of such conditional binder has been provided to Seller. The R&W Insurance Policy provides that the Insurer shall not be entitled to exercise, and shall waive and not pursue any and all, subrogation rights against Seller except to the extent that Seller committed Fraud; Seller shall be a third party beneficiary of such provision. Except as set forth in the immediately preceding sentence, Seller shall have no liability to the Insurer under the binder or the R&W Insurance Policy. Following the date hereof, Purchaser shall not amend the subrogation provisions, policy term, retention amount or coverage amount of the R&W Insurance Policy in any manner reasonably believed to be adverse to Seller without Seller’s prior written consent. Prior to the Closing, Purchaser shall take all action necessary to obtain and bind as of the Closing, and shall obtain and bind as of the Closing, the R&W Insurance Policy. Purchaser shall pay 100% of the total cost attributable to the placement of the R&W Insurance Policy, including premium, underwriting fees, broker fees and commissions, Taxes and all other fees and expenses related thereto.
f. **Data Room**. Promptly following the date hereof and following the Closing Date, Seller shall deliver to Purchaser a CD or other electronic storage device containing the true, correct and complete copies of contents, as of the date hereof and as of the Closing Date, as applicable, of the electronic documentation site hosted by Datasite established on behalf of Seller in connection with the transactions contemplated hereby containing certain documents relevant to the Company Group and made available to Purchaser and its Representatives through such electronic documentation site (the “Data Room”).

g. **Litigation Support**.

18. Until the fifth anniversary of the Closing Date, in the event and for so long as any Party is contesting or defending against any Proceeding not involving any other Party in connection with (i) the transactions contemplated hereby or (ii) 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 any member of the Company Group, to the extent permitted by Law, Educational Law and contractual obligations, the other Party shall use commercially reasonable efforts to cooperate with such Party and its counsel in the defense or contest (provided that such cooperation would not reasonably be expected to be detrimental to such cooperating party), make available his, her, or its personnel, and provide such testimony and access to its books and records as shall be reasonably necessary in connection with the defense or contest, 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 Article VIII).

19. During the Pre-Closing Period, Seller shall (i) provide a written reasonably detailed update on a monthly basis to Purchaser regarding the status of the matter set forth on Section 5.19(b) of the Seller Disclosure Schedule (the “5.19 Matter”) and (ii) provide a written notice to Purchaser promptly upon receipt of any material filings or other material communications (including settlement offers) relating to the 5.19 Matter, (iii) to the extent requested by Purchaser and subject to applicable Law and Educational Law, afford Purchaser and Purchaser’s counsel the opportunity to discuss material aspects, material developments and material upcoming proceedings and filings with respect to the 5.19 Matter, (iv) to the extent reasonably practicable and subject to applicable Law and Educational Law, afford Purchaser and Purchaser’s counsel the opportunity to review and comment upon any filings or formal communications to be made by the Company Group with respect to the 5.19 Matter in advance of making any such filings or formal communications and consider Purchaser’s comments in good faith and (v) without the prior written consent of Purchaser, not to be unreasonably withheld, conditioned or delayed, not take any actions with respect to the 5.19 Matter that would be reasonably likely to have a material and adverse impact on the Business.

h. **Records of the Company Group**. Seller acknowledges and agrees that, from and after the Closing, the Company Group shall be entitled to possession of all documents, books, records (including Tax records), Contracts, and financial data to the extent primarily or exclusively relating to the Company Group or the Business; provided that to the extent such documents, books records or data also relate to other Subsidiaries or businesses of Seller and its Affiliates, Seller shall be entitled to retain copies thereof; provided, further that all Confidential
Information therein remains subject to Section 5.03. Notwithstanding the foregoing, to the extent any documents to which the Company Group is entitled to possession pursuant to the first sentence of this Section 5.20 are physically in the possession of Seller or any of its other Affiliates following the Closing, upon the request of Purchaser or upon Seller becoming aware of such possession, Seller shall use commercially reasonable efforts to promptly deliver such documents to the Company Group.

i. **Payments.** Seller shall, or shall cause its applicable Affiliate to, promptly pay or deliver to Purchaser (or its designee) any monies or checks that have been sent to Seller or any of its Affiliates after the Closing Date by customers, suppliers or other contracting parties of the Business or the Company Group to the extent that they are for the account of the Business or the Company Group and in respect of receivables reflected in the calculation of Closing Working Capital. Purchaser shall, or shall cause its applicable Affiliate to, promptly pay or deliver to Seller (or its designee) any monies or checks that have been sent to Purchaser or any of its Affiliates (including the Company Group) after the Closing Date by customers, suppliers or other contracting parties of Seller or its Affiliates (other than the Company Group) to the extent that they are in respect of the business of, or are for the account of, Seller or its Affiliates (other than the Company Group).

j. **Resignations.** Seller shall deliver to Purchaser a true, correct and complete list of all officers, directors, managers, trustees (or the equivalent of the foregoing) of each member of the Company Group at least 10 Business Days prior to the Closing Date. Seller shall use reasonable best efforts to deliver to Purchaser the resignations of all officers, directors, managers, trustees (or the equivalent of the foregoing) of any member of the Company Group designated by Purchaser in writing at least five Business Days prior to the Closing, to be effective as of the Closing from their positions with such member of the Company Group at or prior to the Closing Date.

k. **Lease Matters.** Prior to the Closing Date, Seller shall use commercially reasonable efforts to assign (i) the Columbia Leases and (ii) the San Antonio Lease to the Company Subsidiary, in each case, by an assignment and assumption agreement in form and substance reasonably satisfactory to Seller and Purchaser, in each case duly executed by the parties thereto (each a “Lease Assignment”), and shall promptly notify Purchaser once these assignments have taken place. Prior to the Closing Date, Seller shall request from the landlord under each Lease an estoppel certificate in a form reasonably satisfactory to Seller, Purchaser and the landlord. For the avoidance of doubt, obtaining such estoppel certificate is not a condition to the Closing.

l. **Cash Sweep.** Notwithstanding anything to the contrary set forth in this Agreement, at any time prior to the Closing, Seller and its Affiliates shall be permitted to engage in cash management activities commonly referred to as a “cash sweep”, pursuant to which Seller or any of its Affiliates may transfer or cause to be transferred any or all of the funds from the bank accounts of any or all members of the Company Group, to any bank account or accounts controlled by Seller or any of its Affiliates outside of the Company Group; provided such transactions shall not cause the Company Group, as of the Closing, to be in material violation of
or material default under, any letters of credit, performance bonds, surety bonds or similar instruments required by any Educational Agency or Governmental Authority or pursuant to any Material Contract to Permit; provided further that Seller shall, and shall cause its Subsidiaries to, use reasonable best efforts to cause the amount of the Closing Cash and Cash Equivalents of the Company Group at Closing to not be less than the Estimated Closing Cash and Cash Equivalents. For the avoidance of doubt, any funds transferred from any such Company Group bank account pursuant to this Section 5.24 outside of the Company Group shall not be included in Closing Cash and Cash Equivalents or as current assets in the calculation of Closing Working Capital.

m. Certain Proprietary Information of Seller and its Affiliates. Prior to the Closing Date, the Company Group may have been supplied copies of proprietary and confidential information relating to strategic, technical, or marketing plans of Seller and its Subsidiaries direct and indirect equityholders and their various operations unrelated to the Business. Although Seller may attempt to recover such information from the Company Group prior to the Closing, some of this confidential information may still be present within the Business or the Company Group following the Closing. Purchaser agrees that it will, and it will cause the Company Group to, treat such information as required by the Confidentiality Agreement.

n. Replacement of Guarantees.

20. As soon as reasonably practicable following the date of this Agreement, each of Seller and Purchaser shall use its reasonable best efforts to obtain the complete and unconditional release of Seller and its applicable Affiliates and direct and indirect equityholders from those guarantees, letters of credit, surety bonds, indemnities and similar obligations with respect to the Business set forth on Section 5.26(a) of the Seller Disclosure Schedule (each, an “Existing Guaranty”) (each release from an Existing Guaranty a “Guaranty Release”); provided that no such Guaranty Release shall be effective prior to the Closing if it would reasonably be expected to cause the lapse, termination or breach of, or failure to comply with, or acceleration of any right or obligation under any Law, Educational Law, Educational Approval, Permit, or Material Contract in any manner that would materially and adversely affect the operation of the Business or the assets or property of the Company Group, taken as a whole. Seller hereby acknowledges and agrees that obtaining the Guaranty Releases is not a condition to the Closing. If requested by a party in whose favor an Existing Guaranty was made (a “Guaranteed Party”), effective at the Closing Purchaser shall (i) (A) execute a substitute guaranty on terms no less favorable to Purchaser than the guarantor under the Existing Guaranty or (B) cause a successor guarantor to execute a substitute guaranty on terms no less favorable to such successor guarantor than the guarantor under the Existing Guaranty (a “Substitute Guaranty”) in order to secure such Guaranty Release and (ii) provide all documentation as may be reasonably required to obtain such Guaranty Release. Purchaser may reasonably request that the recipient of such Substitute Guaranty agree to customary confidentiality restrictions with respect to any confidential information requested by the Guaranteed Party. Each of Seller and Purchaser shall, and shall cause its Representatives to, keep the other Party informed as promptly as practicable in reasonable detail of the status of its efforts to obtain each Guaranty Release and concurrently provide to the other Party copies of all documents provided to or from a Guaranteed Party related to obtaining each Guaranty Release. Purchaser shall use its reasonable best efforts to provide
Seller all cooperation reasonably requested by Seller that is necessary in connection with obtaining such Guaranty Releases; provided that, other than with respect to Purchaser’s obligation to provide a Substitute Guaranty, neither Purchaser nor its Affiliates shall be required to pay money to the Guaranteed Party or any other Third Party, commence any Proceeding or offer or grant any accommodation (financial or otherwise) to the Guaranteed Party or any other Third Party in connection with Seller’s efforts to obtain a Guaranty Release. Each Party shall use commercially reasonable efforts to give the other Parties advance notice of any in-person meeting or conference with the Guaranteed Party relating to a Guaranty Release or the transactions contemplated hereby and shall permit Representatives of the other Parties to be present at those meetings or conferences. From and after the Closing, each Party shall continue to use reasonable best efforts to obtain any Guaranty Releases not received prior to the Closing, and in such case shall indemnify, defend and hold harmless, and compensate and reimburse, the other Party and its Affiliates and direct and indirect equityholders with respect to all liabilities or obligations arising out of or relating to any such Existing Guaranty, including as a result of Purchaser’s failure to perform or pay and discharge all obligations under such Existing Guaranty or arising from or related to Purchaser’s actions after the Closing under such Existing Guaranties (unless such obligations relate to a matter for which Purchaser is entitled to be indemnified under this Agreement). If any such Existing Guaranty remains outstanding and not fully released after the Closing, Purchaser shall not, and shall not permit the Company Group or any of their Affiliates to, (A) renew or extend the term of or (B) increase the obligations under, or transfer to another Person, any liability for which Seller or its Affiliates or direct and indirect equityholders (other than the Company Group) is or would reasonably be expected to be liable under any such outstanding Existing Guaranty.

21. After the Closing, Seller shall be under no obligation to extend or renew any Existing Guaranty that expires by its terms, or to agree with any beneficiary of an Existing Guaranty to any amendment, waiver, or assignment thereof.

22. Seller shall use its reasonable best efforts to cause the complete and unconditional release of the Company Group from those guarantees, letters of credit, surety bonds, indemnities and similar obligations with respect to the Business set forth on Section 5.26(a) of the Seller Disclosure Schedule (each, an “Existing Acquired Entity Guaranty”), and, if necessary, the substitution of a similar obligation of Seller, an Affiliate of Seller (other than a member of the Company Group) or a Third Party as the guarantor, indemnitor or responsible party (a “Substitute Acquired Entity Guaranty”) under each Existing Acquired Entity Guaranty, which Substitute Acquired Entity Guaranties shall be effective upon the Closing. Without limiting the foregoing, if any Existing Acquired Entity Guaranty remains outstanding and not fully released after the Closing, Seller shall:

x. continue to use reasonable best efforts after the Closing to relieve and release Purchaser, the Company Group, or its or their Affiliates or direct and indirect equityholders of any liabilities under any Existing Acquired Entity Guaranty under which Seller or one or more of its Affiliates have not been substituted in all respects for Purchaser, the Company Group, or its or their Affiliates or direct and indirect equityholders as of the Closing Date;
xi. not (A) renew or extend the term of or (B) increase the obligations under, or transfer to another Person, any liability for which Purchaser, the Company Group, or its or their Subsidiaries or direct and indirect equityholders is or would reasonably be expected to be liable under any such outstanding Existing Acquired Entity Guaranty; and

xii. indemnify and hold harmless, and compensate and reimburse, Purchaser, the Company Group, or its or their Affiliates or direct and indirect equityholders with respect to all Liabilities arising out of or relating to any such Existing Acquired Entity Guaranty, including any failure of Seller to perform, pay and discharge all obligations under such Existing Acquired Entity Guaranty.

23. Purchaser shall be under no obligation to extend or renew any Existing Acquired Entity Guaranty that expires by its terms, nor to agree with any beneficiary of an Existing Acquired Entity Guaranty to any amendment, waiver, or assignment thereof.

o. Insurance

24. Purchaser acknowledges and agrees that, except as expressly provided in this Section 5.27, effective at the time of the Closing, the Company Group will cease to be insured by any Insurance Policies. Purchaser and the Company Group or any of their respective Affiliates (but not Seller or any of its Affiliates) shall be solely responsible for procuring, paying for and maintaining insurance coverage for the Company Group effective from and after the Closing.

25. Notwithstanding Section 5.27(a), with respect to acts, omissions, events or circumstances allegedly or actually relating to the Company Group that occurred or existed prior to the Closing that are covered by occurrence-based Insurance Policies of Seller or any of its Affiliates (other than the Company Group) under which the Company, the Company Subsidiary or an insured affiliated with or named by the Company or the Company Subsidiary is insured prior to the Closing, Purchaser or the Company or the Company Subsidiary, or such insured as applicable, shall have the express right to make claims under such occurrence-based Insurance Policies subject to the terms and conditions thereof and this Agreement, to the extent such coverage and limits are available; provided, that Purchaser or such insured: (i) shall notify, or cause the Company or the Company Subsidiary, as applicable, to notify, Seller in writing of all such covered claims; and (ii) shall exclusively bear, or cause the Company or the Company Subsidiary or such insured, as applicable, to exclusively bear, and neither Seller nor any of its Affiliates or direct or indirect equityholders shall have any obligation to repay or reimburse Purchaser or the Company Group or such insured for, the amount of any deductibles or self-insured retentions associated with claims under such Insurance Policies, and Purchaser or such insured shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of such claims; provided, further, that any insurance proceeds related to losses incurred by the Company Group prior to the Closing shall be paid to Seller unless otherwise expressly provided in this Agreement. Seller shall reasonably assist and cooperate with Purchaser on any claim for coverage and the receipt of insurance proceeds by or on behalf of the Company Group or Purchaser. During the Pre-Closing Period, Seller shall take no action to exclude or remove the Company or the Company Subsidiary or an insured affiliated with or named by the Company or
the Company Subsidiary from any occurrence-based Insurance Policies that were in effect at any time prior to the Closing.

26. For the avoidance of doubt, from and after the Closing, neither Purchaser nor the Company Group shall have any right to, nor shall any of the foregoing, make claims or seek coverage under any claims-made Insurance Policies provided to the Company Group by Third Parties or by Seller or any of its Affiliates.

27. Purchaser shall cause the Company Group to reasonably cooperate with Seller and share such information as is reasonably requested by Seller in order to permit Seller and its Affiliates and direct and indirect equityholders to manage and conduct their insurance matters as such Persons deem reasonably appropriate.

p. **Shared Contracts.** Prior to the Closing, each of Seller and Purchaser shall use its commercially reasonable efforts to (a) seek all Consents required under any Material Contract to which Purchaser has provided written notice to Seller that such Consent shall be sought, to consummate the transactions contemplated hereby, (b) assign any Shared Contracts that relate exclusively to the Business, to the Company Subsidiary and (c) cause the Company Group to enter into new Contracts with the counterparties to the Shared Contracts which are primarily, but not exclusively, used in the Business on terms which are in the aggregate no less favorable, in the case of monetary terms, and not materially less favorable, in the case of non-monetary terms, to the Company Group those terms in the existing applicable Shared Contract so that the Company Group shall be entitled to the rights and benefits, and shall be responsible for any related economic burden, relating to the Business thereunder and Seller or its Affiliates shall be entitled to the rights and benefits, and shall be responsible for any economic burden, relating to the balance of the subject matter of such Shared Contract. Neither Seller nor Purchaser shall be obligated to make, and without the prior written consent of Purchaser shall not cause or permit the Company Group to make, or agree to make, any payment or concession to any Third Party in connection with any such consent, assignment or new Contract. If any Shared Contract is not assigned or separated prior to the Closing, Seller and Purchaser shall, and shall cause each of their respective Affiliates to, continue to use their commercially reasonable efforts to cause, for the 12-month period after the Closing or, if earlier, until such Shared Contract is assigned, separated or expires in accordance with its terms, (i) the rights and benefits under each Shared Contract to the extent relating to the Business to be enjoyed by the Company Group, (ii) the economic burden under each Shared Contract to the extent relating to the Business to be borne by the Company Group, (iii) the rights and benefits under each Shared Contract to the extent relating to the Business to be enjoyed by the Company Group, and (iv) the economic burden under each Shared Contract to the extent relating to any business other than the Business to be borne by Seller. Nothing in this Section 5.28 shall require Seller, Purchaser or any of their respective Affiliates to make any payment, incur any obligation (other than those expressly set forth in this Section 5.28) or grant any concession in order to effect any transaction contemplated by this Section 5.28.

q. **Director and Officer Liability.**
28. To the fullest extent permitted by Law, the Organizational Documents of the Company Group shall contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of former or present directors, managers and officers than are set forth in the Organizational Documents of the Company Group as of the date hereof, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the Closing in any manner that would adversely affect the rights thereunder of any such individuals.

29. Prior to the Closing, Seller shall obtain or otherwise secure “tail” insurance policies to the officers’ and directors’ liability insurance policies, to remain in effect for six years after the Closing with respect to acts or omissions existing or occurring at or prior to the Closing in an amount and scope at least as favorable as the coverage applicable to such policies as of the date hereof under Seller’s existing applicable insurance policies; provided, that Seller may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous to the beneficiaries thereof so long as such substitution does not result in gaps or lapses in coverage with respect to matters occurring prior to the Closing Date and extend such coverage for at least six years following the Closing Date.

30. Notwithstanding anything herein to the contrary, if any claim, action, suit, proceeding or investigation (whether arising before, at or after the Closing) is made against any Indemnified Individual on or prior to the sixth anniversary of the Closing, the provisions of this Section 5.29 shall continue in effect until the final disposition of such claim, action, suit, proceeding or investigation.

31. This covenant is intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Individuals and their respective heirs and legal representatives. The indemnification provided for herein shall not be deemed exclusive of any other rights to which an Indemnified Individual is entitled, whether pursuant to law, contract or otherwise.

32. In the event that the Company or Purchaser or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or a majority of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Company or Purchaser, as the case may be, shall succeed to the obligations set forth in this Section 5.29.

r. Transition Support Services Agreement Schedules. On the Closing Date, each of Seller and Purchaser (on behalf of themselves and their respective applicable Affiliates) shall enter into the Transition Support Services Agreement substantially in the form attached hereto as Exhibit D. The Parties acknowledge that the schedules to the form of Transitional Support Services Agreement (the “TSSA Schedules”) have not been finalized in their entirety and agreed to by the Parties as of the date of this Agreement. The Parties agree to work together in good faith using their reasonable best efforts prior to the Closing to prepare and agree to the TSSA Schedules and Seller shall not unreasonably withhold, condition or delay approval of any reasonable request by Purchaser to include a service on the TSSA Schedules which has been
provided by Seller or any of its Affiliates to the Company Group as of immediately prior to the Closing.

s. Information Statement Filing.

33. As promptly as reasonably practicable, and in any event within 60 days following the date of this Agreement, Seller shall prepare and file with the SEC the Information Statement. Seller shall use reasonable best efforts as promptly as reasonably practicable (and after consultation with Purchaser and reasonably considering any reasonable proposals by Purchaser with respect to Seller’s response) to respond to any comments or requests for additional information made by the SEC with respect to the Information Statement.

34. As promptly as reasonably practicable after the Information Statement has been cleared by the SEC or as promptly as reasonably practicable after 10 days have passed since the date of filing of the preliminary Information Statement with the SEC without notice from the SEC of its intent to review the Information Statement, Seller shall file with the SEC the Information Statement in definitive form as contemplated by Rule 14c-2 promulgated under the Exchange Act substantially in the form previously cleared or filed with the SEC, as the case may be, and mail a copy of the Information Statement to Seller’s stockholders of record.

35. Purchaser shall reasonably cooperate with Seller in the preparation of the Information Statement. Without limiting the generality of the foregoing, (i) Purchaser will furnish to Seller the information relating to it and its Affiliates required by the Exchange Act and the rules and regulations promulgated thereunder to be set forth in the Information Statement, that is customarily included in information statements prepared in connection with transactions of the type contemplated by this Agreement or that is reasonably requested by Seller, and (ii) prior to the filing with the SEC or the mailing to the stockholders of Seller of the Information Statement, Seller shall provide Purchaser with a reasonable opportunity to review and comment on, and Seller shall reasonably consider all comments reasonably proposed by Purchaser with respect to, the Information Statement. Each of Seller and Purchaser agrees to correct any information provided by it for use in the Information Statement which shall have become false or misleading. Seller shall promptly (A) notify Purchaser upon the receipt of any comments or requests from the SEC and its staff related to the Information Statement and (B) provide Purchaser with copies of all correspondence between Seller and its Representatives, on the one hand, and the SEC and its staff, on the other hand, to the extent such correspondence relates to the Information Statement. No amendment or supplement to the Information Statement shall be made by Seller without providing the Purchaser with a reasonable opportunity to review and comment on, and Seller shall reasonably consider all comments reasonably proposed by Purchaser with respect to, such amendment.

t. Seller 365 Day Certificate. No later than September 10, 2021 at 12:00 p.m. Central Time, if the Closing has not occurred prior to such time, Seller shall deliver to Purchaser a certificate in the form attached hereto as Exhibit H dated as of September 10, 2021 duly executed by an authorized officer of Seller; provided, however that notwithstanding anything to the contrary in this Agreement, other than with respect to Fraud, failure of any certification, representation, warranty or other statement in the certificate delivered pursuant to this Section.
Section 5.32 to be true and correct as of such date shall not constitute a breach of any representation, warranty or covenant under this Agreement for any purpose. Time is of the essence with respect to this Section 5.32.

u. Transfer and Release of Collateral.

36. Prior to the Closing, Seller shall use its reasonable best efforts to (i) transfer or cause to be transferred from the Company Group to Seller any and all cash and cash equivalents which are held as collateral, pledged or otherwise required to support the Pre-Closing DOE Letter of Credit, such that the Company Group shall have no further rights in such cash and cash equivalents or obligations pursuant to the Company Subsidiary Deposit Account Pledge Agreement (as defined in the Seller Disclosure Schedule) and (ii) transfer or cause to be transferred from Seller to the Company Group any and all cash and cash equivalents which are held by Seller but collateralized, pledged or otherwise required to support any other letters of credit, performance bonds, surety bonds or similar instruments required by any Educational Agency for the benefit of, or with respect to, the Company Group (such cash or cash equivalents, the “Seller Regulatory Collateral”), in each case to the extent permissible pursuant to the terms of such instruments.

37. With respect to any Seller Regulatory Collateral held by Seller at or following the Closing, Purchaser shall use its reasonable best efforts from and after the Closing to cause such Seller Regulatory Collateral to be released from or otherwise become free of the Liens under the applicable letters of credit, performance bonds, surety bonds or similar instruments to which such collateral relates to permit such Seller Regulatory Collateral to be transferred by Seller without breach of or violation thereof or of any applicable Law or Educational Law. With respect to any Seller Regulatory Collateral or portion thereof that remains Seller Regulatory Collateral as of the one-year anniversary of the Closing Date (other than any DOE Restricted Cash), Purchaser shall, or shall cause the Company Group to, remit the amount of such remaining Seller Regulatory Collateral to Seller within 30 days following the one-year anniversary of the Closing Date (any amounts so remitted to Seller, the “Seller Regulatory Collateral Refund”). To the extent that any Seller Regulatory Collateral (excluding, for the avoidance of doubt, any DOE Restricted Cash) or portion thereof is released following the payment by Purchaser or the Company Group of any Seller Regulatory Collateral Refund with respect thereto, Seller shall promptly, and in any event within 30 days following such release in whole or in part thereof, remit to Purchaser any such Seller Regulatory Collateral with respect to which Seller had received a Seller Regulatory Collateral Refund.

38. With respect to any DOE Restricted Cash: (i) so long as such cash or cash equivalents remain DOE Restricted Cash, such DOE Restricted Cash shall not be transferred or pledged, other than pursuant to the Pre-Closing Letter of Credit, the Company Subsidiary Deposit Account Pledge Agreement or any other related pledge agreement; (ii) Purchaser will request that the depositary bank of such DOE Restricted Cash provide monthly statements of the amount of such cash to Seller; (iii) promptly, and in any event within 30 days following the date on which Seller notifies Purchaser in writing that the Pre-Closing DOE Letter of Credit is terminated or released, or the DOE Restricted Cash is otherwise released from the pledge or
restrictions thereon, including the Company Subsidiary Deposit Account Pledge Agreement, in each case, such that Purchaser may transfer such cash or cash equivalents to Seller or its designee, in whole or in part, without breach or violation thereof or of any Law or Educational Law. Purchaser shall remit such released cash or cash equivalents to Seller or Seller’s designee. Purchaser shall have no right to set-off, deduction, recoupment or offset regarding any DOE Restricted Cash with respect to any payments owed, obligations, disputes, claims or Liabilities that Purchaser could assert against Seller, whether under this Agreement or otherwise.

39. For the avoidance of doubt, with respect to any Regulatory Restricted Cash included in the calculation of Closing Cash and Cash Equivalents, from and after the Closing, Purchaser shall not have any obligation to remit such cash to the Seller pursuant to this Section 5.33 following the release thereof.

ARTICLE VI.

CONDITIONS TO THE CLOSING

v. Conditions to Purchaser and Seller’s Obligation. The respective obligations of Purchaser and Seller to consummate the Closing are subject to the satisfaction or written waiver (to the extent permitted by applicable Law (without giving effect to the proviso in the definition thereof)) by Purchaser and Seller at or prior to the Closing of the following conditions:

40. No Restraints. No Governmental Authority of competent jurisdiction or Educational Agency shall have enacted, issued, promulgated, enforced or entered any Judgment or Law (without giving effect to the proviso in the definition thereof) that (i) is in effect and (ii) prohibits or prevents the consummation of the transactions contemplated hereby.

41. Antitrust Approvals. Any waiting period under the HSR Act and the Foreign Filing set forth on Section 6.01(b) shall have expired or been terminated, any approvals, consents, waivers, or clearances required in connection with the transactions contemplated hereby under the Foreign Filing shall have been obtained and there not be in effect any Law or Judgment (whether temporary, preliminary or permanent) to prohibit, restrain, enjoin or make illegal the consummation of the transactions contemplated hereunder and there shall not be in effect any voluntary agreement between Purchaser, Seller or its Affiliates (including the Company Group) and the United States Federal Trade Commission, United States Department of Justice or other applicable Governmental Authority pursuant to which Purchaser, Seller or its Affiliates, as applicable, has agreed not to consummate the transactions contemplated hereunder for any period of time.

42. Educational Regulatory Conditions. The Parties shall have received (i) the DOE Preacquisition Response, and (ii) all Pre-Closing Educational Consents listed on Section 6.01(c)(ii) of the Seller Disclosure Schedule shall have been obtained or made, as applicable.

43. Seller Stockholder Approval. The Information Statement shall have been cleared by the SEC and sent to Seller’s stockholders in accordance with Section 5.31 and Regulation 14C of the Exchange Act at least 20 days prior to the Closing Date.
w. Conditions to Obligation of Purchaser. The obligation of Purchaser to consummate the Closing is subject to the satisfaction (or written waiver by Purchaser, to the extent permitted by Law (without giving effect to the proviso in the definition thereof)) at or prior to the Closing of the following conditions:

44. Representations and Warranties. (i) Each of the Fundamental Representations of Seller shall be true and correct in all respects as of the date hereof and as of the Closing as though made on and as of the Closing (except that those representations and warranties which expressly relate to a particular date need only be so true and correct as of such date), except for any failure to be so true and correct that is de minimis in nature and (ii) the representations and warranties of Seller contained in this Agreement that are not subject to the immediately preceding clause (i) shall be true and correct (without giving effect to any limitation as to “materiality” or “Material Adverse Effect” or similar qualifier, except that the term “Material Contracts”, the word “material” as set forth in Section 3.08(c) and the words “Material Adverse Effect” as set forth in Section 3.09 shall be given effect) as of the date hereof and as of the Closing as though made on and as of the Closing (except that those representations and warranties which expressly relate to a particular date need only be so true and correct as of such date) except, in the case of this clause (ii), where the failure of such representations and warranties to be so true and correct would not have a Material Adverse Effect.

45. Performance of Obligations of Seller and the Company. Seller shall have performed or complied with, in all material respects, all agreements, covenants and obligations required by this Agreement to be performed or complied with by it prior to or at the time of the Closing.

46. No Material Adverse Effect. Since the date hereof, there shall not have been, nor shall there be, a Material Adverse Effect.

47. Educational Regulatory Conditions.

xiii. The University shall not have lost or withdrawn from its participation in Title IV Programs.

xiv. The Pre-Closing Educational Consent listed on Section 6.01(d)(ii) of the Seller Disclosure Schedule shall have been obtained or made, as applicable.

48. Deliveries. Purchaser shall have received the deliverables described in Section 2.02(d)(i), (ii), (iii), (v) and (vi).

49. Existing Debt Release. Each member of the Company Group and all assets held by the Company Group shall have been irrevocably released from any and all obligations (including guarantees) and Liens under the Existing Credit Agreement and related loan documents, the Existing Indenture and Existing Notes.

x. Conditions to Obligation of Seller. The obligation of Seller to consummate the Closing is subject to the satisfaction (or written waiver by Seller, to the extent permitted by Law
(without giving effect to the proviso in the definition thereof)) on or prior to the Closing Date of the following conditions:

50. **Representations and Warranties.** (i) Each of the Fundamental Representations of Purchaser shall be true and correct in all respects as of the date hereof and as of the Closing as though made on and as of the Closing (except that those representations and warranties which expressly relate to a particular date need only be so true and correct as of such date), except for any failure to be so true and correct that is *de minimis* in nature and (ii) the representations and warranties of Purchaser contained in this Agreement that are not subject to the immediately preceding clause (i) shall be true and correct (without giving effect to any limitation as to “materiality” set forth therein) as of the date hereof and as of the Closing as though made on and as of the Closing (except that those representations and warranties which expressly relate to a particular date need only be so true and correct as of such date), except, in the case of this clause (ii), to the extent that the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to prevent or materially and adversely affect Purchaser’s ability to perform its obligations hereunder or consummate the transactions to be consummated by Purchaser hereunder.

51. **Performance of Obligations of Purchaser.** Purchaser shall have performed or complied with, in all material respects, all agreements, covenants and obligations required by this Agreement to be performed or complied with by it prior to or at the time of the Closing.

52. **Deliveries.** Seller shall have received the deliverables described in Section 2.02(b)(i), (ii) and (iii).

ARTICLE VII.

TERMINATION

y. **Termination.** This Agreement may be terminated, and the transactions contemplated by this Agreement abandoned, at any time prior to the Closing:

53. by mutual written consent of Seller and Purchaser; or

54. by either Seller or Purchaser:

   xv. if consummation of the transactions contemplated hereby would violate any non-appealable final Law (without giving effect to the proviso in the definition thereof) or Judgment of any Governmental Authority (without giving effect to the proviso in the definition thereof) having competent jurisdiction; provided, however, that the right to terminate this Agreement under this Section 7.01(b)(i) shall not be available to any Party whose action or failure to perform any of its obligations under this Agreement has been the primary cause of, or primarily resulted in, the issuance of such non-appealable final Law (without giving effect to the proviso in the definition thereof) or Judgment and such action or failure to perform constitutes a breach of this Agreement;
xvi. if the Closing does not occur on or prior to March 11, 2022 (such date, the “End Date”); provided, however, that the right to terminate this Agreement under this Section 7.01(b)(ii) shall not be available to any Party whose action or failure to perform any of its obligations under this Agreement has been the primary cause of, or primarily resulted in, the failure of the Closing to have occurred on or before the End Date and such action or failure to perform constitutes a breach of this Agreement; or

xvii. if the DOE issues a written response to the DOE Preacquisition Application following the completion of the DOE’s comprehensive review, which written response affirmatively states that the PPA approving the change of ownership will not be issued following the Closing and such statement is not qualified or conditioned and such written response has not been withdrawn or superseded by a subsequent written response that does not contain such statement; provided, however, that the right to terminate this Agreement pursuant to this Section 7.01(b)(iii) shall not be available to any Party who is then in material breach of Section 5.05(b);

55. by Purchaser:

xviii. if Seller shall have breached or failed to perform any of its representations, warranties, covenants or agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.01, Section 6.02(a), Section 6.02(b) or Section 6.02(c) and (B) cannot be cured by Seller by the End Date, or if capable of being cured by such date, shall not have been cured by the earlier of (1) the 30th day following receipt by Seller of written notice of such breach or failure to perform from Purchaser stating Purchaser’s intention to terminate this Agreement pursuant to this Section 7.01(c) and the basis for such termination and (2) the End Date; provided, however, that Purchaser shall not have the right to terminate this Agreement pursuant to this Section 7.01(c) if Purchaser is then in material breach of any representations, warranties, covenants or other agreements hereunder which breach would result in a condition to the Closing set forth in Section 6.01, Section 6.03(a) or Section 6.03(b) not being satisfied; or

xix. if the DOE issues a written response to the DOE Preacquisition Application following the completion of the DOE’s comprehensive review setting forth any terms of or conditions to the issuance of the PPA approving the change of ownership following the Closing, which contains a Burdensome Condition; provided, however, that Purchaser shall not have the right to terminate this Agreement pursuant to this Section 7.01(c)(ii) if Purchaser is then in material breach of Section 5.05(b); or

56. by Seller:

xx. (A) if Purchaser shall have breached or failed to perform any of its representations, warranties, covenants or agreements contained in this Agreement, which breach or failure to perform (1) would give rise to the failure of a condition set forth in Section 6.01, Section 6.03(a) or Section 6.03(b) and (2) cannot be cured by Purchaser by the End Date, or if capable of being cured by such date, shall not have been cured by the earlier
of (x) the 30th day following receipt by Purchaser of written notice of such breach or failure to perform from Seller stating Seller’s intention to terminate this Agreement pursuant to this Section 7.01(d)(i) and the basis for such termination and (y) the End Date; provided, however, that Seller shall not have the right to terminate this Agreement pursuant to this Section 7.01(d)(i) if Seller is then in breach of any representations, warranties, covenants or other agreements hereunder which breach would result in a condition to the Closing set forth in Section 6.01, Section 6.02(a), Section 6.02(b) or Section 6.02(c) not being satisfied or (B) notwithstanding any cure periods set forth in Section 7.01(d)(i), if all of the conditions set forth in Section 6.01, Section 6.02(a), Section 6.02(b) and Section 6.02(c) have been satisfied (other than any condition which by its nature is to be satisfied at the Closing) and Purchaser fails to consummate the Closing by the time the Closing should have occurred pursuant to Section 2.02; or

xxi. if (A) all of the conditions set forth in Section 6.01 and Section 6.02 have been satisfied or waived (other than those conditions that by their terms are to be satisfied or waived at the Closing itself, but subject to the ability of such conditions to be satisfied at the Closing) if the Closing Date were the date the Closing should have occurred pursuant to Section 2.02, (B) Purchaser fails to consummate the Closing within two Business Days following the date the Closing should have occurred pursuant to Section 2.02, (C) Seller has irrevocably confirmed by written notice to Purchaser that (1) all conditions set forth in Section 6.01 (with respect to Seller) and Section 6.03 have been satisfied or that it will waive any unsatisfied conditions in Section 6.01 (with respect to Seller) and Section 6.03 and (2) Seller is ready, willing and able to and will consummate the Closing on such date and at all times during the five Business Day period thereafter and (D) the Closing shall not have been consummated by the later of five Business Days after delivery of such notice and the earliest date the Closing would occur pursuant to Section 2.02; provided that during such five Business Day period following the date the Closing should have been consummated pursuant to Section 2.02, neither Party shall be entitled to terminate this Agreement pursuant to Section 7.01(b)(ii).

z. Effect of Termination. In the event Seller or Purchaser elects to terminate this Agreement pursuant to Section 7.01(b), (c) or (d), such termination shall be effective only upon written notice thereof delivered to the other Party, specifying the provision hereof pursuant to which such termination is made; provided, that in the case of termination pursuant to Section 7.01(c) or Section 7.01(d)(i), such termination is subject to the prior delivery of the notice and cure period referenced therein, if applicable. In the event that this Agreement is validly terminated pursuant to Section 7.01, this Agreement shall forthwith become null and void and of no further force and effect (other than the provisions of Section 5.03(a) (Confidentiality), Section 5.09 (Publicity), this Article VII and Article X, all of which shall survive termination of this Agreement), and there shall be no Liability on the part of Purchaser or Seller or their respective Affiliates or Representatives, except, subject to Section 7.03, (a) as Liability may exist pursuant to the sections specified in this Section 7.02 that survive such termination and (b) that no such termination shall relieve either Party from any Liability arising out of any Willful Breach by such Party of any covenant or agreement of such Party contained in this Agreement or Fraud. “Willful Breach” means a knowing and intentional deliberate act or a deliberate failure to act,
which act or failure to act constitutes in and of itself a material breach of this Agreement, which material breach constitutes, or is a consequence of, a purposeful act or failure to act by such party with the knowledge that the taking of such act or failure to take such act would cause a material breach of this Agreement.

aa. **Termination Fees.**

57. In the event that this Agreement is validly terminated:

xxii. by Seller pursuant to Section 7.01(d)(i) or Section 7.01(d)(ii) (or is otherwise terminated when Seller was entitled to terminate this Agreement pursuant to Section 7.01(d)(i) or Section 7.01(d)(ii)),

xxiii. by Purchaser pursuant to Section 7.01(b)(ii) at a time when (A) the conditions set forth in Section 6.01(c)(i) is the only condition in Article VI which remains unsatisfied (other than those conditions that by their terms are to be satisfied or waived at the Closing itself, but subject to the ability of such conditions to be satisfied at the Closing), (B) the DOE’s written response to the DOE Preacquisition Application following the completion of the DOE’s comprehensive review has been received and (C) Purchaser does not have a right to terminate this Agreement under Section 7.01(b)(i), Section 7.01(b)(iii), or Section 7.01(e)(i), or

xxiv. by Purchaser pursuant to Section 7.01(c)(ii) at a time when Purchaser does not have a right to terminate this Agreement under Section 7.01(b)(i) or Section 7.01(c)(i).

then Purchaser shall pay to Seller (or Seller’s designee) a non-refundable termination fee of $88,800,000 in cash by wire transfer of immediately available funds (the “Termination Fee”) as promptly as practicable and in any case within two Business Days following such termination.

58. Purchaser acknowledges that in the event that Purchaser shall fail to pay the Termination Fee when due, Purchaser shall reimburse Seller and its Affiliates for all reasonable costs and expenses actually incurred or accrued by Seller or its Affiliates (including reasonable fees and expenses of counsel) in connection with any action (including the filing of any lawsuit) taken to collect payment of such amount, together with interest on such unpaid amounts at four percent per annum, calculated on a daily basis from the date such amounts were required to be paid to the date of actual payment. The Parties acknowledge and agree that nothing in this Section 7.03 shall be deemed to affect their respective rights to specific performance under Section 10.13.

59. In the event that Seller shall receive full payment pursuant to Section 7.03(a), the receipt of the Termination Fee, as applicable, shall be deemed to be liquidated damages for any and all Losses suffered or incurred by Seller, the Company Group or any of the Related Parties or their respective Representatives in connection with this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby (and the abandonment or termination thereof) or any matter forming the basis for such termination, and

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none of Seller, the Company Group or any of the Related Parties or their respective Representatives shall be entitled to bring or maintain any Proceeding against Purchaser, the Debt Financing Sources or their respective Affiliates and Representatives arising out of or in connection with this Agreement, the Debt Commitment Letter, any Fee Letter, the Ancillary Documents or any transactions contemplated hereby or thereby (or the abandonment or termination thereof) or any matters forming the basis for such termination.

60. The Parties acknowledge and agree that the agreements contained in this Section 7.03 are an integral part of the transactions contemplated by this Agreement, that any payment of the Termination Fee is not a penalty but is liquidated damages in a reasonable amount that will compensate Seller in the circumstances in which such fees are payable for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated by this Agreement, which amount would otherwise be impossible to calculate with precision and that, without these agreements, the Parties would not have entered into this Agreement.

61. Notwithstanding anything to the contrary contained in this Agreement, but subject to Section 7.03 and Seller’s rights set forth in Section 10.13, the Parties acknowledge that, in the circumstances where the Termination Fee is paid to Seller pursuant to Section 7.03(a), the reimbursement and indemnification obligations of Purchaser and its Affiliates under Section 5.15 and Seller’s receipt of the Termination Fee and any other amounts pursuant to Section 7.03(b) from Purchaser and Seller’s right to seek specific performance of this Agreement by Purchaser prior to termination of this Agreement, as provided for and subject to the limitations set forth in Section 10.13, shall be the sole and exclusive remedy of Seller, the Company Group and the Related Parties and their respective Representatives, successors and assigns against Purchaser, the Debt Financing Sources and their respective Affiliates and Representatives for any Losses and Liabilities suffered as a result of this Agreement, the Debt Commitment Letter, any Fee Letter, the Ancillary Documents, the transactions contemplated hereby and thereby, the failure of the transactions contemplated by this Agreement to be consummated or for a breach or failure to perform hereunder, any statements or representations made in connection with this agreement or under any theory of liability related to any of the foregoing or otherwise, whether at law or in equity, in contract, in tort or otherwise, and upon receipt by Seller of such amounts, none of Purchaser, the Debt Financing Sources or their respective Affiliates and Representatives shall have any further Liability or obligation relating to or arising out of this Agreement, the Debt Commitment Letter, any Fee Letter, the Ancillary Documents or the transactions contemplated hereby or thereby. For the avoidance of doubt, in the circumstances where this Agreement has been terminated by Seller pursuant to Section 7.01(d)(i) or Section 7.01(d)(ii) and Seller has received full payment of the Termination Fee pursuant to Section 7.03(a), none of Seller, the Company Group or any Related Party or their respective Affiliates, Representatives, successors and assigns will be entitled to monetary damages in excess of the amount of the Termination Fee (except for any indemnification or reimbursement pursuant to Section 5.16 and any amounts payable pursuant to Section 7.03(b)). In any other circumstance, the amount of the Termination Fee shall not serve as a cap or limitation on the amount of any monetary damages to which Seller, the Company Group or any
Related Party of their respective Affiliates, Representatives, successors and assigns may be entitled pursuant to or in connection with this Agreement, the Debt Commitment Letter, any Fee Letter, the Ancillary Documents and the transactions contemplated hereby and thereby (including the failure to consummate any such transactions). In no event shall (i) Purchaser be required to pay the Termination Fee on more than one occasion, whether paid by or on behalf of Purchaser or any of its Affiliates or (ii) Seller, the Company Group or the Related Parties be entitled to receive (or designate any other Persons to receive) the Termination Fee more than once, and while Seller may pursue both a grant of specific performance to consummate the Closing in accordance with Section 10.13 and the payment of the damages or Termination Fee under Section 7.03(a), under no circumstances shall Seller be permitted or entitled to receive both a grant of specific performance to consummate the Closing and any payment of the Termination Fee. For the avoidance of doubt, in no event shall the Termination Fee be payable on more than one occasion, regardless of whether the termination fee is payable in respect of more than one event giving rise to a right of termination.

ARTICLE VIII.

INDEMNIFICATION

ab. Survival. The representations and warranties contained in Article III and Article IV shall survive the Closing until the first anniversary of the Closing Date; provided, that notwithstanding the foregoing, (a) the Fundamental Representations shall survive until the sixth anniversary of the Closing and (b) the representations and warranties contained in Section 3.15 (Taxes) shall survive until the third anniversary of the Closing. All of the covenants and other agreements of the Parties contained in this Agreement for which performance or fulfillment is contemplated to occur (i) prior to the Closing shall survive the Closing until the first anniversary of the Closing Date and (ii) at or following the Closing shall survive until fully performed or fulfilled; provided that, (x) in the case of claims for indemnification under Section 8.02(a)(iii) with respect to Indemnified Taxes described in clauses (a) or (d) of the definition of “Indemnified Taxes”, the Claim Notice must be given before 60 days after the expiration of the applicable statute of limitations (including any statute applicable to the collection of any such Indemnified Taxes) and (y) in the case of claims for indemnification under Section 8.02(a)(iii) with respect to Indemnified Taxes described in clauses (b) or (c) of the definition of “Indemnified Taxes” or claims for indemnification under Section 8.02(vi), the Claim Notice must be given before the third anniversary of the Closing. Any claim for indemnification under this Article VIII must be asserted by a Claim Notice within the applicable survival period contemplated by this Section 8.01, and if such a Claim Notice is given within such applicable period, the survival period for such representation, warranty, covenant or other agreement with respect to such claim shall continue until the claim is fully resolved.

c. Indemnification.

62. Post-Closing Indemnification by Seller. Subject to this Article VIII, from and after the Closing, Seller shall indemnify and hold harmless Purchaser and its Affiliates (including, after the Closing, the Company Group) and each of Purchaser’s and such Affiliates’ respective Representatives (the “Purchaser Indemnitees”) from and against, and compensate and
reimburse them for, any and all damages, claims, losses, costs, Liabilities, Judgments, expenses or amounts paid in settlement, including interest, fines, penalties, reasonable attorneys’ fees and expenses of investigation, defense, enforcement of this Agreement and remedial action (collectively, “Losses”), asserted against, suffered, sustained, accrued or incurred by such Purchaser Indemnitees arising out of or relating to:

xxv. any breach of or inaccuracy in any representation or warranty made by Seller or the Company Group in this Agreement or in any certificate delivered to Purchaser pursuant to this Agreement, other than (A) the representations and warranties set forth in Section 3.15 (Taxes) (which are the subject of Section 8.02(a)(iv)), and (B) the certificate delivered pursuant to Section 5.32;

xxvi. any failure of Seller to perform or any breach by Seller of any covenant or obligation of Seller in or pursuant to this Agreement;

xxvii. any Indemnified Taxes;

xxviii. any breach of or inaccuracy in any representation or warranty set forth in Section 3.15 (Taxes);

xxix. any Liabilities of Seller or its Affiliates to the extent not arising out of or relating to the Business or the Company Group; or

xxx. any matter described on Section 8.02(a)(vi) of the Seller Disclosure Schedule.

63. **Indemnification by Purchaser.** Subject to this Article VIII, from and after the Closing, Purchaser shall indemnify Seller and its Affiliates and each of their respective Representatives and Affiliates (the “Seller Indemnitees”) from and against, and compensate and reimburse them for, any and all Losses asserted against, suffered, sustained, accrued or incurred by such Seller Indemnitees arising out of or relating to:

xxx. any breach of or any inaccuracy in any representation or warranty made by Purchaser in this Agreement or any certificate delivered to Seller pursuant to this Agreement;

xxxii. any failure of Purchaser to perform or any breach by Purchaser of any covenant or obligation of Purchaser in or pursuant to this Agreement;

xxxiii. any Liabilities to the extent arising out of or relating to the ownership or operation of the Business or the Company Group following the Closing by Purchaser or its Affiliates; or

xxxiv. any amounts drawn by the DOE under a Pre-Closing DOE Letter of Credit on behalf of the Company Group.
The term “Losses” as used in this Article VIII is not limited to Third Party Claims, but includes Losses incurred or sustained by such Indemnified Parties in the absence of Third Party Claims, and payments by an Indemnified Party shall not be a condition precedent to recovery; provided that Losses shall not include punitive and special damages except to the extent such Indemnified Party is actually liable to a Third Party for such amounts in connection with a Third Party Claim and such amounts are otherwise indemnifiable pursuant to this Article VIII.

ad. Indemnification Procedures.

64. Third Party Claims. If any Purchaser Indemnitee or Seller Indemnitee (the “Indemnified Party”) receives written notice or written threat of the commencement of any Proceeding or the assertion of any claim by a Third Party or the imposition of any penalty or assessment, for which indemnity may be sought under Section 8.02(a) or Section 8.02(b) (a “Third Party Claim”), and such Indemnified Party intends to seek indemnity pursuant to this Article VIII, the Indemnified Party shall promptly (but no later than 30 days after receiving such notice or threat), and in any event prior to the expiration of any applicable survival period specified in Section 8.01, provide the other Party (the “Indemnifying Party”) with written notice of such Third Party Claim, stating, to the extent available and practicable, reasonable detail thereof, including the nature, basis, the amount thereof (to the extent known or estimated, which amount shall not be conclusive of the final amount of such Third Party Claim), the method of computation thereof (to the extent known or estimated), any other remedy sought thereunder, any relevant time constraints relating thereto, and, to the extent practicable, any other material details pertaining thereto, along with copies of the relevant documents evidencing such Third Party Claim and the basis for indemnification sought. Failure of the Indemnified Party to give such notice within such 30-day period will not relieve the Indemnifying Party from its indemnification obligations hereunder, except to the extent (and then only to such extent) that such failure actually and materially prejudices the defense of such Third Party Claim. The Indemnifying Party will have 30 days from receipt of any such notice of a Third Party Claim to give notice to the Indemnified Party whether it is assuming and controlling the defense, appeal or settlement proceedings thereof with counsel of the Indemnifying Party’s choice, it being understood that the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnified Party with respect to such Third Party Claim, except to the extent provided in this Section 8.03; provided, further, that an Indemnifying Party shall not have the right to assume and control such defense, appeal or settlement proceedings if (i) such Third Party Claim seeks non-monetary relief (except where non-monetary relief is merely incidental to a primary claim or claims for monetary damages), (ii) such Third Party Claim seeks criminal or regulatory enforcement penalties or involves an Educational Approval, (iii) the Indemnifying Party fails to conduct the defense of the Third Party Claim diligently, (iv) such Third Party Claim seeks money damages reasonably likely to be adjudicated in excess of the applicable cap set forth in Section 8.04, (v) the Indemnified Party has reasonably concluded, based on the advice of counsel, that the Indemnifying Party and the Indemnified Party have a material conflict under applicable standards of professional conduct with respect to such Third Party Claim or (vi) in the case of indemnification of a Purchaser Indemnitee, any insurer or underwriter is required or has elected to assume the defense of such Third Party Claim under the R&W Insurance Policy. Any
notice of an Indemnifying Party indicating that it is assuming and controlling the defense, appeal or settlement proceedings with respect to any Third Party Claim shall be accompanied by a statement of the Indemnifying Party, for informational purposes only, indicating whether the Indemnifying Party currently believes that it will responsible and liable for all Losses which result from such Third Party Claim, subject to the limitations set forth in Section 8.04 or has any grounds to contents its responsibility and liability therefor.

65. So long as the Indemnifying Party has assumed the defense, appeal or settlement proceedings of the Third Party Claim in accordance herewith, (i) the Indemnified Party may retain separate cocounsel at the Indemnified Party’s sole cost and expense and participate in (but not control) the defense, appeal or settlement proceedings of the Third Party Claim; provided, that in the event the Indemnified Party has reasonably concluded, based on the advice of counsel, that the Indemnifying Party and the Indemnified Party have a material conflict under applicable standards of professional conduct with respect to such Third Party Claim, the reasonable and documented cost of such one separate co-counsel (together with no more than one necessary local counsel in any applicable jurisdiction) shall be funded by the Indemnifying Party as Losses hereunder, (ii) the Indemnified Party will not admit any Liability, file any papers or consent to the entry of any Judgment or enter into any settlement agreement, compromise or discharge with respect to the Third Party Claim without the prior written consent of the Indemnifying Party and (iii) the Indemnifying Party shall be authorized to file any papers or consent to the entry of any Judgment or enter into any settlement agreement, compromise or discharge with respect to the Third Party Claim in its sole discretion and without the consent of any Indemnified Party; provided, that such papers, Judgment, settlement agreement, compromise or discharge fully releases the Indemnified Party from any Liability with respect to such Third Party Claim and does not involve any admission of any wrongdoing by any Indemnified Party and does not impose any obligation, restriction, injunctive or non-monetary relief on any Indemnified Party. Any such participation or assumption shall not constitute a waiver by any Party of any attorney-client privilege in connection with such Third Party Claim. If an Indemnifying Party does not have the right or elects not to assume or fails to assume the defense, appeal or settlement proceedings of a Third Party Claim within such 30-day period, then the Indemnified Party may employ counsel of its choice to represent or defend it against any such Third Party Claim, and the attorney’s fees and costs, in each case to the extent reasonable and documented, incurred by the Indemnified Party for such counsel will be included in the Losses. The Parties will also cooperate in any such defense, appeal or settlement proceedings, and give each other reasonable access to all information relevant thereto. Whether or not the Indemnifying Party has assumed or controls the defense, appeal or settlement Proceedings with respect to a Third Party Claim, such Indemnifying Party will not be obligated to indemnify the Indemnifying Party hereunder for any settlement entered into or any Judgment that was consented to without the Indemnifying Party’s prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

66. Other Claims.

xxxvi. As soon as reasonably practicable after an Indemnified Party becomes aware of any claim that does not involve a Third Party Claim that might result in
Losses for which such Indemnified Party may be entitled to indemnification under this Article VIII (a “Direct Claim”), and in any event prior to the expiration of any applicable survival period specified in Section 8.01, the Indemnified Party shall provide written notice (a “Claim Notice”) to the Indemnifying Party stating, to the extent available and practicable, reasonable detail thereof, including the nature, basis, the amount thereof (to the extent known or estimated, which amount shall not be conclusive of the final amount of such Direct Claim), the method of computation thereof (to the extent known or estimated) and, to the extent practicable, any other material details pertaining thereto, along with copies of the relevant documents evidencing such Direct Claim and the basis for indemnification sought. Failure of the Indemnified Party to give such Claim Notice will not relieve the Indemnifying Party from its indemnification obligations hereunder, except to the extent (and then only to such extent) that the Indemnifying Party is actually prejudiced thereby.

xxxvii. Following receipt of a Claim Notice from an Indemnified Party, the Indemnifying Party shall have 45 days to make such investigation of the claim as the Indemnifying Party reasonably deems necessary or desirable. For purposes of such investigation, the Indemnified Party agrees to make available to the Indemnifying Party or its Representatives the information relied on by the Indemnified Party to substantiate the claim and all other information in the Indemnified Party’s possession or under the Indemnified Party’s control that the Indemnifying Party reasonably requests.

xxxviii. Within such 45-day period, an Indemnifying Party may object to any claim set forth in such Claim Notice by delivering written notice to the Indemnified Party of the Indemnifying Party’s objection (an “Indemnification Objection Notice”). Such Indemnification Objection Notice must describe the grounds for such objection in reasonable detail.

xxxix. If an Indemnifying Party shall object in writing to any claim or claims by an Indemnified Party made in any Claim Notice, the Indemnified Party shall have 30 days after its receipt of such objection to respond in a written statement to such objection. If after such 30-day period there remains a dispute as to any claims, the Indemnifying Party and the Indemnified Party shall attempt in good faith for 20 days (or any mutually agreed upon extension thereof) thereafter to agree in writing upon the rights of the respective Parties with respect to each of such claims. If no such written agreement can be reached after good faith negotiation, each of the Indemnifying Party and the Indemnified Party may take action to resolve the objection in accordance with Section 10.08, Section 10.09, Section 10.10 and Section 10.11.

ae. Limitations on Indemnification. Notwithstanding anything to the contrary contained in this Agreement (subject, in each case, to Section 8.04(h)):

67. no Indemnifying Party’s aggregate maximum Liability under this Article VIII shall exceed the Base Consideration;

68. no Indemnifying Party shall have any Liability under Section 8.02(a)(i) [Seller General Representations and Warranties other than Tax Representations] or Section...
8.02(b)(i) [Purchaser Representations and Warranties], as applicable, unless (i) with respect to any given claim or series of related claims for Losses, such claim or series of related claims is in excess of $50,000 (and then for the full amount of such Losses once the claim individually exceeds such amount) and (ii) the aggregate Liability for Losses suffered by the Seller Indemnitees or the Purchaser Indemnitees, respectively, thereunder exceeds an amount equal to $5,550,000, and then only to the extent of such excess;

69. Seller shall not have any Liability under Section 8.02(a)(i) [Seller General Representations and Warranties other than Tax Representations] in excess of $5,550,000;

70. Seller shall not have any Liability under (i) Section 8.02(a)(i) [Seller General Representations and Warranties other than Tax Representations], (ii) Section 8.02(a)(iv) [Seller Tax Representations and Warranties] and (iii) Section 8.02(a)(iii) [Indemnified Taxes] solely with respect to Indemnified Taxes described in clauses (b) and (c) of the definition of “Indemnified Taxes”, in excess of $11,100,000 in the aggregate;

71. Seller shall not have any Liability under Section 8.02(a)(vi) in excess of $9,000,000;

72. Purchaser shall not have any Liability under Section 8.02(b)(i) [Purchaser Representations and Warranties] in excess of $5,550,000;

73. neither Party shall have any Liability under this Article VIII for any item or amount taken into account in the final determination of the Purchase Price pursuant to Section 2.04; and

74. the limitations set forth in (i) this Section 8.04 shall not apply with respect to any claims for Fraud and (ii) Section 8.04(b), Section 8.04(c), and Section 8.04(d) shall not apply with respect to any breach of, or inaccuracy in, any Fundamental Representations.

af. Calculation of Indemnity Payments.

75. The amount of any Loss for which indemnification is provided under this Article VIII or Article IX shall be calculated net of any amounts actually received (net of any premium increases or retroactive premium adjustments and any costs and expenses incurred by the Indemnified Party in connection with such recovery) by the Indemnified Party (including under insurance policies and the R&W Insurance Policy). The Indemnified Party shall use, and cause its Affiliates to use, commercially reasonable efforts to seek recovery under all insurance and indemnity, contribution or similar provisions covering such Loss; provided that no Purchaser Indemnitee shall have any obligation to (i) institute any Proceeding to obtain any such insurance if such Proceeding is not deemed, in Purchaser’s reasonable discretion, to be covered by such policy or (ii) make any material expenditures to obtain such recovery unless the Indemnifying Party has agreed to reimburse such expenditures.

76. If an Indemnified Party recovers an amount from a Third Party in respect of Losses that are the subject of indemnification hereunder or after all or a portion of such Losses
have been paid by an Indemnifying Party pursuant to this Article VIII, then the Indemnified Party shall promptly remit to the Indemnifying Party the excess (if any) of (i) (A) the amount paid by the Indemnifying Party in respect of such Losses plus (B) the amount received by the Indemnified Party in respect thereof over (ii) the full amount of the Losses, including for any out-of-pocket expenses (including reasonable attorney’s fees and expenses) expended by the Indemnified Party in pursuing such recovery or defending any claims arising therefrom. Upon making any payment to the Indemnified Party for any indemnification claim pursuant to this Article VIII, the Indemnifying Party shall be subrogated, to the extent of such payment, to any rights which the Indemnified Party may have against any Third Party insurers and any Third Parties that do not have any material ongoing relationship with Purchaser, its Affiliates or the Business, and the Indemnified Party shall assign any such rights to the Indemnifying Party upon the reasonable written request of the Indemnifying Party.

77. Each Party shall, and shall cause its Affiliates to, use commercially reasonable efforts to mitigate any Loss indemnifiable hereunder upon and after becoming aware of any event or condition that would reasonably be expected to give rise to any Loss that are indemnifiable hereunder. Neither Party shall be entitled to any payment, adjustment or indemnification more than once with respect to the same matter (it being understood, however, that the fact that Losses may be recovered under more than one provision of this Agreement shall not prevent an Indemnified Party from recovering all Losses to which it is entitled under any provision of this Agreement).

78. For purposes of determining whether there has been a breach of, or inaccuracy in any representation or warranty or failure of any covenant or agreement and calculating the amount of Loss with respect thereto, all limitations or qualifications contained therein based on materiality, materiality threshold or Material Adverse Effect shall be disregarded. For the avoidance of doubt, without limiting Section 5.32 or Section 8.02(a)(i)(B), this Section 8.05(d) applies to any certificate delivered hereunder.

ag. Exclusivity. Except for (a) a claim for Fraud, (b) the rights of any Party to seek equitable remedies (including specific performance or injunctive relief) or any remedies available to it under applicable Law in the event of a Party’s failure to comply with its indemnification obligations hereunder, (c) Seller’s rights pursuant to Section 5.26(a) and Purchaser’s rights pursuant to Section 5.26(c), (d) the determination of the Purchase Price (which shall be resolved exclusively pursuant to Section 2.04) and (e) the remedies set forth in Article IX, from and after the Closing, each Party’s sole and exclusive remedy with respect to any and all claims relating to or arising out of this Agreement, the Company Group, the Interests, the transactions contemplated by this Agreement, including the negotiation of this Agreement and each Party’s due diligence investigations related to the transactions contemplated hereby, shall be pursuant to the indemnification provisions set forth in this Article VIII or Article IX and the remedies in Section 10.13 and, with respect to Purchaser, the R&W Insurance Policy. For the avoidance of doubt, the foregoing shall in no way limit the remedies available to any Person under the Ancillary Documents.
ah. **Tax Treatment of Indemnification.** Purchaser and Seller agree to treat any indemnity payment under this Agreement as an adjustment to the Purchase Price for Tax purposes, unless otherwise required as the result of a determination by a Taxing Authority (within the meaning of Section 1313 of the Code and similar provisions under state, local or foreign Tax Law).

da. **Claims Unaffected by Investigation or Waiver.** The right of an Indemnified Party to indemnification or to assert or recover on any claim for indemnification shall not be affected by any investigation conducted with respect to, or any knowledge capable of being acquired, at any time, whether before or after the execution and delivery of this Agreement or the Closing, with respect to the accuracy of or compliance with, any of the representations, warranties, covenants or agreements set forth in this Agreement.

db. **R&W Insurance Policy.** The Parties acknowledge and agree that the denial of any claim made by any Purchaser Indemnitee under the R&W Insurance Policy, in and of itself, shall not be construed as, or used as evidence that, such Purchaser Indemnitee is not entitled to indemnification under this Article VIII. Seller shall use its commercially reasonable efforts to assist and cooperate with Purchaser in connection with any claim by a Purchaser Indemnitee under, or recovery by a Purchaser Indemnitee with respect to, the R&W Insurance Policy.

dc. **Manner or Payment.** For as long as there are funds remaining in the Indemnity Escrow Account available to cover the Purchaser Indemnitees’ indemnifiable Losses, any and all Losses payable by Seller will be paid in cash first out of the funds remaining in the Indemnity Escrow Account, and in the event such Losses exceed, or are not paid or satisfied in full from the funds remaining in the Indemnity Escrow Account, the Purchaser Indemnitees shall have the right, subject to Section 8.04, to satisfy in full such Losses by pursuing indemnification rights and recourse directly against Seller.

dd. **Release of Escrow Funds.** Subject to the further terms and conditions of the Escrow Agreement and this Article VIII, on the date that is one year and one day following the Closing Date, in accordance with the Escrow Agreement, Purchaser and Seller shall instruct the Escrow Agent to promptly release to Seller any amounts remaining in the Indemnity Escrow Account; provided that in the event any Losses are then payable by Seller under this Article VIII and have not yet been paid or an indemnification claim arises under Section 8.02(a) and notice of such claim has been provided to Seller pursuant to this Article VIII prior to the date that is one year and one day following the date hereof, an amount equal to the aggregate amount of such then payable Losses plus Purchaser’s good faith estimate of unsatisfied claims for Losses of Purchaser Indemnitees properly made on or prior to such date shall be retained in the Indemnity Escrow Account until the applicable underlying claims are resolved in accordance with this Article VIII and the Escrow Agreement and shall then be applied or distributed as provided for in the Escrow Agreement. The Parties shall give such notices and shall take such other action as is necessary under the Escrow Agreement to cause the funds to be released from the Indemnity Escrow Account to the applicable Person in accordance with this Agreement.

de. **Insurance.** If Seller, in its sole discretion, elects to obtain insurance with respect to the matters described in Section 8.02(a)(vi) of the Seller Disclosure Schedule, Purchaser will
cooperate with Seller, at sole expense and cost of Seller, in obtaining such insurance, including by agreeing to become or causing the Company Group to become the beneficiary of such insurance directly. Any amount recovered by Purchaser or its Affiliates under any such insurance policy shall be treated as an amount indemnified by Seller for purposes of Section 8.04. For the avoidance of doubt, the provisions of Section 8.05 shall apply to any such insurance policy.

ARTICLE IX.

TAX MATTERS

an. Transfer Taxes.

79. Transfer Taxes. Seller and Purchaser shall each be responsible for 50% of all Transfer Taxes. Each of Purchaser and Seller shall cooperate in timely submitting all filings, returns, reports and forms required to be filed with any Taxing Authority in respect of Transfer Taxes. Seller or Purchaser, as applicable, shall execute and deliver all instruments and certificates necessary to enable the other to comply with any filing requirements relating to any such Transfer Taxes.

ao. Tax Filings and Tax Payments.

80. Pre-Closing Tax Returns. Seller (or its Affiliates) shall prepare and timely file (or cause to be prepared and timely filed) on a basis consistent with existing procedures for preparing such Tax Returns, all Tax Returns in respect of the Company Group due on or prior to the Closing Date and shall timely pay in full all Taxes of the Company that are due and payable on or before the Closing Date.

81. Post-Closing Tax Returns.

xl. Purchaser or its Affiliates shall cause the Company Group to prepare and timely file (or cause to be prepared and timely filed) on a basis consistent with the Company Group’s existing procedures for preparing such Tax Returns any Tax Return of the Company Group with respect to a Pre-Closing Tax Period due after the Closing Date and pay all Taxes due with respect thereto. Purchaser shall permit Seller to review and comment on any such Tax Return prior to the due date of such Tax Return, and Purchaser shall consider in good faith any reasonable comments by Seller that are submitted in writing prior to the due date of such Tax Return. For the avoidance of doubt, none of Seller or its Affiliates shall be responsible for any such Taxes except as provided pursuant to Article VIII.

xli. Seller and Purchaser shall make (or cause any of their respective Affiliates to make) any election available under Law to treat the Closing Date as the end of a relevant Tax Period for each of the members of the Company Group; provided that with respect to any such elections required to be made by Seller prior to the Closing Date, Seller shall provide Purchaser evidence of having made such elections.
In the case of any Straddle Tax Period, the amount of any Taxes based on or measured by income, sales, use, receipts, or similar items of the Company Group for the Pre-Closing Tax Period or Post-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date, and the amount of any other Taxes of the Company Group for a Straddle Tax Period shall be allocated to the Pre-Closing Tax Period and the Post-Closing Tax Period by pro-rationing on a per diem basis.

82. **Cooperation.** Seller and Purchaser shall reasonably cooperate, and shall cause their respective Affiliates and Representatives to reasonably cooperate, in preparing and filing all Tax Returns of the Company Group, including maintaining and making available to each other all records necessary in connection with Taxes and in resolving all disputes and audits relating to Taxes with respect to all Pre-Closing Tax Periods and Straddle Tax Periods. Purchaser shall, and shall cause each of its Affiliates (including each member of the Company Group) to, (i) properly retain and maintain such records until such time as Seller agrees that such retention and maintenance is no longer necessary and (ii) allow Seller, its Affiliates and Seller’s and its Affiliates’ respective Representatives, at times and dates mutually acceptable to the Parties, to inspect, review and make copies of such records as Seller may deem necessary or appropriate from time to time, such activities to be conducted during normal business hours and at Seller’s expense. Notwithstanding anything to the contrary herein, nothing herein shall permit Purchaser to inspect or review or otherwise have any access to the Tax Returns or any supporting information of the Consolidated Tax Group of which Seller is a member before the Closing.

**ap. Tax Withholding.** If any of the payments made by Purchaser, its Affiliates, or its Representatives (including any payment agent and any escrow agent) to Seller pursuant to this Agreement is subject to withholding Tax under Law, Purchaser (or such other applicable withholding agent) shall be entitled to deduct and withhold the amount of such Taxes required to be withheld from such payment (the “Withheld Amount”) by Purchaser (or the relevant Affiliate or Representative) under Law and shall timely remit the Withheld Amount to the proper Taxing Authority, and such payment to Seller shall be reduced by the Withheld Amount. Any Withheld Amount shall for all purposes of this Agreement be treated as having been paid to Seller. If Purchaser determines that any such withholding is required, Purchaser shall use its commercially reasonable efforts to provide notice to Seller at least five Business Days prior to the date on which such payment is to be made, with a written explanation substantiating the requirement to withhold; provided that no such notice is required with respect to United States withholding taxes or backup withholding if Seller fails to furnish the certificates described in Section 2.02(d)(ii).

**aq. Purchase Price Allocation.** Purchaser and Seller agree that, for purposes of Section 1060 of the Code, the Purchase Price and any Liabilities that are treated as assumed by Purchaser for U.S. federal income tax purposes shall be allocated among the assets of the Company Group as set forth on Section 9.04 of the Seller Disclosure Schedule (the “Allocation”), as determined by Purchaser. The Allocation shall be amended to reflect any adjustments to the Purchase Price or the amount of assumed Liabilities under this Agreement. Each of Seller, Purchaser and their respective Affiliates shall (i) prepare and file their respective
Tax Returns (including IRS Form 8594) that are filed after the Closing Date on a basis consistent with the Allocation, (ii) take no position inconsistent with the Allocation in any Tax Proceeding unless otherwise required as a result of a change of Law after the date of this Agreement or a contrary determination within the meaning of Section 1313 of the Code, (iii) notify the respective other Party of any notice from any Taxing Authority disputing or reasonably expected to dispute the Allocation and (iv) use commercially reasonable efforts to defend the Allocation in any Tax Proceeding, unless otherwise required as a result of a change in Law after the date of this Agreement or a contrary determination within the meaning of Section 1313 of the Code.

ar. **Tax Sharing Agreements.** Seller shall cause any Tax Sharing Agreement to which any member of the Company Group is a party to be terminated with respect to each relevant member of the Company Group on or prior to the Closing Date. After the Closing Date, neither Party nor any member of the Company Group shall have any rights or obligations under any such Tax Sharing Agreement with respect to any member of the Company Group, and no payments thereunder shall be permitted to be made on or after the Closing Date with respect to any member of the Company Group.

as. **Purchaser Tax Acts.** After the Closing, Purchaser and its Affiliates (including the Company Group) shall not, without the prior written consent of Seller (such consent not to be unreasonably withheld, conditioned, or delayed) take any of the actions described on Section 9.06 of the Seller Disclosure Schedule.

at. **Refunds.** Seller shall be entitled to any cash Tax refund (including by way of credit received by the Company Group against any liability for Taxes with respect to a Post-Closing Tax Period in lieu of a cash Tax refund) of any Taxes of the Company Group for any Pre-Closing Tax Period that are owed by the relevant Taxing Authority or actually received as of the third anniversary of the Closing Date, net of any costs and expenses relating thereto (including any additional Tax imposed in connection therewith). Purchaser will, at Seller’s reasonable request and at Seller’s sole expense, cause the relevant entity to use commercially reasonable efforts to obtain any refund or credit to which Seller is entitled.

**ARTICLE X.**

**MISCELLANEOUS**

au. **Assignment.** Neither this Agreement nor any of the rights or obligations of the Parties hereunder may be assigned in whole or in part (including by operation of law in connection with a merger or consolidation or conversion) by Purchaser or Seller without the prior written consent of Seller (in the case of Purchaser) or Purchaser (in the case of Seller or the Company Group), which may be withheld in the absolute discretion of the party with such consent right, and any attempt to make any such assignment without such consent shall be null and void; provided, however, that (i) Purchaser may assign, in its sole discretion, any or all of its rights, interests and obligations under this Agreement to any Affiliate of Purchaser without the consent of Seller (and any Affiliate of Purchaser may assign, in its sole discretion, any or all of its rights, interests and obligations under this Agreement to another Affiliate of Purchaser or to
Purchaser without the consent of Seller), but must remain liable hereunder, (ii) each of Seller and Purchaser may assign, in its sole 
discretion, any or all of its rights, interests and obligations under this Agreement to any entity that acquires all or substantially all of 
such Party’s assets related to this Agreement, whether by merger, stock purchase, asset purchase or otherwise without the consent of 
the other Party, but, in each case the assigning Party, must remain liable hereunder and the applicable assignee must agree in writing 
to bound by the terms of this Agreement and the Ancillary Documents applicable to the assigning Party and any remaining 
obligations of the assigning Party under this Agreement and the Ancillary Documents will be fully assumed by such Person 
(including by operation of Law, if applicable), (iii) Seller may assign its rights and interests (but not its obligations) under this 
Agreement to any debt financing sources (or the agents for such debt financing sources) as collateral security without the consent of 
Purchaser but, in each case, must remain liable hereunder and (iv) Purchaser and its Affiliates may assign their rights and interests 
(but not their obligations) under this Agreement to any of the Debt Financing Sources (or the agents for the Debt Financing Sources) 
as collateral security without the consent of Seller, but, in each case, must remain liable hereunder. Subject to the foregoing, this 
Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, heirs, executors, 
administrators and permitted assigns.

av. **Access Conditions.**

83. Notwithstanding anything to the contrary contained in Section 2.04, Section 5.02, Section 5.19(a), Section 8.03 or Section 9.02 of this Agreement, each of Seller’s and Purchaser’s obligations to provide documents or information of, or access to, such Party, the Company Group or its Affiliates or their respective Representatives to the other Party or its Affiliates or 
their respective Representatives under this Agreement, shall be subject to the following conditions: (i) if required by any Third Party 
from whom access to documents or information of or regarding a member of the Company Group or their Affiliates is requested, the 
Person requiring such documents, information or access shall have entered into customary access letters (including confidentiality 
and indemnification provisions); (ii) access shall not unreasonably interfere with the business and operations of the Person from 
whom access, documents or information is requested; (iii) grant of access or provision documents or information would not be 
reasonably likely to result in any of the following: (A) breach of a confidentiality obligation to a contractual counterparty, (B) 
violation of any applicable Laws (without giving effect to the proviso in the definition thereof), (C) waiver of any legal privilege or 
other similar right (including attorney work product doctrine and attorney-client privilege), as reasonably determined by Purchaser 
upon the advice of counsel (which may be in-house counsel) or (D) disclosure of any trade secret or other confidential and 
proprietary information which would reasonably be expected to cause material harm to the disclosing Person; (iv) Seller or any of its 
Subsidiaries or direct or indirect equityholders, on the one hand, and Purchaser or any of its Affiliates, on the other hand, shall not be 
adverse parties in a litigation to which such requested information is reasonably pertinent thereto; (v) no Person requesting access 
may conduct any sampling of environmental media, building materials or otherwise; and (vi) the Party from whom access is sought 
and its Affiliates shall not be required to make unreimbursed material expenditures to provide documents or information or access to 
personnel or other Representatives; provided, that in the case of clauses (ii) and (iii) above, the Party from whom
access is sought shall, and shall cause its Affiliates to, use commercially reasonable efforts to make alternative arrangements (including to use commercially reasonable efforts to seek any necessary consents from Third Parties) to afford such access and information without violating any Contract or jeopardizing attorney-client or work product privileges including if reasonably requested by the Party from whom access is sought, based on the advice of counsel that such an agreement is necessary or desirable, Purchaser or its Affiliates and Seller or its Affiliates shall enter into a customary joint defense agreement or common interest agreement with respect to any information to be provided.

84. Notwithstanding anything to the contrary contained in this Agreement, Purchaser’s obligations to provide documents or information of, or access to, Purchaser, the Company Group or its Affiliates or their respective Representatives to Seller or its Affiliates or their respective Representatives under this Agreement shall be subject to the following additional condition: at the time access, documents or information are provided, Seller and its Affiliates shall not be engaged in any business or activity which competes with the operation of the Business, the Company Group or their Affiliates.

85. Notwithstanding anything to the contrary contained in this Agreement, Seller’s obligations to provide documents or information of, or access to, Seller, the Company Group or its Affiliates or their respective Representatives to Purchaser or its Affiliates or their respective Representatives under this Agreement shall be subject to the following additional condition: neither Seller nor any of its Affiliates is under any obligation to disclose to Purchaser or its Representatives any information to the extent related to the sale or divestiture process conducted by Seller and its Affiliates for the Business vis-à-vis any Person other than Purchaser and its Affiliates, or Seller’s or its Affiliates’ and direct or indirect equityholders’ (or their respective Representatives’) evaluation of the Business in connection therewith, including projections, financial and other information relating thereto, except to the extent such information is required in connection with the Information Statement or review thereof.

aw. No Third-Party Beneficiaries. Except as provided in Section 5.12 (with respect to the Seller Releasees and Purchaser Releasees), Section 5.16(g) (Financing) (with respect to the Company Group), Section 5.29 (Director and Officer Liability) (with respect to the Indemnified Individuals), Article VIII and Article X (with respect to Purchaser Indemnitees and Seller Indemnitees), Section 10.01 (Assignment), this Section 10.03 (No Third-Party Beneficiaries), Section 10.13 (Specific Performance) and Section 10.14 (Debt Financing Sources) (with respect to the Non-Recourse Parties) and Section 10.21 (Seller Representative Privilege) (with respect to the Seller Group Members), this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the Parties and such successors and assigns, any legal or equitable rights hereunder. Nothing in this Agreement shall constitute an amendment to any employee benefit plan, and no employee benefit plan shall be amended absent a separate written amendment that complies with such employee benefit plan’s amendment procedures. In some
instances, the representations and warranties in this Agreement may represent an allocation among the Parties of risks associated with particular matters regardless of the knowledge of any Party. Consequently, Persons other than the Parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

ax. **Expenses.** Regardless of whether the Closing occurs, each of the Parties shall pay its own legal, investment banking, accounting and other fees and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and the consummation of the transactions contemplated hereby, and any other costs and expenses incurred by such Party, except as otherwise expressly set forth herein, including the definition of “Transaction Expenses.” Expenses incurred in connection with the printing, filing and mailing of the Information Statement shall be borne entirely by Seller.

ay. **Notices.** All notices, demands, waivers and other communications pursuant to this Agreement will be in writing and will be deemed given if delivered personally or delivered by electronic mail or globally recognized express delivery service to the Parties at the addresses set forth below or to such other address as the Party to whom notice is to be given furnished to the other Parties in writing herewith. Any such notice, demand, waiver or other communication will be deemed to have been delivered and received (a) in the case of personal delivery, on the date of such delivery, (b) in the case of electronic mail, on the date of sending (or if not sent on a Business Day, or sent after 5:00 p.m. at the recipient’s local time on a Business Day, on the next Business Day) if no automated notice of delivery failure is received by the sender, and (c) in the case of a globally recognized express delivery service, on the date on which receipt by the addressee is confirmed pursuant to such delivery service’s systems.

xliii. if to Purchaser or, if after the Closing, the Company, to:

Adtalem Global Education Inc.
500 W Monroe, 27th Floor
Attention: Chaka Patterson, General Counsel
    Elisa Davis, Associate General Counsel
    and Assistant Secretary
Email:

with a copy (which shall not constitute notice) to:

Covington & Burling LLP
One CityCenter
850 Tenth Street, NW
Washington, D.C. 20001
Attention: Catherine J. Dargan
    Amy F. Wollensack
Email:

XLIV. if to Seller or, if prior to the Closing, the Company, to:

Laureate Education, Inc.
650 S. Exeter Street
Baltimore, MD 21205
Attention: Rick Sinkfield
Email:

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Gary I. Horowitz
  Sebastian Tiller
  Jakob Rendtorff
Email:

Az. Interpretation.

86. In this Agreement, unless the context otherwise requires, references: (i) to the Recitals, Articles, Sections, Exhibits, Seller Disclosure Schedule or Purchaser Disclosure Schedule are to a Recital, Article or Section of, or Exhibit or Seller Disclosure Schedule or Purchaser Disclosure Schedule to, this Agreement; (ii) to any agreement (including this Agreement) or contract are to the agreement or contract as amended, modified, supplemented or replaced from time to time in accordance with the terms thereof (provided that this clause (ii) shall not apply with respect to the Seller Disclosure Schedule or the Purchaser Disclosure Schedule); (iii) to any Law or Educational Law shall be deemed to refer to such Law or Educational Law as amended from time to time and to any rules, regulations or guidance promulgated thereunder, in each case, as of such date; (iv) to any Person include any successor, heir, executor or administrator, as applicable, to that Person or permitted assigns of that Person; and (v) to this Agreement are to this Agreement and the Exhibits, the Seller Disclosure Schedule and the Purchaser Disclosure Schedule to it, taken as a whole. The table of contents and headings contained herein are for reference purposes only and do not limit or otherwise affect any of the provisions of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” Whenever the words “herein” or “hereunder” are used in this Agreement, they shall be deemed to refer to this Agreement as a whole and not to any specific Section, unless otherwise indicated. The terms herein defined in the singular shall have a comparable meaning when used in the plural, and vice versa. “Extent” in the phrase “to the extent” means the degree to which a subject or other thing extends, and such phrase does not mean simply “if.” The
masculine, feminine and neuter genders used herein shall include each other gender. The terms “dollars” and “$” means dollars of the United States of America. The word “or” is used in the inclusive sense (and/or). The terms “ordinary course” or “ordinary course of business” means a Person’s ordinary and usual course of business, consistent with past practice, including (as applicable) as to frequency, timing, cost or other metrics. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded.

87. When reference is made in this Agreement to information that has been “made available,” “delivered” or “provided” to Purchaser, such information shall have been (i) contained in the Data Room or (ii) delivered by hand delivery or electronic mail to Purchaser by or on behalf of Seller, in the case of each clauses (i) and (ii), no later than 24 hours prior to the execution of this Agreement, or if less than 24 hours prior to such execution, Purchaser shall have acknowledged receipt and acceptance thereof in writing.

ba. Severability. It is the desire and intent of the Parties that the provisions of this Agreement be enforced to the fullest extent permissible under the Laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

bb. Governing Law. Subject to Section 10.14, this Agreement, and all claims or causes of action (whether in contract, tort or statute) that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), will be governed by, and enforced and construed in accordance with, the Laws of the State of Delaware, including its statutes of limitations, without regard to the conflict of Laws rules of such state that would result in the application of the Laws of another jurisdiction.

c. Jurisdiction. Subject to Section 10.14, each Party irrevocably agrees that any Proceeding against it arising out of or in connection with this Agreement or the transactions contemplated by this Agreement or disputes relating hereto (whether for breach of contract, tortious conduct or otherwise) shall (subject to Section 10.13) be brought exclusively in the Court of Chancery of the State of Delaware or, solely if such court lacks subject matter jurisdiction, the United States District Court sitting in New Castle County in the State of Delaware.
Delaware, and the appellate courts having jurisdiction thereover (collectively, the “Chosen Courts”), and hereby irrevocably accepts and submits to the exclusive jurisdiction and venue of the Chosen Courts in personam with respect to any such Proceeding and waives to the fullest extent permitted by Law any objection that it may now or hereafter have that any such Proceeding has been brought in an inconvenient forum.

bd. **Service of Process.** Each Party consents to service of any process, summons, notice or document that may be served in any Proceeding in the Chosen Courts, which service may be made by certified or registered mail, postage prepaid, or as otherwise provided in Section 10.05. to such Party’s address set forth in Section 10.05.

be. **Waiver of Jury Trial.** EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR DISPUTES RELATING HERETO. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) ACKNOWLEDGES THAT IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER AND MAKES SUCH WAIVER VOLUNTARILY AND (C) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.11.

bf. **Amendments and Waivers.** Subject to Section 10.14, this Agreement may be amended, modified, superseded or canceled and any of the terms, covenants, representations, warranties or conditions hereof may be waived only by an instrument in writing signed by each of Seller and Purchaser or, in the case of a waiver, by or on behalf of the Party waiving compliance. No course of dealing between the Parties shall be effective to amend or waive any provision of this Agreement. The waiver by a Party of any right hereunder or of the failure to perform or of a breach by any other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

bg. **Specific Performance.**

88. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the Parties do not perform their respective obligations under this Agreement (including failing to take such actions as are required of them hereunder to consummate the Closing and Seller’s obligations pursuant to Section 5.03 and Section 5.13) in accordance with its specified terms or otherwise breach any provision of this Agreement. The Parties acknowledge and agree that, subject to Section 10.13(b), (a) each Party shall be entitled to an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce
specifically the terms and provisions hereof in any court of competent jurisdiction without proof of damages or otherwise, this being in addition to any other remedy to which it is entitled under this Agreement and (b) the right of specific enforcement is an integral part of the transactions contemplated by this Agreement and without that right, neither Seller nor Purchaser would have entered into this Agreement. The Parties agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, and not to assert that a remedy of monetary damages would provide an adequate remedy or that the Parties otherwise have an adequate remedy at law. The Parties acknowledge and agree that a Party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 10.13 shall not be required to provide any bond or other security in connection with any such order or injunction.

89. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, it is explicitly agreed that Seller shall be entitled to an injunction, specific performance or other equitable remedies to enforce Purchaser’s obligation to consummate the transactions contemplated by this Agreement or to make payments required by Section 2.02(b) solely in the event that each of the following conditions (which shall not apply to the right of Seller to such injunctions, specific performance or other equitable remedies for any other reason) has been satisfied: (i) all conditions in Section 6.01 and Section 6.02 have been satisfied (other than those conditions that by their terms are to be satisfied or waived at the Closing itself, but subject to such conditions being capable of being satisfied at the Closing if the Closing were to occur at such time); (ii) Purchaser shall have failed to consummate the Closing on the date the Closing should have occurred pursuant to Section 2.02(a); (iii) the Debt Financing (including any alternative financing that has been obtained in accordance with Section 5.16(b)) has been funded or would be available and funded at the Closing (or, if such Debt Financing has been funded into escrow, such funds have been or will be released from escrow); and (iv) Seller has irrevocably confirmed in writing to Purchaser that all conditions in Section 6.01 (with respect to Seller) and Section 6.03 have been satisfied or that Seller is waiving any such unsatisfied conditions for the purpose of consummating the Closing, and Seller is ready, willing and able to consummate the Closing if specific performance is granted and the Debt Financing is funded, then Seller will take such actions that are within its control to cause the Closing to occur. In no event shall Seller be entitled to, or permitted to seek, specific performance directly against any Debt Financing Source. For the avoidance of doubt, Seller may pursue a grant of specific performance as expressly permitted by this Section 10.13 and the payment of the Termination Fee by Purchaser, but under no circumstances shall Purchaser be obligated to both specifically perform the terms of this Agreement to consummate the Closing and pay the Termination Fee in accordance with Section 7.03(a). If Seller brings a Proceeding for specific performance pursuant to this Section 10.13 and a court of competent jurisdiction determines that Purchaser breached this Agreement in connection with its failure to effect the Closing in accordance with this Agreement, but such court declines to enforce specifically the obligations of Purchaser to effect the Closing in accordance with this Agreement, then, in addition to the right of Seller to terminate this Agreement pursuant to Article VII, Seller shall be entitled to pursue all applicable remedies at law, including seeking payment of the Termination Fee in the case of a termination pursuant to Section 7.01(d)(i) or Section 7.01(d)(ii) or other damages, in the case of all other terminations.
hereunder, as applicable, subject in all cases to the provisions and limitations set forth in Section 7.03 and otherwise in this Agreement.

bh. **Debt Financing Sources.** Notwithstanding anything in this Agreement to the contrary, each of the Parties on behalf of itself and each of its Affiliates hereby: (i) agrees that any Proceeding, whether in law or in equity, whether in contract or in tort or otherwise, involving the Debt Financing Sources, arising out of or relating to, this Agreement, the Debt Financing or any of the agreements (including the Debt Commitment Letter) entered into in connection with the Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder shall be subject to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, New York, New York, so long as such forum is and remains available, and any appellate court thereof and each Party irrevocably submits itself and its property with respect to any such Proceeding to the exclusive jurisdiction of such court; (ii) agrees that any such Proceeding shall be governed by the Laws of the State of New York (without giving effect to any conflicts of law principles that would result in the application of the Laws of another state); (iii) agrees not to bring or support or permit any of its Affiliates to bring or support any Proceeding of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against any Debt Financing Source in any way arising out of or relating to, this Agreement, the Debt Financing, the Debt Commitment Letter, any Definitive Debt Financing Agreement or any of the transactions contemplated hereby or thereby or the performance of any services thereunder in any forum other than any federal or state court in the Borough of Manhattan, New York, New York; (iv) agrees that service of process upon such Party in any such Proceeding shall be effective if notice is given in accordance with Section 10.10; (v) irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of such Proceeding in any such court; (vi) **KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY PROCEEDING BROUGHT AGAINST OR INVOLVING THE DEBT FINANCING SOURCES IN ANY WAY ARISING OUT OF OR RELATING TO, THIS AGREEMENT, THE DEBT FINANCING, THE DEBT COMMITMENT LETTER, ANY DEFINITIVE DEBT FINANCING AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE PERFORMANCE OF ANY SERVICES THEREUNDER;** (vii) agrees that none of the Debt Financing Sources will have any Liability to Seller or any of their respective Affiliates or Representatives, any of their respective current, former or future officers, directors, employees, agents, representatives, stockholders, limited partners, managers, members or partners relating to or arising out of this Agreement, the Debt Financing, the Debt Commitment Letter, any Definitive Debt Financing Agreement or any of the transactions contemplated hereby or thereby or the performance of any services thereunder; (viii) agrees that the Debt Financing Sources are express third party beneficiaries of, and may enforce, any of the provisions set forth in Section 7.03, Section 10.01, Section 10.03, Section 10.13 and this Section 10.14; and (ix) Section 7.03, Section 10.01, Section 10.03, Section 10.13 and this Section 10.14 (and any other provision of this Agreement to the extent an amendment or waiver of such provision would modify the substance of the foregoing) may not be amended or waived in a manner that is adverse to the Debt Financing Sources without the prior written consent of the Debt Financing Sources and any purported
amendment or waiver by any Party in a manner that does not comply with this **Section 10.14** will be void.

**bi. Joint Drafting.** 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 either Party by virtue of the authorship of any of the provisions of this Agreement.

**bj. Fulfillment of Obligations.** Any obligation of one Party to the other Party under this Agreement, which obligation is performed, satisfied or fulfilled completely by an Affiliate of such first Party, shall be deemed to have been performed, satisfied or fulfilled by such first Party.

**bk. Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Agreement by PDF or other electronic transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

**bl. Entire Agreement.** The Exhibits, the Seller Disclosure Schedule and the Purchaser Disclosure Schedule referenced in this Agreement are a material part hereof and shall be treated as if fully incorporated into the body of this Agreement. This Agreement, together with the Confidentiality Agreement, the Ancillary Documents and the other documents and instruments specifically referred to herein, all Exhibits, the Seller Disclosure Schedule and the Purchaser Disclosure Schedule, contain the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to the subject matter hereof.

**bm. No Other Representations or Warranties.**

90. Purchaser acknowledges that (i) none of Seller, the Company Group or any of their respective Affiliates has made any representation or warranty, expressed or implied, as to the Interests, the Business, Seller, the Company Group, their financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or the accuracy or completeness of any information regarding the Interests, the Business, Seller, or the Company Group furnished or made available to Purchaser and its Affiliates and Representatives, except as expressly set forth in Article III or in any certificate delivered hereunder or any other Ancillary Document, (ii) Purchaser has not relied on any representation or warranty from Seller, the Company Group or any of their respective Affiliates in determining to enter into this Agreement, except as expressly set forth in this Agreement or in any certificate delivered hereunder or any other Ancillary Document, and (iii) except as expressly set forth in Article III or in any certificate delivered hereunder or any other Ancillary Document, none of Seller, the Company Group or any of their respective Affiliates shall have or be subject to any Liability to Purchaser or any of its Affiliates or Representatives resulting from the distribution to Purchaser or its Affiliates or Representatives,
or Purchaser’s or its Affiliates’ or Representatives’ use of, any such information, including any information, documents or material made available to Purchaser or its Affiliates or Representatives in any Data Room, management presentations or in any other form in expectation of or negotiation of this Agreement and the transactions contemplated hereby.

91. Seller acknowledges that (i) none of Purchaser or any of its Affiliates has made any representation or warranty, expressed or implied, as to Purchaser or any of its Affiliates, their financial condition, results of operations, future operating or financial results, estimates, projections, forecasts, plans or prospects (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, plans or prospects) or the accuracy or completeness of any information regarding Purchaser or any of its Affiliates furnished or made available to Seller and its Affiliates and Representatives, except as expressly set forth in Article IV of this Agreement or in any certificate delivered hereunder or any other Ancillary Document, (ii) Seller has not relied on any representation or warranty from Purchaser or any of its Affiliates in determining to enter into this Agreement, except as expressly set forth in Article IV or in any certificate delivered hereunder or any other Ancillary Document and (iii) except as expressly set forth in Article IV or in any certificate delivered hereunder or any other Ancillary Document, none of Purchaser or any of its Affiliates (including the Company Group, following the Closing) shall have or be subject to any Liability to Seller or any of its Affiliates or Representatives resulting from the distribution to Seller or its Affiliates or Representatives, or Seller’s or its Affiliates’ or Representatives’ use of, any such information, including any information, documents or material made available to Seller or its Affiliates or Representatives in any form in expectation of or negotiation of this Agreement and the transactions contemplated hereby.

92. Notwithstanding anything in this Section 10.19 to the contrary, nothing in this Section 10.19 shall bar, prevent or serve as a defense to claims for Fraud (or any element thereof).

bn. Non-Recourse. Notwithstanding anything to the contrary in this Agreement, all Proceedings, obligations, Liabilities or causes of action (whether in Contract, in tort, in Law or in equity, or granted by statute whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to (a) this Agreement, (b) the negotiation, execution or performance of this Agreement (including any representation or warranty made in connection with, or as inducement to, this Agreement), (c) any breach or violation of this Agreement and (d) any failure of the transactions contemplated hereby to be consummated, in each case, may be made only against (and are those solely of) the Persons that are expressly identified as Parties to this Agreement subject to the terms and conditions hereof. In furtherance and not in limitation of the foregoing, none of the former, current and future Affiliates, directors, officers, managers, employees, advisors, Representatives, equityholders, members, managers, partners, successors and assigns of any Party or any Affiliate thereof or any former, current and future Affiliate, director, officer, manager, employee, advisor, Representative, equityholder, member, manager, partners, successor and assign of any of the foregoing (collectively, “Non-Recourse Parties”) that is not a Party shall have any Liability for
any Liabilities of the Parties for any Proceeding (whether in tort, contract or otherwise) for breach of this Agreement, any Ancillary Document or any documents or instruments delivered herewith or therewith or in respect of any oral representations made or alleged to be made in connection herewith or therewith, none of the Parties shall have any rights of recovery in respect hereof against any Non-Recourse Party that is not a party hereto and no personal Liability shall attach to any Non-Recourse Party that is not a Party through any Party or otherwise, whether by or through attempted piercing of the corporate (or limited liability company or partnership) veil, by or through a Proceeding (whether in tort, contract or otherwise) by or on behalf of a Party against any Non-Recourse Party that is not a Party, by the enforcement of any judgment, fine or penalty or by virtue of any statute, regulation or other applicable Law, or otherwise. Notwithstanding anything to the contrary in this Section 10.20, nothing in this Section 10.20 shall be deemed to limit any Liabilities of, or claims against, any Party or any party to this Agreement or any Ancillary Document, serve as a waiver of any right on the part of any Party or thereto to initiate any Proceeding permitted pursuant to, and in accordance with the specific terms hereof or thereof.

bo. Seller Representative Privilege. Purchaser and Seller acknowledge and agree that the law firms listed on Section 10.21 of the Seller Disclosure Schedule (the “Seller Firms”) have represented Seller in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby, and that Seller, its Subsidiaries and direct and indirect equityholders, and their respective partners, officers, directors, employees and representatives (the “Seller Group Members”) have a reasonable expectation that a Seller Firm will represent them in connection with any claim involving any Seller Group Member, on the one hand, and Purchaser, the Company Group or any of their respective Affiliates and representatives (the “Purchaser Group Members”), on the other hand, arising under this Agreement, the Ancillary Documents or the transactions contemplated hereby. Purchaser hereby, on behalf of itself and the Company Group and the other Purchaser Group Members, irrevocably: (a) acknowledges and agrees that any attorney-client privilege, solicitor-client privilege or other expectation of client confidence (“Attorney-Client Privilege”) arising from communications prior to the Closing between Seller or the Company Group (including any one or more officers, directors, employees or equityholders of the Company Group), on the one hand, and a Seller Firm, on the other hand solely to the extent related to the negotiation, preparation, execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby (such communications, “Privileged Deal Communications”), shall not pass to or be claimed by or vested in the Company Group or the Business and shall instead be deemed property of, and controlled solely by, Seller for the benefit and on behalf of the Seller Group Members; (b) acknowledge and agree that the Seller Group Members shall have the right to retain any such Attorney-Client Privilege solely with respect to the Privileged Deal Communications; (c) agree that no Purchaser Group Member shall have any right to waive any such Attorney-Client Privilege solely with respect to the Privileged Deal Communications; (d) disclaim the right to assert a waiver by any Seller Group Member with regard to such Attorney-Client Privilege solely with respect to the Privileged Deal Communications solely due to the fact that any underlying documentation or information is physically in the possession of the Company Group or the Business after the Closing; (e) agree to waive and not to assert any
conflict of interest arising from or in connection with Seller Firm’s representation after the Closing of any Seller Group Member in any claim relating to a Purchaser Group Member or the transactions contemplated hereby due to Seller Firm’s representation of Seller in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Ancillary Documents and (f) consents to the disclosure by any Seller Firm to any Seller Group Member (subject to the obligations and restrictions, including with respect to confidentiality and non-use, set forth in Section 5.03) of any Privileged Deal Communications. Notwithstanding anything to the contrary, if any claim arises after the Closing between any Purchaser Group Member and a Person other than a Seller Group Member, such Purchaser Group Member may assert the attorney-client privilege to prevent disclosure of confidential communications by a Seller Firm to such Person, and such Purchaser Group Member shall not waive such privilege without the prior written consent of Seller; provided, however, that if such Purchaser Group Member is required by judicial order or other legal process to make such disclosure, such Purchaser Group Member shall, to the extent legally permitted, promptly notify Seller in writing of such requirement (prior to making disclosure) and shall provide Seller with such cooperation and assistance as shall be necessary to enable Seller to seek to prevent disclosure by reason of such attorney-client privilege, solicitor-client privilege or other rights of confidentiality. This Section 10.21 is for the benefit of the Seller Group Members and such Persons are intended third-party beneficiaries of this Section 10.21.

[Signature pages follow]
IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

LAUREATE EDUCATION, INC.

By:   /s/ Eilif Serck-Hanssen
       ________________________________
Name:   Eilif Serck-Hanssen
Title:  President and Chief Executive Officer

ADTALEM GLOBAL EDUCATION INC.

By:   /s/ Stephen W. Beard
       ________________________________
Name:   Stephen W. Beard
Title:  Chief Operating Officer

[Signature Page to Membership Interest Purchase Agreement]
TRANSACTION AGREEMENT

by and among

LAUREATE EDUCATION, INC.,

REDE INTERNACIONAL DE UNIVERSIDADES LAUREATE LTDA.,

SER EDUCACIONAL S.A.,

solely for the purposes of Section 6.4, Section 6.20, Section 6.25, Article VIII and Article XI,

JOSÉ JANGUIÊ BEZERRA DINIZ, and

solely for the purposes of Article XI,

CERTAIN OTHER PARTIES HERETO

Dated as of September 11, 2020
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TRANSACTION AGREEMENT

This TRANSACTION AGREEMENT, dated as of September 11, 2020 (this “Agreement”), has been made and entered into by and among LAUREATE EDUCATION, INC., a company organized and validly existing under the laws of the State of Delaware, United States, with its principal place of business at 650 S. Exeter Street, Baltimore, Maryland, 21202, U.S.A. (“Athena”), REDE INTERNACIONAL DE UNIVERSIDADES LAUREATE LTDA., a Brazilian limited liability company, with head offices in the city of São Paulo, State of São Paulo, at Rua Quatá, 67, 5th floor, Vila Olimpia, Zip Code 04546-040, enrolled with CNPJ/ME under No. 07.728.655/0001-20 (the “Company”), SER EDUCACIONAL S.A., a Brazilian publicly held company, with head offices in in the city of Recife, state of Pernambuco, at Av. da Saudade, 254, Santo Amaro, Zip Code 50100-200 (“Sapphire”), solely for the purposes of Section 6.4, Section 6.20, Section 6.25, Article VIII and Article XI, JOSÉ JANGUIÊ BEZERRA DINIZ (“Sapphire’s Controlling Shareholder”), and solely for the purposes of Article XI, the FAMILY MEMBERS as defined herein. Athena, the Company and Sapphire shall be referred to herein collectively as the “Parties”.

WHEREAS, pursuant to the corporate chart set forth in Exhibit A to this Agreement, Athena indirectly owns all of the issued and outstanding Equity Interests of the Company (the “Company Equity Interests”) and all of the issued and outstanding Equity Interests of the Subsidiaries of the Company (such Equity Interests, the “Company Subsidiaries Equity Interests” and, together with the Company Equity Interests, the “Group Companies Equity Interests”).

WHEREAS, until the Closing, Athena shall be the sole direct or indirect owner of the Company Equity Interests and the indirect owner of all of the issued and outstanding Company Subsidiaries Equity Interests and the Company shall be the sole direct or indirect owner of all of the issued and outstanding Company Subsidiaries Equity Interests.

WHEREAS, prior to the Closing Date, Athena will enter into and consummate the transactions set forth in Exhibit B (such transactions, collectively, the “Internal Reorganization”), according to which, among other steps as set forth in Exhibit B, one or more relevant Subsidiaries of Athena will cause the transfer of all of the Company Equity Interests to Athena and Athena will form a new Brazilian limited liability company (sociedade limitada) wholly-owned by Athena (“NewCo”) to which Athena will transfer the Remaining Company Equity Interests through a capital contribution.

WHEREAS, Athena desires to sell, transfer, assign, convey and deliver (or cause to be sold, transferred, assigned, conveyed and delivered) to Sapphire, and Sapphire desires to purchase, acquire and assume from Athena, all right, title and interest in and to, the Purchased Company Equity Interests in exchange for the Adjusted Cash Consideration upon the terms and subject to the conditions set forth in this Agreement (the “Cash Transfer”).

WHEREAS, immediately following the consummation of (and after giving effect to) the Cash Transfer, the Parties desire to cause NewCo to be merged with and into Sapphire in accordance with Articles 223, 224, 225 and 227 of the Corporations Law and Articles 1,116, 1,117 and 1,118 of the Brazilian Civil Code and upon the terms and subject to the conditions set
forth in this Agreement (the “Merger”), at the effective time of which (i) each NewCo Equity Interest outstanding as of immediately prior to such effective time shall be cancelled and (ii) Sapphire shall issue (in exchange for such cancelled NewCo Equity Interests) the Stock Consideration upon the terms and subject to the conditions set forth in this Agreement, and, to that effect, Sapphire and the Company have agreed on a form of Protocol and Justification of the Merger, which shall be executed on the CP Satisfaction Date.

WHEREAS, following the consummation of the Cash Transfer and the Merger, Athena may commence an offer to the holders of Athena Common Stock, upon such terms and conditions as determined by Athena in its sole discretion, to exchange the Stock Consideration and all or a portion of the Adjusted Cash Consideration (if any) for outstanding shares of Athena Common Stock (the “Exchange Offer”) or distribute any remaining portion of the Adjusted Cash Consideration in accordance with applicable Law and any remaining portion of the Stock Consideration in accordance with applicable Law and as permitted under this Agreement.

WHEREAS, on the date hereof, the board of directors of Sapphire (the “Sapphire Board”) has unanimously (a) determined that this Agreement and the Cash Transfer, the Merger and the other transactions contemplated by this Agreement are in the best interests of Sapphire and its shareholders taken as a whole, approved this Agreement and certain of the transactions contemplated hereby, including the Cash Transfer and the Cash Consideration to be paid by Sapphire in the Cash Transfer, and approved and recommended the Merger and the issuance of shares of Sapphire Common Stock by Sapphire in the Merger (the “Sapphire Issuance”), (b) approved and recommended the creation of a sponsored Level III ADR Program, consisting of American Depositary Shares, each representing a number of shares of Sapphire Common Stock equal to (x) one (1) divided by (y) the ADS Ratio (each an “ADS”), (c) approved the form of Protocol and Justification of the Merger that (unless this Agreement has been terminated in accordance with its terms) will be executed by Sapphire’s executive officers on the date provided herein, ratified by the Sapphire Board and submitted to a shareholder vote (regardless of the valuation of NewCo or the Company, the number of NewCo Equity Interests, any changes in the number of Sapphire Common Stock or any other information that is pending in the form of the Protocol and Justification of the Merger, which missing information the Sapphire Board recognizes would not affect its decision to approve the Protocol and Justification of the Merger); (d) resolved to convene a shareholders meeting of Sapphire to decide on the creation of the Sapphire ADR Program; and (e) resolved to recommend that the shareholders of Sapphire vote in favor of the resolutions required under the Sapphire ADR Program Approval and the Sapphire Shareholder Approval when such resolutions are submitted to a shareholder vote.

WHEREAS, as of the date hereof, Sapphire’s Controlling Shareholder directly holds seventy three million, eight hundred and thirty six thousand, one hundred and eighty five (73,836,185) shares of Sapphire Common Stock, representing 57.36% of the total and voting capital of Sapphire as of the date hereof.

WHEREAS, the board of directors of Athena has determined that this Agreement and the Cash Transfer, the Merger and the other transactions contemplated by this Agreement are advisable and in the best interests of Athena and its shareholders, has approved this Agreement
and the transactions contemplated hereby, including the Cash Transfer and the Merger, and has authorized the Company’s management, unless this Agreement has been terminated in accordance with its terms, to execute the Protocol and Justification of the Merger and enter into the transactions set forth herein in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto, intending to be legally bound, agree as follows:

Article I.

DEFINITIONS; INTERPRETATION

Section i. Certain Defined Terms

. Capitalized terms shall have the meanings ascribed to such terms in this Agreement. The following terms shall have the following meanings:

“Action” means any suit, action, claim, demand, arbitration, audit, investigation or other similar proceeding (administrative, judicial or criminal) by or before any Governmental Authority.

“ADS Ratio” means the number of ADSs (or any fraction thereof) that represents one (1) share of Sapphire Common Stock, which number shall equal one (1) or such other number as requested by Sapphire and consented to in writing by Athena (such consent not to be unreasonably withheld, conditioned or delayed) prior to the Closing.

“Adjusted Cash Consideration” means an amount equal to the Cash Consideration (i) plus the Cash Consideration Increase Amount (if any) and (ii) minus the Cash Consideration Decrease Amount (if any).

“Affiliate” of any Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. The word “control” (including the terms “controlled by” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise. For purposes of this Agreement, (i) none of the Group Companies shall constitute an Affiliate of Sapphire prior to the Closing, (ii) none of the Group Companies shall constitute an Affiliate of Athena at or following the Closing, (iii) except with respect to the provisions of Section 4.15, Section 4.16 and Section 6.13, none of Wengen Alberta, Limited Partnership, its general partner, its or its general partner’s equityholders, any investment fund affiliated with or managed by Affiliates of such equityholders or any such equityholder’s portfolio investments (other than Athena and its Subsidiaries) shall be deemed to be Affiliates of Athena and (iv) except with respect to the provisions of Section 5.17 and Section 5.19, Sapphire’s Controlling Shareholder shall not be deemed to be an Affiliate of Sapphire.
“Amazonas Purchase Agreement” means that certain Quota Assignment and Transfer Agreement and other Covenants, dated April 16, 2019, by and between Rede Internacional de Universidades Laureate Ltda., Cenesup – Centro Nacional de Ensino Superior Ltda., Sociedade de Desenvolvimento Cultural do Amazonas Ltda., Athena and Sapphire, and any related agreements.

“Ancillary Agreements” means the Protocol and Justification of the Merger, the Transition Services Agreement and the Registration Rights Agreement.

“Appraisal Report” means the appraisal report of the Company, based on its book value (or any other methodology that is agreed by the Parties), prepared by the Appraiser for purposes of the Merger in accordance with the provisions of the Corporations Law and CVM Rule 565.

“Appraiser” means the specialized firm responsible for preparing the Appraisal Report, pursuant to the terms of the Corporations Law and CVM Rule 565.

“Athena Common Stock” means the Class A common stock, par value $0.004 per share, and the Class B common stock, par value $0.004 per share, of Athena.

“Athena Credit Agreement” means that certain Third Amended and Restated Credit Agreement, dated as of October 7, 2019, by and among Athena, Citibank, N.A. and the lenders party thereto.

“Athena Data Room” means the electronic data site made available by Athena for purposes of due diligence of Athena, the Group Companies and their businesses on a platform operated by Datasite under the project name “Athena 2020”.

“Athena Disclosure Schedule” means the disclosure schedule delivered by Athena to Sapphire concurrently with the execution of this Agreement.

“Athena Note Indenture” means that certain Indenture, dated as of April 26, 2017, by and among Athena, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.250% Senior Notes due 2025.

“Athena SEC Documents” means all forms, reports, schedules, statements, prospectuses, registration statements and other documents filed or furnished or required to be filed or furnished by Athena with the SEC, in each case, since the Lookback Date.

“Athena’s Knowledge” means the actual knowledge, after reasonable inquiry of their direct reports, of the individuals identified in Section 1.1 of the Athena Disclosure Schedule.

“Athena Transaction Expenses” means any and all (i) out-of-pocket fees, costs and expenses incurred by or on behalf of (but only to the extent actually paid or required to be paid by) any of the Group Companies or due by any of the Group Companies (or for which any of the Group Companies may be held liable) and related to this Agreement, any Ancillary Agreement, the transactions contemplated hereby and thereby or any other transaction concerning the sale of the Group Companies, including all legal, financial advisor, accounting, consulting or other
advisory fees and (ii) stay bonuses, incentive bonuses, transaction bonuses, termination and change of control arrangements and similar obligations (x) payable by any of the Group Companies to any directors, officers or employees of any of the Group Companies as a result of this Agreement or any Ancillary Agreement or the transactions contemplated by this Agreement or any Ancillary Agreement and (y) triggered by the execution and delivery of this Agreement or any Ancillary Agreement or the transactions contemplated by this Agreement or any Ancillary Agreement without the requirement of any further action by the Group Companies (including any termination of employment), in each case, other than any such payments to the extent that they are the result of any action taken by or at the express written request of Sapphire or any of its Affiliates.

“Audit Firm” means any of the audit firms listed on Exhibit 2.2(g).

“B3” means B3 S.A. – Brasil Bolsa Balcão S.A.

“Board of Trade” (Junta Comercial) means the Governmental Authority competent for filing corporate documents of any Person in any State in Brazil or the Federal District.

“Brazilian Civil Code” means Law No. 10,406 of January 10, 2002, as amended or amended and restated from time to time, or as may be substituted by any successor law.

“Brazilian Code of Civil Procedure” means Law No. 13,105 of March 16, 2015, as amended or amended and restated from time to time, or as may be substituted by any successor law.

“Brazilian GAAP” means Brazilian generally accepted accounting principles, as per the Corporations Law.

“Business Day” means any day other than a Saturday, Sunday or a day when banking institutions are closed or are not required by Law to be open in the city of New York, United States of America or in the cities of Recife and São Paulo, Brazil.

“CADE” means Brazil’s Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica).

“CADE Clearance” means the final approval by CADE, either by means of (i) a final decision issued by CADE’s General Superintendence following the expiration of the applicable waiting period with no third party appeal nor request for further review by CADE’s Tribunal, (ii) the publication of the minutes of the Plenary Session in which the final decision was issued by CADE’s Tribunal, or (iii) the expiration of the formal review period set forth by Article 88, paragraphs 2 and 9, of the Law No. 12,529 of November 30, 2011.

“Call Notice” means, as the case may be, the call notice convening and giving notice of (a) the Sapphire Shareholders Meeting that will resolve on the approval of the ADR Program or (b) the Sapphire Closing Shareholders Meeting, including, in both cases, any supplement or amendment thereto.
“Cash Consideration” means an amount in cash equal to R$1,700,000,000.00 (one billion seven hundred million Brazilian Reais).

“Closing” means the completion of the Cash Transfer, the Merger and the other transactions to be completed on the Closing Date under this Agreement (excluding the commencement, expiration, settlement and consummation of the Exchange Offer, which shall not be part of the Closing).

“Company Material Adverse Effect” means any fact, circumstance, condition, event, change, development, occurrence or effect (including any breach of this Agreement) that, individually or in the aggregate with other facts, circumstances, conditions, events, changes, developments, occurrences or effects: (a) has resulted or is reasonably expected to result (x) in Losses (including lost profits) of the Group Companies, individually or in the aggregate, in excess of six hundred million Brazilian Reais (R$600,000,000.00), (y) in the incurrence by the Group Companies of any Liabilities, individually or in the aggregate, in excess of six hundred million Brazilian Reais (R$600,000,000.00), or (z) in a decrease in the net revenues of the Group Companies (determined on a consolidated basis in accordance with IFRS and in Brazilian Reais) (A) for the four fiscal quarters of the Group Companies immediately preceding the date of determination in an amount equal to or greater than twenty five percent (25%) compared with the net revenues of the Group Companies (determined on a consolidated basis in accordance with IFRS and in Brazilian Reais) (B) during the four fiscal quarters of the Group Companies immediately preceding such four fiscal quarters of the Group Companies (so, for illustrative purposes only, if the date of determination is July 15, 2021, the period of clause (A) shall be the 2Q 2021, the 1Q 2021, the 4Q 2020 and the 3Q 2020 and the period of clause (B) shall be the 2Q 2020, the 1Q 2020, the 4Q 2019 and the 3Q 2019); or (b) has had or is reasonably expected to have a material adverse effect on the ability of Athena or any Affiliate of Athena that will be a party to any Ancillary Agreement to perform their respective obligations hereunder or thereunder or to consummate the transactions contemplated hereby or thereby; provided, however, that in no event shall any fact, circumstance, condition, event, change, development, occurrence or effect constitute or be taken into account in determining the occurrence of a Company Material Adverse Effect under clause (a) of this definition to the extent it arises out of or results from (i) changes in general economic, political or business conditions in Brazil or elsewhere in the world; (ii) changes in the credit, debt, financial or capital markets or changes in interest or exchange rates; (iii) changes in conditions generally affecting the industry in which the Group Companies operate; (iv) any outbreak or escalation of any military conflict, declared or undeclared war, armed hostilities, sabotage, civil or labor unrest, or acts of foreign or domestic terrorism; (v) any hurricane, flood, tornado, earthquake, natural disaster or other act of God or any epidemic, pandemic or disease outbreak (including the COVID-19 virus); (vi) changes or proposed changes in applicable Law (of general applicability), IFRS or Brazilian GAAP or in the interpretation or enforcement thereof; (vii) any failure by the Group Companies to meet any internal or external estimates, expectations, budgets, projections or forecasts (but not the underlying causes of such failure unless such underlying causes would otherwise be excepted from this definition); (viii) non-cash accounting Losses related to intangible impairment charges or goodwill impairment charges in relation to the assets of the Group Companies; (ix) the public announcement of this Agreement and the identity of Sapphire or the pendency of the transactions contemplated by this
Agreement, including any losses of students or employees, in each case, to the extent resulting therefrom (provided, that this clause (ix) shall not apply in the context of any representation or warranty contained in Section 4.4); or (x) any action taken or inaction by Athena or its Affiliates (A) that is expressly required or contemplated by this Agreement or any Ancillary Agreement or (B) at the express written request of Sapphire; except in the cases of clauses (i), (ii), (iii), (iv), (v) or (vi), to the extent the businesses of the Group Companies, taken as a whole, are disproportionately adversely affected thereby as compared to other participants in the industries or markets in which the Group Companies operate.

“Confidential Information” means any and all non-public information that is confidential and proprietary, including confidential and proprietary trade secrets, techniques, know-how, processes, equipment, algorithms, design details and specifications, student lists, business forecasts, and sales and marketing plans, as well as all notes, analysis, reports, compilations, studies, interpretations, summaries or other documents that reflect any of the foregoing. The term “Confidential Information” shall also encompass any information about the proposed or potential business strategy, operations, financial matters and other matters relating to the Parties, as well as the subject matter or content of this Agreement or of any other instruments related hereto or cited herein, or any other documents and information related to the Cash Transfer, the Merger or to any other transactions contemplated in this Agreement. Confidential Information shall not include information that (a) is or becomes generally available to the public other than as a result of a breach of confidentiality obligations by the Receiving Party, its Affiliates or their respective Representatives, (b) is known and can be shown to be known by the Receiving Party prior to the date of its disclosure to the Receiving Party by the Providing Party, its Affiliates or their respective Representatives or (c) becomes available to the Receiving Party or its Affiliates or their respective Representatives from a source other than the Providing Party or its Subsidiaries or its or their respective Representatives, if the source of such information is not known by the Receiving Party or its Affiliates or their respective Representatives to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Providing Party or its Affiliates with respect to such information.

“Confidentiality Agreement” means that certain confidentiality and non-disclosure agreement, dated as of December 10, 2019, by and between Athena and Sapphire, as supplemented by that certain clean team agreement, dated as of June 30, 2020, by and between the Company and Sapphire.

“Confirmation Date” means the date on which the go shop process described in Section 6.9 has ended in accordance with its terms without any Superior Proposal having been accepted by Athena and the possibility of terminating the Agreement in accordance with Section 10.1(j) no longer being available. The Confirmation Date shall in no event be later than sixty (60) days after the date of this Agreement.

“Continuing Education Agreements” means the Intercompany Contracts pursuant to which Athena or its Affiliates (other than the Group Companies) which are party thereunto provide the Group Companies party thereto with continuing educational services in connection with such Group Companies’ students.
“Contract” means, with respect to any Person, any legally binding agreement, contract, instrument, lease, license, purchase order, sales order or other legally binding obligation, whether oral or written, in each case, to which such Person is a party or by which it or its assets are otherwise legally bound.

“Controlled Group” means any trade or business (whether or not incorporated) (i) which is under common control within the meaning of Section 4001(b)(1) of ERISA with any Group Company or (ii) which together with any Group Company is treated as a single employer under Section 414(b), (c), (m) or (o) of the United States Internal Revenue Code.

“Corporations Law” means Brazil’s Law No. 6.404 of December 15, 1976, as amended or amended and restated from time to time, or as may be substituted by any successor law governing sociedades por ações incorporated in Brazil.

“CP Satisfaction Date” means the first date on which the conditions set forth in Section 7.1(b) (CADE Clearance), Section 7.1(d) (ADR Program), Section 7.1(e) (Registration Statements), and Section 7.1(f) (ADSs and Shares) are satisfied or waived by the Party entitled to waive the same.

“CVM” means the Brazilian Securities Exchange Commission (Comissão de Valores Mobiliários).

“CVM Rule 358” means the CVM Rule No. 358 dated as of January 3rd, 2002, as amended from time to time.

“CVM Rule 480” means the CVM Rule No. 480 dated as of December 7th, 2009, as amended from time to time.

“CVM Rule 481” means the CVM Rule No. 481 dated as of December 12th, 2009, as amended from time to time.

“CVM Rule 565” means the CVM Rule No. 565 dated as of June 15, 2015, as amended from time to time.


“Educational Agency” means any Person, whether a Governmental Authority, including the Brazilian Ministry of Education (MEC), Conselho Nacional de Educação (CNE) and Conselho Superior Universitário e de Ensino, Pesquisa e Extensão (CONSUNEPE), or a government-chartered private or quasi-private Person with the authority under Educational Laws to grant Educational Approvals for, administer student financial assistance to or for students of, or otherwise regulate private postsecondary institutions in accordance with standards relating to the performance, operation, financial condition or academic standards of such institutions.

“Educational Approval” means any license, permit, authorization, program participation agreement, certification, accreditation, or similar approval issued or required to be issued by an
Educational Agency to an educational institution subject to the oversight of such Educational Agency with respect to the operations of such educational institution, including any such approval for the institution to participate in any program of student financial assistance offered by such Educational Agency, but excluding any license, permit, authorization, certification or similar approval issued to the institution’s employees or contractors on an individual basis.

“Educational Law” means any Law applicable to private postsecondary educational institution and any regulations implementing or relating thereto, issued or administered by any Educational Agency.

“Employee Plan” means any (a) “employee benefit plan” (as defined in Section 3(3) of ERISA, whether or not subject to ERISA), (b) compensation, employment, consulting, severance, termination protection, change in control, transaction bonus, retention or similar plan, agreement, arrangement, program or policy or (c) other plan, agreement, arrangement, program or policy providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers’ compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits).

“Employees” means employees employed by the Group Companies or the Sapphire Group Companies, as applicable, immediately prior to the Closing.

“Equity Interests” means, with respect to any Person, (a) any common stock or preferred stock (or any series thereof), any ordinary shares or preferred shares and any other equity securities, capital stock, quota, partnership, membership, limited liability company or similar interest of such Person, (b) any securities that are directly or indirectly convertible, exchangeable or exercisable into any such stock or interests, including any right that would entitle any other Person to directly or indirectly acquire any such interest in such Person, and (c) any right that would otherwise entitle any other Person to share in the equity, profits, earnings, losses or gains of such first Person (including stock appreciation, phantom stock, profit participation or other similar rights), in each case of clauses (a) through (c), however described and whether voting or non-voting.


“Estimated Adjusted Cash Consideration” means an amount equal to the Cash Consideration (i) plus the Estimated Cash Consideration Increase Amount (if any) and (ii) minus the Estimated Cash Consideration Decrease Amount (if any).

“Excess Athena Transaction Expenses” means an amount equal to any and all Athena Transaction Expenses not accrued on the consolidated unaudited balance sheet of the Company as of March 31, 2020, or incurred, committed to be paid (irrespective of when required to be
paid) or paid by any Group Company after March 31, 2020, and at or prior to the Closing in excess (in the aggregate) of one Brazilian Real (R$1.00).

“Excess Sapphire Transaction Expenses” means an amount equal to any and all Sapphire Transaction Expenses not accrued on the consolidated unaudited balance sheet of Sapphire as of March 31, 2020, or incurred, committed to be paid (irrespective of when required to be paid) or paid by any Sapphire Group Company after March 31, 2020, and at or prior to the Closing in excess (in the aggregate) of one Brazilian Real (R$1.00).


“Excluded Sapphire Dividend” means the mandatory dividend of Sapphire in the amount of six million and one hundred thousand Brazilian Reais (R$6,100,000.00) which has been declared by Sapphire prior to the date hereof.

“Family Members” means the individuals set forth on Exhibit 1.1(a).

“FIES” means the “Fundo de Financiamento Estudantil” promoted by MEC.

“Fraud” means fraud as defined under applicable Laws in the making of a representation or warranty contained in this Agreement, committed by a Person making such representation or warranty, with intent to deceive another Person, and to induce him, her or it to enter into the contract and requires (a) a false representation of material fact made herein; (b) knowledge that such representation is false; (c) an intention to induce the Person to whom such representation is made to act or refrain from acting in reliance upon it; (d) causing that Person, in justifiable reliance upon such false representation and with ignorance to the falsity of such representation, to take or refrain from taking action; and (e) causing such Person to suffer damage by reason of such reliance.

“Governmental Authority” means any federal, state, local, municipal, national or supranational government or governmental authority of any nature (including any governmental agency, branch, bureau, commission or department, or any official, administrative, executive, judicial, legislative, police, regulatory authority or entity), any securities exchange and any court or arbitral body.

“Group Companies” means, collectively, NewCo, the Company and their direct or indirect Subsidiaries, including in any case (a) each of the entities listed as a Subsidiary of the Company in the Audited Financial Statements for the financial year ended December 31, 2019 and (b) any other entity that became a Subsidiary of the Company after such date.

“IFRS” means International Financial Reporting Standards as adopted by the International Accounting Standards Board.

“Intellectual Property” means any and all intellectual property rights or similar proprietary rights throughout the world, including (a) patents and patent applications, together
with all re-issuances, continuations, continuations-in-part, divisionals, revisions, extensions and reexaminations thereof, (b) trademarks, service marks, logos, trade dress, trade names, corporate names and Internet domain names, including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith (“Trademarks”), (c) copyrights and all applications, registrations and renewals in connection therewith, and (d) trade secrets, including rights in know-how, and confidential and proprietary information.

“Intercompany Contracts” means any Contract between or among (a) Athena or any of its Affiliates (other than any Group Company), on the one hand, and (b) any Group Company, on the other hand.

“IT Assets” means any and all computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines and all other information technology equipment owned or purported to be owned by the applicable party or licensed or leased to such party pursuant to written agreement (excluding any public networks).

“Law” means any foreign or domestic federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, decree, order, requirement or rule of law (including common law) of any Governmental Authority, including the regulations and rules issued by any securities exchange.

“Liabilities” means any and all indebtedness, liabilities, commitments or obligations, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured, liquidated or unliquidated, determined or determinable, on or off-balance sheet, and whether arising in the past, present or future, and including those arising under any Contract, Action or Order.

“Lien” means any mortgage, lien, usufruct (usufruto), pledge, charge, security interest, encumbrance, easement, right of way, lease, license or transfer restriction (including any right of first refusal, right of first offer, preemptive right or option).

“Lookback Date” means December 31, 2017.

“Losses” means losses, damages, liabilities, judgments, interest, awards, penalties, fines, Taxes, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers (deducted, however, of any amounts recovered).

“Management Proposal” means the manual of the shareholders’ meeting (manual de participação na assembleia) and the management proposal (proposta da administração) prepared in accordance with the Corporations Law, CVM Rule 481 and CVM Rule 565, in respect of (a) the Sapphire Shareholders Meeting that will resolve on the ADR Program or (b) the Sapphire Closing Shareholders Meeting, including, in both cases, any supplement or amendment thereto.
“Merger Documents” means: (i) the audited financial statements of NewCo and Sapphire relating to the same base date, which shall not be more than one hundred and eighty (180) days (or, under the conditions of Article 6 of CVM Rule 565, three hundred and sixty (360) days) before the Sapphire Closing Shareholders Meeting; (ii) the pro forma financial statements of Sapphire considering the effects of the Merger; (iii) the Appraisal Report; (iv) the Protocol and Justification of the Merger; and (v) any other documents required under the terms of CVM Rule 565 or any applicable Law for convening the Sapphire Closing Shareholders Meeting.

“New Sapphire Bylaws” means the amended and restated Bylaws of Sapphire in the form attached hereto as Exhibit 1.1(b), to be approved at or before the Sapphire Closing Shareholders Meeting.

“NewCo Bylaws” means the Bylaws of NewCo in the form attached hereto as Exhibit 1.1(c).

“NewCo Equity Interests” means quotas of NewCo representing one hundred percent (100%) of its total and voting capital.

“Novo Mercado” means the Novo Mercado Listing Segment of the B3.

“Order” means any decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any Governmental Authority or arbitrator (with binding effect).

“Ordinary Course of Business” means, when used in relation to the conduct by the Group Companies or the Sapphire Group Companies, as applicable, of their respective businesses, any action or transaction taken by or inaction of any of the Group Companies or the Sapphire Group Companies, as applicable, in the ordinary course of business consistent with past practice, taking into account the following actions that the Group Companies or the Sapphire Group Companies, as applicable, may take or have taken in good faith in response to the COVID-19 pandemic: (a) any required or recommended quarantines, travel restrictions, “stay-at-home” orders, social distancing measures, or other safety measures, (b) workforce reductions or workplace slowdowns, (c) selling, transferring or otherwise disposing of unused or obsolete assets, and (d) expanding (and prioritizing investment in) distance education, in each of the foregoing clauses (a) through (d), to the extent (i) reasonably necessary or appropriate to respond to, or mitigate the adverse effects of, the COVID-19 pandemic, (ii) supported by documentation, information, data or other evidence reasonably substantiating the necessity or appropriateness of such acts and (iii) taken to advance the interests of the Group Companies or the Sapphire Group Companies, as applicable.

“Organizational Documents” means, with respect to any Person, the certificate of incorporation, articles of association, bylaws or comparable or equivalent organizational or governance documents of such Person.

“Permits” means any and all written permits, licenses, accreditations, operating certificates, certifications, filings, registrations, authorizations, enrollments, approvals and
waivers obtained or required to be obtained from any Governmental Authority with valid jurisdiction.

“Permitted Lien” means (a) Liens for Taxes (i) which are not yet due or payable or (ii) which are being contested in good faith by appropriate proceedings and for which the Group Companies or the Sapphire Group Companies, as applicable, have established an adequate accrual in accordance with the applicable generally accepted accounting principles, (b) statutory Liens granted or arising in the Ordinary Course of Business, (c) deposits or pledges made in connection with, or to secure payment of, worker’s compensation, unemployment insurance, old age pension or other social security programs mandated under applicable Laws, (d) restrictions on transfer of securities imposed by applicable securities Laws, (e) any right to use, license of, option to license, or covenant not to assert claims of infringement, misappropriation or other violation with respect to, Intellectual Property, (f) Liens arising under original purchase price conditional sales contracts and equipment leases and real property leases with third parties entered into in the Ordinary Course of Business, (g) the effect of zoning, entitlement, building and land use ordinances, codes and regulations imposed by any Governmental Authority, (h) covenants, defects of title, easements, rights of way, restrictions and other similar non-monetary Liens with respect to any real property that would be revealed by a current title report with respect to such real property or that, individually or in the aggregate, do not materially impair or detract from the value of the real property subject thereto or impair or interfere in any material respect with the use or occupancy of the real property subject thereto in the operation of the Group Companies or the Sapphire Group Companies, as applicable, as currently conducted, taken as a whole, (i) any Liens reflected in, reserved against or otherwise disclosed on, the Financial Statements or the Sapphire Financial Statements, as applicable, (j) Liens arising under this Agreement or any of the Ancillary Agreements, (k) Liens with respect to any real property which would be revealed by a survey or other inspection of such real property, and (l) any other Liens that, individually or in the aggregate, do not materially impair or detract from the value, or materially interfere with or impair the existing use, of the asset or property affected by such Lien, or that will be released on or prior to the Closing Date.

“Person” means any natural person, corporation, partnership, limited liability company, joint venture, estate, trust, association, organization, investment fund (fundo de investimento), or other entity, including any Governmental Authority.

“Protocol and Justification of the Merger” means the protocol and justification (protocolo e justificação) to be executed by and between Sapphire and NewCo on the CP Satisfaction Date, prepared in accordance with Articles 224 and 225 of the Corporations Law and with CVM Rule 565, substantially in the form attached hereto as Exhibit 1.1(d).

“ProUni” means the “Programa Universidade para Todos” promoted by MEC.

“Purchased Company Equity Interests” means such number of quotas of the Company as is equal to the total number of quotas of the Company multiplied by the fraction resulting from dividing (a) the Cash Consideration by (b) the sum of: (i) the Cash Consideration and (ii) the amount resulting from multiplying the Stock Consideration by the closing price of the shares of Sapphire Common Stock on the second Business Day immediately prior to the CP Satisfaction.
Date (or any other date that Athena determines, provided that such date shall not be later than the date on which the Protocol and Justification of the Merger would have to be executed pursuant to this Agreement), as published by the B3.

“Reference Form” (Formulário de Referência) means the form disclosed by Sapphire at CVM’s website, in accordance with CVM Ruling 480/2009.

“Regulation S-X” means Regulation S-X under the Securities Act.

“Relative” means, with respect to an individual, any parent, spouse, civil partners (companheiro/a), or any other relative until the third degree (parente em linha reta, colateral ou por afinidade até o terceiro grau), such Person’s spouse or civil partner or any other relative (by blood, marriage or adoption) that resides with such Person.

“Remaining Company Equity Interests” means such number of quotas of the Company as is equal to the total number of quotas of the Company minus the Purchased Company Equity Interests.

“Representatives” means, with respect to any Person, such Person’s officers, administrators, directors and authorized agents, consultants and advisors (including such Person’s authorized attorneys and accountants).

“Sapphire Common Stock” means the common stock of Sapphire.

“Sapphire Data Room” means the electronic data site made available by Sapphire for purposes of due diligence of the Sapphire Group Companies and their businesses on a platform operated by Datasite under the project name “Brightwater”.

“Sapphire Disclosure Schedule” means the disclosure schedule delivered by Sapphire to Athena concurrently with the execution of this Agreement.

“Sapphire Exchange Act Registration Statement” means the registration statement on Form 8-A, to be filed by Sapphire with the SEC to register the ADSs and the Sapphire Common Stock under Section 12(b) of the Exchange Act, as amended or supplemented from time to time.

“Sapphire Group Companies” means, collectively, Sapphire and (A) each entity listed as a Subsidiary of Sapphire in the Sapphire Audited Financial Statements for the financial year ended December 31, 2019, and (B) any other entity that became a Subsidiary of Sapphire after such date, including pursuant to a Permitted Sapphire M&A Transaction.

“Sapphire Intercompany Contracts” means any Contract between or among (a) any of the Sapphire’s Controlling Shareholder, Family Members, their respective Relatives, or the foregoing Persons’ Affiliates, on the one hand, and (b) any Sapphire Group Company, on the other hand.

“Sapphire’s Knowledge” means the actual knowledge, after reasonable inquiry of their direct reports, of the individuals identified in Section 1.1 of the Sapphire Disclosure Schedule.
“Sapphire Material Adverse Effect” means any fact, circumstance, condition, event, change, development, occurrence or effect (including any breach of this Agreement), that, individually or in the aggregate with other facts, circumstances, conditions, events, changes, developments, occurrences or effects: (a) has resulted or is reasonably expected to result (x) in Losses (including lost profits) of the Sapphire Group Companies, individually or in the aggregate, in excess of six hundred million Brazilian Reais (R$600,000,000.00), (y) in the incurrence by any of the Group Companies of any Liabilities, individually or in the aggregate, in excess of six hundred million Brazilian Reais (R$600,000,000.00), or (z) in a decrease in the net revenues of the Sapphire Group Companies (determined on a consolidated basis in accordance with IFRS and in Brazilian Reais) (A) for the four fiscal quarters of the Sapphire Group Companies immediately preceding the date of determination in an amount equal to or greater than twenty five percent (25%) compared with the net revenues of the Sapphire Group Companies (determined on a consolidated basis in accordance with IFRS and in Brazilian Reais) (B) during the four fiscal quarters of the Sapphire Group Companies immediately preceding such four fiscal quarters of the Sapphire Group Companies (so, for illustrative purposes only, if the date of determination is July 15, 2021, the period of clause (A) shall be the 2Q 2021, the 1Q 2021, the 4Q 2020 and the 3Q 2020 and the period of clause (B) shall be the 2Q 2020, the 1Q 2020, the 4Q 2019 and the 3Q 2019); or (b) has had or is reasonably expected to have a material adverse effect on the ability of Sapphire to perform its obligations hereunder or under the Ancillary Agreements or to consummate the transactions contemplated hereby or thereby; provided, however, that in no event shall any fact, circumstance, condition, event, change, development, occurrence or effect constitute or be taken into account in determining the occurrence of a Sapphire Material Adverse Effect under clause (a) of this definition to the extent it arises out of or results from (i) changes in general economic, political or business conditions in Brazil or elsewhere in the world; (ii) changes in the credit, debt, financial or capital markets or changes in interest or exchange rates; (iii) changes in conditions generally affecting the industry in which the Sapphire Group Companies operate; (iv) any outbreak or escalation of any military conflict, declared or undeclared war, armed hostilities, sabotage, civil or labor unrest, or acts of foreign or domestic terrorism; (v) any hurricane, flood, tornado, earthquake, natural disaster or other act of God or any epidemic, pandemic or disease outbreak (including the COVID-19 virus); (vi) changes or proposed changes in applicable Law (of general applicability), IFRS or Brazilian GAAP or in the interpretation or enforcement thereof; (vii) any failure by the Sapphire Group Companies to meet any internal or external estimates, expectations, budgets, projections or forecasts (but not the underlying causes of such failure unless such underlying causes would otherwise be excepted from this definition); (viii) non-cash accounting Losses related to intangible impairment charges or goodwill impairment charges in relation to the assets of the Sapphire Group Companies; (ix) the public announcement of this Agreement and the identity of Athena or the pendency of the transactions contemplated by this Agreement, including any losses of students or employees, in each case, to the extent resulting therefrom (provided, that this clause (ix) shall not apply in the context of any representation or warranty contained in Section 5.4); or (x) any action taken or inaction by Sapphire or its Affiliates (A) that is expressly required or contemplated by this Agreement or any Ancillary Agreement or (B) at the express written request of Athena; except in the cases of clauses (i), (ii), (iii), (iv) or (vi), to the extent the businesses of the Sapphire Group Companies, taken as a whole, are disproportionately adversely
affected thereby as compared to other participants in the industries or markets in which the Sapphire Group Companies operate.

“Sapphire Pro-Rata Value” means the ratio (expressed as a percentage) resulting from dividing (a) the number of shares of Sapphire Common Stock forming part of the Stock Consideration by (b) the number of shares of Sapphire Common Stock in existence as of the Closing (excluding any shares of Sapphire Common Stock held in treasury but including the shares of Sapphire Common Stock forming part of the Stock Consideration).

“Sapphire Registration Statements” means, collectively, the Sapphire Exchange Act Registration Statement, the Sapphire Primary Securities Act Registration and the Sapphire Resale Securities Act Registration Statement.

“Sapphire Securities Act Registration Statements” means each of (a) the registration statement on Form F-1/F-4 to be filed by Sapphire with the SEC to register the issuance of Sapphire Common Stock in the Merger and the delivery by Athena of such Sapphire Common Stock pursuant to the Exchange Offer, as amended or supplemented from time to time (the “Sapphire Primary Securities Act Registration Statement”) and (b) any resale registration statement on Form F-1 or Form F-3, as applicable, that may be requested by Athena pursuant to the Registration Rights Agreement to be filed by Sapphire with the SEC to register the resales by Athena of any Sapphire Common Stock not distributed by Athena to the holders of Athena Common Stock pursuant to the Exchange Offer, as amended or supplemented from time to time (each, a “Sapphire Resale Securities Act Registration Statement”).

“Sapphire’s Specified Disclosure Documents” means all information filed by Sapphire with the CVM, regardless of its form, since the Lookback Date, and accessible to the public on the date hereof, including: (a) Sapphire’s Reference Form for the Company for the fiscal year ended December 31, 2019, filed with the CVM on May 5, 2020; and (b) Quarterly Information Form (Informações Trimestrais) for the first quarter of the fiscal year ending on December 31, 2020, filed with the CVM on May 5, 2020.

“Sapphire Transaction Expenses” means any and all (i) out-of-pocket fees, costs and expenses incurred by or on behalf of any of the Sapphire Group Companies (but only to the extent actually paid or required to be paid by) or due by any of the Sapphire Group Companies (or for which any of the Sapphire Group Companies may be held liable) and related to this Agreement, any Ancillary Agreement, the transactions contemplated hereby and thereby or any other transaction concerning the sale of the Sapphire Group Companies, including all legal, financial advisor, accounting, consulting or other advisory fees (including Sapphire’s pro rata portion of any premium amounts paid or payable pursuant to Exhibit 6.36) and (ii) stay bonuses, incentive bonuses, transaction bonuses, termination and change of control arrangements and similar obligations (x) payable by any of the Sapphire Group Companies to any directors, officers or employees of any of the Sapphire Group Companies as a result of this Agreement or any Ancillary Agreement or the transactions contemplated by this Agreement or any Ancillary Agreement and (y) triggered by the execution and delivery of this Agreement or any Ancillary Agreement or the transactions contemplated by this Agreement or any Ancillary Agreement.
without the requirement of any further action by the Sapphire Group Companies (including any termination of employment), in each case, other than any such payments to the extent that they are the result of any action taken by or at the express written request of Athena or any of its Affiliates. For the avoidance of doubt, Sapphire Transaction Expenses shall not include any SEC filing fees relating to Schedule TO which shall be borne by Athena as provided in Section 12.1.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the U.S. Securities Act of 1933, as amended (including all rules and regulations promulgated thereunder).

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company or other business association or entity, whether incorporated or unincorporated, of which (a) such Person or any other Subsidiary of such Person is a general partner or a managing member, (b) such Person or one or more of its Subsidiaries holds voting power to elect a majority of the board of directors or other governing body performing similar functions, or (c) such Person or one or more of its Subsidiaries, directly or indirectly, owns or controls more than 50% of the equity, membership, partnership or similar interests.

“Tax” or “Taxes” means any and all taxes, contributions, tariffs, fees or similar charges of any nature, at federal, state and municipal level, and others, including license fees, income tax (including social contributions), capital gains tax, tax on sales, including ICMS (Tax on the Circulation of Goods and Provision of Services), IPI (Tax on Industrialized Products), COFINS (Social Security Financing Contribution), PIS (Social Integration Program), CSLL (Social Contribution on Net Profit), ISS (Service Tax), IPTU (Urban Property Tax), ITR (Rural Property Tax), ITBI, ITCMD (Inheritance and Gift Tax), IPVA (Vehicle Tax), IR (Income Tax), IOF (Tax on Financial Operations), and other taxes and contributions, together with applicable interest, penalties and accessory obligations.

“Tax Authority” means any Governmental Authority having jurisdiction over the assessment, determination, collection, administration or imposition of any Tax.

“Tax Return” means any and all returns, reports, information returns, declarations, documents or statements (and any attachments thereto) supplied or required to be supplied to any Tax Authority with respect to Taxes, including any claim for refund or amendment thereof.

“US Stock Exchange” means the New York Stock Exchange – NYSE or the Nasdaq Stock Market.

“U.S. GAAP” means generally accepted accounting principles in the United States.

“Wholly-Owned Group Company” means a Group Company directly or indirectly wholly-owned by the Company.

“Wholly-Owned Sapphire Group Company” means a Sapphire Group Company directly or indirectly wholly-owned by Sapphire.
“Willful Breach” means, with respect to any covenant or agreement of a Party made in this Agreement, an action or failure to act by such Party in material breach of such covenant or agreement that the breaching party intentionally takes (or intentionally fails to take) with actual knowledge that such action or failure to act would, or would reasonably be expected to, cause such material breach of such covenant or agreement.

Section ii. Interpretation

(1) Whenever the words “include,” “includes” or “including” are used in this Agreement they shall be deemed to be followed by the words “without limitation.”

(2) The words “hereof”, “hereby”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and clause, article, section, paragraph, exhibit and schedule references are to the clauses, articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified.

(3) References in this Agreement to “extent” in the phrase “to the extent” shall mean the degree to which a subject or other item extends and shall not simply mean “if”.

(4) The plural of any defined term shall have a meaning correlative to such defined term in the singular, the singular of any defined term shall have a meaning correlative to such term defined in the plural and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(5) References in this Agreement to “USD”, “Dollars” and “$” shall mean United States Dollars. References in this Agreement to “BRL”, “Reais” and “R$” shall mean Brazilian Reais.

(6) A reference to any Party to this Agreement or to any party to any other agreement or document shall include such party’s successors and permitted assigns, subject to the terms hereof or thereof, as applicable.

(7) A reference to any specific statute, law, ordinance, regulation, rule, code, decree or order or to any provision thereof shall include any amendment, modification or re-enactment thereof, any provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto. A reference to a Contract (including this Agreement) shall be deemed to include references to such Contract as amended, amended and restated, modified or supplemented from time to time in accordance with its terms and the terms of this Agreement, as applicable.

(8) References to a Person also refer to its successors and permitted assigns.
(9) Any capitalized terms used in any Schedule or Exhibit to this Agreement, the Athena Disclosure Schedule, the Sapphire Disclosure Schedule and any Ancillary Agreement but not otherwise defined therein shall have the respective meanings set forth in this Agreement.

(10) 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 provisions of this Agreement.

(11) References to any document or information having been “delivered”, “furnished”, “provided” or “made available” by Athena to Sapphire or its Representatives shall mean Athena or its Representatives (i) having physically or electronically delivered such document or information to Sapphire or its Representatives, (ii) having posted such document or information to the Athena Data Room or (iii) otherwise having made a copy of such document or information publicly available (electronically) on the SEC’s website, in each case, prior to the execution of this Agreement by the Parties.

(12) References to any document or information having been “delivered”, “furnished”, “provided” or “made available” by Sapphire to Athena or its Representatives shall mean Sapphire or its Representatives (i) having physically or electronically delivered such document or information to Athena or its Representatives, (ii) having posted such document or information to the Sapphire Data Room or (iii) otherwise having made a copy of such document or information publicly available (electronically) on the CVM’s website, in each case, prior to the execution of this Agreement by the Parties.

(13) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of any period of time is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(14) The words “day” and “days” refer to calendar day(s).

(15) The word “or” shall not be exclusive.

(16) References to “written” or “in writing” include in electronic form (including, for the avoidance of doubt, electronic mail).

Section iii. Schedules, Exhibits and Disclosure Schedule

(1) All Schedules and Exhibits to this Agreement and the Disclosure Schedule are hereby incorporated into this Agreement by reference and made a part of this Agreement.

(2) Disclosures on the Disclosure Schedule are arranged in sections corresponding to the numbered and lettered sections of this Agreement. Any disclosure set forth
in any section of the Disclosure Schedule shall be deemed to be disclosed by the relevant Party for all sections of this Agreement and all other sections of such Party’s Disclosure Schedule to the extent that such disclosure is reasonably apparent on the face of such disclosure to be applicable to such other sections of this Agreement or such other sections of the Disclosure Schedule, notwithstanding the omission of a specific reference or cross-reference thereto. The headings contained in the Disclosure Schedule are for convenience of reference only, do not constitute part of the Disclosure Schedule and shall not be deemed to limit or otherwise affect, including modifying or influencing the interpretation of, any of the information contained in the Disclosure Schedule or this Agreement. The inclusion by any Party of any information in any section of its Disclosure Schedule shall not be deemed to be an admission or acknowledgement by such Party or otherwise imply that such information or matter rises to a Company Material Adverse Effect or a Sapphire Material Adverse Effect, as applicable, or is material to or outside the Ordinary Course of Business. Matters reflected in the Disclosure Schedule are not necessarily limited to matters required by this Agreement to be reflected in the Disclosure Schedule. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. In no event shall the listing by a Party of items or matters in the Disclosure Schedule be deemed or interpreted to broaden, or otherwise expand the scope of, such Party’s representations, covenants or other agreements contained in this Agreement. All references to, or disclosures of, a breach or violation of any Contract, Law or Order, the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements in the Disclosure Schedule are intended only to allocate rights and risks between Sapphire and Athena and are not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against any Party by any Person that is not a Party, or give rise to any claim or benefit to any Person that is not a Party. Where a Contract or other document is referenced, summarized or described in the Disclosure Schedule, such reference, summary or description does not purport to be a complete statement of the terms or conditions of such Contract or other document, and (to the extent such Contract or other document was made available to Athena or Sapphire, as applicable) such reference, summary or description is qualified in its entirety by the specific terms and conditions of such Contract or other document (as made available to Athena or Sapphire, as applicable).

Article II.

Cash Transfer; Merger

Section i. Cash Transfer; Cash Consideration

Upon the terms and subject to the conditions set forth in this Agreement, (a) Athena shall sell, transfer, assign, convey and deliver (or cause to be sold, transferred, assigned, conveyed and delivered) to Sapphire, and Sapphire shall purchase, acquire and accept from Athena, all right, title and interest in and to the Purchased Company Equity Interests, free and clear of any Liens (other than those set forth in the Organizational Documents of the Company or restrictions on transfer of securities imposed by applicable securities Laws) and (b) Sapphire shall pay to the holder of the Purchased Company Equity Interests on Closing the Adjusted Cash Consideration, as finally determined pursuant to Section 2.2.
Section ii. Cash Consideration Adjustment

(a) The Cash Consideration shall be increased by an amount equal to the amount resulting from multiplying the Sapphire Pro-Rata Value by the sum of (i) any Excess Sapphire Transaction Expenses and (ii) if and to the extent not covered in (i) above, and except for any payment made or expense incurred by or on behalf of any Sapphire Group Company at the written request of Athena following the date hereof: (A) any payments under any Sapphire Intercompany Contracts (other than Permitted Lease Payments) (x) made after March 31, 2020 and up to and including the Closing or (y) which underlying obligations were created at any time prior to the Closing, to the extent not paid before or on March 31, 2020; (B) any dividends or other distributions declared, paid or agreed or committed to be declared or paid and any return of capital or any other payment declared, made or agreed or committed to be declared or made after March 31, 2020, and at or before the Closing by Sapphire to one or more of its shareholders in respect of such Person’s Sapphire Common Stock (other than the Excluded Sapphire Dividend, which shall not result in any adjustment of the Cash Consideration); and (C) any Taxes incurred in connection with any of the foregoing (the amount resulting from the application of this Section 2.2(a), the “Cash Consideration Increase Amount”).

(b) The Cash Consideration shall be decreased by an amount equal to the sum of (i) the Excess Athena Transaction Expenses; and (ii) if and to the extent not covered in (i) above, and except for any payment made or expense incurred by or on behalf of any Group Company at the written request of Sapphire following the date hereof: (A) any amounts (including principal and interest accrued thereon) actually paid or repaid (other than through a capitalization into equity) by or on behalf of any Group Company to Athena or any of its Affiliates (other than a Wholly-Owned Group Company) under any Intercompany Contract relating to indebtedness (net of any replacement indebtedness provided by Athena or any of its Affiliates (other than a Group Company) to any Wholly-Owned Group Company in accordance with the terms of Section 6.1(b)(xix)(B) and actually disbursed by Athena or any of its Affiliates (other than a Group Company) to such Wholly-Owned Group Company), in each case after March 31, 2020 and at or prior to the Closing; (B) any payments under any Intercompany Contract (other than those listed in Section 4.15 of the Athena Disclosure Schedule that do not consist in Intercompany Contracts relating to indebtedness) (x) made at any time after March 31, 2020 and up to and including the Closing or (y) which underlying obligations were created at any time prior to the Closing, to the extent not paid before or on March 31, 2020, and, (C) any dividends or distributions declared, paid or agreed or committed to be declared or paid and any return of capital or any other payment declared, made or agreed or committed to be declared or made after March 31, 2020, and at or before the Closing by the Company or NewCo to one or more of their respective equityholders in respect of such Person’s Equity Interest in the Company or NewCo (other than payments made by the Company to Newco); and (D) any Taxes incurred in connection with any of the foregoing (the amount resulting from the application of this Section 2.2(b), the “Cash Consideration Decrease Amount”); provided, however, that (x) the distribution of any proceeds to the extent resulting from the sale of the non-operational real properties described in Section 6.1(b)(xi) of the Athena Disclosure Schedule by one or more of the Group Companies (net of any Taxes, commissions, costs and expenses paid or incurred and any contractually undertaken monetary liabilities or obligations (which, for the avoidance of doubt, shall not include general legal responsibilities (including for eviçção) and typical representations or warranties made in escrituras de compra e venda), in each case, in connection therewith) (“Net Real Property Sale Proceeds”) or (y) the entering into any Intercompany Contracts to sell those non-operational real properties described in Section 6.1(b)(xi) to Athena or an Affiliate of Athena (other than a Group Company), shall not, in each case of clauses (x) and (y), result in any adjustment of the Cash Consideration, provided that such Intercompany Contracts shall not result
(c) At least four (4) Business Days prior to the Closing Date, Athena shall deliver to Sapphire a statement with its good faith estimate of the Cash Consideration Decrease Amount (the “Estimated Cash Consideration Decrease Amount”) and Sapphire shall deliver to Athena a statement with its good faith estimate of the Cash Consideration Increase Amount (the “Estimated Cash Consideration Increase Amount”), and in each case, Athena and Sapphire shall provide the other a reasonable level of supporting documentation for, in the case of Athena, the Estimated Cash Consideration Decrease Amount and, in the case of Sapphire, the Estimated Cash Consideration Increase Amount and the calculation thereof and any related information as reasonably requested by the other Party. If Athena or Sapphire, as applicable, objects to the Estimated Cash Consideration Increase Amount or the Estimated Cash Consideration Decrease Amount or the calculation thereof, Athena or Sapphire, as applicable, shall deliver a notice of such objection to the other Party no later than two (2) Business Days prior to the Closing Date, and Athena and Sapphire shall cooperate in good faith to resolve any objections set forth in such objection notice, and Athena or Sapphire, as applicable, shall revise the Estimated Cash Consideration Decrease Amount or the Estimated Cash Consideration Increase Amount, as applicable, and the calculation thereof to reflect any revisions mutually agreed upon by Athena and Sapphire at least one (1) Business Day prior to the Closing Date. If Athena and Sapphire fail to resolve any of such objections, the Estimated Cash Consideration Increase Amount or the Estimated Cash Consideration Decrease Amount, as applicable, and the calculation thereof as originally delivered by Athena and Sapphire shall be conclusive and binding upon the Parties for the purposes of determining the amount of the Estimated Adjusted Cash Consideration payable by Sapphire at the Closing.

(d) As soon as reasonably practicable, but in no event later than sixty (60) days after the Closing Date, Sapphire shall prepare and cause to be delivered to Athena a statement with its good faith determination of the Cash Consideration Increase Amount and the Cash Consideration Decrease Amount, which statement shall include, in reasonable detail, (i) Sapphire’s calculation of the amounts for each of the adjustments and (i) the calculation of the Adjusted Cash Consideration (the “Closing Statement”). Sapphire shall provide a reasonable level of supporting documentation for the Closing Statement and the Adjusted Cash Consideration therein and the calculation thereof and any additional information reasonably requested by Athena and related thereto.

1. Upon receipt of the Closing Statement, Athena and its representatives shall be permitted during the succeeding sixty (60) day period (the “Review Period”) reasonable access, upon reasonable notice, to (i) the books and records in the possession of Sapphire or any of its Affiliates (including the Group Companies) which would reasonably be expected to be necessary for the preparation of the Closing Statement and (ii) the personnel of Sapphire and its Affiliates (including the Group Companies) involved in the preparation of the Closing Statement and/or who would reasonably be expected to be necessary for the preparation thereof.

2. If Athena disagrees with the Closing Statement or the calculation of the Adjusted Cash Consideration in the Closing Statement, on or prior to the last day of the Review Period, Athena shall notify Sapphire in writing of such disagreement with the Closing Statement, which notice shall set forth any such disagreement in reasonable detail, the specific item of the Closing Statement and the calculation thereof to which such disagreement relates and the specific basis for each such disagreement (the “Objection Notice”). If Athena fails to deliver the Objection
Within the Review Period, the Closing Statement and Sapphire’s calculation thereof shall be deemed to have been accepted by Athena and shall be final and binding. If Athena delivers the Objection Notice within the Review Period, subject to Section 2.2(g), Athena and Sapphire shall negotiate in good faith to resolve any such disagreement, and any resolution agreed to in writing by Athena and Sapphire shall be final and binding upon the Parties.

3. If Athena and Sapphire are unable to resolve any disagreement as contemplated by Section 2.2(f) within thirty (30) days after delivery of the Objection Notice, then Athena and Sapphire shall submit the matter for resolution to one of the Audit Firms listed in Exhibit 2.2(g) (or, if none of them is willing or available to accept such engagement, a mutually agreeable independent international accounting firm), that shall, acting as an expert (and not as an arbitrator), resolve the dispute set forth in the Objection Notice. In the event all of the Audit Firms listed in Exhibit 2.2(g) are unwilling or unavailable to accept such engagement and Athena and Sapphire are unable to agree on an accounting firm within fifteen (15) days after being notified by the last one of such Audit Firms that it is unwilling or unavailable to accept such engagement, at the request of either Party, Athena and Sapphire shall jointly request that the ICC International Centre for Expertise appoint an independent international accounting firm to resolve, as an expert (and not as an arbitrator), the dispute set forth in the Objection Notice (the accounting firm appointed pursuant to this Section 2.2(g), the “Independent Auditor”). The fees, costs and expenses of the Independent Auditor (and, if applicable, the ICC International Centre for Expertise) shall be allocated between Athena and Sapphire in proportion to the extent either Athena or Sapphire did not prevail on the disputed items submitted for the Independent Auditor’s review. For the avoidance of doubt and solely as an illustration of the methodology set forth in the immediately preceding sentence, if (i) the Objection Notice delivered by Athena assigns values to the disputed items such that the Adjusted Cash Consideration would be increased by one million Brazilian Reais (R$ 1,000,000.00), (ii) Sapphire maintains that the Adjusted Cash Consideration as calculated pursuant to the Closing Statement is correct and (iii) the Independent Auditor’s final resolution of the disputed items in accordance with this Section 2.2 is that the Adjusted Cash Consideration as calculated by Sapphire in the Closing Statement is increased by six hundred thousand Brazilian Reais (R$ 600,000.00) (i.e., sixty percent (60%) of the amount in dispute is resolved in favor of Athena), then forty percent (40%) of such fees and expenses of the Independent Auditor shall be paid by Athena and Sapphire shall be responsible for sixty percent (60%) of such fees and expenses of the Independent Auditor. All other costs and expenses incurred by the Parties in connection with resolving any dispute hereunder before the Independent Auditor shall be borne by the Party incurring such cost and expense.

4. Athena and Sapphire shall instruct the Independent Auditor to consider only those items and amounts which are identified in the Objection Notice as being items which Athena and Sapphire are unable to resolve and to make a determination as to whether such items and amounts were calculated in accordance with the terms of this Agreement. Further, the Independent Auditor’s determination shall be based solely on the relevant books and records and the other written information provided by Athena and Sapphire (i.e., not on the basis of an independent review), and the Independent Auditor shall not conduct additional discovery in any form.
5. Athena and Sapphire shall jointly instruct the Independent Auditor to make a determination as soon as practicable (but in any case within thirty (30) days (or such other time as the Parties shall agree in writing) after its engagement) with respect to the disputed items submitted to the Independent Auditor; provided that the failure to adhere to such thirty (30) day time limit shall not be a basis for challenging the Independent Auditor’s determination. The Independent Auditor shall provide the Parties with a written explanation in reasonable detail of each such required adjustment, including the basis therefor. Except as may be required by applicable Law or court order, the Parties agree to maintain confidentiality as to all aspects of any proceeding before the Independent Auditor, including its existence and results, except that nothing herein shall prevent any Party from disclosing information regarding such proceeding to a court of competent jurisdiction for purposes of enforcing this Section 2.2 or the Independent Auditor’s final determination. The Independent Auditor shall be bound by a mutually agreeable confidentiality agreement, which shall preserve the confidentiality of any proceeding before the Independent Auditor. The procedures of this Section 2.2 are exclusive and, except as set forth below, the determination of the Independent Auditor shall be final and binding on the Parties. The decision rendered pursuant to this Section 2.2(i) may be entered as a judgment in any court of competent jurisdiction. Either Athena and Sapphire may seek specific enforcement or take other necessary legal action to enforce any decision under this Section 2.2(i). The only defense of either Athena or Sapphire to such a request for specific enforcement or other legal action shall be fraud by or upon the Independent Auditor or manifest error. Absent such fraud or manifest error, Athena or Sapphire, as applicable, shall reimburse the Party seeking enforcement for its expenses related to such enforcement.

(j) If (i) the Estimated Adjusted Cash Consideration exceeds the Adjusted Cash Consideration as finally determined pursuant to, and in accordance with, Section 2.2 (the “Final Adjusted Cash Consideration”), Athena shall pay (or cause to be paid) to Sapphire the amount of such excess, and (ii) the Final Adjusted Cash Consideration exceeds the Estimated Adjusted Cash Consideration, Sapphire shall pay to Athena the amount of such excess (the excess amounts referred to in each of clauses (i) and (ii), the “Post-Closing Adjustment Amounts”). Any Post-Closing Adjustment Amounts shall be paid in cash in Brazilian Reais by wire transfer of immediately available funds within three (3) Business Days after the final determination of the Post-Closing Adjustment Amounts in accordance with this Section 2.2 to an account or accounts designated by the Party receiving payment.

a. Merger; Stock Consideration

(1) Upon the terms and subject to the conditions set forth in this Agreement, immediately following the consummation of the Cash Transfer, on the Closing Date, NewCo shall be merged with and into Sapphire in accordance with Articles 223, 224, 225 and 227 of the Corporations Law, Articles 1,116, 1,117 and 1,118 of the Brazilian Civil Code, CVM Rule 565 and other applicable Laws. Upon approval of the Merger, the separate corporate existence of NewCo shall cease, and all of its rights and obligations shall be transferred to Sapphire, as the successor and surviving corporation of the Merger.
(2) Upon approval of the Merger and subject to Section 2.3(c), (i) each NewCo Equity Interest outstanding as of immediately prior to the Merger shall be cancelled and (ii) Sapphire shall issue (in exchange for all cancelled NewCo Equity Interests) one hundred and one million, one hundred thirty eight thousand, three hundred and sixty nine (101,138,369) validly issued and allotted, fully paid-up shares of Sapphire Common Stock (the “Stock Consideration”). Subject to Section 3.7, the shares of Sapphire Common Stock to be received as Stock Consideration in the Merger shall (A) have the same rights as the other shares of Sapphire Common Stock issued and outstanding as of the Closing Date and (B) be free and clear of any Liens (other than those set forth in the Organizational Documents of Sapphire or this Agreement or restrictions on transfer of securities imposed by applicable securities Laws).

(3) The number of shares of Sapphire Common Stock constituting the Stock Consideration was determined assuming that the total number of outstanding shares of Sapphire Common Stock (on a fully diluted basis) as of the date of this Agreement is 128,721,560 (one hundred and twenty eight million, seven hundred and twenty one thousand, five hundred and sixty), disregarding any shares held in treasury. During the period between the date of this Agreement and the Closing, if there is any change in the total number of outstanding shares of Sapphire Common Stock resulting from any reclassification, recapitalization, stock split, combination (grupamento), subdivision or other similar transaction (including by means of the issuance of new shares or any stock dividend thereon with a record date during such period), then the Stock Consideration shall be appropriately and equitably adjusted to eliminate the effect of such event and provide the holders of the Company Equity Interests the same treatment as contemplated by this Agreement immediately prior to such event; provided, however, that neither any issuance, sale or other disposition of shares of Sapphire Common Stock or other Equity Securities of Sapphire permitted under Section 6.2(b)(i) nor the declaration or payment of the Excluded Sapphire Dividend shall require or result in any adjustment to the Stock Consideration as contemplated in this Section 2.3(c) or otherwise.

(4) As a result of, and following the consummation of, the Cash Transfer and the Merger, (i) Sapphire will become the direct holder of the Purchased Company Equity Interests and the Remaining Company Equity Interests, which shall jointly represent, on the Closing Date, one hundred percent (100%) of the total and voting capital stock of the Company; and (ii) Athena will receive the Cash Consideration in full and will become the direct holder of the Stock Consideration, which shall represent, on the Closing Date, forty four percent (44%) of the total and voting capital stock of Sapphire on a fully diluted basis; provided that such percentage shall be adjusted downwards in the event of any issuance, sale or other disposition by Sapphire of shares of Sapphire Common Stock or other Equity Securities of Sapphire permitted under Section 6.2(b)(i).

Article III.

Closing

b. Closing

. The Closing contemplated by this Agreement shall take place at 10:00 a.m., São Paulo time, at the offices of Demarest Advogados, at Avenida Pedroso de Moraes, 1201,
Pinheiros, São Paulo, State of São Paulo, (a) on a date mutually agreed by the Parties in writing or (b) if no such agreement is reached within two (2) Business Days from the CP Satisfaction Date, on the last Business Day of the second calendar month following the month in which the CP Satisfaction Date occurs (i.e., for illustrative purposes only, if the CP Satisfaction Date occurs on March 15, 2021, the Closing shall take place on May 31, 2021) (the date on which the Closing actually occurs, the “Closing Date”); provided further that the obligation of the Parties to consummate the Closing shall be subject to the satisfaction (or waiver by the Party entitled to waive the same) of each of the Conditions Precedent (including the Conditions Precedent satisfied on the CP Satisfaction Date, which shall be required to remain satisfied on the Closing Date).

c. **Actions to be Taken at the Closing**

At the Closing, the following actions shall be taken:

5. Sapphire shall pay the Estimated Adjusted Cash Consideration to the direct holder of the Purchased Company Equity Interests by wire transfer of immediately available funds to one or more accounts designated in writing by Athena no later than two (2) Business Days prior to the Closing Date;

6. Athena (or the Subsidiary of Athena which is the direct holder of the Purchased Equity Interests immediately prior to Closing) and Sapphire shall execute (or cause to be executed) an Amendment to the Articles of Association of the Company in the form attached hereto as Exhibit 3.2(b) for the: (i) sale, transfer, assignment, conveyance and delivery of the Purchased Company Equity Interest in the Cash Transfer; and (ii) the formalization of the transfer of the Remaining Company Equity Interests to Sapphire through the Merger;

7. Athena (or the Subsidiary of Athena that pursuant to and upon consummation of the Internal Reorganization becomes the direct holder of NewCo Equity Interests) shall hold the NewCo Closing Quotaholders Meeting, the minutes of which shall be substantially in the form attached hereto as Exhibit 3.2(c), to approve the Merger and, consequently, the extinction of NewCo;

8. Sapphire shall hold the Sapphire Closing Shareholders Meeting, at which Sapphire’s Controlling Shareholder shall be required to vote, in accordance with Article XI, all of the shares of Sapphire Common Stock held by it in favor of approving the resolutions required under the Sapphire Shareholder Approval;

9. Sapphire shall deliver to Itaú Corretora de Valores S.A., the custodian of the shares of Sapphire Common Stock, the necessary documentation for the purpose of updating the shareholder base registry of Sapphire and request that it deliver to Athena, as promptly as possible, a certificate certifying that the shares of Sapphire Common Stock representing the Stock Consideration were validly issued and are registered in the name of the legal entity that was the direct holder of the NewCo Equity Interests immediately prior to the Closing;
Sapphire and Athena shall deliver to each other the documents that evidence the powers and authority of their respective representatives duly empowered under applicable Law who act on behalf of, or represent, each of them as signatories of all documents to be executed on the Closing Date;

(A) Athena shall deliver to Sapphire a true, correct and complete chart setting forth the number of students of the Group Companies in each of the live courses (graduação presencial) and EAD (graduação de educação à distânciad) offered by the Group Companies as of the last day of the calendar month immediately preceding the Closing Date and (B) Sapphire shall deliver to Athena a true, correct and complete chart setting forth the number of students of the Sapphire Group Companies in each of the live courses (graduação presencial) and EAD (graduação de educação à distância) offered by the Sapphire Group Companies as of the last day of the calendar month immediately preceding the Closing Date; and

Athena and Sapphire shall execute and deliver (or shall cause to be executed and delivered) to each other such documents, and take all such other actions, as are reasonably necessary to consummate the transactions contemplated by this Agreement to take place at the Closing, including the Ancillary Agreements.

d. **Simultaneous Actions at the Closing; Actions Following the Closing.**

(11) If any Party fails to take any action required to be taken at the Closing under Section 3.2, (i) there will be no further obligation on the other Parties to consummate any of the actions under Section 3.2, (ii) all other actions effectively taken in accordance with Section 3.2 shall be deemed null and void and (iii) each Party shall take such further action as may be reasonably required to undo and unwind any action taken at the Closing; and

(12) Immediately following consummation of the Closing, Sapphire shall issue a statement of material fact, in accordance with the terms of CVM Rule 358/02 and in the form of Exhibit 6.14, informing the market of the consummation of the Cash Transfer, the Merger, and that, as a result of the transactions contemplated herein, Sapphire became the direct holder of Company Equity Interests representing one hundred (100%) of its voting and total capital stock and Athena became the holder of forty four percent (44%) of the total and voting capital stock of Sapphire on a fully diluted basis (provided that such percentage shall be adjusted downwards in the event of any issuance, sale or other disposition of shares of Sapphire Common Stock or other Equity Securities of Sapphire permitted under Section 6.2(b)(i)).

e. **Withholding Tax**

(13) Sapphire shall pay to Athena all amounts due under this Agreement and, to the extent withholding Taxes apply over such payments, be they in cash or in kind, such Taxes shall be borne by the applicable responsible party, in accordance with the applicable Tax Law. Athena shall bear any Brazilian income tax on capital gain, if any, realized by it in connection with the Cash Transfer and the Merger. Sapphire is hereby authorized to deduct the amount of income tax (imposto de renda retido na fonte) from the Adjusted Cash Consideration. Within thirty (30) days as of the Confirmation Date (“Capital Gain Methodology Period”), the Parties shall hold good faith discussions to reach consensus on the methodology applicable to the
calculation of such capital gain tax, if any. As of the date of this Agreement, the Parties will not be required to provide supporting documentation; however, each Party will be required to provide supporting documentation during the Capital Gain Methodology Period as reasonably requested by the other Party. In case the Parties fail to reach consensus within the Capital Gain Methodology Period, they shall jointly and immediately engage one of the law firms listed in Exhibit 3.4 to assist in determining the methodology to calculate the amount of the capital gain, and such law firm shall deliver a legal opinion containing its view on such methodology, which shall be binding on the Parties. Upon reaching consensus on the methodology applicable to the calculation of such capital gain tax or the receipt of the binding legal opinion, within fifteen (15) days from the definition of the capital gains methodology, Athena shall inform Sapphire whether it believes there will be a capital gain in connection with the Cash Transfer and the Merger and, if so, the amount of such tax. In either case, together with such communication, Athena shall provide all supporting documents and information necessary to effectively calculate the capital gain tax to be assessed as a result of the Cash Transfer and as a result of the Merger.

(14) Following the receipt of such communication and the related supporting documents and for a period of forty-five (45) days (“Capital Gain Calculation Period”), the Parties shall hold good faith discussions to reach consensus on the amount of the capital gain tax to be withheld and Sapphire shall be entitled to request any additional documents or information reasonably required for such purpose. In case the Parties fail to reach such consensus within the Capital Gain Calculation Period, they shall jointly and immediately engage the same law firm engaged pursuant to Section 3.4(a) (or, if no law firm was engaged pursuant to Section 3.4(a) or the law firm that was engaged pursuant to Section 3.4(a) no longer exists, one of the law firms or one of the other law firms, as applicable, listed in Exhibit 3.4) to calculate the amount of the capital gain and corresponding tax due, and such law firm shall deliver a legal opinion containing its view on whether any capital gain tax is due and, if so, the calculation of such tax, which shall be binding on the Parties. Once the exact amount of the capital gain and corresponding tax has been agreed between the Parties, it shall be submitted to the local bank selected by Sapphire, which bank shall be responsible for remitting the Adjusted Cash Consideration abroad. In case such bank disagrees with the calculation of the capital gain due under this Agreement, if any, the Parties will jointly discuss in good faith and attempt to reach consensus with such bank, taking all reasonable and necessary steps to resolve any issues with such bank.

(15) In case there is no capital gain, Sapphire will not withhold any capital gain Tax. However, in case there is a capital gain, Athena shall provide Sapphire with all information necessary to collect such tax and complete the collection document - federal revenue (DARF) corresponding to the deduction of income tax by Sapphire. Sapphire shall timely remit such tax to the Tax Authority and shall deliver to Athena proof of payment of the respective income tax within two (2) Business Days after the date of payment. Notwithstanding anything herein to the contrary, and for the avoidance of doubt, the Parties acknowledge and agree that the Tax on Financial Transactions (“IOF”), if any, levied on an applicable Person with respect to the Adjusted Cash Consideration shall be borne by the Party in respect of which the liability for the IOF is imposed under applicable Tax Law, it being acknowledged that Sapphire is such Party as of the date of this Agreement.
f. **Filing with the Board of Trade**

Sapphire shall request (or cause the Group Companies to request) the submission of the relevant corporate acts set forth in Section 3.2 with the competent Board of Trade within ten (10) days as of the Closing Date, and the Parties shall cooperate during the registration process so as to provide all the necessary information or documentation and take any further action that may be required by such Board of Trade for the registration of said corporate acts.

g. **Commencement of Exchange Offer**

Athena may, if and when determined by Athena in its sole discretion, commence (within the meaning of Rule 14d-2 promulgated under the Exchange Act) the Exchange Offer, pursuant to which Athena shall, subject to the terms and conditions of the Exchange Offer (which terms and conditions shall be determined by Athena in its sole discretion), deliver, in exchange for a specified number of shares of Athena Common Stock, the Stock Consideration and, to the extent permitted under the Athena Credit Agreement and the Athena Note Indenture, the applicable portion of the Adjusted Cash Consideration to those holders of Athena Common Stock participating in the Exchange Offer.

h. **Disposal of Stock Consideration Following the Closing**

Following the Closing, for as long as Athena and/or any of its Affiliates control, hold or beneficially own, directly or indirectly, ADSs and/or shares of Sapphire Common Stock, including any shares of Sapphire Common Stock underlying any ADSs controlled, held or beneficially owned, directly or indirectly, by Athena or any of its Affiliates, representing in the aggregate (when all such Persons are taken together) more than seven point five percent (7.5%) of the total and voting shares of Sapphire Common Stock, Athena shall not, and Athena shall cause its Affiliates not to, vote any shares of Sapphire Common Stock and/or ADSs representing in the aggregate (when all such Persons are taken together) more than seven point five percent (7.5%) of the total and voting shares of Sapphire Common Stock, except in connection with the following matters, in respect of which Athena and its Affiliates shall not have any restriction to vote ADSs or shares of Sapphire Common Stock controlled, held or beneficially owned, directly or indirectly, by Athena or any of its Affiliates:

i. approval of management accounts;

ii. election of the member of the fiscal council (Conselho Fiscal) to be elected by the minority shareholders of Sapphire through separate voting (eleição em separado);

iii. any lawsuits that need to be approved by the shareholders pursuant to the Corporations Law;

iv. vote to “abstain” on any matter the approval of which would, according to applicable Law, entitle dissenting shareholders to exercise withdrawal rights; and
approval of any resolution that will result in the Company’s delisting (cancelamento de registro) or withdrawal from the Novo Mercado Listing Regime.

(17) Following the Closing, for as long as Athena and/or any of its Affiliates control, hold or beneficially own, directly or indirectly, ADSs and/or shares of Sapphire Common Stock, including any shares of Sapphire Common Stock underlying any ADSs controlled, held or beneficially owned, directly or indirectly, by Athena or any of its Affiliates, representing in the aggregate (when all such Persons are taken together) more than ten percent (10%) of the total and voting shares of Sapphire Common Stock, Athena shall cause any ADSs and/or shares of Sapphire Common Stock controlled, held or beneficially owned, directly or indirectly, by Athena or any of its Affiliates, including any shares of Sapphire Common Stock underlying any ADSs controlled, held or beneficially owned, directly or indirectly, by Athena or any of its Affiliates, to be sold, distributed, transferred or otherwise disposed of only as follows:

vi. through the consummation of the Exchange Offer;

vii. through the declaration and payment of a distribution to the holders of Athena Common Stock on a pro rata basis;

viii. through sales (including block trades) consummated through the US Stock Exchange or the B3, provided that no such sales shall include more than one hundred and fifty percent (150%) of the average daily trading volume of Sapphire Common Stock for the latest fifteen (15) days in any one-week period; and provided further that no such sales may be made to any Person that, to Athena’s Knowledge, after giving effect to the proposed sale, would control, hold or beneficially own, directly or indirectly (individually or together with its Affiliates), following consummation of such sale, ADSs and/or shares of Sapphire Common Stock that represent, in the aggregate, fifteen percent (15%) or more of the Sapphire Common Stock (other than bona fide sales to one or more underwriters that are banks or broker-dealers which purchase such ADS and/or shares of Sapphire Common Stock for resale in connection with an underwritten public offering, provided that neither Athena nor the underwriters or broker-dealers have a preexisting arrangement with any transferee(s) that would result in such transferee(s) holding, in the aggregate, fifteen percent (15%) or more of the Sapphire Common Stock), unless the proposed transfer is in the context of a bona fide underwritten offering or market sale, which is performed without any preexisting arrangement between Athena, the underwriters and/or the transferee for such purposes; and provided further that Sapphire shall cooperate and use commercially reasonable efforts (at Athena’s sole cost and expense unless otherwise provided for in the Registration Rights Agreement) to assist Athena in conducting any such sales;

ix. through private sales to unaffiliated third parties consummated outside of the US Stock Exchange or the B3 or through an underwritten public offering (including through an CVM Rule No. 400 or CVM Rule No. 476 offer); provided that no such sales may be made to any Person that, to Athena’s Knowledge, after giving effect to the proposed sale, would control, hold or beneficially own, directly or indirectly (individually or together with its Affiliates), following consummation of such sale, ADSs and/or shares of
Sapphire Common Stock that represent, in the aggregate, fifteen percent (15%) or more of the Sapphire Common Stock; provided, further, that (x) in case of a private sale of more than ten percent (10%) of the Sapphire Common Stock (but not in case of an underwritten public offering), Sapphire’s Controlling Shareholder shall have a right of first refusal pursuant to the mechanics set forth in Exhibit 3.7(b)(iv) in respect of any such sale to acquire any ADSs or shares of Sapphire Common Stock proposed to be sold in any such sale at the same price as that proposed by or to the unaffiliated third party in such sale, as applicable, and otherwise on terms and conditions no less favorable to the Sapphire’s Controlling Shareholder than the terms and conditions proposed to or by the unaffiliated third party, as applicable; and (y) Sapphire shall cooperate and use commercially reasonable efforts (at Athena’s sole cost and expense unless otherwise provided for in the Registration Rights Agreement) to assist Athena in conducting any such sales. For the avoidance of doubt, any bona fide offer made with exemption of registration, including pursuant to Regulation S, shall not trigger the Sapphire’s Controlling Shareholder right of first refusal if made in conjunction with a public offer in Brazil, which is performed without any preexisting arrangement between Athena or the underwriters and any transferee(s) that would result in such transferee(s) holding, in the aggregate, fifteen percent (15%) or more of the Sapphire Common Stock; or

x. in a tender offer (oferta pública de aquisição) launched by an unaffiliated third party.

i. Limitation on Purchase of Sapphire Common Stock and ADSs.

Athena hereby undertakes following the Closing Date and for a period of 36 months (or, in the event Article 35 of Exhibit 1.1(b) is not adopted at the Closing Shareholders Meeting or is otherwise revoked, waived or repealed, until the date of such event) not to, directly or indirectly (including through any Affiliate) acquire any shares of Sapphire Common Stock, including any shares of Sapphire Common Stock underlying any ADSs, in a manner that would result in Athena and/or its Affiliates (in the aggregate, when all such Persons are taken together) holding more than twenty percent (20%) of the Sapphire Common Stock, including any shares of Sapphire Common Stock underlying any ADSs; provided, however, that nothing in this clause shall prevent transfers of Sapphire Common Stock between Athena and any of its Wholly-Owned Subsidiaries.

j. Failure to Close

If (a) all the Conditions Precedent had been satisfied or waived by the Party entitled to waive the same (other than those conditions that by their terms are to be satisfied at the Closing), (b) a Party stood ready, willing and able to consummate the transactions contemplated by this Agreement (the “Non-Defaulting Party”) and gave written notice to the other Party to that effect (c) the Closing did not take place as a result of a Willful Breach by the other Party (the “Defaulting Party”) and (d) such default was not cured within two (2) days following receipt of written notice in that regard, the failure by the Defaulting Party to consummate the Closing shall subject the Defaulting Party to the payment of a non-exclusive, non-compensatory penalty of one million Reais (R$1,000,000.00) per day (for each day after the
date on which the two (2) days cure period described above expired) (the “Ticking Fee”), which Ticking Fee shall be payable to the Non-Defaulting Party or its designee at the Closing; provided that nothing in this Section 3.9 shall limit in any way, and shall be without prejudice to, any right that the Non-Defaulting Party may have to the applicable Termination Payment provided in Section 10.3 (provided, for the avoidance of doubt, that, if a Termination Payment is paid or payable by the Defaulting Party, the Ticking Fee shall not be paid or payable by such Party) or to require the Defaulting Party to consummate the Closing, to otherwise specifically (or otherwise) enforce any provision of this Agreement pursuant to Section 10.5 or to pay monetary damages resulting from the applicable breach or default. The Parties agree that the penalty contemplated by this Section 3.9 does not constitute liquidated damages.

Article IV.

Representations and Warranties of Athena

Except as set forth (a) in the Athena SEC Documents filed on or prior to the date hereof (excluding any risk factor disclosure and disclosure of risks included in any “forward-looking statements” disclaimer included in such Athena SEC Documents that are predictive, forward-looking or primarily cautionary in nature); provided that this exception (i) shall only apply to the extent that (A) the disclosure made in such Athena SEC Documents is related to the business of the Group Companies and (B) the relevance of such disclosure to the applicable representation and warranty is reasonably apparent on its face and (ii) shall not apply to Sections 4.1, 4.2, 4.3, 4.4, 4.15, 4.16 and 4.17; or (b) on the Athena Disclosure Schedule in accordance with and subject to Section 1.3(b), Athena hereby represents and warrants to Sapphire as follows:

k. Organization and Qualification

18. Athena is duly organized, validly existing and in good standing (if applicable) under the Laws of its jurisdiction of organization. Each Group Company (other than NewCo) is duly organized, validly existing and in good standing (where applicable) under the Laws of its jurisdiction of organization. NewCo will be formed by Athena or its Subsidiaries prior to the Closing and, following its formation, NewCo will be duly organized, validly existing and in good standing (where applicable) under the Laws of its jurisdiction of organization.

19. Each Group Company (other than NewCo) (i) has the requisite power and authority to carry on its business as presently conducted; and (ii) is duly qualified to do business and in good standing (where applicable) in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, except in the case of the foregoing clauses (i) and (ii) where the failure to have such power and authority or to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Following its formation, NewCo will (i) have the requisite power and authority to carry on its business, which will solely consist of owning Equity Interests in the company and exercising rights in connection therewith; and (ii) be duly qualified to do business and in good standing (where applicable) in each jurisdiction in which the nature of its business or the ownership of its properties makes such qualification necessary, except in the
case of the foregoing clauses (i) and (ii) where the failure to have such power and authority or to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(20) Athena has made available to Sapphire true, correct and complete copies of the Organizational Documents of Athena and each of the Group Companies (other than NewCo) as in effect on the date of this Agreement. Following its formation, the Organizational Documents of NewCo will be in the form of the NewCo Bylaws.

1. Authority; Enforceability

. The execution and delivery of this Agreement by Athena and the Company, the performance by Athena and the Company of their respective obligations hereunder and the consummation by Athena and the Company of the transactions contemplated to be consummated by Athena or the Company hereby have been duly authorized by all requisite action on the part of Athena and the Company. The execution and delivery of any Ancillary Agreement by Athena or the applicable Affiliate of Athena, the performance by Athena or such applicable Affiliate of their respective obligations thereunder and the consummation by Athena or such applicable Affiliate of the transactions contemplated thereunder have been duly authorized by all requisite action on the part of Athena or such applicable Affiliate. The approval of Athena’s shareholders is not required for the execution and delivery of this Agreement or any Ancillary Agreement by Athena or the applicable Affiliate of Athena, the performance by Athena or such applicable Affiliate of their respective obligations hereunder or thereunder or the consummation by Athena or such applicable Affiliate of the transactions contemplated hereunder or thereunder. This Agreement has been, and upon its execution, each of the Ancillary Agreements will have been, duly executed and delivered by Athena or the applicable Affiliate of Athena, and (assuming due authorization, execution and delivery by Sapphire or the applicable Affiliate thereof, as applicable) this Agreement constitutes, and upon its execution, each of the Ancillary Agreements will constitute, legal, valid and binding obligations of Athena or such applicable Affiliate enforceable against Athena or such applicable Affiliate in accordance with their respective terms, subject in each case to the effect of any applicable bankruptcy, insolvency, liquidation or other similar Laws now or hereinafter in effect relating to or affecting creditors’ rights or remedies generally (the “Enforceability Exceptions”).

m. Capitalization of the Group Companies

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(21) All of the Company Equity Interests are directly or indirectly owned by Athena, free and clear of all Liens, other than restrictions on transfer under applicable securities Laws. All of the Company Subsidiaries Equity Interests are directly or indirectly owned by the Company, free and clear of all Liens, other than restrictions on transfer under applicable securities Laws and for those Liens set forth in Section 4.3(a) of the Athena Disclosure Schedule. Following NewCo’s formation, all of the NewCo Equity Interests will be directly or indirectly owned by Athena, free and clear of all Liens, other than restrictions on transfer under applicable securities Laws.
(22) All of the Group Companies Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable. Following its formation, all of the NewCo Equity Interests will have been duly authorized and validly issued and will be fully paid and non-assessable. Except for the Group Companies Equity Interests, there are no Equity Interests of any of the Group Companies issued or outstanding. Following NewCo’s formation, except for the NewCo Equity Interests, there will be no Equity Interests of NewCo issued or outstanding. Other than for those Liens set forth in Section 4.3(a) of the Athena Disclosure Schedule, there are no outstanding bonds, debentures, notes, indebtedness, preemptive rights, warrants, options, puts, calls, subscriptions or other rights, convertible securities, trusts or Contracts to which Athena or any of its Affiliates (including any of the Group Companies) are a party or are subject or by which any of their respective assets are bound (i) convertible into or exchangeable or exercisable for, or giving a Person a right to subscribe for or acquire, any Equity Interests of any of the Group Companies or obligating Athena or any of its Affiliates (including any of the Group Companies) to issue, transfer, sell, purchase, return or redeem any Equity Interests of any Group Company or securities convertible into or exchangeable or exercisable for Equity Interests of any Group Company, (ii) requiring or giving any Person any rights with respect to the issuance, transfer, sale, repurchase, redemption or other acquisition of any Equity Interests of any of the Group Companies or NewCo (other than arising under applicable Law or the relevant Group Company’s Organizational Documents), (iii) restricting the transfer of any Equity Interests of any of the Group Companies or (iv) with respect to the voting of the Equity Interests of any of the Group Companies.

(23) Section 4.3(c)(i) of the Athena Disclosure Schedule sets forth the complete and accurate organization charts of the Group Companies, both immediately prior to, and immediately after, the Internal Reorganization, including the number and par value of all of the Group Companies Equity Interests that are issued or outstanding. Section 4.3(c)(ii) of the Athena Disclosure Schedule sets forth the complete and accurate organization chart of the Group Companies following the formation of NewCo. The Group Companies (other than NewCo) do not own, of record or beneficially, any Equity Interests of any Person other than the Equity Interests provided for in the organization chart set forth in Sections 4.3(c)(i) and (ii) of the Athena Disclosure Schedule. Following its formation, NewCo will not own, of record or beneficially, any Equity Interests of any Person other than the Company.

(24) Upon consummation of the Cash Transfer and the Merger, and delivery by Sapphire of the full Estimated Adjusted Cash Consideration and the Stock Consideration pursuant to Article II, Sapphire will become the owner of the Purchased Company Equity Interests and the Remaining Company Equity Interests, which will jointly represent one hundred percent (100%) of the total and voting capital stock of the Company and indirectly one hundred percent (100%) of the total voting capital and stock of the remaining Group Companies.

n. Consents and Approvals; No Violations

(25) The execution and delivery by Athena and the Company of this Agreement, the execution and delivery by Athena or the applicable Affiliates of Athena of the
Ancillary Agreements to which such Affiliates will be a party and/or the consummation by any of them of the transactions contemplated hereby or thereby do not and will not require Athena or any Affiliates of Athena to obtain any consent, approval, license, permit, order, qualification or authorization of, or registration or other action by, or to make any filing with or notification to, any Governmental Authority (each, a “Governmental Approval”), except for (i) the CADE Clearance, (ii) the filing with the SEC of the Sapphire Registration Statements, the Form F-6, the documents relating to the Exchange Offer (if Sapphire commences the Exchange Offer) and any amendments and supplements thereto, (iii) the filing with the US Stock Exchange of the documents relating to the listing of the ADSs and (iv) any Governmental Approvals the failure of which to be obtained or made would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(26) Except as set forth on Section 4.4(b) of the Athena Disclosure Schedule, the execution and delivery by Athena and the Company of this Agreement, the execution and delivery by Athena or the applicable Affiliates of Athena of the Ancillary Agreements to which such Affiliates will be a party and/or the consummation by any of them of the transactions contemplated hereby or thereby (other than the Exchange Offer and any distribution by Athena of the Adjusted Cash Consideration or the Stock Consideration to its stockholders) do not and will not (i) conflict with or result in any breach of any provisions of the Organizational Documents of Athena or any Affiliates of Athena (including any Group Company); (ii) assuming that the consents, approvals and filings referred to in Section 4.4(a) are obtained or made, as applicable, conflict with or violate, in any respect, any Law or Order applicable to Athena, any Group Company or any other Affiliate of Athena that will be a party to any Ancillary Agreement; (iii) result in any breach of, or constitute a default (or an event which, with the giving of notice or lapse of time or both, would constitute a default) under, require a consent or approval under, give any Person any rights of termination, acceleration or cancellation of, or cause or permit the termination, cancellation or acceleration of any right or obligation or the loss of any benefit under, any Contract to which Athena, any of the Affiliates of Athena that will be a party to any Ancillary Agreement or any of the Group Companies are a party or by which any of their respective assets are bound; or (iv) result in the imposition or creation of any Lien (other than a Permitted Lien) on any of the Equity Interests, assets or properties of Athena, any of the Affiliates of Athena that will be a party to any Ancillary Agreement or any of the Group Companies, except in the case of the foregoing clauses (ii), (iii) and (iv) of this Section 4.4(b), for any such breaches, defaults, consents, approvals, terminations, accelerations, cancellations, losses of benefits or Liens that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(27) The execution and delivery by Athena and the Company of this Agreement, the execution and delivery by Athena or the applicable Affiliates of Athena of the Ancillary Agreements to which such Affiliate will be a party and/or the consummation by any of them of the transactions contemplated hereby or thereby do not and will not (i) result in any breach of, or constitute a default (or an event which, with the giving of notice or lapse of time or both, would constitute a default) under, require a consent or approval under, give any Person any rights of termination, acceleration or cancellation of, or cause or permit the termination, cancellation or acceleration of any right or obligation or the loss of any benefit under, the Athena
Credit Agreement or the Athena Note Indenture; or (ii) result in the imposition or creation of any Lien (other than a Permitted Lien) under the Athena Credit Agreement or the Athena Note Indenture on any of the Equity Interests, assets or properties of Athena, any of the Affiliates of Athena that will be a party to any Ancillary Agreement or any of the Group Companies or (iii) be limited or restricted under the Athena Credit Agreement or the Athena Note Indenture.

o. Compliance with Laws

(28) Excluding any matters set forth in Section 4.5(a) of the Athena Disclosure Schedule or relating to Sanctions, Anti-Corruption Laws or antitrust or export control Laws (which are addressed in Section 4.5(b)-(g) below), (i) the businesses of the Group Companies are conducted, and since July 1, 2015, have been conducted in compliance with all applicable Laws and the Group Companies are not, and since July 1, 2015, have not been, in violation of any Law or Order applicable to any of them (except for any failures to comply or violations that would not, individually or in the aggregate, reasonably be expected to be, individually or in the aggregate, material to the Group Companies, taken as a whole) and (ii) since July 1, 2015, none of the Group Companies has received written notice of any material failure to comply with or violation of any Law or Order applicable to the Group Companies’ businesses or properties or of any investigation, inquiry or proceeding by any Governmental Authority with respect to any actual, potential or alleged material failure to comply with or violation of any Law or Order applicable to the Group Companies’ businesses or properties.

(29) Since July 1, 2015, (i) the Group Companies and their directors, officers and, to Athena’s Knowledge, the Group Companies’ employees, agents and other Persons acting on behalf of the Group Companies, have been in compliance with all applicable Laws relating to anti-bribery or anti-corruption, including, but not limited to, the Foreign Corrupt Practices Act of 1977 of the United States of America and the Anti-Corruption Law of Brazil (Law No. 12,846/2013) (collectively, the “Anti-Corruption Laws”), (ii) the Group Companies have instituted and maintained policies and procedures designed to promote and achieve the Group Companies’ compliance with applicable Anti-Corruption Laws and (iii) none of the Group Companies has received written notice of any failure to comply with or violation of any Anti-Corruption Laws applicable to the Group Companies’ businesses or properties or of any investigation, inquiry or proceeding by any Governmental Authority with respect to any actual, potential or alleged failure to comply with or violation of any Anti-Corruption Laws applicable to the Group Companies.

(30) Without limiting the foregoing, none of the directors, officers or, to Athena’s Knowledge, employees or agents of the Group Companies or other Persons acting on behalf of the Group Companies has, directly or indirectly, offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any officer, employee or any other Person acting in an official capacity for any Governmental Authority, to any political party or official thereof, or to any candidate for political office (each, a “Government Official”) or to any Person under circumstances where Athena, the Group Companies or any of the Group Companies’ directors,
officers, employees, agents, or other Persons acting on behalf of the Group Companies knew or had reason to believe that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official, in each case, for the purpose of (i) influencing any act or decision of such Government Official in his or her official capacity; (ii) inducing such Government Official to perform or omit to perform any activity related to his or her legal duties; (iii) securing any improper advantage; or (iv) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, in each case, in order to assist Athena, the Group Companies, or any director, officer, employee or agent of the Group Companies or other Person acting on behalf of the Group Companies in obtaining or retaining business for or with, or in directing business to, the Group Companies or any other Person.

(31) Without limiting the foregoing, no director, officer or, to Athena’s Knowledge, employee or agent of the Group Companies or other Persons acting on behalf of the Group Companies has made, offered, requested or taken any act in furtherance of any bribe or other unlawful payment or benefit, including, any unlawful influence payment, kickback or other unlawful payment or benefit.

(32) To Athena’s Knowledge, none of the Group Companies or their directors, officers, employees, agents or other Persons acting on behalf of the Group Companies is a Person that is or, since July 1, 2015, has been the subject of any investigation, inquiry or enforcement proceedings by any Governmental Authority or any customer regarding any offense or alleged offense under any Anti-Corruption Laws, and no such investigation, inquiry, or proceedings have been threatened or are pending, and there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.

(33) None of the Group Companies or any director, officer or, to Athena’s Knowledge, employee or agent of the Group Companies or any other Person acting on behalf of the Group Companies, has taken any action, directly or indirectly, that would constitute a violation of applicable Sanctions. None of the Group Companies or their directors, officers or, to Athena’s Knowledge, employees, agents or other Persons acting on behalf of the Group Companies is a Person that is, or is 50% or more owned or controlled by Persons that are, (i) the target of any sanctions administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) (including designation on the “Specially Designated Nationals and Blocked Persons List” maintained by OFAC) or the U.S. Department of State, the United Nations Security Council, Her Majesty’s Treasury of the United Kingdom, or the European Union (collectively, “Sanctions”), or (ii) organized or resident in a country or territory that is, or whose government is, the subject or the target of comprehensive Sanctions broadly prohibiting dealings with such country, territory or government (currently, Cuba, the Crimea region of Ukraine, Iran, North Korea, Venezuela and Syria).

(34) Since July 1, 2015, the business of the Group Companies has been and is in compliance with all applicable antitrust or export control Laws in all material respects. None of Athena or any of its Affiliates (including the Group Companies) has received any notice from any Governmental Authority of noncompliance with any such applicable antitrust or export control
Laws with respect to the business of the Group Companies and no investigation, inquiry or proceedings with respect to any applicable antitrust or export control laws have been threatened or are pending, and, to Athena’s Knowledge, there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.

p. **Educational Matters; Permits**

(35) Except as set forth on Section 4.6(a) of the Athena Disclosure Schedule, each Group Company holds and has held since the Lookback Date all Educational Approvals necessary to conduct its operations in the Ordinary Course of Business.

(36) Section 4.6(b)(i) of the Athena Disclosure Schedule contains a list of all educational permits (mantença) held or otherwise exercised by the Group Companies as of June 30, 2020. The educational permits (mantença) described in Section 4.6(b)(i) of the Athena Disclosure Schedule: (i) are valid, in full force and effect and free of any Liens, and the educational institutions to which such permits were issued or granted are duly accredited as Universities (Universidades) and/or University Centers (Centros Universitários) and/or Schools (Faculdades) and in good standing before the Ministry of Education (“MEC”); and (ii) have not been subject to, and are not subject to, any sanction that restrict their regular exercise due to non-compliance with legal or administrative determinations of the competent public authorities. Except as would not reasonably be expected to, individually or in the aggregate, be material to the Group Companies, taken as a whole, the Group Companies are and, since the Lookback Date, have been in compliance with the terms of such permits and there has occurred no violation of, default (or event which, with the giving of notice or lapse of time or both, would constitute a default) under, or event giving to others any right of termination or cancellation of, with or without notice or lapse of time or both, any such permit. Section 4.6(b)(ii) of the Athena Disclosure Schedule contains a list of all courses offered by educational institutions maintained by the Group Companies as of June 30, 2020 and the number of seats (vagas) offered in each such courses. All such courses offered were, according to the applicable legislation, duly recognized by the MEC through its competent office or are within the period established in the applicable legislation to apply for the proper accreditation and, to Athena’s Knowledge, there are no courses offered by educational institutions maintained by the Group Companies that are imminent of being subject to any sanction that restricts their regular operations due to non-compliance with legal or administrative determinations of the competent public authorities. The types of courses under which the educational institutions maintained by the Group Companies are accredited with MEC as of the date hereof are current, and there is no practice or measure that could jeopardize this type of accreditation. Except as set forth on Section 4.6(b)(iii) of the Athena Disclosure Schedule, all courses offered by the educational institutions maintained by the Group Companies have received a grade of at least three (3) considering the Preliminary Course Concept (Conceito Preliminar de Curso) in the latest reviews by the MEC prior to the date of this Agreement.

(37) Other than for the Educational Approvals and the educational permits (mantença) (which are the subject of clauses (a) and (b) of this Section 4.6), each Group Company holds and has held since the Lookback Date all Permits necessary to conduct their
operations as then or as of the date hereof conducted (excluding the Educational Approvals and the educational permits (mantença), the “Group Company Permits”), except for any such Group Company Permits the failure of which to be obtained or held, would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect or be a material violation of applicable Law. Except as it would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, all Group Company Permits are valid, in full force and effect, and free of any Liens. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, all Group Company Permits are valid, in full force and effect, and free of any Liens. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, all Group Company Permits are valid, in full force and effect, and free of any Liens. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, except as set forth on Section 4.6(c) of the Athena Disclosure Schedule, the Group Companies are and, since the Lookback Date, have been in compliance with the terms of the Group Company Permits and there has occurred no violation of, default (or event which, with the giving of notice or lapse of time or both, would constitute a default) under, or event giving to others any right of termination or cancellation of, with or without notice or lapse of time or both, any Group Company Permit.

(38) Except as set forth in Section 4.6(d) of the Athena Disclosure Schedule, the Group Companies are not a party to any instrument, contract or agreement relating to medical or nursing conventions (convênios) and partnerships (parcerias) for the performance of practical activities by students of the courses offered by the Group Companies. Each of the medical or nursing conventions and partnerships set forth in Section 4.6(d) of the Athena Disclosure Schedule are in full force and effect, with the Group Companies being in compliance with all of their respective obligations thereunder, and shall not be adversely affected or terminated as a result of the Closing.

(39) There are no relevant student movements that would reasonably be expected to materially adversely affect the business of the Group Companies, taken as a whole.

(40) Section 4.6(f) of the Athena Disclosure Schedule contains a true, correct and complete chart setting forth the number of students of the Group Companies in each of the live courses (graduação presencial) and EAD (graduação de educação à distância) offered by the Group Companies as of June 30, 2020. The chart to be delivered by Athena to Sapphire pursuant to Section 3.2(g) will contain a true, correct and complete chart setting forth the number of students of the Group Companies in each of the live courses (graduação presencial) and EAD (graduação de educação à distância) offered by the Group Companies as of the last day of the calendar month immediately preceding the Closing Date.

q. Athena SEC Documents; Internal Controls; Financial Statements

(41) Athena has furnished or filed with the SEC all Athena SEC Documents required to be filed or furnished by Athena with the SEC. No Subsidiary of Athena is required to furnish or file any forms, reports, schedules, statements, prospectuses, registration statements or other documents with the SEC. Each Athena SEC Document (i) at the time filed (or, if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment), complied in all material respects with the requirements of the Sarbanes-Oxley Act of 2002 (“SOX”), the Exchange Act and the Securities Act, as the case may
be, applicable to such Athena SEC Document, (ii) did not at the time it was filed (or, if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (iii) that is a registration statement (as amended or supplemented, if applicable) filed pursuant to the Securities Act, did not contain, as of the date such registration statement (or amendment or supplement, if applicable) became effective, any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. As of the date hereof, there are no outstanding or unresolved comments in any comment letters of the staff of the SEC received by Athena relating to the Athena SEC Documents, and none of the Athena SEC Documents is, to Athena’s Knowledge, the subject of ongoing SEC review.

(42) Athena is, and since the Lookback Date has been, in compliance in all material respects with (i) the applicable provisions of SOX and (ii) the applicable listing and corporate governance rules and regulations of the Nasdaq Stock Market, except as set forth in Section 4.7(b) of the Athena Disclosure Schedule, which has been publicly disclosed in item 9A of its Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

(43) Athena maintains disclosure controls and procedures (as defined in Rule 13a-15 under the Exchange Act). Such disclosure controls and procedures are designed to report, within the time periods specified in the Exchange Act, to Athena’s principal executive officer and principal financial officer material information required to be included in the Athena’s periodic and current reports required under the Exchange Act. For purposes of this Agreement, “principal executive officer” and “principal financial officer” shall have the meanings given to such terms in SOX.

(44) Athena maintains a system of internal controls over financial reporting (as defined in Rule 13a-15 under the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of Athena’s financial reporting and the preparation of Athena’s consolidated financial statements for external purposes in accordance with U.S. GAAP. Athena has disclosed, based on its most recent evaluation of internal controls prior to the date hereof, to Athena’s auditors and audit committee (i) any significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect Athena’s ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in internal controls over financial reporting.

(45) Athena has made available to Sapphire true, correct and complete copies of (i) the audited balance sheet of the Company on a consolidated basis for the financial years ended December 31, 2017, December 31, 2018 and December 31, 2019, the related audited statements of income and cash flows, and the corresponding consolidation workpapers with financial information of each Group Company (collectively, the “Audited Financial Statements”) and (ii) the unaudited balance sheet of the Company on a consolidated basis for the six (6) month
The Interim Financial Statements and, together with the Audited Financial Statements, the “Financial Statements”). The Financial Statements (x) were prepared in all material respects in accordance with the books of account and other financial records of the Group Companies (except as may be indicated in the notes thereto), (y) present fairly in all material respects the financial condition, results of operations and cash flows of the Group Companies as of the dates thereof or for the periods covered thereby and (z) were prepared in accordance with IFRS consistently applied and past practices of the Group Companies; except that the Interim Financial Statements are subject to normal recurring year-end adjustments and the absence of notes. From the Lookback Date to the date of this Agreement, Athena has not received written notice from the SEC or any other Governmental Authority indicating that any of its accounting policies or practices are the subject of any material review, inquiry, investigation or challenge by the SEC or any other Governmental Authority.

Clause (e) of this Section 4.7 is qualified by the fact that the Group Companies have not operated as a separate “stand alone” entity within Athena. As a result, the Group Companies have been allocated certain internal charges and credits for purposes of the preparation of the Financial Statements. Except as set forth on Section 4.11(d) of the Athena Disclosure Schedule, such allocations of charges and credits are reasonable and have been made in accordance with IFRS and in good faith with the intent of accurately presenting to the extent practicable the financial condition and results of operations of the Group Companies for the time periods covered by the Financial Statements.

When delivered pursuant to Section 6.18, the Necessary Financial Statements shall have been prepared in accordance with IFRS and Regulation S-X, consistently applied, and shall present fairly in all material respects the financial position, results of operations and cash flows of the Company as at the dates and for the periods presented.

Absence of Undisclosed Liabilities

Except as set forth in Section 4.8 of the Athena Disclosure Schedule and as would not reasonably be expected, individually or in the aggregate, to have a Company Material Adverse Effect, the Group Companies do not have any Liabilities of a type required to be set forth on a balance sheet prepared in accordance with IFRS, other than Liabilities (a) reflected, reserved or disclosed in the Financial Statements, (b) incurred in the Ordinary Course of Business since December 31, 2019, (c) for future performance under existing Contracts (other than as a result of a breach or violation of or default under any such Contract) or (d) incurred in connection with this Agreement or the transactions contemplated hereby.

Absence of Certain Changes or Events; NewCo’s Liabilities and Operations.

Since December 31, 2019, there has not been any Company Material Adverse Effect.
(49) Since December 31, 2019, except (i) for the transactions contemplated hereby or any preparation for, or conduct of, the sale process resulting therein, (ii) as contemplated in this Agreement, (iii) as required by applicable Law, or (iv) for the reasonable health-related actions, inactions, plans, procedures or practices adopted to address the health risk posed by the COVID-19 virus outbreak, (x) the Group Companies have conducted their businesses in the Ordinary Course of Business in all material respects and (y) there has not been any action taken by any of the Group Companies that, if taken during the period from the date of this Agreement through the Closing without Sapphire’s consent, would constitute a breach of any provision under Section 6.1(b).

(50) Following its formation, NewCo (i) will have no Liability (other than de minimis Liabilities), (ii) will not be a party or bound by any Contract, except to the extent necessary for NewCo to consummate the transactions contemplated in this Agreement and the Ancillary Agreements, carry out its business, which will solely consist of owning Equity Interests in the Company and exercising rights in connection therewith, and to be in compliance with applicable Law (e.g. having officers, preparing financial statements), (iii) will have no employee, except to the extent necessary for NewCo to carry out its business, which will solely consist of owning Equity Interests in the Company and exercising rights in connection therewith, and to be in compliance with the applicable Law (e.g. having officers, preparing financial statements) and (iv) will have conducted no business, operation or activity other than (A) owning the Remaining Company Equity Interests and exercising rights in connection therewith, (B) activities incidental to its formation and activities that are necessary for it to comply with applicable Law (C) activities incidental to the consummation of the transactions contemplated in this Agreement and the Ancillary Agreements. For the avoidance of doubt, de minimis Liabilities will include retaining service providers to maintain NewCo in good standing and in compliance with Brazilian Law, such as officers, attorneys, accountants, etc.

t. Absence of Litigation

. Except as set forth in Section 4.10 of the Athena Disclosure Schedule or as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (a) none of the Group Companies are a party or subject to any pending Action and (b) to Athena’s Knowledge, no Action has been threatened against any of the Group Companies in any written notice delivered to Athena or any of its Subsidiaries (including the Group Companies). There is no Order to which any of the Group Companies is subject that would reasonably be expected, individually or in the aggregate, to have a Company Material Adverse Effect or that in any manner seeks to prevent, enjoin, alter or materially delay any of the transactions contemplated in this Agreement or the Ancillary Agreements. There are (i) no Actions pending or, to Athena’s Knowledge, threatened in any written notice delivered to Athena or any of its Subsidiaries (including any of the Group Companies), and (ii) no Orders to which Athena, any of its Subsidiaries that will be party to the Ancillary Agreements or any of the Group Companies are subject that, in each case of (i) and (ii), individually or in the aggregate, would reasonably be expected to prevent, enjoin or materially delay the transactions contemplated in this Agreement or the Ancillary Agreements.
u. **Labor Matters**

   (51) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, or as set forth on Section 4.11(a) of the Athena Disclosure Schedule, (i) there is no charge or complaint pending, or to Athena’s Knowledge, threatened in any written notice delivered to Athena or any of the Group Companies, before any Governmental Authority with respect to any Employee; (ii) there is no labor strike, slowdown, stoppage, picketing, interruption of work or lockout pending or, to Athena’s Knowledge, threatened with respect to any Employees; (iii) there is no Action pending or, to Athena’s Knowledge, threatened in any written notice delivered to Athena or any of the Group Companies against or involving any Group Company brought by or on behalf of any Employee, trade union, works council, labor conventions or other employee representative body; (iv) there are no inquiries or investigations existing, pending or threatened in any written notice delivered to Athena or any of the Group Companies by any Governmental Authority which is responsible for employment matters that affect any Employees; and (v) since December 31, 2019, the Group Companies have not dismissed or terminated any employees outside of the Ordinary Course of Business.

   (52) Section 4.11(b) of the Athena Disclosure Schedule sets forth any collective bargaining agreement covering any Employees that the Group Companies are party as of the date hereof. To Athena’s Knowledge, except as set forth in Section 4.11(b) of the Athena Disclosure Schedule, there has not been any organizational campaign, petition or other unionization activity seeking recognition of a collective bargaining unit relating to any employee of any Group Company. The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or other employee representative body is not required for Athena and its Affiliates to enter into this Agreement or the Ancillary Agreements or to consummate any of the transactions contemplated hereby and thereby.

   (53) Except as set forth on Section 4.11(c) of the Athena Disclosure Schedule, (i) none of the Group Companies has any material liability with respect to misclassification of any person as an independent contractor (or equivalent) rather than as an employee, and (ii) there is no material Action pending against or, to Athena’s Knowledge, threatened against any Group Company by, on behalf of or with respect to any independent contractor (or equivalent) regarding misclassification or relating to compensation, benefits, entitlements, legal rights or protections under any applicable Laws covering such individuals.

   (54) Section 4.11(d) of the Athena Disclosure Schedule contains a true, correct and complete list identifying each material Employee Plan maintained by the Group Companies (each, a “Group Company Plan”). True, correct and complete copies of each Group Company Plan (and all amendments relating thereto) have been made available to Sapphire. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect and except as set forth on Section 4.11(d) of the Athena Disclosure Schedule, each Group Company Plan (i) has been maintained in compliance in all respects with its terms and applicable Law, (ii) if intended to qualify for special tax treatment, meets all the requirements for
such treatment, (iii) if required, to any extent, to be funded, book-reserved or secured by an insurance policy, is so funded, book-
reserved or secured by an insurance policy, (iv) no event has occurred and no condition exists that could subject any Group
Company, either directly or by reason of its affiliation with any member of its Controlled Group, to any liability imposed by Title IV
of ERISA, (v) all contributions, premiums and payments that are due have been made for each Group Company Plan within the time
periods required by the terms of such plan and applicable Law, and all contributions, premiums and payments for any period ending
on or before the Closing Date that are not due are properly accrued to the extent required to be accrued under Brazilian GAAP and
(vi) no proceeding, audit, assessment, complaint or examination has been made, commenced or, to Athena’s Knowledge, threatened
with respect to any Group Company Plan (other than routine claims for benefits payable in the Ordinary Course of Business and
except as set forth on Section 4.11(a) of the Athena Disclosure Schedule).

(55) Except as set forth on Section 4.11(e) of the Athena Disclosure Schedule, neither the execution of this
Agreement nor the consummation of the transactions contemplated by this Agreement (either alone or together with any other event)
will (i) entitle any current or former Employee of any Group Company to any material payment or benefit, including any bonus,
retention, severance, retirement or job security payment or benefit, (ii) materially enhance any benefits or accelerate the time of any
material payment or vesting or trigger any material payment of funding (through a grantor trust or otherwise) of compensation or
benefits under, or materially increase the amount payable or trigger any other material obligation under, any Group Company Plan or
otherwise, or (iii) limit or restrict the right of any Group Company or, after the Closing, any Sapphire Group Company to merge,
amend or terminate any Group Company Plan (except as set forth in any Group Company Plan). Except as set forth on
Section 4.11(e) of the Athena Disclosure Schedule, there is no contract, plan or arrangement (written or otherwise) covering any
current or former Employee of any Group Company that, individually or collectively, would entitle such employee to any material
tax gross-up or similar payment from any Group Company.

v. Taxes

. Except for the provisions of Section 4.12 of the Athena Disclosure Schedule, each Group Company has (a) paid all Taxes due and owing by it, (b) filed all Tax Returns required to be filed by it, (c) withheld and paid all Taxes that it is obligated to
withhold from amounts owing to any employee, creditor or third party, (d) not entered into any agreement with a Tax Authority with
respect to the payment of overdue Taxes, under which the obligations of such Group Company have not been satisfied pursuant to
the terms thereof, (e) not received written notification of, and is not party to, any Tax audit or examination or any legal or
administrative proceeding for collection of Taxes, which proceeding has not been resolved, and (f) not benefitted from any Tax
incentive, holiday or other similar relief, the entitlement to which would be materially adversely affected by the transactions
contemplated by this Agreement. Section 4.12 of the Athena Disclosure Schedule contains a true, correct and complete list of the
Tax benefits and Tax incentives from which the Group Companies benefit, including the FIES and ProUni. All of the foregoing have
been duly obtained in accordance with applicable Law (including by the beneficiary’s carrying out all appropriate registrations), are
in full force and
effect (and shall continue to be in full force and effect on the Closing Date) and none shall be adversely impacted by the execution of this Agreement and/or the consummation of the transactions contemplated by this Agreement. Except as provided under Section 4.12 of the Athena Disclosure Schedule, (i) the Group Companies do not benefit from any other Tax benefit, Tax incentive or other similar arrangement with any Governmental Authority; and (ii) the Group Companies have complied with all material rules and requisites applicable to the Tax benefits or incentives referred to herein, and the Group Companies are not aware of any threatened termination or change of such benefits and incentives, including as a result of the transactions contemplated by this Agreement. To Athena’s Knowledge, there is no act, fact, event or situation that justifies the cancellation, revocation or early termination of any education-related Tax benefit or Tax incentive held by the Group Companies.

w.  **Real Property; Personal Property; Sufficiency of Assets**

(56)  **Section 4.13(a)(i)** of the Athena Disclosure Schedule sets forth a correct and complete list, as of the date hereof, of all real property that is owned or in respect of which acquisition rights are held by each of the Group Companies (the “Company Owned Real Property”). Except as set forth on **Section 4.13(a)(ii)** of the Athena Disclosure Schedule, the Group Companies have good and valid title to such Company Owned Real Property, which is free and clear of any Liens (other than Permitted Liens), except as set forth on **Section 4.13(a)(ii)** of the Athena Disclosure Schedule. To Athena’s Knowledge, except as set forth on **Section 4.13(a)(iii)** of the Athena Disclosure Schedule, there are no outstanding options or rights of first refusal in favor of any Person to purchase or lease the Company Owned Real Property and no leases or possessory interests have been granted to any Person with respect to the Company Owned Real Property other than leases in connection with convenience stores. Neither Athena nor any of its Subsidiaries (including the Group Companies) has received a written notice of any condemnation, expropriation, eminent domain or similar Action affecting all or any portion of the Company Owned Real Property, except as would not, individually or in the aggregate, be material to the operations of the Group Companies as currently conducted, taken as a whole.

(57)  **Section 4.13(b)(i)** of the Athena Disclosure Schedule sets forth a correct and complete list, as of the date hereof, of all material leases, subleases and ground leases for real property (including the date and name of the parties thereto) leased or subleased to each Group Company other than subleases in connection with convenience stores ((x) all such real property as of the date hereof, together with all material leases, subleases and ground leases for real property leased or subleased to each Group Company after the date hereof and prior to the Closing, the “Company Leased Real Property”, and (y) all such material leases, subleases and ground leases, including all modifications, extensions, amendments or supplements thereto, as of the date hereof, together with all material leases, subleases and ground leases, including all modifications, extensions, amendments or supplements thereto, entered into after the date hereof and prior to the Closing, the “Company Real Property Leases”). Athena has made available to Sapphire true, correct and complete copies of each Company Real Property Lease as of the date hereof, other than subleases in connection with convenience stores. Except as set forth on **Section 4.13(b)(ii)** of
the Athena Disclosure Schedule and except as would not, individually or in the aggregate, be material to the operations of the Group Companies as currently conducted, taken as a whole and except as set forth on Section 4.13(b)(ii) of the Athena Disclosure Schedule, (i) the Group Companies have valid leasehold or license (or its jurisdictional equivalent) interests in all Company Leased Real Property, free and clear of all Liens (other than Permitted Liens); (ii) each Company Real Property Lease is in full force and effect and is a valid and binding agreement of the applicable Group Company and, to Athena’s Knowledge, of each other party thereto, enforceable against such Group Company and, to Athena’s Knowledge, of each other party thereto, in accordance with its terms, subject to the Enforceability Exceptions; (iii) no Group Company that is a party to any such Company Real Property Lease has delivered or received written notice of material default under any Company Real Property Lease; (iv) no Group Company is a sublessor or grantor under any sublease or other instrument granting another Person any right to the possession, use or occupancy of any Company Leased Real Property, other than subleases in connection with convenience stores; (v) all of the Company Real Property Leases have been entered into for a period of no less than five (5) years and comply with all legal requirements to entitle the respective Group Company which is a party thereto to request mandatory renovation of said lease (ação renovatória); and (vi) neither Athena nor any of its Subsidiaries (including the Group Companies) has received a written notice of any condemnation, expropriation, eminent domain or similar Action affecting all or any portion of the Company Leased Real Property.

(58) Except as would not reasonably be expected to be, individually or in the aggregate, material to the Group Companies, taken as a whole, the Group Companies are in possession of and have good and valid title to, or valid leasehold interests in or valid rights under contract to use, all the machinery, equipment, vehicles, furniture, fixtures, computers, servers and other items of tangible personal property and assets used by the Group Companies, including the library books (acervo bibliotecário) (“Company Personal Property”). The Company Personal Property is free and clear of any Liens (other than Permitted Liens).

(59) Except as would not reasonably be expected to be, individually or in the aggregate, material to the operations of the Group Companies as currently conducted, taken as a whole, the Company Owned Real Property, the Company Leased Real Property and the Company Personal Property are in good operating condition and repair (ordinary wear and tear excepted).

(60) The Company Owned Real Property, the Company Leased Real Property and the Company Personal Property owned or leased by the Group Companies, together with all other properties, assets and rights of the Group Companies, are sufficient in all material respects for, and constitute all of the assets and properties necessary in all material respects to, conduct the business of the Group Companies as conducted on the date of this Agreement; provided, however, that nothing in this Section 4.13(e) shall be deemed to constitute a representation or warranty as to (i) the adequacy of the amounts of cash or working capital or (ii) any infringement of third party Intellectual Property. Taking into account the services to be made available by Athena or its Affiliates (other than the Group Companies) under the Transition Services Agreement, upon the Closing, the Group Companies will have, in all material respects, good and valid title to, or a valid legal right to use, as the case may be, all properties, assets and rights sufficient and
necessary for the continued conduct of the business of the Group Companies after the Closing as conducted on the date of this Agreement and in the Ordinary Course of Business.

(61) Except as set forth in Section 4.13(f) of the Athena Disclosure Schedule and for the services to be provided by Athena or its Affiliates (other than the Group Companies) under the Transition Services Agreement, neither Athena nor any of its Subsidiaries (other than the Group Companies) owns any asset or property used by the Group Companies in the conduct of their business or necessary for the conduct of the business of the Group Companies.

x. Company Material Contracts

(62) Except for the Company Real Property Leases (which are the subject of Section 4.13(b)), for the transactions with Affiliates (which are the subject of Section 4.15) and for any Employee Plans, Section 4.14(a) of the Athena Disclosure Schedule sets forth a true, correct and complete list of each of the following types of Contracts to which any of the Group Companies is a party or to which any of their respective assets are subject as of the date hereof (each Contract required to be listed on Section 4.14(a) of the Athena Disclosure Schedule and each other Contract entered into after the date hereof that would have been required to be listed on Section 4.14(a) of the Athena Disclosure Schedule had it existed as of the date hereof, the “Company Material Contracts”):

xi. any Contract with respect to a partnership, joint venture, co-owner or other similar arrangement whereby the relevant Group Company holds an Equity Interest or any other similar participation interest in any other Person (other than Group Companies);

xii. any Contract that (x) prohibits any of the Group Companies from competing in any line of business or geographic region or with any Person, (y) restricts the ability of any of the Group Companies to research, develop, manufacture, market, distribute or sell of any product or service, or (z) requires any of the Group Companies to work exclusively with any Person in any geographic region;

xiii. any Contract involving payments by or to any of the Group Companies in an amount in excess of twenty million Brazilian Reais (R$20,000,000.00);

xiv. (x) any material Contract that contains “most favored nation” provisions for the benefit of any third-party counterparty to such Contract or (y) any Contract that grants any right of first refusal, right of first offer, put, call or similar right pursuant to which the relevant Group Company would be required to purchase or sell, as applicable, any Equity Interests or assets for an amount in excess of twenty million Brazilian Reais (R$20,000,000.00);

xv. any Contract relating to indebtedness for borrowed money or any financial guarantee (whether incurred, assumed, guaranteed or secured by any asset), in each case in excess of twenty million Brazilian Reais (R$20,000,000.00) or any guarantee or
indemnity of the performance of any obligation by any Person, other than (x) Contracts solely among the Group Companies, (y) Contracts relating to financial guarantees in respect of Company Real Property Leases and (z) Contracts relating to working capital lines of credit incurred in the Ordinary Course of Business;

xvi.any Contract relating to any loan or other extension of credit made by any Group Company, in each case in excess of twenty million Brazilian Reais (R$20,000,000.00), other than (x) Contracts solely among the Group Companies and (y) accounts receivable in the Ordinary Course of Business of the Group Companies;

xvii.any Contract relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise), under which any Group Company has any outstanding obligation that (x) is material to the Group Companies, taken as a whole, or (y) is otherwise in excess of thirty million Brazilian Reais (R$30,000,000.00);

xviii.any Contract relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise), under which any Group Company has any outstanding obligation that (x) is material to the Group Companies, taken as a whole, or (y) is otherwise in excess of thirty million Brazilian Reais (R$30,000,000.00);

xx. Contracts providing for the payment of any cash or other compensation or benefits upon the consummation of the transactions contemplated hereby or in any Ancillary Agreement; or

xxi.any Contract between any Group Company, on the one hand, and any Governmental Authority, on the other hand, that is material to the Group Companies, taken as a whole; or

xxii.any stockholders, investors rights, registration rights or similar agreement or arrangement of the Group Companies.

Athena has made available to Sapphire copies of each Company Material Contract that are true, correct and complete in all material respects (subject to any redactions deemed reasonably necessary by Athena upon advice of its counsel to comply with applicable Law) as of the date hereof. Except as would not reasonably be expected, individually or in the aggregate, to have a Company Material Adverse Effect, each Company Material Contract is in full force and effect and is a valid and binding agreement of each Group Company that is a party thereto, and, to Athena’s Knowledge, of each other party thereto, enforceable against such Group Company and, to Athena’s Knowledge, of each other party thereto in accordance with its terms,
subject to the Enforceability Exceptions. Except as would not reasonably be expected, individually or in the aggregate, to have a Company Material Adverse Effect, neither the Group Companies that are a party to any Company Material Contract, nor, to Athena’s Knowledge, any other party to any Company Material Contract, (i) is in breach of, or default under, or has taken or failed to take any action which, with or without notice, lapse of time, or both, would constitute a breach or default under any of the provisions of, or (ii) has, since January 1, 2020, provided or received any written notice of any breach or default under, or any intention to terminate, any Company Material Contract.

y. Transactions with Affiliates

. Except as set forth on Section 4.15 of the Athena Disclosure Schedule, as of the date hereof, none of Athena or any of its Affiliates (other than any Group Company) is a party to any Contract, transaction or account with any Group Company. All Contracts, transactions or accounts between Athena or any of its Affiliates, on the one hand, and any Group Company, on the other hand, have been entered into on an arm’s length basis under Brazilian Law or on market terms.

z. Brokers and Finders

. Except for Goldman Sachs & Co. LLC, no broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Athena or any of its Affiliates. Athena will be solely responsible for the fees and expenses of Goldman Sachs & Co. LLC.

aa. Registration Statements

. None of the information regarding Athena, any of its Subsidiaries (including the Group Companies) or the transactions contemplated by this Agreement or any Ancillary Agreement, disclosed to the market to comply with requirements of applicable Law and/or to be provided by Athena or any of its Subsidiaries (including the Group Companies) specifically for inclusion in, or incorporation by reference into, (x) the Sapphire Registration Statements or the Form F-6, (y) if Athena commences the Exchange Offer, the Exchange Offer Documents or (z) the documents relating to the transactions contemplated by this Agreement or any Ancillary Agreement to be filed by Sapphire with the CVM (the “Sapphire CVM Filings”) will (a) in the case of the Sapphire Registration Statements or the Form F-6, at the time each such registration statement is filed with the SEC, at the time it becomes effective under the Securities Act or the Exchange Act, as applicable, at the time the Exchange Offer is launched and at the time Exchange Offer is consummated, (b) if Athena commences the Exchange Offer in the case of the Exchange Offer Documents or any amendment or supplement thereto, as of the date of the Exchange Offer Documents or any amendment or supplement thereto, and (e) in the case of the Sapphire CVM Filings, at the time any such Sapphire CVM Filings are filed with the CVM, contain (i) in the case of any such document that is not an SEC registration statement, any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are
made, not misleading and (ii) in the case of any such document that is an SEC registration statement, any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. If Athena commences the Exchange Offer, the Exchange Offer Documents will comply as to form in all material respects with the applicable provisions of the Securities Act and the Exchange Act, as the case may be, except that no representation is made by Athena with respect to information provided by Sapphire or its Affiliates specifically for inclusion in, or incorporation by reference into, the Exchange Offer Documents.

ab. Intellectual Property

(64) Section 4.18(a) of the Athena Disclosure Schedule contains a true, correct and complete list of all material registrations and applications for registration of any Intellectual Property owned by any Group Company.

(65) Except as set forth in Section 4.18(b) of the Athena Disclosure Schedule or as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) a Group Company is the sole and exclusive owner of all right, title and interest in and to all of the material Intellectual Property owned or purported to be owned by such Group Company (including the Intellectual Property set forth in Section 4.18(a) of the Athena Disclosure Schedule), free and clear of any Liens (other than Permitted Liens); (ii) to Athena’s Knowledge, no Group Company has infringed, misappropriated or otherwise violated the Intellectual Property of any Person; (iii) to Athena’s Knowledge, no Person is challenging, infringing, misappropriating or otherwise violating any Intellectual Property owned or purported to be owned by or exclusively licensed to any Group Company; (iv) there is no pending or, to Athena’s Knowledge, threatened in writing Action or Order (A) with respect to any Intellectual Property owned by (or, to Athena’s Knowledge, exclusively licensed to) any Group Company, challenging the validity, ownership or enforceability of any such Intellectual Property or (B) alleging any Group Company infringes, misappropriates or otherwise violates any Intellectual Property of any Person; (v) the owned registered Intellectual Property of the Group Companies are subsisting and, to Athena’s Knowledge, valid and in full force and effect; (vi) no Group Company is subject to any outstanding Order restricting the use of any Intellectual Property owned by (or, to Athena’s Knowledge, exclusively licensed to) any Group Company; (vii) the Group Companies have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of all trade secrets (whose value to the Group Companies derives from such trade secret being confidential) owned, used or held for use by any Group Company and no such trade secrets have been disclosed other than to employees, representatives and agents of the Group Companies, all of whom are bound by reasonable written confidentiality agreements or other reasonable confidentiality obligations; (viii) the Group Companies own, or have a license or other right to use, all Intellectual Property used in or necessary for the conduct of the business of the Group Companies as currently conducted; (ix) neither the execution and delivery of this Agreement by Athena nor consummation of the transactions contemplated hereby will alter, encumber, impair or extinguish any of the Group Companies’ rights to any proprietary Intellectual
Property used in or necessary for the conduct of the business of the Group Companies as currently conducted; (x) the IT Assets of the Group Companies operate and perform in all respects in a manner that permits the Group Companies to conduct the business of the Group Companies as currently conducted; (xi) to Athena’s Knowledge, no Person has gained unauthorized access to the IT Assets of the Group Companies; and (xii) the Group Companies have implemented reasonable backup and disaster recovery technology consistent with reasonable industry practices.

(66) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Group Companies maintain policies and procedures regarding data security and privacy that are consistent with reasonable industry practices. To Athena’s Knowledge, the collection, use, storage, processing and dissemination by the Group Companies of any and all personal data is and, since the Lookback Date, has been in material compliance with all applicable Laws and the Group Companies have not received any notice of any actual or alleged Action alleging violation thereof. Except as set forth in Section 4.18(c) of the Athena Disclosure Schedule, to Athena’s Knowledge, there is no security violation, unintentional destruction, unauthorized access, loss, alteration, exfiltration, disclosure of or disablement or other breach, in each case of a material nature, of or related to any personal data processed by or on behalf of any Group Company.

ac. [Reserved]

ad. Corporate Matters

(67) As of the Closing Date, the Group Companies’ mandatory corporate books, as required by applicable Law, will be duly registered, kept and updated in all material respects and properly reflect the Group Companies’ corporate records, operations and events that pursuant to applicable Law are required to be recorded in such books in all material respects.

(68) All corporate acts of the Group Companies’ have observed the legal formalities required by applicable Law in all material respects and, to the extent required by applicable Law, have been duly filed or presented for filing with the competent Board of Trade.

(69) Section 4.20(c) of the Athena Disclosure Schedule sets forth a true, correct and complete list of all the establishments currently used by the Group Companies, stating their core activity, address and enrollment with the CNPJ/ME.

ae. Independent Investigation; No Other Representations and Warranties

(70) Athena has conducted to its satisfaction its own independent investigation, review and analysis of, and reached its own independent conclusions regarding, the Sapphire Group Companies, their businesses and operations, assets, condition (financial or otherwise) and prospects. Athena acknowledges that it and its Representatives have been provided such access to
the personnel, properties, premises, records and other documents and information of, and relating to the Sapphire Group Companies and their businesses as it has requested for such purpose. In entering into this Agreement, Athena acknowledges that it has relied solely upon its own investigation, review and analysis and has not relied on, and is not relying on, any representation, warranty or other statement made by, on behalf of, or relating to, Sapphire, Sapphire's Affiliates, the Sapphire Group Companies and their respective Representatives, except for the representations and warranties expressly set forth in Article V.

(71) NEITHER ATHENA NOR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY TO SAPPHIRE OR ANY OTHER PERSON, EXPRESS OR IMPLIED, WITH RESPECT TO ATHENA OR ANY OF ITS AFFILIATES, THE GROUP COMPANIES, THE PURCHASED COMPANY EQUITY INTERESTS, THE NEWCO EQUITY INTERESTS, THE GROUP COMPANIES EQUITY INTERESTS, THE BUSINESSES OF THE GROUP COMPANIES, THEIR PROBABLE SUCCESS OR PROFITABILITY, THE ASSETS OR LIABILITIES OF THE GROUP COMPANIES, THE SALE OR THE OTHER TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FUTURE RESULTS, OTHER THAN AS EXPRESSLY PROVIDED IN THIS ARTICLE IV (AS DISCLOSED AGAINST IN THE ATHENA DISCLOSURE SCHEDULE). ATHENA HEREBY DISCLAIMS ANY OTHER REPRESENTATIONS AND WARRANTIES, WHETHER MADE BY ATHENA, ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES. WITHOUT LIMITING THE FOREGOING, OTHER THAN AS EXPRESSLY PROVIDED IN THIS ARTICLE IV, NEITHER ATHENA NOR ANY OTHER PERSON HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO SAPPHIRE OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES WITH RESPECT TO (A) THE INFORMATION DISTRIBUTED OR MADE AVAILABLE TO SAPPHIRE, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES BY OR ON BEHALF OF ATHENA IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (B) ANY INFORMATION MEMORANDUM, MANAGEMENT PRESENTATION OR MATERIALS IN THE ATHENA DATA ROOM OR (C) ANY FINANCIAL PROJECTION, ESTIMATE, FORECAST, BUDGET OR FINANCIAL DATA OR REPORT RELATING TO THE GROUP COMPANIES OR THEIR BUSINESSES.

(72) ATHENA ACKNOWLEDGES AND AGREES THAT (I) OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE V, NONE OF SAPPHIRE, ANY OF SAPPHIRE’S AFFILIATES OR ANY OTHER PERSON HAS MADE OR MAKES ANY REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, WITH RESPECT TO THE SAPPHIRE GROUP COMPANIES AND THEIR BUSINESSES, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO (A) MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, (B) THE OPERATION OR PROBABLE SUCCESS OR PROFITABILITY OF THE SAPPHIRE GROUP COMPANIES AND THEIR BUSINESSES FOLLOWING THE CLOSING OR (C) THE ACCURACY OR COMPLETENESS OF ANY INFORMATION REGARDING THE SAPPHIRE GROUP COMPANIES OR THEIR
BUSINESSES MADE AVAILABLE TO ATHENA AND ITS REPRESENTATIVES IN CONNECTION WITH THIS AGREEMENT OR THEIR INVESTIGATION OF THE SAPPHIRE GROUP COMPANIES OR THEIR BUSINESSES, AND (II) ATHENA WILL HAVE NO RIGHT OR REMEDY (AND SAPPHIRE, SAPPHIRE’S AFFILIATES AND THEIR REPRESENTATIVES WILL HAVE NO LIABILITY WHATSOEVER) ARISING OUT OF, AND ATHENA EXPRESSLY DISCLAIMS ANY RELIANCE UPON, ANY REPRESENTATION, WARRANTY OR OTHER STATEMENT MADE BY OR ON BEHALF OF SAPPHIRE, ANY OF SAPPHIRE’S AFFILIATES OR ANY OF THEIR REPRESENTATIVES, INCLUDING IN ANY MATERIALS, DOCUMENTATION OR OTHER INFORMATION REGARDING THE SAPPHIRE GROUP COMPANIES OR THEIR BUSINESSES MADE AVAILABLE TO ATHENA OR ANY OF ITS REPRESENTATIVES IN CONNECTION WITH THIS AGREEMENT OR THEIR INVESTIGATION OF THE SAPPHIRE GROUP COMPANIES OR THEIR BUSINESSES (INCLUDING ANY INFORMATION MEMORANDUM, MANAGEMENT PRESENTATION OR MATERIALS IN THE SAPPHIRE DATA ROOM, OR ANY FINANCIAL PROJECTION, ESTIMATE, FORECAST, BUDGET OR FINANCIAL DATA OR REPORT), OR ANY ERRORS THEREIN OR OMISSIONS THEREFROM, OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE V AND THE RIGHTS OF ATHENA EXPRESSLY SET FORTH IN THIS AGREEMENT IN RESPECT OF SUCH REPRESENTATIONS AND WARRANTIES.

Article V.

REPRESENTATION AND WARRANTIES OF SAPPHIRE

Except as set forth (a) in the Sapphire’s Specified Disclosure Documents filed on or prior to the date hereof (excluding any risk factor disclosure and disclosure of risks included in any “forward-looking statements” disclaimer included in such Sapphire’s Specified Disclosure Documents that are predictive, forward-looking or primarily cautionary in nature); provided that this exception (i) shall only apply to the extent that the relevance of such disclosure to the applicable representation and warranty is reasonably apparent on its face and (ii) shall not apply to Sections 5.1, 5.2, 5.3, 5.4, 5.17, 5.19 and 5.20 or (b) on the Sapphire Disclosure Schedule in accordance with and subject to Section 1.3(b), Sapphire hereby represents and warrants to Athena as follows:

af. Organization and Qualification

(73) Sapphire is a public corporation (companhia aberta) duly organized, validly existing and in good standing (if applicable) under the Laws of its jurisdiction of organization, registered with the CVM as a Type-A Issuer and listed on the Novo Mercado. Each Sapphire Group Company is duly organized, validly existing and in good standing (where applicable) under the Laws of its jurisdiction of organization.

(74) Each Sapphire Group Company (i) has the requisite power and authority to carry on its business as presently conducted; and (ii) is duly qualified to do business and in

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good standing (where applicable) in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, except in the case of the foregoing clauses (i) and (ii) where the failure to have such power and authority or to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect.

(75) Sapphire has made available to Athena true, correct and complete copies of the Organizational Documents of Sapphire and each of the other Sapphire Group Companies as in effect on the date of this Agreement.

ag. Authority; Enforceability

Subject to the Sapphire Shareholder Approval and the approvals to be obtained at the Sapphire Closing Shareholders Meeting, the execution and delivery of this Agreement by Sapphire, the performance by Sapphire of its obligations hereunder and the consummation by Sapphire of the transactions contemplated to be consummated by Sapphire hereby have been duly authorized by all requisite action on the part of Sapphire. The execution and delivery of any Ancillary Agreement by Sapphire or the applicable Affiliate of Sapphire, the performance by Sapphire or such applicable Affiliate of their respective obligations thereunder and the consummation by Sapphire or such applicable Affiliate of the transactions contemplated thereunder have been duly authorized by all requisite action on the part of Sapphire or such applicable Affiliate. This Agreement has been, and upon its execution, each of the Ancillary Agreements will have been, duly executed and delivered by Sapphire or the applicable Affiliate of Sapphire, and (assuming due authorization, execution and delivery by Athena or the applicable Affiliate thereof, as applicable) this Agreement constitutes, and upon its execution, each of the Ancillary Agreements will constitute, legal, valid and binding obligations of Sapphire or such applicable Affiliate enforceable against Sapphire or such applicable Affiliate in accordance with their respective terms, subject in each case to the Enforceability Exceptions.

ah. Capitalization of the Sapphire Group Companies

As of the date hereof, the issued ordinary share capital of Sapphire consists of 128,721,560 (one hundred and twenty eight million, seven hundred and twenty one thousand, five hundred and sixty) shares of Sapphire Common Stock. All of the issued and outstanding shares of Sapphire Common Stock have been, and all shares of Sapphire Common Stock underlying the ADSs to be issued pursuant to the Cash Transfer will be at Closing (when issued in accordance with the Deposit Agreement), duly authorized and validly issued, fully paid and nonassessable and have not been, or will not be, issued in violation of any preemptive or similar rights.

(77) The shares of Sapphire Common Stock to be issued as Stock Consideration will be at Closing validly issued in accordance with the Deposit Agreement, free of any Liens (other than Liens arising under the Organizational Documents of Sapphire or this Agreement and restrictions on transfer under applicable securities Laws) and issued in compliance
with all applicable securities Laws, and the Persons in whose names the shares of Sapphire Common Stock are registered will be entitled to the rights of registered holders of such shares.

(78) All of the Equity Interests of the Sapphire Group Companies have been duly authorized and validly issued and are fully paid and non-assessable. There are no outstanding bonds, debentures, notes, indebtedness, preemptive rights, warrants, options, puts, calls, subscriptions or other rights, convertible securities, trusts or Contracts to which Sapphire or any of its Affiliates (including any of the Sapphire Group Companies) are a party or are subject or by which any of their respective assets are bound (i) convertible into or exchangeable or exercisable for, or giving a Person a right to subscribe for or acquire, any Equity Interests of any of the Sapphire Group Companies or obligating any of the Sapphire Group Companies to issue, transfer, sell, purchase, return or redeem any Equity Interests of any Sapphire Group Company or securities convertible into or exchangeable or exercisable for Equity Interests of any Sapphire Group Company, (ii) requiring or giving any Person any rights with respect to the issuance, transfer, sale, repurchase, redemption or other acquisition of any Equity Interests of any of the Sapphire Group Companies (other than arising under applicable Law or the relevant Sapphire Group Company’s Organizational Documents), (iii) restricting the transfer of any Equity Interests of any of the Sapphire Group Companies or (iv) with respect to the voting of the Equity Interests of any of the Sapphire Group Companies.

(79) Section 5.3(d) of the Sapphire Disclosure Schedule sets forth the complete and accurate organization chart of the Sapphire Group Companies, including the number and par value of all of the Equity Interests of the Sapphire Group Companies. Except for the Equity Interests set forth on Section 5.3(d) of the Sapphire Disclosure Schedule, there are no Equity Interests of any of the Sapphire Group Companies issued or outstanding. The Sapphire Group Companies do not own, of record or beneficially, any Equity Interests of any Person other than the Equity Interests provided for in the organization chart set forth in Section 5.3(d) of the Sapphire Disclosure Schedule.

(80) Upon consummation of the Cash Transfer and the Merger, and delivery by Sapphire of the full Estimated Adjusted Cash Consideration and the Stock Consideration pursuant to Article II, Athena will become the direct holder of the Stock Consideration, which shall represent, on the Closing Date, forty four percent (44%) of the total and voting capital stock of Sapphire on a fully diluted basis; provided that such percentage shall be adjusted downwards in the event of any issuance, sale or other disposition of shares of Sapphire Common Stock or other Equity Securities of Sapphire permitted under Section 6.2(b)(i).

ai. Consents and Approvals; No Violations.

(81) The execution and delivery by Sapphire of this Agreement, the execution and delivery by Sapphire or the applicable Affiliates of Sapphire of the Ancillary Agreements to which such Affiliates will be a party and/or the consummation by any of them of the transactions contemplated hereby or thereby do not and will not require Sapphire or such Affiliates to obtain any Governmental Approval, except for (i) the CADE Clearance, (ii) the filing with the SEC of the Sapphire Registration Statements, the Form F-6, the documents relating to the Exchange Offer (if Athena commences the Exchange Offer) and any amendments and supplements thereto, (iii)
the filing with the US Stock Exchange of the documents relating to the listing of the ADSs and (iv) any Governmental Approvals the failure of which to be obtained or made would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect.

(82) Except as set forth on Section 5.4(b) of the Sapphire Disclosure Schedule, the execution and delivery by Sapphire of this Agreement, the execution and delivery by Sapphire or the applicable Affiliates of Sapphire of the Ancillary Agreements to which such Affiliates will be a party and/or the consummation by any of them of the transactions contemplated hereby or thereby, do not and will not (i) conflict with or result in any breach of any provisions of the Organizational Documents of Sapphire or such Affiliates (including any Sapphire Group Company); (ii) assuming that the consents, approvals and filings referred to in Section 5.4(a) are obtained or made, as applicable, conflict with or violate, in any respect, any Law or Order applicable to Sapphire, any Sapphire Group Company or any Affiliate of Sapphire that will be a party to any Ancillary Agreement; (iii) result in any breach of, or constitute a default (or an event which, with the giving of notice or lapse of time or both, would constitute a default) under, require a consent or approval under, give any Person any rights of termination, acceleration or cancellation of, or cause or permit the termination, cancellation or acceleration of any right or obligation or the loss of any benefit under, any Contract to which Sapphire, any of the Affiliates of Sapphire that will be a party to any Ancillary Agreement or any of the Sapphire Group Companies are a party or by which any of their respective assets are bound; or (iv) result in the imposition or creation of any Lien (other than a Permitted Lien) on any of the Equity Interests, assets or properties of Sapphire, any of the Affiliates of Sapphire that will be a party to any Ancillary Agreement or any of the Sapphire Group Companies, except, in the case of the foregoing clauses (ii), (iii) and (iv) of this Section 5.4(b), for any such breaches, defaults, consents, approvals, terminations, accelerations, cancellations, losses of benefits or Liens that would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect.

aj. Compliance with Laws

(83) Excluding any matters set forth in Section 5.5(a) of the Sapphire Disclosure Schedule or relating to Sanctions, Anti-Corruption Laws or antitrust or export control Laws (which are addressed in Section 5.5(b)-(g) below), (i) the businesses of the Sapphire Group Companies are conducted, and since July 1, 2015, have been conducted in compliance with all applicable Laws and the Sapphire Group Companies are not, and since July 1, 2015, have not been, in violation of any Law or Order applicable to any of them (except for any failures to comply or violations that would not, individually or in the aggregate, reasonably be expected to be, individually or in the aggregate, material to the Sapphire Group Companies, taken as a whole) and (ii) since July 1, 2015, none of the Sapphire Group Companies has received written notice of any material failure to comply with or violation of any Law or Order applicable to the Sapphire Group Companies’ businesses or properties or of any investigation, inquiry or proceeding by any Governmental Authority with respect to any actual, potential or alleged material failure to comply
with or violation of any Law or Order applicable to the Sapphire Group Companies’ businesses or properties.

(84) Since July 1, 2015, (i) the Sapphire Group Companies and their directors, officers and, to Sapphire’s Knowledge, the Sapphire Group Companies’ employees, agents and other Persons acting on behalf of the Sapphire Group Companies, have been in compliance with Anti-Corruption Laws applicable to them, (ii) the Sapphire Group Companies have instituted and maintained policies and procedures designed to promote and achieve the Sapphire Group Companies’ compliance with applicable Anti-Corruption Laws and (iii) none of the Sapphire Group Companies has received written notice of any failure to comply with or violation of any Anti-Corruption Laws applicable to the Sapphire Group Companies’ businesses or properties or of any investigation, inquiry or proceeding by any Governmental Authority with respect to any actual, potential or alleged failure to comply with or violation of any Anti-Corruption Laws applicable to the Sapphire Group Companies.

(85) Without limiting the foregoing, none of the directors, officers or, to Sapphire’s Knowledge, employees or agents of the Sapphire Group Companies or other Persons acting on behalf of the Sapphire Group Companies has, directly or indirectly, offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where the Sapphire Group Companies or any of their directors, officers, employees, agents, or other Persons acting on behalf of the Sapphire Group Companies knew or had reason to believe that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official, in each case, for the purpose of (i) influencing any act or decision of such Government Official in his or her official capacity; (ii) inducing such Government Official to perform or omit to perform any activity related to his or her legal duties; (iii) securing any improper advantage; or (iv) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, in each case, in order to assist the Sapphire Group Companies, or any director, officer, employee or agent of the Sapphire Group Companies or other Person acting on behalf of the Sapphire Group Companies in obtaining or retaining business for or with, or in directing business to, the Sapphire Group Companies or any other Person.

(86) Without limiting the foregoing, no director, officer or, to Sapphire’s Knowledge, employee or agent of the Sapphire Group Companies or other Persons acting on behalf of the Sapphire Group Companies has made, offered, requested or taken any act in furtherance of any bribe or other unlawful payment or benefit, including, any unlawful influence payment, kickback or other unlawful payment or benefit.

(87) To Sapphire’s Knowledge, none of the Sapphire Group Companies or their directors, officers, employees, agents or other Persons acting on behalf of the Sapphire Group Companies is a Person that is or, since July 1, 2015, has been the subject of any investigation, inquiry or enforcement proceedings by any Governmental Authority or any customer regarding any offense or alleged offense under any Anti-Corruption Laws, and no such
investigation, inquiry, or proceedings have been threatened or are pending, and there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.

(88) None of the Sapphire Group Companies or any director, officer or, to Sapphire’s Knowledge, employee or agent of the Sapphire Group Companies or any other Person acting on behalf of the Sapphire Group Companies, has taken any action, directly or indirectly, that would constitute a violation of applicable Sanctions. None of the Sapphire Group Companies or their directors, officers or, to Sapphire’s Knowledge, employees, agents or other Persons acting on behalf of the Sapphire Group Companies is a Person that is, or is 50% or more owned or controlled by Persons that are, (i) the target of any Sanctions, or (ii) organized or resident in a country or territory that is, or whose government is, the subject or the target of comprehensive Sanctions broadly prohibiting dealings with such country, territory or government (currently, Cuba, the Crimea region of Ukraine, Iran, North Korea, Venezuela and Syria).

(89) Since July 1, 2015, the business of the Sapphire Group Companies has been and is in compliance with all applicable antitrust or export control Laws in all material respects. None of Sapphire or any of its Affiliates (including the other Sapphire Group Companies) has received any notice from any Governmental Authority of noncompliance with any such applicable antitrust or export control Laws with respect to the business of the Sapphire Group Companies and no investigation, inquiry or proceedings with respect to any applicable antitrust or export control laws have been threatened or are pending, and, to Sapphire’s Knowledge, there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.

ak. Educational Matters; Permits

(90) Except as set forth on Section 5.6(a) of the Sapphire Disclosure Schedule, each Sapphire Group Company holds and has held since the Lookback Date all Educational Approvals necessary to conduct its operations in the Ordinary Course of Business.

(91) Section 5.6(b)(i) of the Sapphire Disclosure Schedule contains a list of all educational permits (mantença) held or otherwise exercised by the Sapphire Group Companies as of the date hereof. The educational permits (mantença) described in Section 5.6(b)(i) of the Sapphire Disclosure Schedule: (i) are valid, in full force and effect and free of any Liens, and the educational institutions to which such permits were issued or granted are duly accredited as Universities (Universidades) and/or University Centers (Centros Universitários) and/or Schools (Faculdades) and in good standing before the MEC; and (ii) have not been subject to, and are not subject to, any sanction that restrict their regular exercise due to non-compliance with legal or administrative determinations of the competent public authorities. Except as would not reasonably be expected to, individually or in the aggregate, be material to the Sapphire Group Companies, taken as a whole, the Sapphire Group Companies are and, since the Lookback Date, have been in compliance with the terms of such permits and there has occurred no violation of, default (or event which, with the giving of notice or lapse of time or both, would constitute a default) under, or event giving to others any right of termination or cancellation of, with or without notice or
lapse of time or both, any such permit. Section 5.6(b)(ii) of the Sapphire Disclosure Schedule contains a list of all courses offered by educational institutions maintained by the Sapphire Group Companies as of the date hereof and the number of seats (vagas) offered in each such courses. All such courses offered were, according to the applicable legislation, duly recognized by the MEC through its competent office or are within the period established in the applicable legislation to apply for the proper accreditation and, to Sapphire’s Knowledge, there are no courses offered by educational institutions maintained by the Sapphire Group Companies that are imminent of being subject to any sanction that restricts their regular operations due to non-compliance with legal or administrative determinations of the competent public authorities. The types of courses under which the educational institutions maintained by the Sapphire Group Companies are accredited with MEC as of the date hereof are current, and there is no practice or measure that could jeopardize this type of accreditation. Except as set forth on Section 5.6(b)(iii) of the Sapphire Disclosure Schedule, all courses offered by the educational institutions maintained by the Sapphire Group Companies have received a grade of at least three (3) considering the Preliminary Course Concept (Conceito Preliminar de Curso) in the latest reviews by the MEC prior to the date of this Agreement.

(92) Other than for the Educational Approvals and the educational permits (mantença) (which are the subject of clauses (a) and (b) of this Section 5.6), each Sapphire Group Company holds and has held since the Lookback Date all Permits necessary to conduct their operations as then or as of the date hereof conducted (excluding the Educational Approvals and the educational permits (mantença), the “Sapphire Group Company Permits”), except for any such Sapphire Group Company Permits the failure of which to be obtained or held, would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect or be a material violation of applicable Law. Except as it would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect, all Sapphire Group Company Permits are valid, in full force and effect, and free of any Liens. Except as would not reasonably be expected to have, individually or in the aggregate, a Sapphire Material Adverse Effect, and except as set forth on Section 5.6(c) of the Sapphire Disclosure Schedule, the Sapphire Group Companies are and, since the Lookback Date, have been in compliance with the terms of the Sapphire Group Company Permits and there has occurred no violation of, default (or event which, with the giving of notice or lapse of time or both, would constitute a default) under, or event giving to others any right of termination or cancellation of, with or without notice or lapse of time or both, any Sapphire Group Company Permit.

(93) Except as set forth in Section 5.6(d) of the Sapphire Disclosure Schedule, the Group Companies are not a party to any instrument, contract or agreement relating to medical or nursing conventions (convênios) and partnerships (parcerias) for the performance of practical activities by students of the courses offered by the Sapphire Group Companies. Each of the medical or nursing conventions and partnerships set forth in Section 5.6(d) of the Sapphire Disclosure Schedule are in full force and effect, with the Sapphire Group Companies being in compliance with all of their respective obligations thereunder, and shall not be adversely affected or terminated as a result of the Closing.
(94) There are no relevant student movements that would reasonably be expected to materially adversely affect the business of the Sapphire Group Companies, taken as a whole.

(95) Section 5.6(f) of the Sapphire Disclosure Schedule contains a true, correct and complete chart setting forth the number of students of the Sapphire Group Companies in each of the live courses (graduação presencial) and EAD (graduação de educação à distância) offered by the Sapphire Group Companies as of June 30, 2020. The chart to be delivered by Sapphire to Athena pursuant to Section 3.2(g) will contain a true, correct and complete chart setting forth the number of students of the Sapphire Group Companies in each of the live courses (graduação presencial) and EAD (graduação de educação à distância) offered by the Sapphire Group Companies as of the last day of the calendar month immediately preceding the Closing Date.

al. Financial Statements

. Sapphire has made available to Athena true, correct and complete copies of (a) the audited balance sheet of the Sapphire Group Companies on a consolidated basis for the financial years ended December 31, 2017, December 31, 2018 and December 31, 2019, and the related audited statements of income and cash flows (collectively, the “Sapphire Audited Financial Statements”) and (b) the unaudited balance sheet of the Sapphire Group Companies on a consolidated basis for the six (6) month period ended as of June 30, 2020, and the related unaudited statements of income and cash flows (the “Sapphire Interim Financial Statements” and, together with the Sapphire Audited Financial Statements, the “Sapphire Financial Statements”). The Sapphire Financial Statements (i) were prepared in all material respects in accordance with the books of account and other financial records of the Sapphire Group Companies (except as may be indicated in the notes thereto), (ii) present fairly in all material respects the financial condition, results of operations and cash flows of the Sapphire Group Companies as of the dates thereof or for the periods covered thereby and (iii) were prepared in accordance with Brazilian GAAP consistently applied and past practices of the Sapphire Group Companies; except that the Sapphire Interim Financial Statements are subject to normal recurring year-end adjustments and the absence of notes. From the Lookback Date to the date of this Agreement, Sapphire has not received written notice from any Governmental Authority indicating that any of its accounting policies or practices are the subject of any material review, inquiry, investigation or challenge by any Governmental Authority.

am. Absence of Undisclosed Liabilities

. Except as set forth in Section 5.8 of the Sapphire Disclosure Schedule and as would not reasonably be expected, individually or in the aggregate, to have a Sapphire Material Adverse Effect, the Sapphire Group Companies do not have any Liabilities of a type required to be set forth on a balance sheet prepared in accordance with Brazilian GAAP, other than Liabilities (a) reflected, reserved or disclosed in the Sapphire Financial Statements, (b) incurred in the Ordinary Course of Business since December 31, 2019, (c) for future performance under existing Contracts (other than as a result of a breach or violation of or default under any such Contract) or (d) incurred in connection with this Agreement or the transactions contemplated hereby.
an. Absence of Certain Changes or Events

(96) Since December 31, 2019, there has not been any Sapphire Material Adverse Effect.

(97) Since December 31, 2019, except (i) for the transactions contemplated hereby or any preparation for, or conduct of, the acquisition process resulting therein, (ii) as contemplated in this Agreement, (iii) as required by applicable Law, or (iv) for the reasonable health-related actions, inactions, plans, procedures or practices adopted to address the health risk posed by the COVID-19 virus outbreak, (x) the Sapphire Group Companies have conducted their businesses in the Ordinary Course of Business in all material respects and (y) there has not been any action taken by any of the Sapphire Group Companies that, if taken during the period from the date of this Agreement through the Closing without Athena’s consent, would constitute a breach of any provision under Section 6.2(b).

ao. Absence of Litigation

. Except as set forth in Section 5.10 of the Sapphire Disclosure Schedule or as would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect, or as set forth on Section 5.11(a) of the Sapphire Disclosure Schedule, (i) there is no charge or complaint pending, or to Sapphire’s Knowledge, threatened in any written notice delivered to Sapphire or any of its Subsidiaries, before any Governmental Authority with respect to any Employee; (ii) there is no labor strike, slowdown, stoppage, picketing, interruption of work or lockout pending or, to

ap. Labor Matters

. Except as would not, individually or in the aggregate, reasonably be expected to have a Sapphire Material Adverse Effect, or as set forth on Section 5.11(a) of the Sapphire Disclosure Schedule, (i) there is no charge or complaint pending, or to Sapphire’s Knowledge, threatened in any written notice delivered to Sapphire or any of the Sapphire Group Companies, before any Governmental Authority with respect to any Employee; (ii) there is no labor strike, slowdown, stoppage, picketing, interruption of work or lockout pending or, to

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Sapphire’s Knowledge, threatened with respect to any Employees; (iii) there is no Action pending or, to Sapphire’s Knowledge, threatened in any written notice delivered to Sapphire or any of the Sapphire Group Companies against or involving any Sapphire Group Company brought by or on behalf of any Employee, trade union, works council, labor conventions or other employee representative body; (iv) there are no inquiries or investigations existing, pending or threatened in any written notice delivered to Sapphire or any of the Sapphire Group Companies by any Governmental Authority which is responsible for employment matters that affect any Employees; and (v) since December 31, 2019, the Sapphire Group Companies have not dismissed or terminated any employees outside of the Ordinary Course of Business.

(99) The Sapphire Group Companies are not party to any collective bargaining agreement covering any Employees of the Sapphire Group Companies as of the date hereof. To Sapphire’s Knowledge, there has not been any organizational campaign, petition or other unionization activity seeking recognition of a collective bargaining unit relating to any employee of any Sapphire Group Company. The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or other employee representative body is not required for Sapphire and its Affiliates to enter into this Agreement or the Ancillary Agreements or to consummate any of the transactions contemplated hereby and thereby.

(100) Except as set forth on Section 5.11(c) of the Sapphire Disclosure Schedule, (i) none of the Sapphire Group Companies has any material liability with respect to misclassification of any person as an independent contractor (or equivalent) rather than as an employee, and (ii) there is no and, since the Lookback Date, there has not been any material Action pending against or, to Sapphire’s Knowledge, threatened against any Sapphire Group Company by, on behalf of or with respect to any independent contractor (or equivalent) regarding misclassification or relating to compensation, benefits, entitlements, legal rights or protections under any applicable Laws covering such individuals.

(101) Section 5.11(d) of the Sapphire Disclosure Schedule contains a true, correct and complete list identifying each material Employee Plan maintained by the Sapphire Group Companies (each, a “Sapphire Group Company Plan”). True, correct and complete copies of each Sapphire Group Company Plan (and all amendments and material documentation relating thereto) have been made available to Athena. Except as would not reasonably be expected to have, individually or in the aggregate, a Sapphire Material Adverse Effect and except as set forth on Section 5.11(d) of the Sapphire Disclosure Schedule, each Sapphire Group Company Plan (i) has been maintained in compliance in all respects with its terms and applicable Law, (ii) if intended to qualify for special tax treatment, meets all the requirements for such treatment, (iii) if required, to any extent, to be funded, book-reserved or secured by an insurance policy, is so funded, book-reserved or secured by an insurance policy, (iv) no event has occurred and no condition exists that could subject any Sapphire Group Company, either directly or by reason of its affiliation with any member of its Controlled Group, to any liability imposed by Title IV of ERISA, (v) all contributions, premiums and payments that are due have been made for each Sapphire Group Company Plan within the time periods required by the terms of such plan and applicable Law, and all contributions, premiums and payments for any period ending on or before the Closing Date that are not due are properly accrued to the extent required to be accrued under
Brazilian GAAP and (vi) no proceeding, audit, assessment, complaint or examination has been made, commenced or, to Sapphire’s Knowledge, threatened with respect to any Sapphire Group Company Plan (other than routine claims for benefits payable in the Ordinary Course of Business and except as set forth on Section 5.11(a) of the Sapphire Disclosure Schedule).

(102) Except as set forth on Section 5.11(e) of the Sapphire Disclosure Schedule, neither the execution of this Agreement nor the consummation of the transactions contemplated by this Agreement (either alone or together with any other event) will (i) entitle any current or former Employee of any Sapphire Group Company to any material payment or benefit, including any bonus, retention, severance, retirement or job security payment or benefit, (ii) materially enhance any benefits or accelerate the time of any material payment or vesting or trigger any material payment of funding (through a grantor trust or otherwise) of compensation or benefits under, or materially increase the amount payable or trigger any other material obligation under, any Sapphire Group Company Plan or otherwise, or (iii) limit or restrict the right of any Sapphire Group Company to merge, amend or terminate any Sapphire Group Company Plan (except as set forth in any Sapphire Group Company Plan). Except as set forth on Section 5.11(e) of the Sapphire Disclosure Schedule, there is no contract, plan or arrangement (written or otherwise) covering any current or former Employee of any Sapphire Group Company that, individually or collectively, would entitle such employee to any material tax gross-up or similar payment from any Sapphire Group Company.

aq. **Taxes**

Except for the provisions of Section 5.12 of the Sapphire Disclosure Schedule, each Sapphire Group Company has (a) paid all Taxes due and owing by it, (b) filed all Tax Returns required to be filed by it, (c) withheld and paid all Taxes that it is obligated to withhold from amounts owing to any employee, creditor or third party, (d) not entered into any agreement with a Tax Authority with respect to the payment of overdue Taxes, under which the obligations of such Sapphire Group Company have not been satisfied pursuant to the terms thereof, (e) not received written notification of, and is not party to, any Tax audit or examination or any legal or administrative proceeding for collection of Taxes, which proceeding has not been resolved, and (f) not benefitted from any Tax incentive, holiday or other similar relief, the entitlement to which would be materially adversely affected by the transactions contemplated by this Agreement. Section 5.12 of the Sapphire Disclosure Schedule contains a true, correct and complete list of the Tax benefits and Tax incentives from which the Sapphire Group Companies benefit, including the FIES and ProUni. All of the foregoing have been duly obtained in accordance with applicable Law (including by the beneficiary’s carrying out all appropriate registrations), are in full force and effect (and shall continue to be in full force and effect on the Closing Date) and none shall be adversely impacted by the execution of this Agreement and/or the consummation of the transactions contemplated by this Agreement. Except as provided under Section 5.12 of the Sapphire Disclosure Schedule, (i) the Sapphire Group Companies do not benefit from any other Tax benefit, Tax incentive or other similar arrangement with any Governmental Authority; and (ii) the Sapphire Group Companies have complied with all material rules and requisites applicable to the Tax benefits or incentives referred to herein, and the Sapphire Group Companies are not aware of any threatened termination or change of such benefits and

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incentives, including as a result of the transactions contemplated by this Agreement. To Sapphire’s Knowledge, there is no act, fact, event or situation that justifies the cancellation, revocation or early termination of any education-related Tax benefit or Tax incentive held by the Sapphire Group Companies.

ar. Securities Matters

Sapphire is acquiring the Purchased Company Equity Interests to be acquired in the Cash Transfer for its own account and not with a view to (or for) resale in connection with any public sale or distribution thereof. Sapphire acknowledges that the Purchased Company Equity Interests to be acquired in the Cash Transfer are not registered under any applicable securities Laws, and Sapphire shall not offer to sell or otherwise dispose of such Purchased Company Equity Interests in violation of the registration provisions of the applicable securities Laws. Sapphire acknowledges that it has sufficient experience and expertise to evaluate, and is fully informed as to, the risks of the transactions contemplated by this Agreement and ownership of the Purchased Company Equity Interests to be acquired in the Cash Transfer.

as. Real Property; Personal Property

(103) Section 5.14(a)(i) of the Sapphire Disclosure Schedule sets forth a correct and complete list, as of the date hereof, of all material real property that is owned or in respect of which acquisition rights are held by each of the Sapphire Group Companies (the “Sapphire Owned Real Property”). The Sapphire Group Companies have good and valid title to such Sapphire Owned Real Property, free and clear of any Liens (other than Permitted Liens), except as set forth on Section 5.14(a)(ii) of the Sapphire Disclosure Schedule. To Sapphire’s Knowledge, except as set forth on Section 5.14(a)(iii) of the Sapphire Disclosure Schedule, there are no outstanding options or rights of first refusal in favor of any Person to purchase or lease the Sapphire Owned Real Property and no leases or possessory interests have been granted to any Person with respect to the Sapphire Owned Real Property other than leases in connection with convenience stores. Neither Sapphire nor any of its Subsidiaries (including the Sapphire Group Companies) has received a written notice of any condemnation, expropriation, eminent domain or similar Action affecting all or any portion of the Sapphire Owned Real Property, except as would not, individually or in the aggregate, be material to the operations of the Sapphire Group Companies as currently conducted, taken as a whole.

(104) Section 5.14(b)(i) of the Sapphire Disclosure Schedule sets forth a correct and complete list, as of the date hereof, of all material leases, subleases and ground leases for real property (including the date and name of the parties thereto) leased or subleased to each Sapphire Group Company other than subleases in connection with convenience stores ((x) all such real property as of the date hereof, together with all material leases, subleases and ground leases for real property leased or subleased to each Group Company after the date hereof and prior to the Closing, the “Sapphire Leased Real Property”; and (y) all such material leases, subleases and ground leases, including all modifications, extensions, amendments or supplements thereto, as of the date hereof, together with all material leases, subleases and ground leases, including all
modifications, extensions, amendments or supplements thereto, entered into after the date hereof and prior to the Closing, the “Sapphire Real Property Leases”). Sapphire has made available to Athena true, correct and complete copies of each Sapphire Real Property Lease as of the date hereof, other than subleases in connection with convenience stores. Except as set forth on Section 5.14(b)(ii) of the Sapphire Disclosure Schedule and except as would not, individually or in the aggregate, be material to the operations of the Sapphire Group Companies as currently conducted, taken as a whole, (i) the Sapphire Group Companies have valid leasehold or license (or its jurisdictional equivalent) interests in all Sapphire Leased Real Property, free and clear of all Liens (other than Permitted Liens); (ii) each Sapphire Real Property Lease is in full force and effect and is a valid and binding agreement of the applicable Sapphire Group Company and, to Sapphire’s Knowledge, of each other party thereto, enforceable against such Sapphire Group Company and, to Sapphire’s Knowledge, of each other party thereto, in accordance with its terms, subject to the Enforceability Exceptions; (iii) no Sapphire Group Company that is a party to any such Sapphire Real Property Lease has delivered or received written notice of material default under any Sapphire Real Property Lease; (iv) no Sapphire Group Company is a sublessor or grantor under any sublease or other instrument granting another Person any right to the possession, use or occupancy of any Sapphire Leased Real Property, other than subleases in connection with convenience stores; (v) all of the Sapphire Real Property Leases have been entered into for a period of no less than five (5) years and comply with all legal requirements to entitle the respective Sapphire Group Company which is a party thereto to request mandatory renovation of said lease (ação renovatória); and (vi) neither Sapphire nor any of its Subsidiaries (including the Sapphire Group Companies) has received a written notice of any condemnation, expropriation, eminent domain or similar Action affecting all or any portion of the Sapphire Leased Real Property.

(105) Except as would not reasonably be expected to be, individually or in the aggregate, material to the Sapphire Group Companies, taken as a whole, the Sapphire Group Companies are in possession of and have good and valid title to, or valid leasehold interests in or valid rights under contract to use, all the machinery, equipment, vehicles, furniture, fixtures, computers, servers and other items of tangible personal property and assets used by the Sapphire Group Companies, including the library books (acervo bibliotecário) (“Sapphire Personal Property”). The Sapphire Personal Property is free and clear of any Liens (other than Permitted Liens).

(106) Except as would not reasonably be expected to be, individually or in the aggregate, material to the operations of the Sapphire Group Companies as currently conducted, taken as a whole, the Sapphire Owned Real Property, the Sapphire Leased Real Property and the Sapphire Personal Property are in good operating condition and repair (ordinary wear and tear excepted).

(107) The Sapphire Owned Real Property, the Sapphire Leased Real Property and the Sapphire Personal Property owned or leased by the Sapphire Group Companies, together with all other properties, assets and rights of the Sapphire Group Companies, are sufficient in all material respects for, and constitute all of the assets and properties necessary in all material respects to, conduct the business of the Sapphire Group Companies as conducted on the date of
this Agreement; provided, however, that nothing in this Section 5.14(e) shall be deemed to constitute a representation or warranty as to (i) the adequacy of the amounts of cash or working capital or (ii) any infringement of third party Intellectual Property.

at. Sapphire Material Contracts

(108) Except for the Sapphire Real Property Leases (which are the subject of Section 5.14(b)), for the transactions with Affiliates (which are the subject of Section 5.17) and for any Employee Plans, Section 5.15(a) of the Sapphire Disclosure Schedule sets forth a true, correct and complete list of each of the following types of Contracts to which any of the Sapphire Group Companies is a party or to which any of their respective assets are subject as of the date hereof (each Contract required to be listed on Section 5.15(a) of the Sapphire Disclosure Schedule and each other Contract entered into after the date hereof that would have been required to be listed on Section 5.15(a) of the Sapphire Disclosure Schedule had it existed as of the date hereof, the “Sapphire Material Contracts”):

xxiii.any Contract with respect to a partnership, joint venture, co-owner or other similar arrangement whereby the relevant Sapphire Group Company holds an Equity Interest or any other similar participation interest in any other Person (other than Sapphire Group Companies);

xxiv.any Contract that (x) prohibits any of the Sapphire Group Companies from competing in any line of business or geographic region or with any Person, (y) restricts the ability of any of the Sapphire Group Companies to research, develop, manufacture, market, distribute or sell of any product or service, or (z) requires any of the Sapphire Group Companies to work exclusively with any Person in any geographic region;

xxv.any Contract involving payments by or to any of the Sapphire Group Companies in an amount in excess of twenty million Brazilian Reais (R$20,000,000.00);

xxvi.(x) any material Contract that contains “most favored nation” provisions for the benefit of any third-party counterparty to such Contract or (y) any Contract that grants any right of first refusal, right of first offer, put, call or similar right pursuant to which the relevant Sapphire Group Company would be required to purchase or sell, as applicable, any Equity Interests or assets for an amount in excess of twenty million Brazilian Reais (R$20,000,000.00);

xxvii.any Contract relating to indebtedness for borrowed money or any financial guarantee (whether incurred, assumed, guaranteed or secured by any asset), in each case in excess of twenty million Brazilian Reais (R$20,000,000.00) or any guarantee or indemnity of the performance of any obligation by any Person, other than (x) Contracts solely among the Sapphire Group Companies, (y) Contracts relating to financial guarantees in respect of Sapphire Real Property Leases and (z) Contracts relating to working capital lines of credit incurred in the Ordinary Course of Business;
any Contract relating to any loan or other extension of credit made by any Sapphire Group Company, in each case in excess of twenty million Brazilian Reais (R$20,000,000.00), other than (x) Contracts solely among the Sapphire Group Companies and (y) accounts receivable in the Ordinary Course of Business of the Sapphire Group Companies;

any Contract relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise), under which any Sapphire Group Company has any outstanding obligation that (x) is material to the Sapphire Group Companies, taken as a whole, or (y) is otherwise in excess of thirty million Brazilian Reais (R$30,000,000.00);

any Contract that contains (x) an exclusive license or other exclusive grant of rights by or to any Sapphire Group Company with respect to any material Intellectual Property or (y) a material license or other material grant of rights to any Sapphire Group Company with respect to any Intellectual Property, other than commercially available, “off the shelf” software licenses, involving payments in an amount, individually or in the aggregate, in excess of twenty million Brazilian Reais (R$20,000,000.00) in any calendar year;

any Contract that (x) involves future expenditures by any Sapphire Group Company of more than twenty million Brazilian Reais (R$20,000,000.00) and (y) cannot be terminated by the applicable Sapphire Group Company on less than ninety (90) days’ notice without material payment or penalty;

Contracts providing for the payment of any cash or other compensation or benefits upon the consummation of the transactions contemplated hereby or in any Ancillary Agreement; or

any Contract between any Sapphire Group Company, on the one hand, and any Governmental Authority, on the other hand, that is material to the Sapphire Group Companies, taken as a whole; or

any stockholders, investors rights, registration rights or similar agreement or arrangement of the Sapphire Group Companies.

Sapphire has made available to Athena copies of each Sapphire Material Contract that are true, correct and complete in all material respects (subject to any redactions deemed reasonably necessary by Sapphire upon advice of its counsel to comply with applicable Law) as of the date hereof. Except as would not reasonably be expected, individually or in the aggregate, to have a Sapphire Material Adverse Effect, each Sapphire Material Contract is in full force and effect and is a valid and binding agreement of each Sapphire Group Company that is a party thereto, and, to Sapphire’s Knowledge, of each other party thereto, enforceable against such Sapphire Group Company and, to Sapphire’s Knowledge, of each other party thereto in accordance with its terms, subject to the Enforceability Exceptions. Except as would not reasonably be expected, individually or in the aggregate, to have a Sapphire Material Adverse
Effect or as set forth in Section 5.15(b) of the Sapphire Disclosure Schedule, neither the Sapphire Group Companies that are a party to any Sapphire Material Contract, nor, to Sapphire’s Knowledge, any other party to any Sapphire Material Contract, (i) is in breach of, or default under, or has taken or failed to take any action which, with or without notice, lapse of time, or both, would constitute a breach or default under any of the provisions of, or (ii) has, since January 1, 2020, provided or received any written notice of any breach or default under, or any intention to terminate, any Sapphire Material Contract.

au. **Sapphire’s Specified Disclosure Documents**

(110) Sapphire’s Specified Disclosure Documents: (a) adequately reflect, in all material aspects, the best understanding of Sapphire’s management regarding the business and operations of Sapphire and its Subsidiaries, as required by the applicable Law and regulations, and (b) do not contain any untrue or misleading representation with respect to any material event, or omission of information with respect to any material event, which, if duly disclosed as per the applicable Law and regulations, would cause the information on such Sapphire’s Specified Disclosure Documents to be untrue or misleading. There have not occurred any events, changes, developments, circumstances, states of facts or effect occurring since the applicable date of Sapphire’s Specified Disclosure Document that, had they arisen prior to the applicable date, would have resulted in, Sapphire’s Specified Disclosure Document (including any financial information contained therein) containing any untrue statement of a material fact or omitting to state a material fact required pursuant to Law to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, including for the avoidance of doubt with respect to any tax contingencies, liabilities or threatened or commenced litigation or similar proceedings involving claims against the Sapphire Group Companies. Sapphire complies in all material respects with all applicable rules and regulations issued by CVM and B3 (including those related to the disclosure of material information to its respective shareholders and the market in general, including, as provided for in CVM Ruling 358/2002, as amended), and to Sapphire’s Knowledge during the last twelve (12) months, has not failed to disclose, in a timely manner, any material fact in relation to any material event that should have been disclosed in accordance with such applicable rules and regulations.

(111) Sapphire maintains disclosure controls and procedures according to its disclosure policy. Such disclosure controls and procedures are designed to timely report to Sapphire’s investor relations officers material information required to be included in Sapphire’s material fact notices or periodic and current reports required under CVM rulings.

(112) Sapphire maintains a system of internal controls over financial reporting, compliance and corporate risks sufficient to provide reasonable assurance regarding the reliability of the Sapphire’s financial reporting and the preparation of Sapphire’s consolidated financial statements for external purposes in accordance with Brazilian GAAP. Sapphire has disclosed, based on its most recent evaluation of internal controls prior to the date hereof, to Sapphire’s auditors and audit committee (i) any significant deficiencies in the design or operation of internal controls which are reasonably likely to adversely affect Sapphire’s ability to record, process,
summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in internal controls over financial reporting. Since the Lookback Date, Sapphire has complied in all material respects with the applicable listing and corporate governance rules and regulations of B3.

av. **Transactions with Affiliates**

. Except as set forth on Section 5.17 of the Sapphire Disclosure Schedule, as of the date hereof, (a) there are no Sapphire Intercompany Contracts (b) and none of Sapphire’s Affiliates (other than the Sapphire Group Companies) is a party to any Contract, transaction or account with any of the Sapphire Group Companies. All Contracts, transactions or accounts between Sapphire and/or any of its Affiliates, on the one hand, and any Sapphire Group Company, on the other hand, have been entered into on an arm’s length basis under Brazilian Law or on market terms.

aw. **Availability of Funds**

. On the Closing Date, Sapphire shall have all funds necessary to pay the Cash Consideration and all fees, costs and expenses payable by Sapphire in connection with the transactions contemplated by this Agreement in full. On the date hereof, Sapphire has credit lines available to it which can be immediately drawn, can be used and, jointly with its available cash position, are sufficient for the payment of the Athena Termination Payment.

ax. **Brokers and Finders**

. Except for Bank of America Merrill Lynch, no broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Sapphire or any of its Affiliates. Sapphire will be solely responsible for the fees and expenses of Bank of America Merrill Lynch.

ay. **Registration Statements**

. None of the information regarding Sapphire or any of its Subsidiaries or the transactions contemplated by this Agreement or any Ancillary Agreement, disclosed to the market to comply with requirements of applicable Law and/or to be provided by Sapphire or any of its Subsidiaries specifically for inclusion in, or incorporation by reference into, (x) the Sapphire Registration Statements or the Form F-6, (y) if Athena commences the Exchange Offer, the Exchange Offer Documents or (z) Sapphire CVM Filings will (a) in the case of the Sapphire Registration Statements or the Form F-6, at the time each such registration statement is filed with the SEC, at the time it becomes effective under the Securities Act or the Exchange Act, as applicable, at the time the Exchange Offer is launched and at the time Exchange Offer is consummated, (b) if Athena commences the Exchange Offer, in the case of the Exchange Offer Documents or any amendment or supplement thereto, as of the date of the Exchange Offer Documents or any amendment or supplement thereto, and (c) in the case of the Sapphire CVM Filings, at the time any such Sapphire CVM Filings are filed with the CVM, contain (i) in the
case of any such document that is not an SEC registration statement, any untrue statement of a material fact or omit to state any
material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which
they are made, not misleading and (ii) in the case of any such document that is an SEC registration statement, any untrue statement
of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not
misleading. The Sapphire Registration Statements will comply as to form in all material respects with the applicable provisions of
the Securities Act and the Exchange Act, as the case may be, except that no representation is made by Sapphire with respect to
information provided by Athena or its Affiliates specifically for inclusion in, or incorporation by reference into, the Sapphire
Registration Statements.

az. Board and Stockholder Approval

. The only resolutions of holders of Sapphire capital stock required under any applicable Law as currently in force, or
Sapphire’s Organizational Documents, for the Cash Transfer, the Merger and the other transactions contemplated hereby are the
resolutions to be duly passed at the Sapphire Closing Shareholders Meeting (or an adjournment of such meeting) by shareholders
representing the majority of the Sapphire Common Stock present at the meeting.

ba. Intellectual Property

. (113) Section 5.22(a) of the Sapphire Disclosure Schedule contains a true, correct and complete list of all material
registrations and applications for registration of any Intellectual Property owned by any Sapphire Group Company.

(114) Except as set forth in Section 5.22(b) of the Sapphire Disclosure Schedule or as would not reasonably be
expected to have, individually or in the aggregate, a Sapphire Material Adverse Effect, (i) a Sapphire Group Company is the sole and
exclusive owner of all right, title and interest in and to all of the material Intellectual Property owned or purported to be owned by
such Sapphire Group Company (including the Intellectual Property set forth in Section 5.22(a) of the Sapphire Disclosure Schedule),
free and clear of any Liens (other than Permitted Liens); (ii) to Sapphire’s Knowledge, no Sapphire Group Company has infringed,
misappropriated or otherwise violated the Intellectual Property of any Person; (iii) to Sapphire’s Knowledge, no Person is
challenging, infringing, misappropriating or otherwise violating any Intellectual Property owned or purported to be owned by or
exclusively licensed to any Sapphire Group Company; (iv) there is no pending or, to Sapphire’s Knowledge, threatened in writing
Action or Order, (A) with respect to any Intellectual Property owned by (or, to Sapphire’s Knowledge, exclusively licensed to) any Sapphire Group Company,
challenging the validity, ownership or enforceability of any such Intellectual Property or (B) alleging any Sapphire Group Company
infringes, misappropriates or otherwise violates any Intellectual Property of any Person; (v) the owned registered Intellectual
Property of the Sapphire Group Companies are subsisting and, to Sapphire’s Knowledge, valid and in full force and effect; (vi) no
Sapphire Group Company is subject to any outstanding Order restricting the use of any Intellectual Property owned by (or, to
Sapphire’s Knowledge, exclusively licensed to) any Sapphire Group Company; (vii) the Sapphire
Group Companies have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of all trade secrets (whose value to the Sapphire Group Companies derives from such trade secret being confidential) owned, used or held for use by any Sapphire Group Company and no such trade secrets have been disclosed other than to employees, representatives and agents of the Sapphire Group Companies, all of whom are bound by reasonable written confidentiality agreements or other reasonable confidentiality obligations; (viii) the Sapphire Group Companies own, or have a license or other right to use, all Intellectual Property used in or necessary for the conduct of the business of the Sapphire Group Companies as currently conducted; (ix) neither the execution and delivery of this Agreement by Sapphire nor consummation of the transactions contemplated hereby will alter, encumber, impair or extinguish any of the Sapphire Group Companies’ rights to any proprietary Intellectual Property used in or necessary for the conduct of the business of the Sapphire Group Companies as currently conducted; (x) the IT Assets of the Sapphire Group Companies operate and perform in all respects in a manner that permits the Sapphire Group Companies to conduct the business of the Sapphire Group Companies as currently conducted; (xi) to Sapphire’s Knowledge, no Person has gained unauthorized access to the IT Assets of the Sapphire Group Companies; and (xii) the Sapphire Group Companies have implemented reasonable backup and disaster recovery technology consistent with reasonable industry practices.

(115) Except as would not reasonably be expected to have, individually or in the aggregate, a Sapphire Material Adverse Effect, the Sapphire Group Companies maintain policies and procedures regarding data security and privacy that are consistent with reasonable industry practices. To Sapphire’s Knowledge, the collection, use, storage, processing and dissemination by the Sapphire Group Companies of any and all personal data is and, since the Lookback Date, has been in material compliance with all applicable Laws and the Sapphire Group Companies have not received any notice of any actual or alleged Action alleging violation thereof. Except as set forth in Section 5.22(c) of the Sapphire Disclosure Schedule, to Sapphire’s Knowledge, there is no security violation, unintentional destruction, unauthorized access, loss, alteration, exfiltration, disclosure of or disablement or other breach, in each case of a material nature, of or related to any personal data processed by or on behalf of any Sapphire Group Company.

bb. [Reserved]

bc. Corporate Matters

(116) As of the Closing Date, the Sapphire Group Companies’ mandatory corporate books, as required by applicable Law, will be duly registered, kept and updated in all material respects and properly reflect the Sapphire Group Companies’ corporate records, operations and events that pursuant to applicable Law are required to be recorded in such books in all material respects.
All corporate acts of the Sapphire Group Companies’ have observed the legal formalities required by applicable Law in all material respects and, to the extent required by applicable Law, have been duly filed or presented for filing with the competent Board of Trade.

Section 5.24(c) of the Sapphire Disclosure Schedule sets forth a true, correct and complete list of all the establishments currently used by the Sapphire Group Companies, stating their core activity, address and enrollment with the CNPJ/ME.

Independent Investigation; No Other Representations and Warranties

Sapphire has conducted to its satisfaction its own independent investigation, review and analysis of, and reached its own independent conclusions regarding, the Group Companies, their businesses and operations, assets, condition (financial or otherwise) and prospects. Sapphire acknowledges that it and its Representatives have been provided such access to the personnel, properties, premises, records and other documents and information of, and relating to the Group Companies and their businesses as it has requested for such purpose. In entering into this Agreement, Sapphire acknowledges that it has relied solely upon its own investigation, review and analysis and has not relied on, and is not relying on, any representation, warranty or other statement made by, on behalf of, or relating to, Athena, Athena’s Affiliates, the Group Companies and their respective Representatives, except for the representations and warranties expressly set forth in Article IV.

NEITHER SAPPHIRE NOR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY TO ATHENA OR ANY OTHER PERSON, EXPRESS OR IMPLIED, WITH RESPECT TO SAPPHIRE OR ANY OF ITS AFFILIATES, THE SAPPHIRE GROUP COMPANIES, EQUITY INTERESTS THEREOF, THE BUSINESSES OF THE SAPPHIRE GROUP COMPANIES, THEIR PROBABLE SUCCESS OR PROFITABILITY, THE ASSETS OR LIABILITIES OF THE SAPPHIRE GROUP COMPANIES, THE SALE OR THE OTHER TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FUTURE RESULTS, OTHER THAN AS EXPRESSLY PROVIDED IN THIS ARTICLE V (AS DISCLOSED AGAINST IN THE SAPPHIRE DISCLOSURE SCHEDULE). SAPPHIRE HEREBY DISCLAIMS ANY OTHER REPRESENTATIONS AND WARRANTIES, WHETHER MADE BY SAPPHIRE, ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES. WITHOUT LIMITING THE FOREGOING, OTHER THAN AS EXPRESSLY PROVIDED IN THIS ARTICLE V, NEITHER SAPPHIRE NOR ANY OTHER PERSON HAS MADE OR WILL MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO ATHENA OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES WITH RESPECT TO (A) THE INFORMATION DISTRIBUTED OR MADE AVAILABLE TO ATHENA, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES BY OR ON BEHALF OF SAPPHIRE IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (B) ANY INFORMATION MEMORANDUM, MANAGEMENT
PRESENTATION OR MATERIALS IN THE SAPPHIRE DATA ROOM OR (C) ANY FINANCIAL PROJECTION, ESTIMATE, FORECAST, BUDGET OR FINANCIAL DATA OR REPORT RELATING TO THE SAPPHIRE GROUP COMPANIES OR THEIR BUSINESSES.

(121) SAPPHIRE ACKNOWLEDGES AND AGREES THAT (I) OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE IV, NONE OF ATHENA, ANY OF ATHENA’S AFFILIATES OR ANY OTHER PERSON HAS MADE OR MAKES ANY REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, WITH RESPECT TO THE GROUP COMPANIES AND THEIR BUSINESSES, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO (A) MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, (B) THE OPERATION OR PROBABLE SUCCESS OR PROFITABILITY OF THE GROUP COMPANIES AND THEIR BUSINESSES FOLLOWING THE CLOSING OR (C) THE ACCURACY OR COMPLETENESS OF ANY INFORMATION REGARDING THE GROUP COMPANIES OR THEIR BUSINESSES MADE AVAILABLE TO SAPPHIRE AND ITS REPRESENTATIVES IN CONNECTION WITH THIS AGREEMENT OR THEIR INVESTIGATION OF THE GROUP COMPANIES OR THEIR BUSINESSES, AND (II) SAPPHIRE WILL HAVE NO RIGHT OR REMEDY (AND ATHENA, ATHENA’S AFFILIATES AND THEIR REPRESENTATIVES WILL HAVE NO LIABILITY WHATSOEVER) ARISING OUT OF, AND SAPPHIRE EXPRESSLY DISCLAIMS ANY RELIANCE UPON, ANY REPRESENTATION, WARRANTY OR OTHER STATEMENT MADE BY OR ON BEHALF OF ATHENA, ANY OF ATHENA’S AFFILIATES OR ANY OF THEIR REPRESENTATIVES, INCLUDING IN ANY MATERIALS, DOCUMENTATION OR OTHER INFORMATION REGARDING THE GROUP COMPANIES OR THEIR BUSINESSES MADE AVAILABLE TO SAPPHIRE OR ANY OF ITS REPRESENTATIVES IN CONNECTION WITH THIS AGREEMENT OR THEIR INVESTIGATION OF THE GROUP COMPANIES OR THEIR BUSINESSES (INCLUDING ANY INFORMATION MEMORANDUM, MANAGEMENT PRESENTATION OR MATERIALS IN THE ATHENA DATA ROOM, OR ANY FINANCIAL PROJECTION, ESTIMATE, FORECAST, BUDGET OR FINANCIAL DATA OR REPORT), OR ANY ERRORS THEREIN OR OMISSIONS THEREFROM, OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE IV AND THE RIGHTS OF SAPPHIRE EXPRESSLY SET FORTH IN THIS AGREEMENT IN RESPECT OF SUCH REPRESENTATIONS AND WARRANTIES.

Article VI.

Covenants

be. Company’s Conduct of Business

During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement in accordance with Article X and the Closing (the “Pre-Closing Period”), except (i) as set forth in Section 6.1 of the Athena Disclosure Schedule, (ii) for the actions required in connection with the consummation of the Internal Reorganization set forth in Exhibit B, (iii) as expressly contemplated or permitted by this Agreement, (iv) as required by

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applicable Law or Order, or (v) as consented to by Sapphire in writing, which consent shall not be unreasonably withheld, conditioned or delayed:

(122) Athena shall cause the Group Companies to (i) conduct their business in all material respects in the Ordinary Course of Business and (ii) use their commercially reasonable efforts to (A) preserve intact and maintain the Group Companies’ present business organizations and (B) maintain and preserve all goodwill associated with the Group Companies’ business, affairs and properties, and their reputation and brand value; and

(123) Athena shall not (directly or indirectly) with respect to any of the Group Companies, and Athena shall cause the Group Companies and (with respect to the Group Companies) its other Affiliates not to (directly or indirectly), take any of the following actions:

xxxv.(A) issue, sell, assign, pledge, transfer, deliver, dispose of or subject to any Lien any Equity Interests of any Group Company, except for (x) the issuance or transfer of any Equity Interests of any Group Company (other than NewCo) to another Wholly-Owned Group Company or, following NewCo’s formation, for the issuance or transfer of any quotas of the Company to NewCo, or (y) any future capital increase (AFACs) of any of the Group Companies (other than NewCo) made in the Ordinary Course of Business that does not result in any Person holding or owning any Equity Interests (other than a Person that holds or owns Equity Interests on the date hereof); or (B) issue, grant or enter into any bonds, debentures, notes, indebtedness, preemptive rights, warrants, options, puts, calls, subscriptions or other rights, convertible securities, trusts or Contracts (w) convertible into or exchangeable or exercisable for, or giving a Person a right to subscribe for or acquire, any Equity Interests of any Group Company or obligating Athena or any of its Affiliates (including any Group Company) to issue, transfer, sell, purchase, return or redeem any Equity Interests of any Group Company or securities convertible into or exchangeable or exercisable for Equity Interests of any Group Company, (x) requiring or giving any Person any rights with respect to the issuance, transfer, sale, repurchase, redemption or other acquisition of any Equity Interests of any Group Company, (y) restricting the transfer of any Equity Interests of any Group Company or (z) with respect to the voting of the Equity Interests of any Group Company;

xxxvi.(A) split, combine, subdivide or reclassify any Equity Interests of any Group Company; (B) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any Equity Interests of any Group Company, except for (x) dividends paid by any Group Company (other than NewCo or the Company) to the Company or another Wholly-Owned Group Company or (y) dividends paid to distribute any Net Real Property Sale Proceeds; (C) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any Equity Interests of any Group Company; or (D) reduce the capital stock of any Group Company, except for (x) capital reductions paid by any Group Company (other than NewCo or the Company) to the Company or a Wholly-Owned Group Company or (y) to distribute any Net Real Property Sale Proceeds;
xxxvii.fail to comply with any material obligation (x) under any Company Material Contract that would lead to any material penalties or fines imposed upon or due by the Group Companies or the termination of the relevant Company Material Contract, or (y) that would prevent any renewal of the relevant Educational Approval or Permit of a Group Company; provided, however, that nothing in this Section 6.1(b)(iii) shall prevent any Group Companies from terminating or modifying real estate leases that they are otherwise permitted to terminate, amend or modify pursuant to Section 6.1(b)(xiv) under this Agreement;

xxxviii.fail to take commercially reasonable efforts to (A) maintain or timely request the renewal of any material Educational Approvals or other material Permits or any material Tax benefits or material Tax incentives required to continue the operation of the Group Companies in the Ordinary Course of Business or (B) avoid having any such Educational Approvals or other Permits or such Tax benefits or Tax incentives modified in any way materially adverse to the Group Companies or being terminated, cancelled or revoked;

xxxix.other than in the Ordinary Course of Business, create any material scholarship programs or materially amend any existing material scholarship programs or fail to take commercially reasonable efforts to maintain all conventions (convênios) and partnerships (parcerias) required for the performance of practical activities by students participating in the courses offered by the Group Companies in the medicine and nursing fields;

xl.incur any capital expenditures or any obligations or liabilities in respect thereof, except for (A) those not in excess of one hundred and twenty percent (120%) of the amounts contemplated by the capital expenditure budget set forth in Section 6.1(b)(vi) of the Athena Disclosure Schedule per calendar year, and (B) in connection with the repair or replacement of facilities, properties or assets destroyed or damaged due to casualty or accident to the extent such repair or replacements are in the Ordinary Course of Business;

xli.spend or commit to spend in excess of two hundred million Brazilian Reais (R$ 200,000,000.00) in the aggregate (in any calendar year) to buy, purchase or otherwise acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses, other than (A) supplies and inventory in the Ordinary Course of Business; or (B) capital expenditures made in accordance with Section 6.1(b)(vi), provided that no Group Company shall enter into any such transaction that would, or would reasonably be expected to, prevent, delay or impair the consummation of the transactions contemplated by this Agreement;

xlii.adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of any of the Group Companies, except for reorganizations made for the sole purpose of transferring the real properties listed in Section 6.1(b)(xi) of the Athena Disclosure Schedule to another Affiliate of Athena (that is not a Group Company);
xliii. amend or otherwise modify the Organizational Documents of the Company or NewCo, except for amendments in the capital stock clause authorized pursuant to this Section 6.1(b);

xliv. create any Subsidiary of any of the Group Companies that is not a direct or indirect wholly-owned Subsidiary of the Company;

xlv. dispose (by merger, consolidation, disposition of stock or assets or otherwise) of, sell, abandon, lease, license or transfer, or subject to any Lien (other than a Permitted Lien) or create or incur any Lien (other than a Permitted Lien) on, any asset, right or property of any of the Group Companies, other than (A) in transactions solely among the Company and Wholly-Owned Group Companies or among Wholly-Owned Group Companies, (B) sales of inventory or obsolete or unused equipment in the Ordinary Course of Business, (C) transfers, sales or other dispositions of vehicles as described in Section 6.1(b)(xi)(1) of the Athena Disclosure Schedule (D) dispositions, sales, leases, licenses or transfers of or Liens with respect to assets, rights or properties with a value not in excess of fifty million Brazilian Reais (R$ 50,000,000.00) in the aggregate that are made on market terms, or (E) for the transfer, sale or other disposition of the real properties listed in Section 6.1(b)(xi)(2) of the Athena Disclosure Schedule, as set forth in Section 6.1(b)(xi)(2) of the Athena Disclosure Schedule to the extent such transfer, sale or other disposition is on market terms; provided that any documents or agreements to be entered into in connection with any such transfer, sale or other disposition of such real properties (except with respect to price and payment conditions) shall require the prior written consent of Sapphire (not to be unreasonably withheld, conditioned or delayed);

xlvi. settle or compromise, or offer to settle or compromise, any material Action or other claim or dispute related to or involving any of the Group Companies or any of their respective officers or directors in their capacities as such, other than (A) settlements for amounts that are less than, individually, five million Brazilian Reais (R$5,000,000.00) or, in the aggregate (in any calendar year), forty million Brazilian Reais (R$40,000,000.00), (B) settlements for claims or Actions the defense of which is conducted by third party indemnitors and provided any payment in connection therewith is made directly by the third party indemnitor on behalf of the Group Companies without any payment or disbursement by the Group Companies; (C) in the Ordinary Course of Business (including the settlement of ordinary course employment litigation) or (D) with respect to the Actions set forth on Section 6.1(b)(xii) of the Athena Disclosure Schedule, only as set forth on Section 6.1(b)(xii) of the Athena Disclosure Schedule (subject to the amount limitations set forth therein); provided that, in all of the foregoing cases, such settlements or compromises do not (x) impose any material injunctive or equitable relief, non-monetary restrictions or non-monetary obligations on the operation of any of the Group Companies following the Closing or (y) relate to the transactions contemplated by this Agreement;

xlvii. sell, license, otherwise transfer or dispose of, abandon or permit to lapse, or subject to or create or incur any Lien (other than any Permitted Lien) on, any material Intellectual Property owned by any Group Company (other than transactions solely
among the Company and Wholly-Owned Group Companies or among Wholly-Owned Group Companies or licenses in the Ordinary Course of Business);

xlvi. except as otherwise required to comply with Section 6.1(b)(xv), enter into, amend or otherwise materially modify, waive any material rights under, give any material release under, fail to timely exercise any renewal rights or terminate any Company Real Property Lease, Company Material Contract or any Contract that would have constituted a Company Real Property Lease or Company Material Contract had it been in effect on the date hereof (including by amendment or other modification of any Contract that is not a Company Real Property Lease or Company Material Contract so that such Contract becomes a Contract that would have been a Company Real Property Lease or Company Material Contract had it been in effect on the date hereof), in each case, other than (A) in the Ordinary Course of Business or (B) termination (including partial termination so as to reduce the total leased area) of real estate leases that: (i) do not consist in built-to-suit agreements; (ii) may be terminated without incurrence of a termination penalty that exceeds an amount equivalent to one (1) year of rental payments; or (iii) do not involve the shutdown of a campus (as a whole) where the Group Companies’ business is conducted;

xlvii. except in the Ordinary Course of Business, cancel or reduce the coverage or enter into any material new insurance policies;

1. enter into any Intercompany Contract, transaction or account with, assume any obligation of or modify any obligation with, or make or agree to make a payment of any nature to, any Affiliate of the Group Companies (other than the Company or a Wholly-Owned Group Company) or any of Athena’s shareholders or their respective Affiliates (other than the Company or a Wholly-Owned Group Company), except for the transfer, sale or other disposition of the real properties listed in Section 6.1(b)(xi) of the Athena Disclosure Schedule, as set forth in Section 6.1(b)(xi) of the Athena Disclosure Schedule, to another Affiliate of Athena that is not a Group Company, and provided that such transfer may be made for no compensation;

li. make any material change to the financial accounting methods, principles or practices of any of the Group Companies, except as may be required by IFRS, Brazilian GAAP or U.S. GAAP, as applicable;

lii. changing the external auditors of the Group Companies, except if to one of the Audit Firms listed in Exhibit 2.2(g) or PricewaterhouseCoopers;

liii. incur, assume, guarantee or enter into any Contract or materially cancel or amend any Contract, in each case, in respect of any indebtedness for borrowed money or any guarantee thereof (whether evidenced by a note or other instrument, pursuant to an issuance of debt securities, financing lease, sale-leaseback transaction or otherwise), other than (A) Contract providing for the replacement of indebtedness for current borrowed money owed to unaffiliated third parties, provided on terms and conditions no less beneficial in any material respect to the Group Companies than the indebtedness for borrowed money being replaced; (B) Contract providing for the replacement of indebtedness for current borrowed money under Intercompany Contracts, provided that the replacement of any such indebtedness under Intercompany Contracts for indebtedness owed to unaffiliated third parties may not exceed eight hundred and fifty million Brazilian Reais (R$ 850,000,000.00) in the aggregate, and provided further that the terms of any new indebtedness under this clause (B) shall be at market rates, on an arm’s length basis and no less beneficial in any respect to the Group Companies than the indebtedness for borrowed money being replaced; (C) indebtedness for borrowed money required for
cash flow needs of the Group Companies not to exceed one hundred and fifty million Brazilian Reais (R$ 150,000,000.00) in the aggregate; (D) indebtedness for borrowed money that is repaid prior to or on the Closing Date (to the extent repaid prior to the Closing); (E) discount of receivables without liability retention (sem coobrigação) in the Ordinary Course of Business or not in excess, in the aggregate, of twenty five million Brazilian Reais (R$ 25,000,000.00) and (F) indebtedness for borrowed money or any guarantee thereof solely between or among the Company and a Wholly-Owned Group Company or among Wholly-Owned Group Companies; provided that, prior to taking any of the actions described in (C) or (E) above, Athena shall send prior written notice to Sapphire;

liv. except for renegotiation with students in the Ordinary Course of Business, and except as set forth on Section 6.1(b) (xx) of the Athena Disclosure Schedule grant any advance, loan, investment or capital contribution to any Person, as well as pardon, cancel, waive or discharge any credit, debt, account receivable, claim or other right related to any Person (other than by the Company or a Wholly-Owned Group Company to another Wholly-Owned Group Company);

lv. (A) make any donations or contributions to political parties, political associations or politicians in general or to any other Person that has a not-for-profit nature to the extent those donations or contributions to any other Person that has a not-for-profit nature are unrelated to conventions and partnerships regarding educational matters or (B) engage in any dealings or activities that would constitute a violation of applicable Anti-Corruption Laws or applicable Sanctions;

lvi. except in the Ordinary Course of Business and as set forth in Section 6.1(b)(xxii)(1) of the Athena Disclosure Schedule (A) increase or approve any change in the total annual compensation paid to any Employee, or grant or increase any bonus, insurance, severance indemnity, deferred payment, pension, retirement, profit sharing, equity or equity-based awards, stock option, stock purchase or other Employee benefit plan, except (1) as required by applicable Law or under the applicable collective labor agreements or employment agreements in effect on the date hereof or (2) in an amount not exceeding ten million Brazilian Reais (R$10,000,000.00) in the aggregate in a given year or (B) except as set forth in Section 6.1(b)(xxii)(2) of the Athena Disclosure Schedule, hire any new Employee with a gross monthly salary higher than forty-five thousand Brazilian Reais (R$45,000.00) or dismiss (other than for cause) any Employee with a gross monthly salary in excess of one hundred thousand Brazilian Reais (R$100,000.00); or

lvii. agree or commit, in each case, to do any of the foregoing;

provided, however, that the following actions may be taken by the Group Companies and such actions (to the extent taken in good faith in response to the COVID-19 pandemic) shall not constitute a breach of this Section 6.1: (1) any required or recommended quarantines, travel restrictions, “stay-at-home” orders, social distancing measures, or other safety measures, (2) selling, transferring or otherwise disposing of unused or obsolete assets and (3) expanding (and prioritizing investment in) distance education, in each of the foregoing clauses (1) through (3), to the extent (i) reasonably necessary or appropriate to respond to or mitigate the adverse effects of, the COVID-19 pandemic, (ii) supported by documentation, information, data, or other evidence reasonably substantiating the necessity or appropriateness of such acts, and (iii) taken to advance the interests of the Group Companies.
bf. Sapphire’s Conduct of Business

During the Pre-Closing Period, except (i) as set forth in Section 6.2 of the Sapphire Disclosure Schedule, (ii) as expressly contemplated or permitted by this Agreement, (iii) as required by applicable Law or Order or (iv) as consented to by Athena in writing, which consent shall not be unreasonably withheld, conditioned or delayed:

124) Sapphire shall and shall cause the other Sapphire Group Companies to (i) conduct their business in all material respects in the Ordinary Course of Business and (ii) use its and their commercially reasonable efforts to (A) preserve intact and maintain the Sapphire Group Companies’ present business organizations and (B) maintain and preserve all goodwill associated with the Sapphire Group Companies’ business, affairs and properties, and their reputation and brand value; and

125) Sapphire shall not (directly or indirectly), and shall cause the other Sapphire Group Companies not to (directly or indirectly), take any of the following actions:

   lviii.(A) issue, sell, assign, pledge, transfer, deliver, dispose of or subject to any Lien (other than any Permitted Lien) any Equity Interests of any Sapphire Group Company, except for the issuance of any Equity Interests of any Sapphire Group Company (other than Sapphire) resulting from advances for future capital increase (AFACs) made in the Ordinary Course of Business; or (B) issue, grant or enter into any bonds, debentures, notes, indebtedness, preemptive rights, warrants, options, puts, calls, subscriptions or other rights, convertible securities, trusts or Contracts (w) convertible into or exchangeable or exercisable for, or giving a Person a right to subscribe for or acquire, any Equity Interests of any Sapphire Group Company or obligating Sapphire or any of its Affiliates (including any Sapphire Group Company) to issue, transfer, sell, purchase, return or redeem any Equity Interests of any Sapphire Group Company or securities convertible into or exchangeable or exercisable for Equity Interests of any Sapphire Group Company, (x) requiring or giving any Person any rights with respect to the issuance, transfer, sale, repurchase, redemption or other acquisition of any Equity Interests of any Sapphire Group Company, (y) restricting the transfer of any Equity Interests of any Sapphire Group Company or (z) with respect to the voting of the Equity Interests of any Sapphire Group Company; in each case of clauses (A) and (B), other than issuances, sales or other dispositions of shares of Sapphire Common Stock or other Equity Interests of Sapphire or any such bonds, debentures, notes, indebtedness, preemptive rights, warrants, options, puts, calls, subscriptions or other rights, convertible securities, trusts or Contracts relating to shares of Sapphire Common Stock or other Equity Interests of Sapphire: (1) which issuance or sale price has been approved by Athena (which approval may be withheld at Athena’s sole discretion); and (2) that would not result in Sapphire’s Controlling Shareholder owning less than fifty percent (50%) plus one (1) of the issued and outstanding shares of Sapphire Common Stock and (3) in which Sapphire’s Controlling Shareholder does not purchase, subscribe or otherwise acquire any shares of Sapphire Common Stock or other Equity Interests of Sapphire;
provided, for the avoidance of doubt, that, except as otherwise expressly set forth in this Agreement with respect to Sapphire’s Controlling Shareholder, nothing in this Agreement shall limit or otherwise restrict the ability of any holder of shares of Sapphire Common Stock or other Equity Interests of Sapphire to sell, assign, pledge, transfer, deliver, dispose of or subject to any Lien any shares of Sapphire Common Stock or other Equity Interests of Sapphire or to enter into, grant or create any option, put, call, trust, proxy or Contract;

lxix. (A) split, combine, subdivide or reclassify any Equity Interests of any Sapphire Group Company; (B) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any Equity Interests of any Sapphire Group Company, except for (1) mandatory dividends under applicable Law (including Excluded Sapphire Dividend) and (2) any dividends by any Sapphire Group Company (other than Sapphire) to Sapphire or another Sapphire Group Company; (C) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any Equity Interests of any Sapphire Group Company; or (D) reduce the capital stock of Sapphire; in each case, other than as required by (x) applicable Law, (y) the regulations of the B3 or (z) the Organizational Documents of the Sapphire Group Companies;

lix. fail to comply with any material obligation (x) under any Company Material Contract that would lead to any material penalties or fines imposed upon or due by the Group Companies or the termination of the relevant Company Material Contract, or (y) that would prevent any renewal of the relevant Educational Approval or Permit of a Sapphire Group Company; provided, however that nothing in this Section 6.2(b)(iii) shall prevent any Sapphire Group Companies from terminating or modifying real estate leases that they are otherwise permitted to terminate, amend or modify pursuant to Section 6.2(b)(xiv) under this Agreement;

lxi. fail to take commercially reasonable efforts to (A) maintain or timely request the renewal of any material Educational Approvals or other material Permits or any material Tax benefits or material Tax incentives required to continue the operation of the Sapphire Group Companies in the Ordinary Course of Business or (B) avoid having any such Educational Approvals or other Permits or such Tax benefits or Tax incentives modified in any way materially adverse to the Sapphire Group Companies or being terminated, cancelled or revoked;

lxii. other than in the Ordinary Course of Business, create any material scholarship programs or materially amend any existing material scholarship programs or fail to take commercially reasonable efforts to maintain all conventions (convênios) and partnerships (parcerias) required for the performance of practical activities by students participating in the courses offered by the Sapphire Group Companies in the medicine and nursing fields;

lxiii. incur any capital expenditures or any obligations or liabilities in respect thereof, except for (A) those not in excess of one hundred and twenty percent (120%) of the amounts contemplated by the capital expenditure budget set forth in Section 6.2(b)(vi) of
the Sapphire Disclosure Schedule per calendar year, and (B) in connection with the repair or replacement of facilities, properties or assets destroyed or damaged due to casualty or accident to the extent such repair or replacements are in the Ordinary Course of Business;

lxiv. spend or commit to spend in excess of two hundred million Brazilian Reais (R$ 200,000,000.00) in the aggregate (in any calendar year) to buy, purchase or otherwise acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses, other than (A) supplies and inventory in the Ordinary Course of Business or (B) the transactions set forth on Section 6.2(b)(vii) of the Sapphire Disclosure Schedule (the “Permitted Sapphire M&A Transactions”); provided that, except for the Permitted Sapphire M&A Transactions, no Sapphire Group Company shall enter into any such transaction that would, or would reasonably be expected to, prevent, delay or impair the consummation of the transactions contemplated by this Agreement;

lxv. adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of Sapphire;

lxvi. amend or otherwise modify the Organizational Documents of Sapphire;

lxvii. create any Subsidiary of any of the Sapphire Group Companies that is not a direct or indirect wholly-owned Subsidiary of Sapphire;

lxviii. dispose (by merger, consolidation, disposition of stock or assets or otherwise) of, sell, abandon, lease, license or transfer, or subject to any Lien (other than a Permitted Lien or any Lien required in connection with any borrowed money for the payment of the Cash Consideration) or create or incur any Lien (other than a Permitted Lien or any Lien required in connection with borrowed money for the payment of the Cash Consideration) on, any asset, right or property of any of the Sapphire Group Companies, other than (A) in transactions solely among Sapphire Group Companies, (B) sales of inventory or obsolete or unused equipment in the Ordinary Course of Business or (C) dispositions, sales, leases, licenses or transfers of or Liens with respect to assets, rights or properties with a value not in excess of fifty million Brazilian Reais (R$50,000,000.00) in the aggregate that are made on market terms;

lxix. settle or compromise, or offer to settle or compromise, any material Action or other claim or dispute related to or involving any of the Sapphire Group Companies or any of their respective officers or directors in their capacities as such, other than (A) settlements for amounts that are less than, individually, five million Brazilian Reais (R$5,000,000.00) or, in the aggregate (in any calendar year), forty million Brazilian Reais (R$40,000,000.00), (B) settlements for claims or Actions the defense of which is conducted by third party indemnitors and provided any payment in connection therewith is made directly by the third party indemnitor on behalf of the Group Companies without any payment or disbursement by the Sapphire Group Companies; (C) in the Ordinary Course of Business (including the settlement of ordinary course employment litigation); provided that, in all of the foregoing cases, such settlements or compromises do not (x)
impose any material injunctive or equitable relief, non-monetary restrictions or non-monetary obligations on the operation of any of the Sapphire Group Companies following the Closing or (y) relate to the transactions contemplated by this Agreement;

lxx.sell, license, otherwise transfer or dispose of, abandon or permit to lapse, or subject to or create or incur any Lien on, any material Intellectual Property owned by any Sapphire Group Company (other than transactions solely among Sapphire Group Companies or licenses in the Ordinary Course of Business);

lxxi.except as otherwise required to comply with Section 6.2(b)(xv) enter into, amend or otherwise materially modify, waive any material rights under, give any material release under, fail to timely exercise any renewal rights or terminate any Sapphire Real Property Lease, Sapphire Material Contract or any Contract that would have constituted a Company Real Property Lease or Company Material Contract had it been in effect on the date hereof (including by amendment or other modification of any Contract that is not a Company Real Property Lease or Company Material Contract so that such Contract becomes a Contract that would have been a Sapphire Real Property Lease or Sapphire Material Contract had it been in effect on the date hereof), in each case, other than (A) in the Ordinary Course of Business or (B) termination of real estate leases that: (i) do not consist in built-to-suit agreements; (ii) may be terminated without incurrence of a termination penalty that exceeds an amount equivalent to one (1) year of rental payments; or (iii) do not involve the shutdown of a campus (as a whole) where the Sapphire Group Companies’ business is conducted;

lxxii.except for new insurance policies to be entered into within the creation of the Sapphire ADR Program and/or in the Ordinary Course of Business, cancel or reduce the coverage or enter into any material new insurance policies;

lxxiii.except for the Excluded Sapphire Dividend, any dividend or distribution permitted under Section 6.2(b)(ii), the payments under the Contracts set forth on Section 5.17 of the Sapphire Disclosure Schedule (which Contracts shall not be modified and rights thereunder shall not be waived by the Sapphire Group Companies) and the current Sapphire Real Property Lease entered into with Sapphire’s Controlling Shareholder’s Affiliates (to the extent such Sapphire Real Property Lease is on an arm’s length basis), enter into any Sapphire Intercompany Contract, transaction or account with, assume any obligation of or modify any obligation with, or make or agree to make a payment of any nature to, any Affiliate of the Sapphire Group Companies (other than another Wholly-Owned Sapphire Group Company) or any of Sapphire’s Controlling Shareholder, Family Members, their respective Relatives, and the foregoing Persons’ Affiliates (other than another Wholly-Owned Sapphire Group Company);

lxxiv.make any material change to the financial accounting methods, principles or practices of any of the Sapphire Group Companies, except as may be required by IFRS, Brazilian GAAP or U.S. GAAP, as applicable;
lxxv. incur, assume, guarantee or enter into any Contract or materially amend or cancel any Contract, in each case, in respect of any indebtedness for borrowed money or any guarantee thereof (whether evidenced by a note or other instrument, pursuant to an issuance of debt securities, financing lease, sale-leaseback transaction or otherwise), other than (A) Contract providing for the replacement of indebtedness for current borrowed money owed to unaffiliated third parties, provided on terms and conditions no less beneficial in any material respect to the Sapphire Group Companies than the indebtedness for borrowed money being replaced; (B) indebtedness for borrowed money required for the cash flow needs of the Sapphire Group Companies not to exceed one hundred and fifty million Brazilian Reais (R$ 150,000,000.00) in the aggregate; (C) indebtedness for borrowed money that is repaid prior to or on the Closing Date (to the extent repaid prior to the Closing); (D) discount of receivables without liability retention (sem coobrigação) in the Ordinary Course of Business or not in excess, in the aggregate, of twenty five million Brazilian Reais (R$ 25,000,000.00); (E) any guarantee thereof solely between or among Sapphire and Wholly-Owned Sapphire Group Companies or among Wholly-Owned Sapphire Group Companies and (F) indebtedness for borrowed money or any guarantee thereof required in connection with the payment of the Cash Consideration; provided that, prior to taking any of the actions described in (B) or (D) above, Sapphire shall send prior written notice to Athena;

lxxvi. except for renegotiation with students in the Ordinary Course of Business and except as set forth on Section 6.2(b) (xix) of the Sapphire Disclosure Schedule, grant any advance, loan, investment or capital contribution to any Person, as well as pardon, cancel, waive or discharge any credit, debt, account receivable, claim or other right related to any Person (other than by Sapphire or a Wholly-Owned Sapphire Group Company to another Wholly-Owned Sapphire Group Company);

lxxvii. (A) make any donations or contributions to political parties, political associations or politicians in general or to any other Person that has a not-for-profit nature to the extent those donations or contributions to any other Person that has a not-for-profit nature are unrelated to conventions and partnerships regarding educational matters or (B) engage in any dealings or activities that would constitute a violation of applicable Anti-Corruption Laws or applicable Sanctions;

lxxviii. except in the Ordinary Course of Business (A) increase or approve any change in the total annual compensation paid to any Employee, or grant or increase any bonus, insurance, severance indemnity, deferred payment, pension, retirement, profit sharing, equity or equity-based awards, stock option, stock purchase or other Employee benefit plan, except (1) as required by applicable Law or under the applicable collective labor agreements or employment agreements in effect on the date hereof or (2) in an amount not exceeding ten million Brazilian Reais (R$10,000,000.00) in the aggregate in a given year or (B) hire any new Employee with a gross monthly salary higher than forty-five thousand Brazilian Reais (R$45,000.00) or dismiss (other than for cause) any Employee with a gross monthly salary in excess of forty-five thousand Brazilian Reais (R$45,000.00);
lxxix.deregister Sapphire as a public company, downgrade it from its current Type-A Issuer status or delist Sapphire’s shares from the Novo Mercado;

lxxx.except for any dividend distribution permitted under Section 6.2(b)(ii), and payments made under (i) the Sapphire Real Property Leases entered into with Affiliates of Sapphire’s Controlling Shareholder pursuant to the written terms of such Sapphire Real Property Leases as well as the other agreements described in Section 5.17 of the Sapphire Disclosure Schedule (and which terms are at arm’s length and shall not be modified) (“Permitted Lease Payments”), enter into, modify or amend any contract or perform any payment of any nature by Sapphire and/or any of the Sapphire Group Companies, in favor of the Sapphire’s Controlling Shareholder, Family Members, their respective Relatives, and the foregoing Persons’ Affiliates (other than the Sapphire Group Companies); or

lxxxi.agree or commit, in each case, to do any of the foregoing;

provided, however, that the following actions may be taken by the Sapphire Group Companies and such actions (to the extent taken in good faith in response to the COVID-19 pandemic) shall not constitute a breach of this Section 6.2: (1) any required or recommended quarantines, travel restrictions, “stay-at-home” orders, social distancing measures, or other safety measures, (2) selling, transferring or otherwise disposing of unused or obsolete assets and (3) expanding (and prioritizing investment in) distance education, in each of the foregoing clauses (1) through (3), to the extent (i) reasonably necessary or appropriate to respond to or mitigate the adverse effects of, the COVID-19 pandemic, (ii) supported by documentation, information, data, or other evidence reasonably substantiating the necessity or appropriateness of such acts or omissions, and (iii) taken to advance the interests of the Sapphire Group Companies.

bg. Approval of ADR Program at Sapphire Shareholders Meeting

Within two (2) Business Days following the Confirmation Date, Sapphire shall: (a) disclose, in accordance with applicable Law and Sapphire’s Organizational Documents, the Management Proposal for the Sapphire shareholder meeting to resolve on the creation of the Sapphire ADR Program ("Sapphire ADR Program Approval"); and (b) publish the Call Notice for the relevant Sapphire Shareholders Meeting, in accordance with applicable Law and Sapphire’s Organizational Documents, and with the minimum advance notice period provided thereon, in the periodicals where Sapphire generally publishes its corporate documents (Valor Econômico, Jornal do Commercio and Diário Oficial do Estado de Pernambuco). On the date provided in the call notice, Sapphire shall hold a shareholders meeting at Sapphire’s headquarters and at the time when shareholders meetings of Sapphire are generally held, in which the shareholders of Sapphire shall vote on the Sapphire ADR Program Approval. Sapphire shall not cause or allow the shareholders meeting to be cancelled, postponed, adjourned or interrupted unless required to do so under applicable Law or Order.

bh. Call Notice and Management Proposal for Sapphire Closing Shareholders Meeting
Within two (2) Business Days following the CP Satisfaction Date, Sapphire shall: (a) execute the Protocol and Justification of the Merger; (b) hold a Sapphire Board Meeting to approve the Merger Documents; (c) disclose, in accordance with the applicable Law and Sapphire’s Organizational Documents, the Management Proposal for the Sapphire Closing Shareholders Meeting; and (d) publish the Call Notice for the Sapphire Closing Shareholders Meeting, in accordance with the applicable Law and Sapphire’s Organizational Documents, in the periodicals where Sapphire generally publishes its corporate documents (Valor Econômico, Jornal do Commercio and Diário Oficial do Estado de Pernambuco). The Sapphire Board shall include its recommendation in the Management Proposal and the Sapphire Board and Sapphire’s Controlling Shareholder shall use their reasonable best efforts to take all other actions reasonably necessary or advisable to secure the Sapphire Shareholder Approval. Neither the Sapphire Board nor any committee thereof shall (w) withhold, withdraw, modify or qualify, or propose publicly to withhold, withdraw, modify or qualify, in a manner adverse to Athena, the approval, determination of advisability or recommendation by the Sapphire Board of the resolutions required under the Sapphire Shareholder Approval, (x) make, or permit any director or executive officer to make, any public statement in connection with the Sapphire Closing Shareholders Meeting by or on behalf of the Sapphire Board or such committee that would reasonably be expected to have the same effect, or (y) approve, determine to be advisable or recommend, or propose publicly to approve, determine to be advisable or recommend, any Sapphire Competing Proposal or enter into or permit or authorize Sapphire or any Affiliate of Sapphire to enter into any Contract with respect to a Sapphire Competing Proposal.

bi. **Sapphire Closing Shareholders Meeting**

The Sapphire shareholders’ meeting shall be held on the Closing Date prior to the Closing (“Sapphire Closing Shareholders Meeting”), at Sapphire’s headquarters and at the time when shareholders meetings of Sapphire are generally held, and shall have, among others, the following agenda: (a)(i) the ratification of the appointment of the Appraiser; (ii) the approval of the Appraisal Report; and (iii) the approval of the Protocol and Justification of the Merger; (b) the approval of (i) the Merger, pursuant to the terms and conditions of the Protocol and Justification of the Merger, (ii) the increase to Sapphire’s capital stock and issuance of new shares of Sapphire Common Stock in connection with the Merger; (iii) the adoption of the New Sapphire Bylaws; (c) the authorization for the management of Sapphire to take any steps necessary to implement the Cash Transfer, the Merger and the other transactions contemplated hereby; and (d) the appointment of the new members of the Sapphire Board, in accordance with the terms provided herein (the “Sapphire Shareholder Approval”), unless the Parties agree pursuant to Section 6.25 to appoint such persons after the Closing. Sapphire shall not cause or allow the Sapphire Closing Shareholders Meeting to be cancelled, postponed, adjourned or interrupted unless required to do so under applicable Law or Order. Following the approval of all matters related to the Sapphire Shareholder Approval, Sapphire shall within seven (7) days as from the Sapphire Closing Shareholders Meeting, cause the Sapphire Reference Form to be updated, pursuant to CVM Rule 480.

bj. **NewCo Closing Quotaholder Meeting**
On the same date of the Sapphire Closing Shareholders Meeting, NewCo shall hold a quotaholders’ meeting ("NewCo Closing Quotaholders Meeting") in which Athena, as direct or indirect holder of one hundred per cent (100%) of the NewCo’s total voting capital, will vote, or direct its Affiliates to vote, for the approval of at least the items of the following agenda: (a) (i) the ratification of the appointment of the Appraiser; (ii) the approval of the Appraisal Report; and (iii) the approval of the Protocol and Justification of the Merger; (b) the approval of the Merger, pursuant to the terms and conditions of the Protocol and Justification of the Merger; and (c) the authorization for the management of NewCo to take any steps necessary to implement the Cash Transfer, the Merger and the other transactions contemplated hereby.

bk. Preparation and Execution of the Merger Documents

. The Parties shall prepare and cause all the Merger Documents to be completed by no later than the date when the Sapphire Closing Shareholders Meeting is to be convened pursuant to Section 6.4.

bl. Preparation of the Registration Statements and Schedule TO

(126) From and after the date of this Agreement, Athena shall use its reasonable best efforts to cause to be prepared and delivered to Sapphire, as promptly as practicable, each of the Necessary Financial Statements contemplated by Section 6.18. To the extent the following filings are required by applicable Law in connection with the transactions contemplated by this Agreement, (i) as promptly as practicable after the delivery by Athena to Sapphire of the Necessary Financial Statements necessary in connection with such filings: (A) Sapphire and Athena shall jointly prepare and Sapphire shall file with the SEC the Sapphire Primary Securities Act Registration Statement; (B) Sapphire and Athena shall jointly prepare and Sapphire shall file with the SEC the Sapphire Exchange Act Registration Statement; and (C) Sapphire shall prepare and use reasonable best efforts to cause the Depositary Bank to file with the SEC a registration statement on Form F-6 relating to the registration under the Securities Act of the issuance of the ADSs (the "Form F-6"); (ii) if and when requested by Athena pursuant to the Registration Rights Agreement, Sapphire and Athena shall jointly prepare and Sapphire shall file with the SEC the Sapphire Resale Securities Act Registration Statement; and (iii) if Athena commences the Exchange Offer, Athena shall prepare and file with the SEC, when and as required, a Schedule TO and all other filings pursuant to Rule 13e-4 under the Exchange Act required in connection with the Exchange Offer and distribute to the stockholders of Athena all documents relating to the Exchange Offer required to be distributed to the stockholders of Athena under the Exchange Act in connection therewith (collectively, “Exchange Offer Documents”).

(127) Each of Athena and Sapphire shall (i) use its reasonable best efforts to have each of the Sapphire Registration Statements declared effective as promptly as practicable after its filing (including by responding promptly to any comments of the SEC) and (ii) take all action reasonably required (other than qualifying to do business in any jurisdiction in which it is not now so qualified or filing a general consent to service of process in any such jurisdiction) to be taken under any applicable securities Laws in connection with the consummation of the
Sapphire Issuance and, if Athena commences the Exchange Offer, the Exchange Offer. Upon the Sapphire Registration Statements and the Form F-6 becoming effective under the Exchange Act and the Securities Act, as applicable, Sapphire shall issue a statement of material fact (fato relevante) informing the market of their effectiveness. No filing of, or amendment or supplement to, the Sapphire Registration Statements or the Form F-6 will be made by Sapphire or the Depositary Bank, as applicable, without providing Athena with a reasonable opportunity to review and comment thereon (and such comments shall be reasonably considered by Sapphire). If Athena commences the Exchange Offer, no filing of, or amendment or supplement to, the Exchange Offer Documents will be made by Athena without providing Sapphire with a reasonable opportunity to review and comment thereon (and such comments shall be reasonably considered by Athena). If the Sapphire Securities Act Registration Statement has been declared effective by the SEC, but the Exchange Offer has not been consummated, Athena and Sapphire agree to coordinate to file any supplements or post-effective amendments to the Sapphire Primary Securities Act Registration Statement to update the disclosure in such Sapphire Securities Act Registration Statement with (i) the applicable financial statements and other information relating to the most recent interim period or fiscal year preceding such supplement or post-effective amendment and (ii) any other information that is necessary to comply with the Securities Act; provided, however, the foregoing shall not obligate the parties to update the Sapphire Primary Securities Act Registration Statement for more than one interim period or fiscal year.

As promptly as practicable after the Confirmation Date, Sapphire shall: (i) prepare (in accordance with applicable Law) and file with the US Stock Exchange a listing application in respect of the ADSs and the Sapphire Common Stock and use its reasonable best efforts to have such application approved by the US Stock Exchange as soon as practicable; (ii) use its reasonable best efforts to comply with all legal requirements applicable to the Sapphire Closing Shareholders Meeting; and (iii) use its reasonable best efforts to secure the admission of the shares of Sapphire Common Stock underlying the ADSs and the readmission of the shares of Sapphire Common Stock outstanding immediately prior to the Closing to trading on the B3. In accordance with Section 6.10, (A) Athena shall provide, and shall cause its Subsidiaries and their respective Representatives to provide, Sapphire and its Representatives with such information and reasonable access in relation to the business of the Group Companies and such reasonable cooperation so as to enable Sapphire to prepare the Sapphire Registration Statements (and any other Sapphire disclosure documents), which shall include all information as is required by Sapphire’s Organizational Documents, the listing rules of the US Stock Exchange and the applicable Laws to which Sapphire is subject, and (B) Sapphire shall provide, and shall cause its Subsidiaries and their respective Representatives to provide, Athena and its Representatives with such information and reasonable access in relation to the business of the Sapphire Group Companies and such reasonable cooperation so as to enable Athena to prepare the Exchange Offer Documents (and any other Athena disclosure documents), which shall include all information as is required by Athena’s Organizational Documents and the applicable Laws to which Athena is subject.

If, at any time prior to the Closing, any information relating to Athena, Sapphire or any of their respective Affiliates, directors or officers, should be discovered by Athena or Sapphire which (i) should be set forth in an amendment or supplement to any of the
Sapphire Registration Statements, the F-6 or the Schedule TO, so that (x) any such document would not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (y) any such document that is a registration statement would not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Party that discovers such information shall promptly notify the other Party and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC, and, to the extent required by Law, disseminated to the stockholders of Athena or Sapphire. Each Party shall notify the other Party promptly of the time when (i) each of the Sapphire Registration Statements or the Form F-6 has become effective, (ii) a listing application in respect of the ADSs has been approved by the US Stock Exchange and, (iii) if applicable, there is an issuance of any stop order or suspension of the qualification of the ADSs issuable pursuant to the Merger for offering or sale in any jurisdiction. In addition, each Party agrees to promptly provide the other Party and their respective counsel with copies of any written comments or requests for amendments or supplements, and shall inform the other Party of any oral comments or requests for amendments or supplements, that such Party or its counsel may receive from time to time from the SEC, the US Stock Exchange or their respective staff with respect to the Sapphire Registration Statements, the Form F-6 or the Exchange Offer Documents promptly after receipt of such comments or requests for amendments or supplements, and any written or oral responses thereto. Each Party and their respective counsel shall be given a reasonable opportunity to review any such written responses, and each Party shall give due consideration to the additions, deletions or changes suggested thereto by the other Party and their respective counsel.

(130) To the extent permitted by applicable Law, the Party which furnishes or causes to be furnished to the other Party in writing such information as the other Party reasonably requests to prepare the filings provided in this Section 6.8 shall indemnify and hold harmless the receiving Party and its officers and directors against any damages, losses, costs or expenses (including reasonable legal fees) resulting from (i) any untrue statement of a material fact or omission to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the Sapphire Registration Statements or (ii) any untrue statement of a material fact or omission to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in the Exchange Offer Documents (if Athena commences the Exchange Offer), in each case, related to such information provided by the furnishing Party in connection therewith or any amendment thereof or supplement thereto, but only to the extent that such untrue statement or omission is contained in any information so furnished in writing by the furnishing Party and included by the receiving Party in any of the aforementioned documents.

bm. Exclusivity

(a) Notwithstanding anything to the contrary contained in this Agreement, during the period beginning on the date of this Agreement and continuing until 12:01 a.m. (New York time) on the thirty-first (31st) day after the date of this Agreement (such period, the “Go
(b) Athena may terminate this Agreement in accordance with Section 10.1(j) to enter into a definitive binding agreement with respect to a Superior Proposal if and only if:

(i) prior to the expiration of the Go Shop Period, Athena received a bona fide written Company Competing Proposal from a third party that the board of directors of Athena has determined in good faith (after consultation with its financial advisor and its outside legal counsel) constitutes a Superior Proposal;

(ii) no later than the date that is two (2) Business Days after the expiration of the Go Shop Period, Athena delivers to Sapphire a written notice (a “Superior Proposal Notice”) (A) attaching a copy of such Superior Proposal, (B) containing a complete copy of the definitive binding agreement(s) proposed to be entered into or executed in respect thereof and any ancillary agreements or documents relating thereto and (C) advising Sapphire that the board of directors of Athena proposes to terminate this Agreement to enter into such definitive binding agreement(s) with respect to such Superior Proposal; provided, however, that, in the case of clauses (A) and (B), such documents, instruments and information may be redacted to remove all direct or indirect references to the identity of the Person(s) making such Superior Proposal (or its financing sources) and otherwise to the extent required by applicable Laws;

(iii) until 5:00 p.m., New York time, on the fifth (5th) Business Day immediately following the day on which Athena delivered the Superior Proposal Notice (as it may be extended pursuant to this Agreement, the “Match Period”), if requested by Sapphire, Athena will, and will cause its Representatives to: (i) use their commercially reasonable efforts to promptly answer any reasonable requests for clarifications that Sapphire may have regarding such Superior Proposal; and (ii) promptly engage in good faith negotiations with Sapphire and its Representatives regarding such adjustments to the terms and conditions of this Agreement and related agreements as are proposed by Sapphire in writing so that such Company
Competing Proposal would cease to constitute a Superior Proposal; provided, however, that Athena shall extend the
Match Period until 5:00 p.m., New York time, on the tenth (10th) Business Day following the day on which Athena
delivered the Superior Proposal Notice if Sapphire provides written notice to Athena (which notice shall be
accompanied by reasonably detailed supporting documentation) that Sapphire continues to seek to obtain financing
sufficient to support its proposed adjustments to the terms and conditions of this Agreement;

(iv) within five (5) Business Days following the end of the Match Period, the board of directors of Athena determines
in good faith, after consultation with its financial advisor and its outside legal counsel that such Company Competing
Proposal (which shall be substantially consistent with and may not differ in any material respect from the terms and
conditions contained in the Superior Proposal Notice) continues to constitute a SuperiorProposal (after taking into
account any modifications to this Agreement proposed by Sapphire in writing prior to the expiration of the Match
Period); and

(v) substantially concurrently with the termination of this Agreement pursuant to Section 10.1(i), Athena enters into a
definitive binding agreement with respect to such Superior Proposal on terms and conditions that are substantially
consistent with and do not differ in any material respect from the terms and conditions set forth in the Superior
Proposal Notice.

(c) From the expiration of the Go Shop Period through the Closing or earlier termination of this Agreement, each of
Athena and Sapphire shall not and shall cause their respective Affiliates not to, and shall instruct and cause their respective Affiliates
to instruct their respective Representatives not to, directly or indirectly, solicit, initiate, continue, enter into or participate in any
discussions or negotiations or communications with, or provide any information to, or enter into any agreement, understanding,
commitment or letter of intent with, any Person or group of Persons (other than the other Party and its Affiliates and their respective
Representatives regarding the transactions contemplated by this Agreement) concerning any Company Competing Proposal or
Sapphire Competing Proposal, as applicable; provided, however, that this Section 6.9(c) shall not preclude Athena from entering into
a definitive binding agreement with respect to a Superior Proposal pursuant to

(d) Each of Sapphire and, following the expiration of the Go Shop Period, Athena shall and shall cause their respective Affiliates and Representatives to (i) immediately cease any discussions or negotiations of the nature described in
Section 6.9(c), if any, with any Person (other than (x) Athena or Sapphire or their respective Affiliates or Representatives and (y)
any Person(s) (and its Affiliates or Representatives) that has submitted a Superior Proposal with respect to which Athena proposes to
enter into a definitive binding agreement pursuant to Section 6.9(b) solely to finalize such definitive binding agreement pursuant to
the terms of Section 6.9(b)) and (ii) as soon as practicable following, in the case of Sapphire, the date hereof and, in the case of
Athena, the expiration of the Go Shop Period, deliver a written notice to any such Person (other than any Person(s) that has
submitted a Superior Proposal with respect to which Athena enters into a definitive binding agreement pursuant to Section 6.9(b)) to
the effect that Athena or Sapphire, as applicable, is ending all discussions and negotiations with such Person with respect to any
Company Competing Proposal or Sapphire Competing Proposal, as applicable, and request any such Person to destroy or have
returned to Athena or Sapphire, as applicable, promptly any Confidential Information that has been provided in any such discussions
or negotiations in accordance with, and will enforce, the terms of the Acceptable Confidentiality Agreements and Acceptable
Antitrust Protocols between itself and any such Person.
(e) For purposes of this Agreement:

“Acceptable Antitrust Protocol” means an antitrust protocol between Athena and any third party containing terms no less favorable to Athena or more favorable to such third party than those contained in the antitrust protocol entered into between Sapphire and Athena on June 30, 2020.

“Acceptable Confidentiality Agreement” means a confidentiality agreement between Athena and any third party containing terms no less favorable to Athena or more favorable to such third party than those contained in the Confidentiality Agreement; provided, however, that (i) such Confidentiality Agreement may contain provisions that permit Athena to comply with Section 6.9 and (ii) such agreement shall not prevent Athena or any of its Subsidiaries from complying with any of the provisions of this Agreement or restrict in any manner Athena’s or any of its Subsidiaries’ ability to consummate the transactions contemplated by this Agreement.

“Company Competing Proposal” shall mean, other than the transactions contemplated by this Agreement, any proposal or offer from or to any Person relating to (i) a merger, scheme of arrangement, reorganization, sale of assets, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation, joint venture or similar transaction involving any Group Company; (B) the purchase or acquisition (whether by merger, scheme of arrangement, consolidation, equity investment, joint venture or otherwise) by any Person of any assets of the Group Companies (other than assets permitted to be sold, leased, licensed, transferred, encumbered or otherwise disposed of by the Group Companies under Section 6.1(b)); (C) the purchase or acquisition after the date hereof, in any manner, directly or indirectly, by any Person of any Equity Interest of any Group Company; (D) any purchase, acquisition, tender offer or exchange offer of any Equity Interest of any Group Company; or (E) any combination of the foregoing.

“Sapphire Competing Proposal” shall mean, other than the transactions contemplated by this Agreement, any proposal or offer from or to any Person relating to (A) a merger, scheme of arrangement, reorganization, sale of assets, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation, joint venture or similar transaction involving Sapphire; (B) the purchase or acquisition (whether by merger, scheme of arrangement, consolidation, joint venture or otherwise, but excluding any acquisition of shares of Sapphire Common Stock or other Equity Interests of Sapphire) by any Person of assets of the Sapphire Group Companies (other than assets permitted to be sold, leased, licensed, transferred, encumbered or otherwise disposed of by the Sapphire Group Companies under Section 6.2(b)); (C) the purchase or acquisition after the date hereof, in any manner, directly or indirectly, by any Person of a number of the issued and outstanding shares of the Sapphire Common Stock or other Equity Interests of Sapphire resulting in Sapphire’s Controlling Shareholder holding less than fifty percent (50%) plus one (1) of the issued and outstanding shares of Sapphire Common Stock; (D) any purchase, acquisition, tender offer or exchange offer that, if consummated, would result in Sapphire’s Controlling Shareholder holding less than fifty percent (50%) plus one (1) of the issued and outstanding shares of Sapphire Common Stock; or (E) any combination of the foregoing.

“Superior Proposal” shall mean a bona fide, written Company Competing Proposal made by a third party to acquire all or substantially all of the assets of the Group Companies (whether by merger, consolidation, business combination, stock purchase (including the acquisition of all of the Company Group Equity Interests), asset purchase or otherwise), which (i) has no financing contingency; and (ii) which the board of
directors of Athena determines in good faith, after consultation with its financial advisors and its outside legal counsel and taking into account the financial, regulatory, legal and other aspects of such Company Competing Proposal, would result in a transaction that (x) if consummated, is more favorable to Athena from a financial point of view than the transactions contemplated by this Agreement (after taking into account any changes to the terms of this Agreement irrevocably offered in writing by Sapphire in response to such Superior Proposal pursuant to, and in accordance with, Section 6.9(b)) and (y) is reasonably likely to be consummated on the terms proposed.

bn. Access to Information

During the Pre-Closing Period and with due regard to any applicable Law or Order, Athena and Sapphire, upon reasonable prior notice from the other Party, shall, and shall cause the Group Companies or the Sapphire Group Companies, as the case may be, to promptly: (x) provide the other Party and its Representatives during normal business hours and without unreasonable interference with any of their businesses or operations (or of Athena or its Affiliates, if applicable) with (i) reasonable access to the offices, properties and books and records of the Group Companies or the Sapphire Group Companies, as applicable, (ii) such additional financial or operating data and other information regarding the Group Companies or the Sapphire Group Companies, as applicable, as the other Party may from time to time reasonably request and (iii) access to the appropriate senior-level officers and employees of the Group Companies or the Sapphire Group Companies, as applicable, and (y) promptly instruct their respective employees, counsel, financial and other advisors, auditors and other Representatives to cooperate with the other Party and its Representatives in their investigation of the Group Companies or the Sapphire Group Companies, as applicable, in connection with the transactions contemplated by this Agreement or any Ancillary Agreement (including the preparation of the Sapphire Registration Statements, the performance of any covenants or obligations under this Agreement or any Ancillary Agreement or the satisfaction of any Conditions Precedent) or the preparation for the integration or operation of the Group Companies and their respective businesses into or by Sapphire after the Closing, except, in each case, for information that (A) the Party providing access or requested to provide access (the “Providing Party”) reasonably determines is competitively sensitive information restricted from disclosure under applicable Law or Order, (B) is subject to the attorney-client privilege or other similar privilege or the attorney work product doctrine, (C) is subject to any obligations of confidentiality which prohibit the disclosure of such information to the receiving or requesting Party (the “Receiving Party”) or its Representatives, or (D) the disclosure of which would otherwise violate any Law or Order applicable to, or Contract (in existence on the date hereof) of, the Providing Party or any of its Affiliates. The Providing Party may redact material provided to the Receiving Party as reasonably necessary to (I) remove references concerning the valuation of the Group Companies or the Sapphire Group Companies, as applicable, or the assessment and analysis of a sale or other strategic transaction relating to the Group Companies or the Sapphire Group Companies, as applicable, (II) comply with contractual confidentiality arrangements (in existence on the date hereof), (III) comply with other obligations of confidentiality arising under applicable Law or Order which prohibit the disclosure of such information to the Receiving Party or its Representatives, or (IV) preserve attorney-client privilege or other similar privilege or attorney work product status. In the event any of the restrictions set forth in the foregoing
sentences of this Section 6.10 restrict or otherwise limit the provision of any information to the Receiving Party or its Representatives, then, the Proving Party shall (1) promptly provide a written notice to the Receiving Party stating that it is withholding information in reliance on the foregoing sentences of this Section 6.10 and (2) take all reasonable actions and implement all reasonable arrangements (including, depending on the reasonableness thereof in the circumstances, entering into confidentiality agreements or joint defense agreements, obtaining the consent of any third parties required to provide such information, redacting parts of documents, preparing “clean” summaries of information or limiting the availability of information to a “clean team” or to outside legal counsel) in order to make the relevant information available to the Receiving Party or its Representatives to the extent reasonably possible. Notwithstanding anything in this Agreement to the contrary, during the Pre-Closing Period, (x) neither Party shall, or shall cause its Affiliates and its Representatives to, contact any vendor, supplier, landlord, student or employee of the other Party regarding the business, operations or prospects of such other Party or this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby (except to the extent their consent or waiver or notice to them is required in connection with transactions contemplated hereby or thereby), and (y) no Party shall have right to perform subsurface or any other sampling of any kind at the properties or facilities of the Party or its Subsidiaries. Each of Athena and Sapphire agrees that, until the Closing, it will, and will cause its Representatives to, use any Confidential Information obtained pursuant to this Section 6.10 or otherwise in connection with the transactions contemplated by this Agreement or any Ancillary Agreement only in connection with the transactions contemplated by this Agreement or any Ancillary Agreement (including the preparation of the Sapphire Registration Statements, the performance of any covenants or obligations under this Agreement or any Ancillary Agreement or the satisfaction of any Conditions Precedent) or the preparation for the integration or operation of the Group Companies and their respective businesses into or by Sapphire after the Closing. Subject to Section 6.11, the terms of the Confidentiality Agreement shall apply with respect to all Confidential Information provided by a Party or its Representatives to the other Party or its Representatives; provided that in no event shall the Confidentiality Agreement be deemed to prevent the disclosure of any information by the Parties in the Sapphire Registration Statements or the Sapphire CVM Filings to the extent such disclosure is required under applicable Law or Order. No information or knowledge obtained by a Party or its Affiliates or Representatives pursuant to this Section 6.10 or otherwise shall affect or be deemed to modify any representation or warranty made by a Party under this Agreement, waive a Condition Precedent or limit or otherwise affect any remedies available to a Party hereunder.

bo. Confidentiality

Notwithstanding anything to the contrary herein, following the Closing or any termination of this Agreement, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms except that, from and after the Closing, (a) Sapphire’s obligations thereunder with respect to Confidential Information related to the Group Companies shall terminate and (b) with respect to all information related to the Group Companies that prior to the Closing constituted Confidential Information of Athena or the Group Companies, Athena shall be subject to the same confidentiality obligations and use restrictions in respect thereof that
applied to Sapphire prior to the Closing. With respect to Confidential Information that does not relate to the Group Companies, such information shall remain subject to the terms and conditions of the Confidentiality Agreement. The limitations set forth in this Agreement and in the Confidentiality Agreement for disclosure of Confidential Information do not apply when such Confidential Information (a) is disclosed to the extent necessary to meet a legal requirement or comply with a decision of a court or government agency or body, as long as (i) to the extent permissible under applicable Law or Order, the disclosing party promptly notifies Sapphire or Athena, as the case may be, in writing of the legal requirement or order or demand received, and (ii) the disclosure is restricted to the minimum information necessary to comply with the order or demand; (b) is disclosed to meet the disclosure requirements of securities market regulators or similar bodies; or (c) has been authorized to be disclosed in writing by Sapphire or Athena, as applicable.

bp. **Consents**

(131) During the Pre-Closing Period, Athena shall, and shall cause its Subsidiaries to give notices, and each of Athena and Sapphire shall, and shall cause their respective Subsidiaries to, cooperate and use commercially reasonable efforts to obtain the consents or waivers (which may be conditioned on the consummation of the transactions contemplated by this Agreement) required from counterparties to any Contracts that are set forth on Section 4.4(b) of the Athena Disclosure Schedule or Section 5.4(b) of the Sapphire Disclosure Schedule in connection with the consummation of the Cash Transfer or the Merger; provided, however, that none of Athena, its Affiliates, the Group Companies, Sapphire, its Affiliates or the Sapphire Group Companies shall have any obligation to (i) amend or modify any Contract (other than, at the reasonable request of the other party to any such Contract in connection with its delivery of such consent or waiver, a novation of the Contract to Sapphire) or (ii) pay any consideration to any Person for the purpose of obtaining any such consent or waiver.

(132) Each of Sapphire and Athena acknowledges that certain consents and waivers with respect to the Closing may be required from counterparties to Contracts to which a Group Company or Sapphire Group Company is a party and that such consents and waivers may not be obtained prior to the Closing and are not conditions to the consummation of the transactions contemplated by this Agreement. None of Athena, Sapphire or their respective Affiliates shall have any Liability whatsoever to Athena, Sapphire or their respective Affiliates arising out of or relating to the failure to obtain any such consents or waivers or the termination, acceleration or cancellation of any Contract as a result of the transactions contemplated by this Agreement, and each of Sapphire and Athena acknowledges that no representation, warranty, covenant or agreement of Athena or Sapphire contained herein shall be breached or deemed inaccurate or breached, and no condition shall be deemed not satisfied, as a result of (i) the failure to obtain any such consent or waiver, (ii) any such termination, acceleration or cancellation or (iii) any Action commenced or threatened by or on behalf of any Person to the extent arising out of or relating to the failure to obtain any such consent or waiver or any such termination, in each case, except to the extent resulting from a breach by Athena or Sapphire of Section 6.12(a).
bq. **Termination of Intercompany Arrangements**

. Except for (a) any Ancillary Agreement and (b) any Continuing Education Agreements listed on Section 4.15 of the Athena Disclosure Schedule, and subject to the adjustment provisions set forth in Section 2.2(b)(ii) and the restrictions set forth in Section 6.1(b)(xix), Athena shall cause (i) all Intercompany Contracts and all transactions and accounts between or among Athena or any of its Affiliates (other than any Group Company), on the one hand, and any Group Company, on the other hand, to be terminated prior to the Closing and (ii) all Liabilities arising under any such Intercompany Contracts, transactions and accounts to be settled or satisfied prior to the Closing without any penalty, further Liability or adverse consequence to any of the Group Companies from and after the Closing; provided that any Intercompany Contracts relating to indebtedness between or among Athena or any of its Affiliates (other than any Group Company), on the one hand, and any Group Company, on the other hand, that are outstanding immediately prior to the Closing shall be settled through capitalization into equity. Any settlement or satisfaction of any such Intercompany Contracts, transactions or accounts in a manner different than that set forth in this Section 6.13 shall require Sapphire’s prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). After the Closing, neither Athena nor any of its Affiliates, on the one hand, nor any of the Group Companies, on the other hand, shall be bound by any such Intercompany Contracts, transactions or and accounts or have any further Liability thereunder to any other party thereto.

br. **Publicity**

. Athena and Sapphire will consult with each other and will mutually agree upon any press release or public announcement pertaining to the transactions contemplated by this Agreement and shall not issue any such press release or public announcement prior to such consultation and agreement, except for public announcements or filings reasonably deemed required pursuant to applicable Law or by obligations pursuant to any listing agreement with any national securities exchange, in which case the Party proposing to issue such press release or public announcement shall use its reasonable efforts to consult in good faith with the other Party before issuing any such press release or public announcement. Notwithstanding the provisions of this Section 6.14, on the date hereof Sapphire shall issue a statement of material fact (*fato relevante*) pursuant to CVM Rule 358, and Athena shall issue a press release, both informing the market of the execution of the Agreement and both substantially in the form of Exhibit 6.14.

bs. **Certain U.S. Tax Matters**

. (133) For U.S. federal (and applicable U.S. state and local) income tax purposes, Athena shall treat (and cause its Affiliates to treat) the Cash Transfer and Merger as a taxable sale of the assets and liabilities of each Group Company to Sapphire.

(134) Sapphire shall use commercially reasonable efforts to provide Athena or its Affiliates with any information available to Sapphire, in the form in which such information is available to Sapphire, reasonably requested by Athena or its Affiliates with respect to any U.S. federal (and applicable state and local) income tax positions taken (or to be taken) that relate to
any Group Company for any taxable period ending prior to or including the Closing Date; provided that Sapphire shall not be required to incur any unreimbursed out-of-pocket cost or expense in providing such information.

bt. **Control of Other Party’s Business**

. Nothing contained in this Agreement shall give Athena, directly or indirectly, the right to control or direct Sapphire’s operations prior to the Closing. Nothing contained in this Agreement shall give Sapphire, directly or indirectly, the right to control or direct the operations of the Company or Newco prior to the Closing in accordance with applicable Laws. Prior to the Closing, each of Athena and Sapphire shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its respective operations in accordance with applicable Laws.

bu. **Exchange Offer and Distribution of ADSs**

. If Athena commences the Exchange Offer, Athena and Sapphire shall take all action reasonably required to be taken in connection with the Exchange Offer, including (a) entering into a dealer-manager agreement on customary terms (the “Dealer-Manager Agreement”) with one or more dealer-managers for the Exchange Offer (each a “Dealer-Manager”) selected by Athena after consultation with Sapphire, (b) causing the delivery of one or more comfort letters by the independent auditors of each of Athena and Sapphire, as applicable, (c) delivering legal opinions by counsel for Athena and Sapphire that are reasonably requested by the Dealer-Managers, (d) providing any due diligence materials reasonably requested by any Dealer-Managers for the Exchange Offer, (e) causing members of their respective management teams to participate in customary due diligence meetings with any Dealer-Managers, and (f) taking any and all other steps that are reasonably necessary or desirable in connection with the Exchange Offer. Any fees, costs and expenses incurred in connection with the Dealer-Manager Agreement (including any fees and other amounts payable to the Dealer-Managers thereunder) shall be borne by Athena.

bv. **Financials**

. (135) Athena shall use its reasonable best efforts to provide Sapphire, as promptly as reasonably practicable and (i) no later than forty-five (45) days as from the date hereof, with the audited consolidated balance sheets of the Company as of December 31, 2019 and December 31, 2018, and the related audited consolidated statements of income, equity and cash flows of the Company for the years then ended, prepared in accordance with IFRS and Regulation S-X consistently applied, (ii) no later than December 4, 2020, the unaudited consolidated balance sheet of the Company as of September 30, 2020, and the related unaudited consolidated statements of income, equity and cash flows of the Company for the nine (9) month period then ended, prepared in accordance with IFRS and Regulation S-X consistently applied, (iii) no later than March 31, 2021, the audited consolidated balance sheet of the Company as of December 31, 2020, and the related audited consolidated statements of income, equity and cash
flows of the Company for the year then ended, prepared in accordance with IFRS and Regulation S-X consistently applied and (iv) and such additional audited or unaudited financial statements of the Company as may be required in connection with the Sapphire Registration Statements prior to the Closing (the financial statements referred to in clauses (i) through (iv), collectively, the “Necessary Financial Statements”).

(136) Sapphire shall prepare and update any necessary pro forma financial information required in connection with the Sapphire Registration Statements and the Merger. Athena shall reasonably cooperate with Sapphire in connection with Sapphire’s preparation of any pro forma financial information contemplated by this Section 6.18(b).

bw. Establishment of Sapphire ADR Program; US Stock Exchange Listing

(137) As soon as practicable after the Confirmation Date, Sapphire shall cause a Level III sponsored American depositary receipt (“ADR”) facility (the “Sapphire ADR Program”) to be established with a reputable national bank (the “Depositary Bank”) for the purpose of issuing the ADSs, including entering into a customary deposit agreement with the Depositary Bank establishing the Sapphire ADR Program (the “Deposit Agreement”), to be effective as of the Closing, and using its reasonable best efforts to have the Form F-6 declared effective by the SEC; provided, that Athena shall, and shall cause its Affiliates to, cooperate and provide all reasonable assistance requested by Sapphire in respect thereof. Sapphire shall consider in good faith the comments of Athena on the Deposit Agreement. In any event, subject to the prior sentence and applicable Law, the Deposit Agreement shall (i) provide (A) that each ADS under the Sapphire ADR Program shall represent and be exchangeable for a number of shares of Sapphire Common Stock equal to: (x) one (1) divided by (y) the ADS Ratio, ranking pari passu with all other shares of Sapphire Common Stock outstanding at Closing including in respect of any entitlement to dividends or other distributions declared, paid or made after the Closing, (B) for customary provisions for the voting by the Depositary Bank of such shares of Sapphire Common Stock as instructed by the holders of the ADSs, (C) for the issuance, at the request of a holder, of either certificated or uncertificated ADRs, (D) subject to the limitations provided for in General Instruction I.A.1 of SEC Form F-6, that holders of ADSs shall have the right at any time to exchange their ADSs for the underlying shares of Sapphire Common Stock and (E) that the shares of Sapphire Common Stock deposited by Sapphire with the custodian (the “Custodian”) of the Sapphire ADR Program shall be held by the Custodian for the benefit of the Depositary Bank, (ii) require the Depositary Bank to forward voting instructions and other equityholder communications (including notices, reports and proxy solicitation materials) to the registered holders of ADSs promptly following its receipt of such materials, (iii) include customary provisions for the distribution to holders of ADSs of dividends, other distributions or the rights to participate in any rights offerings in each case received by the Custodian from Sapphire (or in certain cases the U.S. dollars available to the Depositary Bank from the net proceeds of the sale of the foregoing) and (iv) not permit (x) except as required by applicable Law, any amendment that prejudices any right of ADS holders without giving at least thirty (30) days’ notice to the holders of the outstanding ADSs, or (y) any termination by Sapphire or the Depositary Bank on less than
thirty (30) days’ written notice to ADS holders. The Deposit Agreement shall not provide for (I) a right of Sapphire to withdraw shares of Sapphire Common Stock from the custody account maintained by the Custodian or (II) fees to be imposed by the Depositary Bank upon holders of ADSs in connection with the sale or transfer of such ADSs on the US Stock Exchange which are in excess of market standards. The material terms of the Deposit Agreement and the ADSs shall be described in the applicable Sapphire Registration Statements. Sapphire shall use reasonable best efforts to cause the ADSs to be eligible for settlement through the Depository Trust Corporation.

(138) Sapphire shall use its reasonable best efforts to cooperate with Athena to cause the ADSs issuable pursuant to the transactions contemplated hereby to be approved for listing on a US Stock Exchange (selected by Sapphire after consultation with Athena), subject to official notice of issuance, as promptly as practicable after the establishment of the Sapphire ADR Program, and in any event prior to the Closing, and shall thereafter use its reasonable efforts maintain such listing until at least the tenth (10th) anniversary of the Closing.

bx. **Conversion of Sapphire Common Stock into ADSs**

Sapphire shall, and the Parties agree and acknowledge that Sapphire’s Controlling Shareholder is required under Article XI to take any reasonable action under applicable Law to request that Sapphire comply with its obligations provided in this Agreement to, assist Athena in connection with the exchange of the shares of Sapphire Common Stock received by Athena in the Merger for ADSs.

by. **Further Assurances**

Athena and Sapphire shall, from time to time following the Closing, use commercially reasonable efforts to take or cause to be taken all actions and do, or cause to be done, all things reasonably necessary to carry out the purposes of this Agreement, including the execution of any additional documents or instruments of any kind (not containing additional obligations, representations and warranties) to make effective the Cash Transfer, the Merger and the other transactions contemplated by this Agreement.

bz. **Maintenance of Books and Records**

Following the Closing, Sapphire shall, and shall cause its Affiliates (including the Group Companies) to, preserve, until at least the sixth (6th) anniversary of the Closing Date, all pre-Closing Date records (including Tax records) possessed or to be possessed by Sapphire or its Affiliates (including the Group Companies) relating to the Group Companies and their respective businesses. After the Closing Date and up until at least the sixth (6th) anniversary of the Closing Date, except for information that (a) Sapphire reasonably believes is competitively sensitive information, (b) is subject to the attorney-client privilege or other similar privilege or the attorney work product doctrine, (c) is subject to any obligations of confidentiality which prohibit the disclosure of such information to Athena or any of its Subsidiaries or (d) the disclosure of which would otherwise violate any Law applicable to, or Contract of, Sapphire or any of its Subsidiaries, upon any request from Athena or its Representatives, Sapphire shall not
destroy, or permit any of its Subsidiaries to destroy, any such records without first (i) providing to Athena or its Representatives access to such records during normal business hours and without unreasonable interference with any of the businesses or operations of Sapphire or its Subsidiaries and (ii) permitting Athena or its Representatives to make copies of such records, in each case at no cost to Athena or its Representatives. If Sapphire does not provide or cause to be provided information in reliance on the exceptions in the foregoing sentence, then Sapphire shall (A) promptly provide a written notice to Athena stating that it is withholding information in reliance on this sentence and (B) take reasonable actions or implement arrangements (which could include, depending on the reasonableness thereof in the circumstances, entering into confidentiality agreements or joint defense agreements, obtaining the consent of third parties, redacting parts of documents, preparing “clean” summaries of information or limiting the availability of information to a “clean team” or to outside legal counsel) in order to make the relevant information available to Athena or its Representatives to the extent reasonably possible. Records and information may be sought by Athena or its Representatives under this Section 6.22 solely to the extent required in connection with audit, accounting, litigation, federal securities disclosure, Tax or compliance matters of Athena or any of its Affiliates and may be used by Athena and its Representatives only in connection with such matters (and may not be used in connection with any other matters or for any other purposes). To the extent any such records or information constitute Confidential Information of Sapphire or its Subsidiaries, such records and information shall be subject to the confidentiality obligations and use restrictions that under the Confidentiality Agreement apply to any Confidential Information of Sapphire or its Subsidiaries; provided that, for such purposes, the term of the Confidentiality Agreement shall be deemed to commence on the date such records or information are provided or made available to Athena or its Representatives (irrespective of whether the Confidentiality Agreement had otherwise expired).

c. Retained Names and Marks/Intellectual Property

(139) Sapphire hereby acknowledges that all rights and interests in and to the names set forth in Section 6.23 of the Sapphire Disclosure Schedule, together with all variations and acronyms thereof and all Trademarks containing same (collectively the “Retained Names and Marks”), are owned exclusively by Athena or its Affiliates (other than the Group Companies) and that, except as expressly provided below, any and all rights of the Group Companies to the use of the Retained Names and Marks shall terminate as of the Closing and shall immediately be assigned and deemed assigned to Athena or its Affiliates, along with any and all goodwill associated therewith. Neither Sapphire nor any of its Affiliates, including after the Closing, any of the Group Companies, shall contest the ownership or validity of any rights of Athena or any Affiliate of Athena in or to the Retained Names and Marks and Athena shall have no responsibility or liability for claims by third parties arising out of or relating to the use by Sapphire or any Affiliate of Sapphire (including after the Closing, any of the Group Companies) of the Retained Names and Marks or any similar related names and Trademarks.
Sapphire shall, and shall cause the Group Companies to, (i) as soon as practicable after the Closing, but in no event later than thirty (30) days after the Closing, take all actions necessary to file applications or other requests with the relevant Governmental Authorities (including the filing of the Amendment to the Articles of Association of the Company to be executed at the Closing in accordance with Section 3.2(b)) to change the Group Companies’ corporate name, “doing business as” name, trade name, design and any other similar corporate identifier, in each case, that include any of the Retained Names and Marks, (ii) prosecute diligently such name changes to completion and (iii) supply promptly any additional information, documents and materials that may be reasonably requested by Athena with respect to such filings.

Commencing as of the Closing, Athena shall grant to the Group Companies a limited, royalty-free, non-sublicensable, non-assignable, non-exclusive license to the Retained Names and Marks for a period of six (6) months (extendable, upon Sapphire’s reasonable request before expiration of the license, for up to six (6) additional months) to use in Brazil, solely in connection with the operation of the businesses of the Group Companies as operated immediately prior to the Closing, all of their stocks of signs, letterheads, banners, invoice stock, advertisements, promotional materials and other similar documents and materials containing the Retained Names and Marks existing as of the closing (the “Existing Stock”). On or before the last day of the sixth (6th) month after the Closing Date as provided in the previous sentence, Sapphire shall, and shall cause the Group Companies to, cease using the Retained Names and Marks in any manner and to remove or obliterate the Retained Names and Marks from such Existing Stock. Any and all goodwill generated by the use of the Retained Names and Marks under this Section 6.23 shall inure solely to the benefit of Athena or its Affiliates, as applicable. In no event shall Sapphire or, following the Closing, the Group Companies, use the Retained Names and Marks in any manner that damages or tarnishes the reputation of Athena or the Affiliates or the goodwill associated with the Retained Names and Marks.

At Sapphire’s request, for one hundred and eighty (180) days after the Closing, Athena shall include on all websites and social media pages of Athena that reference the business of the Group Companies a mutually-agreed statement about the transactions contemplated hereby and link to a website or social media pages of Sapphire or its designee.

Effective upon the Closing Date, Athena hereby grants to the Group Companies a perpetual, non-exclusive, sublicensable, assignable license to use (and exercise all rights in any Intellectual Property (other than Trademarks) in), in the conduct of their businesses, any educational or curricular content including, but not limited to, Laureate Advantage Courseware content relating to Fundamentals of Nutrition, Biostatistics, Epidemiology, Public Health and Entrepreneurship, that is (i) owned by Athena or its Affiliates (other than the Group Companies) as of the Closing Date and (ii) used by the Group Companies in the conduct of their businesses as of the Closing Date.

Effective upon the Closing Date, Sapphire, on behalf of itself and the Group Companies, hereby grants to Athena and its Affiliates (other than the Group Companies) a perpetual, non-exclusive, sublicensable, assignable, license to use (and exercise all rights in any Intellectual Property (other than Trademarks) in), in the conduct of their businesses, any
educational or curricular content including, but not limited to, Laureate Advantage Courseware content relating to Fundamentals of Nutrition, Biostatistics, Epidemiology, Public Health and Entrepreneurship, that is (i) owned by the Group Companies as of the Closing Date and (ii) used by Athena or its Affiliates (other than the Group Companies) in the conduct of their businesses as of the Closing Date.

cb. **Directors and Officers**

(145) On the Closing Date, Athena will cause the Group Companies (or their relevant corporate bodies, as applicable) to grant a complete discharge pursuant to applicable Law to the directors, administrators and officers of each Group Company for actions taken until the Closing Date (including those directors, administrators and officers whose resignation or other evidence of removal is delivered on the Closing Date) and Athena shall use its commercially reasonable efforts to obtain from each such individual a reciprocal release of each Group Company in relation to any rights held by such individuals in his or her capacity as a director, administrator or officer of the Group Companies.

(146) The current and former directors and officers of each Group Company covered by the waiver set forth in this Section 6.24 are intended to be third-party beneficiaries of Section 6.24.

cc. **Sapphire Post-Closing Governance**

(147) Sapphire’s Controlling Shareholder shall vote at the Sapphire Closing Shareholders Meeting (or, if the parties so decide, at a shareholders’ meeting to be held not later than 2 Business Days after the Closing) for the election of two (2) members appointed by Athena (the “**Athena Board Members**”) (and its deputies) out of a total of nine (9) members of the Sapphire Board in office (and each member of the Sapphire Board shall be elected individually, not as a slate (*por chapa*)). At the Sapphire Closing Shareholders Meeting (or, if the parties so decide, at a shareholders’ meeting to be held not later than 2 Business Days after the Closing), two (2) additional independent directors will be appointed out of the nine (9) members of the Sapphire Board in office, and to the extent minorities do not successfully exercise rights to elect such independent members of the Sapphire Board, the appointment of the independent directors shall be made by Sapphire’s Controlling Shareholder and shall require Athena’s prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). The Athena Board Members shall be designated by Athena with the prior written consent of Sapphire’s Controlling Shareholder (such consent not to be unreasonably withheld, conditioned or delayed). The individuals selected by Athena to be the Athena Board Members shall be informed to Sapphire by delivery of written notice on or prior to the CP Satisfaction Date.

(148) The term of office of the directors serving on the Sapphire Board shall be two (2) years.
Effective as of the Closing, Sapphire shall create a statutory audit committee (comitê de auditoria estatutário), in the manner set forth in CVM Rule 509, dated November 16, 2011 and in article 22 of the Regulamento do Novo Mercado (the “Audit Committee”), which will function for a minimum term of two (2) years (and for such time as required under applicable Law and the Regulamento do Novo Mercado. The Audit Committee will consist of four (4) members and include the two (2) Athena Board Members or other individuals they designate. The other two (2) members shall be appointed by the Sapphire’s Controlling Shareholder, one of which shall serve as the coordinator and shall have a casting vote in any resolutions of such committee. The members appointed to the Audit Committee will have a term of office of two (2) years.

Effective as of the Closing, Sapphire will establish a non-statutory integration committee (comitê de integração não estatutário) (“Integration Committee”) which will function as further detailed in Section 6.35 below.

Within up to thirty (30) Business Days of the Closing, Sapphire will appoint and hire a Chief Operating Officer and a Chief Accounting Officer to be selected by the Sapphire Board. Following the date hereof, Athena shall be entitled to interview the candidates to such positions and to discuss with the Chief Executive Officer of Sapphire the merits of such candidates, but the final decision relating to candidates to be submitted to the Sapphire Board for election shall be made by Sapphire’s Chief Executive Officer. In addition, the Parties agree that during the 2-year period following the Closing, in the event the Sapphire’s Controlling Shareholder decides to replace any of the Chief Financial Officer, Chief Operating Officer or Chief Accounting Officer, the Athena Board Members shall be separately consulted regarding such nomination and shall be entitled to interview the respective candidates and discuss their views on the candidates with the Chief Executive Officer of Sapphire, without limitation of the full Sapphire Board’s right to appoint the candidate that it deems appropriate to fill the relevant position.

cd. Replacement of Credit Support

At or prior to the Closing, Sapphire shall, and Sapphire shall cause one or more of its Affiliates to, use commercially reasonable efforts to obtain the unconditional release of Athena and its Affiliates (other than the Group Companies), as applicable, from and after the Closing, by the applicable counterparty of any and all obligations of Athena or any of its Affiliates (other than the Group Companies) with respect to any Liability of any Group Companies under the guarantees or other credit support provided by, or any letter of credit, performance bond or surety posted by, Athena or any such Affiliates or any third party on behalf thereof that are (i) set forth on Section 6.26 of the Athena Disclosure Schedule or (ii) entered into after the date hereof in the Ordinary Course of Business and in the context of new indebtedness permitted under Section 6.1 (the “Financial Assurances”), including by providing substitute guarantees, furnishing letters of credit, instituting escrow arrangements or posting surety, lease or performance bonds with terms that are at least as favorable to the counterparty as the terms of the applicable Financial Assurance or by making any other reasonable arrangements the counterparty may request; provided, however, that neither Sapphire nor any of its Affiliates shall have any
obligation to pay any consideration to any Person in connection with the foregoing. To the extent Sapphire fails to obtain any such unconditional release of any Financial Assurances under this Section 6.26, from and after the Closing, Sapphire shall indemnify, defend and hold harmless Athena and its Affiliates against, and reimburse Athena and its Affiliates for, all amounts payable, including fees, costs or expenses payable in connection with such Financial Assurances, and shall promptly reimburse Athena and its Affiliates to the extent any such Financial Assurance is called upon and Athena or any of its Affiliates makes any payment under any such Financial Assurance.

cc. Notices of Certain Events

Each Party shall promptly (after becoming aware) notify the other of: (a) any notice or other communication received from any Governmental Authority or counterparty to any Company Material Contract or Company Real Property Lease alleging that the consent, authorization, approval or waiver of such Person is required in connection with the transactions contemplated by this Agreement; (b) any Actions commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Athena or any of its Subsidiaries or Sapphire or any of its Subsidiaries, as the case may be, that, if pending on the date of this Agreement, would restrict or materially and adversely impact the consummation of the transactions contemplated by this Agreement; and (c) the reasonably likely failure of any Condition Precedent to be satisfied; provided that any failure to give notice in accordance with this Section 6.27 shall not in and of itself be deemed to constitute the failure of any such Condition Precedent to be satisfied. No information or knowledge obtained by a Party or its Affiliates or Representatives during the Pre-Closing Period pursuant to this Section 6.27, Section 6.8, Section 6.10 or otherwise shall affect or be deemed to modify any representation or warranty made by a Party hereunder, waive a Condition Precedent or limit or otherwise affect any remedies available to a Party hereunder.

cf. Transition Services Agreement

; Business Integration.

(152) As soon as reasonably practicable after the date of this Agreement, Athena and Sapphire shall cooperate and negotiate in good faith a transition services agreement to be entered into at the Closing, pursuant to which, from and after the Closing, Athena and its Affiliates shall provide transition services to Sapphire and its Affiliates (including the Group Companies) (the “Transition Services Agreement”). Among other customary terms for an agreement of such type, the Transaction Services Agreement shall provide for the following terms and conditions: (i) a fixed term of six (6) months commencing on the Closing Date and extendable at the election of Sapphire for an additional period of up to six (6) months if reasonably necessary to avoid interruption of the activities of the Group Companies; (ii) the price payable by Sapphire and its Affiliates to Athena and its Affiliates for the provision of services thereunder shall be (A) the cost of such services to Athena and its Affiliates (i.e. without profit margin or any additional charges that do not make up the cost of services) plus (B) any Taxes levied on the provision of such services by Athena or its Affiliates plus (C) any reasonably documented out of pocket expenses incurred by Athena or its Affiliates in connection with the
provision of such services; (iii) the services to be provided by Athena and its Affiliates shall be (A) all services which are reasonably necessary for the transition and adequacy of all the information systems currently used by the Group Companies to the systems used by Sapphire, and (B) all services necessary to ensure a transition without partial or total interruption of any service or system of the Group Companies; and (iv) except in the case of willful breach or gross negligence, Athena’s liability thereunder shall in no event exceed the amounts received for the services rendered. If the Parties fail to finalize and enter into a mutually agreeable Transaction Services Agreement at the Closing, from and after the Closing, Athena and its Affiliates shall provide transition services to Sapphire and its Affiliates pursuant to the terms set forth in the foregoing sentence of this Section 6.28.

(153) Prior to the Closing, to the extent permitted by applicable Law, Athena shall, and shall cause its Affiliates to, reasonably cooperate and use commercially reasonable efforts to assist Sapphire in connection with the preparation by Sapphire for the integration of the businesses and affairs of the Group Companies with the businesses and affairs of the Sapphire Group Companies and the operation of the businesses and affairs of the Group Companies following the Closing.

 cg. **Amazonas Purchase Agreement**

. Effective as of the Closing Date, Sapphire shall release Athena of any and all Liabilities assumed by Athena under the Amazonas Purchase Agreement, which release shall be effective as of the Closing, following which none of Athena nor any of its Affiliates (which, for the avoidance of doubt, does not include the Group Companies at or following the Closing) shall have any Liabilities whatsoever under such agreement.

 ch. **Financial Capacity**

. On the date hereof Sapphire’s cash position and credit facilities available to it shall be sufficient to pay the Athena Termination Payment in full. Until the Closing, Sapphire will conduct its business in a manner such that at all times its cash position and/or credit facilities available to it continue to be sufficient to pay the Athena Termination Payment in full. From and after the Confirmation Date, the Sapphire Group Companies shall use their respective commercially reasonable efforts such that, as of the Closing Date, Sapphire has all funds necessary to pay the Cash Consideration and all fees, costs and expenses payable by Sapphire in connection with the transactions contemplated by this Agreement in full. Athena hereby consents to Sapphire sharing with Sapphire’s financing sources any Confidential Information relating to the Group Companies to the extent required to secure such financing, if and only if such financing source enters into a reasonable confidentiality agreement in line with market standards in Brazil and Sapphire shall employ commercially reasonable efforts to have Athena as a third party beneficiary thereunder and, to the extent Sapphire is unable to make Athena a third party beneficiary thereunder, Sapphire shall be liable towards Athena for any breaches of the confidentiality obligations undertaken by such financing sources. Promptly after Athena’s reasonable request, Sapphire will provide reasonable evidence thereof to Athena, including a certificate of an authorized officer of Sapphire (a) describing Sapphire’s cash position and the cash available under any credit facilities of Sapphire, (b) showing any calculations reasonably
required in connection therewith and (c) confirming that no default exists under such credit facilities which could affect the availability of such cash. Upon Sapphire’s request, Athena shall, and Athena shall cause the Group Companies to, cooperate and reasonably assist Sapphire in connection with the creation or perfection of any Lien over the Group Companies or their respective assets required in connection with any money to be borrowed by Sapphire in connection with the consummation of the Cash Transfer and the Merger; provided that any such Lien shall be contingent upon and effective as of the Closing. Sapphire (i) shall promptly, upon request by Athena, reimburse Athena and its Affiliates for all reasonable and documented out-of-pocket costs and expenses incurred by Athena and its Affiliates in connection with any such cooperation and assistance and (ii) shall indemnify and hold harmless Athena and its Affiliates from and against any and all losses suffered or incurred by any of them of any type in connection with any such cooperation or assistance, in each case, other than to the extent such losses arise out of the bad faith, fraud, gross negligence, or willful misconduct of Athena, its Affiliates or their respective Representatives.

ci. **Insurance**

(154) Sapphire acknowledges and agrees that, except as expressly provided in this Section 6.31, effective from and after the Closing, (i) the Group Companies will cease to be insured by any insurance policies of Athena and its Affiliates and (ii) Sapphire and its Affiliates (including the Group Companies) shall be solely responsible for procuring, paying for and maintaining insurance coverage for the Group Companies.

(155) Notwithstanding Section 6.31(a), Athena hereby agrees that, with respect to acts, facts, circumstances or omissions occurring prior to the Closing that are covered under any occurrence-based insurance policies of Athena or its Affiliates with third party insurers, Sapphire and the Group Companies shall have the right to make claims (“Allowed Insurance Claims”) and benefit from coverage under such policies subject to the terms and conditions thereof and this Agreement, to the extent that the terms and conditions of any such policies so allow. Athena shall reasonably cooperate with Sapphire and the Group Companies with respect to any such Allowed Insurance Claim and the receipt of insurance proceeds by or on behalf of the Group Companies or Sapphire thereunder. Athena shall, and Athena shall cause its Affiliates to, take no action to exclude or remove any Group Company from any occurrence-based insurance policies that were in effect at any time prior to the Closing or otherwise modify, amend or early terminate such policies in a manner adverse to the Group Companies. If Athena or any of its Affiliates receives any insurance proceeds after the Closing in respect of any Allowed Insurance Claims, such proceeds shall be promptly turned over to Sapphire (net of any reasonable out-of-pocket recovery costs incurred by Athena or any of its Affiliates in connection therewith); provided, that (w) Sapphire shall exclusively bear, or cause the Group Companies to exclusively bear, and neither Athena nor any of its Affiliates or direct or indirect equityholders shall have any obligation to repay or reimburse Sapphire or the Group Companies for, the amount of any deductibles, uninsured or self-insured amounts in respect of any such Allowed Insurance Claims, (x) Sapphire shall notify, or cause the Group Companies to notify, Athena in writing of any
Allowed Insurance Claims made by Sapphire and the Group Companies and (y) Sapphire agrees to reimburse Athena promptly upon request for all reasonable out-of-pocket costs or expenses incurred by Athena or any of its Affiliates in connection with its cooperation on Allowed Insurance Claims pursuant to the preceding sentence, including the costs of filing Allowed Insurance Claims and any premium increases, Taxes or other amounts that are or become payable by Athena or any of its Affiliates to the extent resulting from claims made in respect of Allowed Insurance Claims made pursuant to this Section 6.31.

(156) For the avoidance of doubt, from and after the Closing, neither Sapphire nor the Group Companies shall have any right to, nor shall any of the foregoing, make claims or seek coverage under any claims-made insurance policies of Athena or its Affiliates provided by third parties.

(157) From and after the Closing, Sapphire shall cause the Group Companies to reasonably cooperate with Athena and share such information to the extent related to Allowed Insurance Claims as is reasonably necessary in the reasonable view of Athena in order to permit Athena and its Affiliates and direct and indirect equityholders to manage and conduct their insurance matters as such Persons deem reasonably appropriate.

cj. Power of Attorney

. No later than two (2) Business Days prior to the Closing Date, Athena shall deliver to Sapphire a true, correct and complete schedule setting forth the name of each Person holding a proxy, general or special power of attorney, or other similar instrument from any of the Group Companies, together with copies of all such proxies, powers of attorney and other documents, as well as all powers of attorney issued by the Group Companies, with a summary of the powers granted and the term of validity thereof.

ck. Internal Reorganization

. Prior to the Closing, Athena shall (or shall cause its Affiliates to) consummate the Internal Reorganization in accordance with the actions set forth in Exhibit B; provided, however, that: (x) so long as it could not reasonably be expected to have an adverse impact (other than a de minimis adverse impact) on any of the Sapphire Group Companies or any of the Group Companies, upon prior written notice to Sapphire, which notice will include a revised Exhibit B setting forth any such change to such actions in reasonable detail, Athena shall be permitted to consummate the Internal Reorganization in accordance with the actions set forth in such revised Exhibit B, and the provisions of this Agreement (and any Exhibit or Schedule hereto) shall apply mutatis mutandis; (y) if as a result of any change in applicable Law after the date of this Agreement, the consummation of the Internal Reorganization would reasonably be expected to result in a material adverse impact to Athena or any of its Subsidiaries, Athena shall not be required to consummate the Internal Reorganization provided in Exhibit B and the provisions of this Agreement (and any Exhibit or Schedule hereto) shall apply mutatis mutandis with the Company replacing NewCo for all purposes hereunder and thereunder; and (z) with respect to step 4 of the Internal Reorganization, Athena shall have absolute discretion to transfer to Newco any number or percentage of the Company Equity Interests, and Athena shall provide a
revised Exhibit B reflecting this choice, and the provisions of this Agreement (and any Exhibit or Schedule hereto) shall apply mutatis mutandis (with the applicable number or percentage of Newco Equity Interests replacing Purchased Company Equity Interests in respect of the Cash Transfer, and the applicable number or percentage of NewCo Equity Interests to ultimately be exchanged for Sapphire Equity Interests in the Merger to be adjusted accordingly) for all purposes hereunder and thereunder. For the avoidance of doubt, in the event that, pursuant to clauses (x), (y) or (z) of this Section 6.33, NewCo is not part of the Merger to be consummated at the Closing pursuant to the terms of this Agreement, NewCo shall not be deemed a Group Company for purposes of this Agreement and the exceptions and carveouts to the covenants and other restrictions set forth in this Agreement that apply to Contracts, transactions, arrangements or actions among Group Companies (including any exceptions and carve outs to the restrictions applicable to the ability to pay dividends or other distributions, issue or transfer Equity Interests or sell or otherwise dispose of assets) shall not be available in respect of Contracts, transactions, arrangements or actions among one or more Group Companies, on the one hand, and NewCo, on the other hand. Notwithstanding anything herein to the contrary, at the Closing any and all indebtedness provided by Athena or any of its Affiliates (other than a Group Company) to any Group Company (including any principal and interest accrued thereon) that remains outstanding shall be settled and satisfied through capitalization into equity.

cl. Registration Rights Agreement

As soon as reasonably practicable after the date of this Agreement, Athena and Sapphire shall cooperate and negotiate in good faith a registration rights agreement on substantially the terms set forth on Exhibit 6.34 attached hereto to be entered at the Closing (the “Registration Rights Agreement”). Athena and Sapphire shall not amend, modify or otherwise change Exhibit 6.34 attached hereto in any manner adverse to Wengen Alberta, Limited Partnership (“Wengen”) without the prior written consent of Wengen. In the event Athena and Sapphire are unable to agree on the final form of the Registration Rights Agreement prior to Closing, then the terms and conditions set forth in Exhibit 6.34 shall constitute the Registration Rights Agreement for all intents and purposes under this Agreement, and Wengen shall be a third party beneficiary thereunder.

cm. Integration Committee

Effective as of Closing, Sapphire’s Board of Directors shall have formed the Integration Committee. Such committee will be responsible for defining and monitoring the implementation of a structured plan for the consolidation of the respective businesses of the Group Companies, as well as capturing the potential synergies resulting therefrom.

Composition. The Integration Committee shall consist of four (4) directors and shall include the two (2) Athena Board Members or their designees and two (2) members appointed by the Sapphire Controlling Shareholder, one of which shall be Sapphire’s CEO. Sapphire’s CEO will be the chairman of the Integration Committee and shall have a casting vote.
(159) **Term.** The Integration Committee shall remain in place for at least two (2) years from its creation. The members appointed to the Integration Committee will have a term of office of two (2) years.

(160) **Scope.** The purpose of the Integration Committee is to identify potential synergies and make recommendations to the Sapphire Board for purpose of maximizing the capture of said synergies. Without limitation, the Integration Committee shall: (1) provide advice to the Sapphire Board on any matter regarding the combination of the Company and Sapphire from any an operational, structural, financial or any other perspective; (2) provide detailed recommendations and propose changes or improvements in connection with the integration of the businesses to the Sapphire Board and the efficient use of human, material and financial resources available; (3) to the extent the recommendations made by the Integration Committee are accepted by the Sapphire Board, monitor and review the implementation of such recommendations; (4) monitor and review the process for capturing potential synergies within the combination of the businesses, including recommendation on any changes of personnel which the Integration Committee deems as necessary to integrate the businesses and capture synergies; and (5) inform the Sapphire Board about any other matter or circumstance in connection with the above. The Integration Committee shall have an annual budget that may be used to engage third party consultants to assist in the work performed by the committee.

(161) **Meetings.** The Integration Committee will hold its ordinary meetings on a monthly basis, on a schedule to be agreed at the first meeting of the Integration Committee. Any member may call an extraordinary meeting of the Integration Committee. The meetings may be conducted at Sapphire’s headquarters or virtually, by video conference or teleconference. The first meeting of the Integration Committee shall be held as soon as reasonably practicable following the Closing (but in any event no later than thirty (30) days following the Closing).

(162) **Reports.** The Integration Committee’s recommendations, conclusions and opinions discussed at a meeting shall be drawn up in minutes, which the attendees shall sign. The minutes of a meeting shall record the relevant points of discussion and conclusion, the list of attendees, and any points of disagreement amongst its members. The chairman may appoint a person to act as secretary of the meetings who shall be responsible for the drafting of the meeting minutes. At least once per quarter, the Integration Committee shall hold a meeting with the Sapphire Board to present their work, recommendations and clarify any doubts that the Sapphire Board may have in relation to such matters.

(163) **Compensation.** The members of the Integration Committee will not receive any additional compensation for serving in such committee, but will be reimbursed for evidenced costs and expenses eventually incurred in connection with serving in their functions.

cn. **Exhibit 6.36.**

Each of the Parties shall comply with its respective obligations under **Exhibit 6.36.**

cn. **Sale of Real Estate.**
In case Athena does not sell or otherwise transfer prior to the Closing the non-operation real properties described in Section 6.1(b)(xi) of the Athena Disclosure Schedule, then Sapphire shall, at Athena’s expense and following its requests, use its commercially reasonable efforts to sell such properties through organized sales or auctions and pay the proceeds of such sales (net of any Taxes, commissions, costs and expenses paid or incurred, in each case, in connection therewith) to Athena as an adjustment to the Cash Consideration and the provisions of Section 3.4 shall apply mutatis mutandis to income tax on capital gain, if any, required to be withheld over such adjustment amount; provided, however, that Athena shall have the right to reasonably direct the strategy of (but not control) the sale process and Sapphire shall implement it (but it shall not enter into any agreement regarding (or consummate) any such sale without Athena’s prior written consent (not to be unreasonably withheld, conditioned or delayed)).

Article VII.

CONDITIONS PRECEDENT

cp. Conditions to Obligations of Each Party

. The respective obligations of each Party to consummate the Closing are subject to the satisfaction (or waiver, if permissible under applicable Law, by Athena and Sapphire) on or prior to the Closing Date of each of the following conditions (“Parties’ Conditions”):

(164) **No Governmental Order.** No Governmental Authority of competent jurisdiction with valid enforcement authority shall have enacted, enforced or entered any Law or Order that is in effect which prohibits, restrains, enjoins or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(165) **CADE Clearance.** The CADE Clearance shall have been obtained.

(166) **Sapphire Shareholder Approval.** The Sapphire ADR Program Approval and the Sapphire Shareholder Approval shall have been obtained.

(167) **Sapphire ADR Program.** The Sapphire ADR Program shall have been established in accordance with Section 6.19, and the Depositary Bank and the Custodian shall have been engaged and appointed, by Sapphire.

(168) **Registration Statements.** The Sapphire Primary Securities Act Registration Statement, and the Form F-6, to the extent required by applicable Law, shall have become effective in accordance with the Securities Act, and the Sapphire Exchange Act Registration Statement shall have become effective in accordance with the Exchange Act, and, in each case, no such registration statement (and no other form related thereto, to the extent required by applicable Law) shall be the subject of any stop order or proceedings seeking a stop order.

(169) **ADSs.** The ADSs shall have been approved for listing on the US Stock Exchange, subject only to official notice of issuance.

cq. Additional Conditions to the Obligation of Sapphire
The obligation of Sapphire to consummate the Closing is subject to the satisfaction (or waiver, if permissible under applicable Law, by Sapphire) of each of the following additional conditions (“Sapphire’s Conditions”):

(170) **Representations and Warranties.** The representations and warranties set forth in Section 4.1(a) and (c) (Organization), Section 4.2 (Authority; Enforceability), Section 4.3 (Capitalization of the Group Companies), Section 4.4(b)(i) (No Violations), Section 4.9(a) (Absence of Company Material Adverse Effect) and Section 4.16 (Brokers and Finders) shall be true and correct in all respects (in each case (other than in the case of Section 4.9(a)), except for any de minimis inaccuracies) on and as of the date of this Agreement and on and as of the Closing Date with the same force and effect as if made on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that any such representation or warranty is expressly stated to relate to a particular time, date or period, in which case such representation or warranty only needs to be so true and correct on and as of such time, date or period, as applicable). All other representations and warranties of Athena contained in Article IV of this Agreement shall be true and correct in all respects (without regard to any materiality or Company Material Adverse Effect qualifiers set forth therein) on and as of the date of this Agreement and on and as of the Closing Date with the same force and effect as if made on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that any such representation or warranty is expressly stated to relate to a particular time, date or period, in which case such representation or warranty only needs to be so true and correct on and as of such time, date or period, as applicable), except where the failure to be so true and correct (without regard to any materiality or Company Material Adverse Effect qualifiers set forth therein) has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(171) **Performance.** Athena shall have performed, in all material respects, and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by Athena on or prior to the Closing Date.

(172) **Officer’s Certificate.** Sapphire shall have received a certificate signed by a duly authorized officer of Athena certifying that the conditions set forth in Section 7.2(a) and Section 7.2(b) have been satisfied.

**Additional Conditions to the Obligation of Athena**

. The obligation of Athena to consummate the Closing is subject to the satisfaction (or waiver, if permissible under applicable Law, by Athena) of each of the following additional conditions (“Athena’s Conditions” and, together with the Parties’ Conditions and Sapphire’s Conditions, the “Conditions Precedent”):

(173) **Representations and Warranties.** The representations and warranties set forth in Section 5.1(a) and (c) (Organization), Section 5.2 (Authority; Enforceability), Section 5.3 (Capitalization of the Sapphire Group Companies), Section 5.4(b)(i), (No Violations), Section 5.9(a) (Absence of Sapphire Material Adverse Effect) and Section 5.19 (Brokers and Finders) shall be true and correct in all respects (in each case (other than in the case of Section 5.9(a)))

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except for any *de minimis* inaccuracies) on and as of the date of this Agreement and on and as of the Closing Date with the same force and effect as if made on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that any such representation or warranty is expressly stated to relate to a particular time, date or period, in which case such representation or warranty only needs to be so true and correct on and as of such time, date or period, as applicable). All other representations and warranties of Sapphire contained in Article V of this Agreement shall be true and correct in all respects (without regard to any materiality or Sapphire Material Adverse Effect qualifiers set forth therein) on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that any such representation or warranty is expressly stated to relate to a particular time, date or period, in which case such representation or warranty only needs to be so true and correct on and as of such time, date or period, as applicable), except where the failure to be so true and correct (without regard to any materiality or Sapphire Material Adverse Effect qualifiers set forth therein) has not had and would not reasonably be expected to have, individually or in the aggregate, a Sapphire Material Adverse Effect.

(174) **Performance.** Sapphire shall have performed, in all material respects, and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by Sapphire on or prior to the Closing Date.

(175) **Officer’s Certificate.** Athena shall have received a certificate signed by a duly authorized officer of Sapphire certifying that the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied.

**Article VIII.**

**SURVIVAL; INDEMNIFICATION**

(176) The representations and warranties set forth in Article IV shall terminate effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability on the part of, nor shall any claim be made by, either Party or its Affiliates with respect to the representations and warranties set forth in Article IV.

(177) Except with respect to the covenants and agreements set forth in Sections 6.1 and 6.2, all covenants and agreements that are required to be performed prior to the Closing shall terminate effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability on the part of, nor shall any claim be made by, either Party or its Affiliates with respect to such covenants and agreements. Any breaches of any covenants or agreements set forth in Section 6.1 or Section 6.2 that occurred on or before the Closing Date shall survive until the six (6) month anniversary of the Closing Date. Notwithstanding the foregoing, any claims asserted with respect to Sections 6.1 or 6.2 in good faith with reasonable specificity (to the extent known at such time) and in writing by notice to the breaching or non-
fulfilling Party prior to the expiration of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved.

(178) To the extent any covenants and agreements contemplate any actions (or inaction) to be taken (or not taken) after the Closing, said covenants and agreements shall survive (with respect to any such actions (or inactions) to be taken (or not taken) after the Closing) in accordance with their terms.

c. Indemnification for Breaches of Covenants

(179) From and after the Closing, Athena shall indemnify and defend each of Sapphire and its Subsidiaries (including the Group Companies) and their respective Representatives, successors and permitted assignees (collectively, the “Sapphire Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any of the Sapphire Indemnitees to the extent resulting from or arising out of any breach or non-fulfillment of any covenant or agreement set forth in Section 6.1 prior to the Closing.

(180) From and after the Closing, Sapphire shall indemnify and defend each of Athena and its Subsidiaries (other than, for the avoidance of doubt, the Group Companies) and their respective Representatives, successors and permitted assignees (collectively, the “Athena Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any of the Athena Indemnitees to the extent resulting from or arising out of any breach or non-fulfillment by Sapphire of any covenant or agreement set forth in Section 6.2 prior to the Closing.

(181) From and after the Closing, Sapphire shall indemnify and defend each Athena Indemnitee in the manner set forth in Exhibit 6.36.

(182) The indemnification provided for in this Section 8.2 (other than Section 8.2(c)) shall be subject to the following limitations:

lxxxii.(x) Athena shall not be liable to the Sapphire Indemnitees for indemnification under Section 8.2(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.2(a) exceeds fifteen million Brazilian Reais (R$ 15,000,000.00), in which event Athena shall be required to pay or be liable only for the Losses that exceed such amount; and (y) Athena’s liability to the Sapphire Indemnitees for indemnification under Section 8.2(a) shall be limited in total and in the aggregate to an amount equal to three billion and nine hundred million Brazilian Reais (R$ 3,900,000,000.00); provided that the limitations set forth in this Section 8.2(d)(i) shall not apply in the event of Willful Breach.
lxxxiii. (x) Sapphire shall not be liable to the Athena Indemnitees for indemnification under Section 8.2(b) until the aggregate amount of all Losses in respect of indemnification under Section 8.2(b) exceeds fifteen million Brazilian Reais (R$ 15,000,000.00), in which event Sapphire shall be required to pay or be liable only for the Losses that exceed such amount; and (y) Sapphire’s liability to the Athena Indemnitees for indemnification under Section 8.2(b) shall be limited in total and in the aggregate to an amount equal to three billion and nine hundred million Brazilian Reais (R$ 3,900,000,000.00); provided that the limitations set forth in this Section 8.2(d)(ii) shall not apply in the event of Willful Breach.

lxxxiv. No Indemnified Party may be indemnified for any Loss under this Agreement to the extent the amount of such Loss resulted in an increase or decrease, as applicable, of the Cash Consideration pursuant to Section 2.2.

(183) Any claim for indemnification under this Section 8.2 shall be asserted by the Person seeking indemnification (an “Indemnified Party”) against the indemnifying Person (the “Indemnifying Party”) by giving reasonably prompt written notice thereof to the Indemnifying Party; provided, however, the failure to give such prompt written notice shall not relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the indemnification claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after receipt of such notice to respond in writing to such indemnification claim accepting or rejecting such indemnification claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the indemnification claim, and whether and to what extent any amount is payable in respect of the indemnification claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Indemnified Party’s and its Affiliates’ premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request; provided, however, that the Indemnified Party shall not be required to give the Indemnifying Party information that (A) the Indemnified Party reasonably determines is competitively sensitive information restricted from disclosure under applicable Law or Order, (B) is subject to the attorney-client privilege or other similar privilege or the attorney work product doctrine, (C) is subject to any obligations of confidentiality which prohibit the disclosure of such information to the Indemnifying Party or its Representatives, or (D) the disclosure of which would otherwise violate any Law or Order applicable to, or Contract (in existence on the date hereof and set forth on the Athena Disclosure Schedule or the Sapphire Disclosure Schedule, as applicable) of, the Indemnified Party or any of its Affiliates. If the Indemnifying Party does not so respond in writing to such indemnification claim accepting or rejecting such indemnification claim within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue a claim pursuant to Section 12.5.
Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Section 8.2, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such agreement or final, non-appealable adjudication by wire transfer of immediately available funds. The Parties agree that should an Indemnifying Party not make full payment of any such obligations within such fifteen (15) Business Day period, any amount payable shall accrue interest from and including the date of such agreement or such final, non-appealable adjudication to but excluding the date such payment has been made at a rate per annum equal to the Brazilian Extra-Group Interbank Deposits Rate – CDI. Such interest shall be calculated daily on the basis of a 365-day year and the actual number of days elapsed, without compounding.

All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the purchase price payable under this Agreement for Tax purposes, unless otherwise required by applicable Law.

The covenants and agreements of an Indemnifying Party and an Indemnified Party’s right to indemnification with respect thereto shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such covenant or agreement is, was or might be breached or non-fulfilled or by reason of the Indemnified Party’s waiver of any condition set forth in Article VII.

From and after the Closing, Athena and its Affiliates shall not have, and shall not exercise or assert (or attempt to exercise or assert), any right of contribution, reimbursement, subrogation or indemnity against any of the Group Companies in connection with any indemnification obligation to which Athena may become subject pursuant to this Agreement. From and after the Closing Date, Athena hereby irrevocably waives and releases (on behalf of itself and its Affiliates) each of the Group Companies from any such right of contribution, reimbursement, subrogation or indemnity.

No Party shall have any Liability under this Section 8.2 for (x) any consequential, special, incidental or indirect damages of any kind or nature, including damages determined as diminution in value or as multiple of earnings or similar financial measure, (y) any punitive or exemplary damages of any kind or nature or (z) except in connection with a Willful Breach of clause (iii)(y), (iv), (v), (xiii), (xiv) and (xvi) of Section 6.1 or clauses (iii)(y), (iv), (v), (xiii), (xiv) (xvi) and (xxiii) of Section 6.2, any loss of revenue or loss of profits.

cu. Exclusive Remedy

Following the Closing, the remedies provided under Section 8.2 of this Agreement shall be the exclusive and sole remedy available to the Athena Indemnities and the Sapphire Indemnities and in lieu of any other remedies or rights available to the Athena Indemnities and the Sapphire Indemnities, at law or in equity, with respect to any claims, disputes, conflicts, damages or otherwise arising out of or related to any covenants and agreements set forth in this Agreement that are required to be performed prior to the Closing.
Article IX.

GOVERNMENTAL ANTITRUST AUTHORITIES

cv. Reasonable Best Efforts; Cooperation; Filings with Governmental Antitrust Authorities

(189) Each of Athena and Sapphire agrees to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate in doing, all things necessary, proper or advisable under applicable Laws and regulations to consummate and make effective the transactions contemplated by this Agreement as promptly as reasonably practicable, which actions include (i) cooperating in determining which filings, notices, statements, submissions of information or applications are required or advisable to obtain the consent, authorization, order, license, registration, permit, variance or approval of, or any exemption, clearance, action, non-action, waiver or exemption by, any Governmental Authority, including any Governmental Authority with regulatory jurisdiction over enforcement of any applicable antitrust Laws (“Governmental Antitrust Authority”), as are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, (ii) furnishing all information and documents required by applicable Law in connection with approvals of, or filings with, any Governmental Antitrust Authority, (iii) filing or submitting, or causing to be filed or submitted, as promptly as practicable following the execution and delivery of this Agreement, any documentation or information that is required, proper or advisable to obtain the consent, authorization, order, license, registration, permit, variance or approval of, or any exemption, clearance, action, non-action, waiver or exemption by, any Governmental Antitrust Authorities, (iv) using reasonable best efforts to obtain as promptly as practicable the CADE Clearance under applicable Law, (v) resolving, as promptly as reasonably practicable, any objections as may be asserted by any Governmental Antitrust Authority with respect to the transactions contemplated hereby, (vi) taking such actions as are necessary to cause the conditions set forth in Article VII to be satisfied as promptly as reasonably practicable (provided that nothing in this Agreement shall be deemed to obligate any Party to waive any such conditions), and (vii) cooperating to the extent reasonable with the other parties hereto in their respective efforts to comply with their respective obligations under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, each of Athena and Sapphire shall use reasonable best efforts to file with CADE any required notification and report forms required to be filed with CADE under the applicable Law as promptly as practicable following the date of this Agreement, but in any event the pre-filing shall be made no later than the twentieth (20th) Business Day following the date of this Agreement. Subject to Sapphire’s compliance with its obligations under this Section 9.1, Sapphire shall, on behalf of the Parties, control and lead all communications and strategy relating to CADE, after consulting and cooperating with and considering in good faith the views of Athena with respect thereto.

(190) In connection with, and without limiting, the efforts referenced in Section 9.1(a), each of Athena and Sapphire shall furnish to the other, and Athena shall cause the Group Companies to furnish to Sapphire, such necessary information and reasonable assistance as
the other may reasonably request in connection with its preparation of any filing or submission that is necessary under applicable Law, including any antitrust merger control Laws, and permit the other Party to review any filing or submission prior to forwarding to the CADE and other Governmental Antitrust Authorities and accept any reasonable comments made by that other Party (it being acknowledged that certain such drafts or documents may be shared in redacted form or on a confidential outside counsel-to-counsel only basis). Athena and Sapphire shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Antitrust Authorities and shall comply as promptly as practicable with any such inquiry or request. Each of Athena and Sapphire agrees not to participate in any substantive meeting or discussion, either in person or by telephone, with any Governmental Antitrust Authority in connection with the transactions contemplated by this Agreement, unless it consults with the other Party in advance and, to the extent not prohibited by such Governmental Antitrust Authority, gives the other Party the opportunity to attend and participate. Sapphire shall lead the filing process and be responsible for the payment of the one-time filing fee to the applicable Governmental Antitrust Authorities in connection with the submission.

(191) Each of Sapphire and Athena agrees to take any and all steps necessary to avoid or eliminate any impediment that may be asserted by any Governmental Antitrust Authority so as to enable the Parties to expeditiously close the transactions contemplated by this Agreement, including proposing, negotiating and consenting to any hold separate order, divestiture, licensing or other disposition or other structural or conduct relief, in each case, with respect to the Sapphire Group Companies or the Group Companies, in order to obtain clearance from any Governmental Antitrust Authority; provided, that, the effectiveness of any such hold separate order, divestiture, licensing or other disposition or other structural or conduct relief shall be contingent on the consummation of the Cash Transfer and the Merger. Notwithstanding the foregoing, the obligations of this Section 9.1(c) shall not apply to Sapphire or Athena to the extent compliance with this Section 9.1(c) would have a material adverse effect on the business, financial condition or results of operations of the Sapphire Group Companies and the Group Companies, taken as a whole, after giving effect to the Cash Transfer and the Merger (such material adverse effect, a “Substantial Detriment”). For purposes of this Section 9.1(c), Substantial Detriment shall mean any hold separate order, divestiture, licensing or other disposition or other structural or conduct relief which involves assets or rights representing, in the aggregate, more than twenty percent (20%) of the combined aggregate gross revenues of the Sapphire Group Companies and the Group Companies for the 12-month period ended December 31, 2019.

(192) Except as specifically required by this Agreement or for the Permitted Sapphire M&A Transactions, each Party shall not, and each Party shall cause its Affiliates not to, directly or indirectly, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business of any Person or other business organization or division thereof, or otherwise acquire or agree to acquire any assets if the entering into a definitive agreement relating to, or the consummation of, such acquisition, merger or consolidation would reasonably be expected to (i) impose any delay in the obtaining of, or increase the risk of conditions being imposed on (even if such conditions do not amount to a Substantial Detriment) or of not obtaining, any authorization, consent, order,
declaration or approval of any Governmental Antitrust Authority necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period, (ii) cause any Governmental Antitrust Authority to enter into an order prohibiting or imposing conditions on the transactions contemplated by this Agreement (even if such conditions do not amount to a Substantial Detriment), or (iii) prevent it from being able to remove any such order on appeal or otherwise.

**Article X.**

**TERMINATION**

This Agreement may be terminated at any time prior to the Closing:

(a) by either Party, if the Closing has not occurred by the date that is the fourteenth (14th) month anniversary of the Confirmation Date (the “Outside Date”); provided, however, that if on the Outside Date all of the conditions set forth in Section 7.1, Section 7.2 and Section 7.3 have been satisfied (or, with respect to the conditions that by their terms must be satisfied at the Closing, are capable of being so satisfied if the Closing would have occurred) or duly waived other than the condition set forth in Section 7.1(a) (to the extent relating to any antitrust approval, waiver or consent) or Section 7.1(b), then Athena or Sapphire may, to the extent such Party is in compliance with all of its obligations hereunder in all material respects, extend the Outside Date for a period of six (6) additional months (as so extended, the “Extended Outside Date”) by delivery of written notice of such extension to the other Party prior to the Outside Date; provided, further, that the right to terminate this Agreement under this Section 10.1(a) will not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or has resulted in, the failure of the Closing to occur by the Outside Date or the Extended Outside Date, as applicable;

(b) by either Party, upon written notice to the other Party, in the event that any Law or Order permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement shall have been made, entered into, issued or passed and shall have become final and non-appealable; provided that the Party seeking to terminate this Agreement pursuant to this Section 10.1(b) shall have used such efforts as required by Section 9.1 to prevent, oppose and remove such Order;

(c) by either Party, if the Sapphire ADR Program Approval or the Sapphire Shareholder Approval shall not have been obtained at the relevant Sapphire shareholders’ meeting (or, if such meetings have been adjourned or postponed in accordance with this Agreement, at the final adjournment or postponement thereof) at which a vote on the resolutions required to implement the transactions contemplated in this Agreement were adopted; provided, that the right to terminate this Agreement pursuant to this Section 10.1(c) shall not be available to Sapphire if action or failure of Sapphire to perform any of its obligations under this Agreement or if action or failure of Sapphire’s Controlling Shareholder to perform any of its obligations under Article XI is the primary cause of, or primarily resulted in, the failure to obtain the Sapphire ADR Program Approval and the Sapphire Shareholder Approval;

(d) by Athena, if Sapphire shall have breached, or failed to comply with, any of its obligations under Section 6.3, Section 6.4 or Section 6.5 in any material respect and, if curable, such breach is not cured within five (5) Business Days after Sapphire receives written notice of such breach from Athena (which notice shall specify in reasonable detail the nature of such breach);
(e) by Athena, if (i) Sapphire breaches any of its representations, warranties, covenants or agreements contained in this Agreement, (ii) such breach would result in the failure of Athena’s Conditions to be satisfied or the inability of Sapphire to take any of the actions to be taken (or caused to be taken) set forth in Section 3.2 and (iii) if curable, such breach is not cured by the earlier of (A) thirty (30) days after Sapphire receives written notice of such breach from Athena (which notice shall specify in reasonable detail the nature of such breach, failure or inability) and (B) the Outside Date;

(f) by Sapphire, if (i) Athena breaches any of its representations, warranties, covenants or agreements contained in this Agreement, (ii) such breach would result in the failure of Sapphire’s Conditions to be satisfied or the inability of Athena to take any of the actions to be taken (or caused to be taken) set forth in Section 3.2 and (iii) if curable, such breach is not cured by the earlier of (A) thirty (30) days after Athena receives written notice of such breach from Sapphire (which notice shall specify in reasonable detail the nature of such breach, failure or inability) and (B) the Outside Date;

(g) by Athena, if (i) the conditions set forth in Section 7.1 and Section 7.2 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver (by the Party entitled to waive the same) of such conditions at the Closing) have been and continue to be satisfied or waived (by the Party entitled to waive the same) in accordance with this Agreement, (ii) Sapphire fails to consummate the Cash Transfer by delivering the Adjusted Cash Consideration within two Business Days of the date on which the Closing should have occurred pursuant to Section 3.1 and (iii) at all times during such two Business Day period described in clause (ii), Athena stood ready, willing and able to consummate the Cash Transfer and the other transactions contemplated by this Agreement and Athena shall have given Sapphire a written notice on or prior to the end of such two Business Day period confirming such fact;

(h) by Sapphire, if (i) the conditions set forth in Section 7.1 and Section 7.3 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver (by the Party entitled to waive the same) of such conditions at the Closing) have been and continue to be satisfied or waived (by the Party entitled to waive the same) in accordance with this Agreement, (ii) Athena fails to consummate the Cash Transfer by delivering the Purchased Company Equity Interests within two Business Days of the date on which the Closing should have occurred pursuant to Section 3.1 and (iii) at all times during such two Business Day period described in clause (ii), Sapphire stood ready, willing and able to consummate the Cash Transfer and the other transactions contemplated by this Agreement and Sapphire shall have given Athena a written notice on or prior to the end of such two Business Day period confirming such fact;

(i) by the mutual written consent of Athena and Sapphire; or

(j) by Athena, prior to the Confirmation Date and subject to compliance with Section 6.9(b), in order to enter into a definitive binding agreement to effect a Superior Proposal; provided that (x) substantially concurrently with such termination Athena enters into a definitive binding agreement with respect to such Superior Proposal in compliance with Section 6.9(b) and (y) substantially concurrently or prior to such termination, Athena shall have paid the Go Shop Termination Payment in accordance with Section 10.3;

cx. **Effect of Termination**

In the event this Agreement is terminated pursuant to this Article X, the transactions contemplated by this Agreement shall be abandoned, without further action by either
of the Parties, and this Agreement shall become void and have no further force and effect and there shall be no Liability hereunder on the part of any of the Parties or their respective Affiliates or Representatives, except that (a) the obligations of Sapphire and Athena set forth in the Confidentiality Agreement shall survive such termination and remain in effect in accordance with its terms, (b) neither Party shall be relieved from any Liabilities arising from a Willful Breach of this Agreement made by such Party prior to such termination or Fraud, and (c) the provisions set forth in this Section 10.2, Section 10.3, Article I, Article XII and the last sentence of Section 6.30 shall survive such termination and remain in effect.

193 Athena shall pay to Sapphire or its designee one hundred and eighty million Brazilian Reais ($180,000,000.00) (the “Go Shop Termination Payment”), by wire transfer of immediately available funds to the account specified in Exhibit 10.3(a), if this Agreement is terminated by Athena pursuant to Section 10.1(j).

194 Sapphire shall pay to Athena or its designee four hundred million Brazilian Reais ($400,000,000.00) (the “Athena Termination Payment”), by wire transfer of immediately available funds to an account or accounts specified by Athena, if this Agreement is terminated pursuant to Section 10.1(c), Section 10.1(d) and Section 10.1(g) or pursuant to Section 10.1(a) when this Agreement could have been terminated pursuant to Section 10.1(c), Section 10.1(d) or Section 10.1(g).

195 Athena shall pay to Sapphire or its designee four hundred million Brazilian Reais ($400,000,000.00) (the “Sapphire Termination Payment”), by wire transfer of immediately available funds to an account or accounts specified by Sapphire, if this Agreement is terminated pursuant to Section 10.1(h) or pursuant to Section 10.1(a) when this Agreement could have been terminated pursuant to Section 10.1(h) (it being understood that, for the avoidance of doubt, the Sapphire Termination Payment shall not be payable in circumstances in which the Go Shop Termination Payment is payable).

196 In the event of the termination of this Agreement under circumstances in which the Go Shop Termination Payment, the Athena Termination Payment or the Sapphire Termination Payment is payable pursuant to this Section 10.3, (i) the Go Shop Termination Payment shall be paid substantially concurrently with or prior to the termination of this Agreement pursuant to Section 10.1(j), (ii) the Athena Termination Payment or the Sapphire Termination Payment, as applicable, shall be paid no later than the second (2nd) Business Day following such termination and (iii) it is agreed that each of the Go Shop Termination Payment, the Athena Termination Payment and the Sapphire Termination Payment constitutes liquidated damages, and not a penalty. Each Party agrees that the agreements contained in this Section 10.3 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Parties would not enter into this Agreement. Accordingly, if Sapphire or Athena, as applicable, fails to pay any amounts due under this Section 10.3 and, in order to obtain such payment, Athena or Sapphire, as applicable, commences a suit that results in a judgment against
Sapphire or Athena, as applicable for such amounts, Sapphire or Athena, as applicable, shall pay interest on such amounts from the date payment of such amounts was due to the date of actual payment at the rate equal to the Brazilian Extra-Group Interbank Deposits Rate – CDI, together with the costs and expenses (including reasonable legal fees and expenses) of Sapphire or Athena, as applicable, in connection with such suit. In the event that the Go Shop Termination Payment, the Athena Termination Payment or the Sapphire Termination Payment is payable and actually paid to Athena or Sapphire, as applicable, in accordance with this Section 10.3, payment of such Go Shop Termination Payment, Athena Termination Payment or the Sapphire Termination Payment, as applicable, shall be the sole and exclusive remedy of Athena and its Affiliates against Sapphire, its Subsidiaries, their respective Affiliates and the former, current and future stockholders, directors, officers, employees, Affiliates and other Representatives of each such Person or the sole and exclusive remedy of Sapphire and its Affiliates against Athena, its Subsidiaries, their respective Affiliates and the former, current and future stockholders, directors, officers, employees, Affiliates and other Representatives of each such Person, as applicable, for any loss or damage based upon, arising out of or relating to this Agreement or the negotiation, execution or performance hereof or the transactions contemplated hereby; provided, however, that payment by Sapphire of the Athena Termination Payment or by Athena of the Go Shop Termination Payment or the Sapphire Termination Payment shall not (x) limit the right of Athena and its Subsidiaries and Representatives or Sapphire and its Subsidiaries and Representatives, as applicable, to recover interest in accordance with the third sentence of this Section 10.3(c), or (y) relieve Athena or Sapphire from any liability or damage resulting from Fraud or Willful Breach.

(197) The Parties acknowledge and agree that in no event shall Sapphire be required to pay more than one Athena Termination Payment or Athena be required to pay more than one Go Shop Termination Payment or Sapphire Termination Payment. The Parties acknowledge and agree that in no event shall Athena be required to pay both the Go Shop Termination Payment and the Sapphire Termination Payment, it being understood and agreed that only one payment of either the Go Shop Termination Payment or the Sapphire Termination Payment shall ever be payable hereunder.

cz. **No Other Termination**

. This Agreement may not be terminated after Closing, and may only be terminated prior to Closing in accordance with Section 10.1 of this Agreement.

da. **Specific Performance**

. The commitments and obligations assumed hereunder by each of the Parties are subject to specific performance, according to the Brazilian Code of Civil Procedure, it being certain that the stipulation of liquidated damages will not constitute adequate and sufficient remedy. For this purpose, the Parties acknowledge that this Agreement, duly signed by two (2) witnesses, constitutes an extrajudicial enforcement instrument (*título executivo extrajudicial*) for all purposes and effects of the Brazilian Code of Civil Procedure.
Article XI.

Sapphire’s Controlling Shareholder

For purposes of this Article XI, Sapphire’s Controlling Shareholder and the Family Members are Parties.

a. Representations and Warranties of Sapphire’s Controlling Shareholder and Family Members

(198) The Sapphire’s Controlling Shareholder and the Family Members hereby represent and warrant to the Parties as follows:

lxxxv. Authority. The Sapphire’s Controlling Shareholder and the Family Members have full capacity, power and authority to execute and deliver this Agreement and to perform their obligations under this Agreement. This Agreement has been duly executed and delivered by the Sapphire’s Controlling Shareholder and the Family Members and (assuming due authorization, execution and delivery by the Parties) constitutes legal, valid and binding obligations of the Sapphire’s Controlling Shareholder and the Family Members, enforceable against the Sapphire’s Controlling Shareholder and the Family Members in accordance with its terms, subject to the Enforceability Exceptions.

lxxxvi. Consents and Approvals; No Violations. The execution and delivery by the Sapphire’s Controlling Shareholder and by the Family Members of this Agreement or the consummation by the Sapphire’s Controlling Shareholder or by the Family Members of the transactions contemplated hereby do not and will not require the Sapphire’s Controlling Shareholder or the Family Members to obtain any Governmental Approval. The execution and delivery by the Sapphire’s Controlling Shareholder and by the Family Members of this Agreement and the consummation of the transactions contemplated hereby, do not and will not (A) conflict with or violate, in any respect, any Law or Order applicable to the Sapphire’s Controlling Shareholder or to the Family Members; (B) result in any breach of, or constitute a default (or an event which, with the giving of notice or lapse of time or both, would constitute a default) under, require a consent or approval under, give any Person any rights of termination, acceleration or cancellation of, or cause or permit the termination, cancellation or acceleration of any right or obligation or the loss of any benefit under, any Contract to which the Sapphire’s Controlling Shareholder or the Family Members are a party; or (C) result in the imposition or creation of any Lien (other than a Permitted Lien) on any of the Equity Interests, assets or properties of the Sapphire’s Controlling Shareholder or of the Family Members, except, in the case of the foregoing clauses (A), (B) and (C), for any such conflicts, violations, breaches, defaults, consents, approvals, terminations, accelerations, cancellations, losses of benefits or Liens that would not, individually or in the aggregate, reasonably be expected to prevent the performance by the Sapphire’s Controlling Shareholder or by the Family Members of any of their obligations under this Agreement.
Ownership of Stockholder Shares. As of the date of this Agreement, the Sapphire’s Controlling Shareholder legally owns seventy three million, eight hundred and thirty six thousand, one hundred and eighty five (73,836,185) shares of Sapphire Common Stock (the “Existing Shares”), representing 57.36% of the total and voting capital of Sapphire, free and clear of all Liens (other than Liens arising under the Organizational Documents of Sapphire or this Agreement, restrictions on transfer imposed by applicable securities Laws and Permitted Liens). Without limiting the foregoing, except for restrictions pursuant to this Agreement, (A) the Sapphire’s Controlling Shareholder has sole voting power and sole power of disposition with respect to all Existing Shares, with no restrictions on the Sapphire’s Controlling Shareholder’s rights of voting or disposition pertaining thereto (except as provided in this Section 11.1(a)(iii)) and (B) no Person other than the Sapphire’s Controlling Shareholder has any right to direct or approve the voting or disposition of any Existing Shares. The Existing Shares constitute all of the shares of Sapphire Common Stock owned of record by the Sapphire’s Controlling Shareholder as of the date hereof.

b. Voting

From the date hereof until the earlier of the Closing and termination of this Agreement in accordance with its terms, and without in any way limiting Sapphire’s Controlling Shareholder’s right to vote the Existing Shares and any shares of Sapphire Common Stock owned or acquired by Sapphire’s Controlling Shareholder on or after the date hereof (together with the Existing Shares, the “Shareholder Shares”) in his sole discretion on any other matters that may be submitted to a stockholder vote or other approval, at any meeting of Sapphire’s shareholders (if required to be held by applicable Law) however called or any adjournment or postponement thereof, Sapphire’s Controlling Shareholder shall vote (or cause or direct to be voted) all outstanding Shareholder Shares, at the relevant meeting of Sapphire’s shareholders and at any adjournment or postponement thereof: (a) in favor of the Sapphire ADR Program Approval and the Sapphire Shareholder Approval; and (b) against any action, proposal, agreement or transaction that would reasonably be expected to impede, interfere with, delay or postpone the transactions contemplated by this Agreement.

c. Restriction on Transfer

From the date hereof until the earlier of the Closing and termination of this Agreement in accordance with its terms, Sapphire’s Controlling Shareholder shall not, directly or indirectly, without the prior written consent of Athena, (a) offer for sale, sell, transfer, tender in any tender or exchange offer, give, pledge, grant, encumber, assign or otherwise dispose of (by merger, testamentary disposition, operation of Law or otherwise) (collectively, “Transfer”), or enter into any contract, option or other arrangement or understanding with respect to the Transfer of, any Shareholder Shares (or any right, title or interest thereto or therein) which would result in Sapphire’s Controlling Shareholder holding less than fifty percent (50%) plus one (1) of the issued and outstanding shares of Sapphire Common Stock, (b) deposit any Shareholder Shares into a voting trust or grant any proxies or enter into a voting agreement, power of attorney or voting trust with respect to any Shareholder Shares or (c) take, or agree to take, any action that would have the effect of preventing or delaying Sapphire’s Controlling Shareholder from performing any of its obligations under this Agreement, including by agreeing (whether or not in writing) to take any of the actions referred to in the foregoing clauses (a) or (b) of this Section 11.3.
d. **Information for SEC Filings**

   Sapphire’s Controlling Shareholder consents to the publishing and disclosing in any filing to the extent required under applicable Law, including the filings contemplated by Section 6.8, the ownership of Sapphire Common Stock or other Equity Interests of Sapphire by Sapphire’s Controlling Shareholder, and the nature of his commitments, arrangements and understandings under this Agreement.

e. **Acquisition of Additional Shares**

   From the date hereof until the earlier of the Closing and termination of this Agreement in accordance with its terms, Sapphire’s Controlling Shareholder shall notify the Parties promptly in writing of the direct or indirect acquisition of record or beneficial ownership of additional shares of Sapphire Common Stock after the date of this Agreement, if any, all of which shall be considered Shareholder Shares and be subject to the terms of this Agreement as though owned by Sapphire’s Controlling Shareholder on the date of this Agreement.

f. **Rights of First Refusal**

   Sapphire’s Controlling Shareholder shall have the right of first refusal as set forth in Section 3.7(b)(iv).

g. **Sapphire Board and Bylaws**

   As part of the resolutions required under the Sapphire Shareholder Approval, at the Sapphire Closing Shareholders Meeting, Sapphire’s Controlling Shareholder shall use its voting power to (a) increase the maximum number of Board Members to nine (9) and elect the Athena Board Members pursuant to Section 6.25 (and their respective deputies) to serve on the Sapphire Board, and (b) approve the adoption of the New Sapphire Bylaws, which ensures, among others as set forth therein, that (I) any related party transactions (entered after the Closing) above five hundred thousand Brazilian Reais (R$ 500,000.00) need to be reviewed and approved by the Sapphire Board; (II) the term of office of the directors serving on the Sapphire Board shall be two (2) years; (II) new statutory officer positions for the Chief Accounting Officer and Chief Operational Officer shall be created; and (III) Sapphire will create the Audit Committee, in the manner set forth in Section 6.25(c).

h. **Post-Closing Voting Restrictions**

   Sapphire’s Controlling Shareholder further undertakes to: (i) for a period of two (2) years from the Closing, not to solicit, recommend or vote against, and to direct the members of the Sapphire Board appointed by him not to solicit, recommend or vote against, any proposal that would reasonably be expected to result in: (A) any of the Athena Board Members being removed from office; (B) an increase or decrease in the number of members of the Sapphire Board; (C) a change in New Sapphire Bylaws to (a) remove the requirement that any related party transactions above five hundred thousand Brazilian Reais (R$ 500,000.00) need to be reviewed and approved by the Sapphire Board, (b) decrease the term of office of the directors or (c) any changes to the composition, rules, or extinguish or amend the functions of the Audit Committee; and (D) any changes to the composition, rules, or extinguish or amend the functions of the Integration Committee and (ii) without limiting the provisions of Section 6.19(b), for a period of three (3) years after Closing, not to solicit, recommend or vote against, and to direct the members of the Sapphire Board appointed by him not to solicit, recommend and to vote against, any proposal that would reasonably be expected to result in the termination of the Sapphire ADR Program.
i. **Family Members’ Undertakings**

The Family Members, which are the legal successors and/or heirs of Sapphire’s Controlling Shareholder: Sandra Cristina Silva Lourette Janguê, his wife, and Thales Janguê Silva Diniz, Elora Cristina Silva Diniz Janguê and Mel Cristina Silva Diniz Janguê, his children: (i) acknowledge that they are legal successors and/or heirs of Sapphire’s Controlling Shareholder, and (ii) agree that, in the event any of them becomes holder of or entitled to all or a portion of the Shareholder Shares or of the voting rights in connection therewith (as successors or assignees of Sapphire’s Controlling Shareholder, by virtue of application of the law or otherwise), by any means whatsoever, such Family Member shall comply with all the obligations under this Agreement that would otherwise be applicable to Sapphire’s Controlling Shareholder, including the voting commitments provided for in Section 11.2, Section 11.7 and Section 11.8 and the restrictions on Transfer provided for in Section 11.3.

j. **Others**

Provisions set forth in Article XII of this Agreement shall apply *mutatis mutandis*.

**Article XII. MISCELLANEOUS**

k. **Fees and Expenses**

Except as otherwise provided in this Agreement, including this Section 12.1, and except for (a) the fees, costs and expenses incurred in connection with the filing, printing and mailing the Sapphire Registration Statements, the Management Proposal and the disclosure documents required in connection with the actions specified in Section 6.8 (which fees, costs and expenses shall be borne equally by Sapphire and Athena), other than the Exchange Offer Documents (which are governed by clause (d) below), (b) any SEC filing fees relating to the Sapphire Registration Statements (which fees shall be borne equally by Sapphire and Athena), (c) any fees payable to the US Stock Exchange in connection with the listing of the ADSs (which fees and expenses shall be borne equally by Sapphire and Athena), (d) any fees, costs and expenses relating to the Exchange Offer Documents (which fees, costs and expenses shall be borne by Athena), (e) the one-time submission fee in connection with the approvals required under Article IX (which fee shall be borne by Sapphire), and (f) the Excess Athena Transaction Expenses and the Excess Sapphire Transaction Expenses (which are governed by Section 2.2), each Party shall pay its own costs and expenses incurred, including fees and disbursements of counsel, financial advisors and accountants, in connection with preparing, entering into and carrying out this Agreement and the consummation of the transactions contemplated by this Agreement, whether or not the transactions contemplated by this Agreement shall be consummated and except as otherwise provided in this Agreement or in any Ancillary Agreement.

l. **Amendment**
This Agreement shall not be amended, modified or supplemented except by an instrument in writing specifically designed as an amendment hereto and executed by all of the Parties.

m. **Waiver and Extension**

At any time prior to the Closing Date, either Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, or (c) except to the extent prohibited by Law, waive compliance with any of the agreements described or conditions contained herein. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed by such Party. The failure of any Party at any time or times to demand performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or the breach of any term contained in this Agreement in one or more instances shall be deemed to be a, or construed as a, further or continuing waiver of such condition or breach.

n. **Governing Law**

This Agreement and all claims arising out of or relating to this Agreement or the transactions contemplated by this Agreement, whether contractual or extracontractual, shall be governed by, and construed in accordance with, the Laws of Brazil.

o. **Arbitration**

(199) All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (“Rules”) by three arbitrators. The claimant(s) shall nominate one arbitrator in the request for arbitration. The respondent(s) shall nominate one arbitrator in the answer to the request. The two party-nominated arbitrators shall then have thirty (30) days to agree, in consultation with the parties to the arbitration, upon the nomination of a third arbitrator to act as president of the tribunal, barring which the International Court of Arbitration of the International Chamber of Commerce shall select the third arbitrator (or any arbitrator that claimant(s) or respondent(s) shall fail to nominate in accordance with the foregoing). The place of arbitration shall be the city of São Paulo, Brazil. The arbitration award shall be issued in São Paulo, Brazil. The language of the arbitration shall be English. The law governing this arbitration agreement shall be the Laws of Brazil.

(200) The tribunal shall be empowered to resolve any and all controversies relating to any dispute, including ancillary matters, and shall be empowered to issue any necessary orders to the Parties, including injunctions and intermediate orders prior to a final decision. The arbitrators shall not make decisions on the basis of equity.
(201) The arbitration award may be enforced in any court of competent jurisdiction over the Parties, their assets or to the courts of the city of São Paulo, State of São Paulo, Brazil, at the parties’ sole discretion. The arbitral award shall be final and binding to the parties of the arbitration proceeding and to their successors and assigns, and the Parties waive any right to appeal. The arbitral award, partial or final, shall, in addition to the requirements provided in the Rules, fully comply with the requirements of Article 489 and its paragraphs, of the Brazilian Code of Civil Procedure. The appointed arbitrators shall expressly confirm, in their independence and impartiality questionnaires, that they will adhere to this procedural provision and the absence of such confirmation will constitute cause for refusal, by any of the parties, to the appointment of the arbitrator.

(202) Each Party retains the right to seek judicial assistance: (a) to compel arbitration; (b) to obtain interim measures for protection of rights prior to the institution of arbitration, which may be upheld, overturned or modified by the arbitration tribunal, after its constitution; (c) to enforce any decision of the arbitration tribunal, including the arbitral award and any enforceable obligation; and (d) to seek annulment of the arbitration award when permitted by Law; which the Parties, at their own discretion, may request to any court having jurisdiction over the Parties or their assets or to the court of the city of São Paulo, State of São Paulo, Brazil. No judicial measure shall be construed as a waiver of arbitration as the exclusive means of dispute resolution selected by the Parties or to the jurisdiction of the arbitrators.

(203) If the Rules are silent on any procedural aspect, they shall be supplemented by the relevant provisions of Brazil’s Law No. 9,307 of September 23, 1996, as amended, supplemented or substituted from time to time.

(204) **Arbitration Costs.** During the course of the arbitration, the Parties shall bear their own expenses, costs and fees of their attorneys, Representatives and technical assistants. At the end of the arbitration, the arbitration panel shall establish in the arbitration award the criteria for the reimbursement of such expenses, costs and legal fees in favor of the Party that prevails, always in the proportion that such Party prevailed.

(205) **Confidentiality.** The Parties agree that the existence, contents and result of the arbitration shall be always kept confidential during its entire course and also after it is concluded. All elements of the arbitration (including the arguments of the parties, evidence, reports, decisions, third party statements and any documents submitted or exchanged within the proceeding) may only be disclosed to the arbitration panel, to the parties, their attorneys, technical assistants and to persons necessarily bound to the arbitration proceeding, except if the disclosure is required for the compliance of the obligations imposed by applicable Law. However, a violation of this covenant shall not affect the enforceability of this Agreement to arbitration or the arbitrators’ award. Violation of confidentiality shall be subject to an expedited judicial collection proceeding pursuant to Brazilian Law (*Execução Judicial*).

(206) The Parties’ obligations under this arbitration provision shall survive the termination of this Agreement. The invalidity or unenforceability of any provision of this section shall not affect the validity or enforceability of the Parties’ obligation to submit their claims to binding arbitration or the other provisions of this section.

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p. Notices

All notices and other communications under this Agreement shall be in writing and shall be deemed given when delivered personally by hand or by overnight courier or other delivery method or when sent by electronic mail transmission (provided that, in the case of electronic mail transmission, either receipt of such electronic mail is acknowledged by the applicable recipient or a confirmatory hardcopy is sent without undue delay by an internationally recognized courier service), in each case, to the following physical and electronic mail addresses (or to such other physical and electronic mail address as a Party may have specified by notice pursuant to this provision):

(207) If to Athena or, prior to the Closing, the Company, to:

Laureate International Universities
650 S. Exeter Street,
Baltimore, MD 21202

Attention: Rick Sinkfield
E-mail:  

with a copy (which shall not constitute notice) to:

Veirano Advogados
Avenida Brigadeira Faria Lima, 3477, 16º andar
São Paulo, SP 04538-000

Attention: Roberto Rudzit
Lior Pinsky
Graziela Lima

Email:

and

Demarest Advogados
Avenida Pedroso de Moraes, 1201,
São Paulo, SP 05419-001

Attention: José Setti Diaz
Email:  

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

Attention: Gary I. Horowitz
Sebastian Tiller
Mark Brod

Email:

(208) If to Sapphire or, after the Closing, the Company, to:

Ser Educacional S.A.
Rua Treze de Maio, 254
Recife, PE CEP 50100-160

Attention: Jányo Diniz / Nathalie Regnier Côrtes
Email: with a copy (which shall not constitute notice) to:

Pinheiro Neto Advogados
Rua Hungria, 1100
São Paulo, SP 01455-906

Attention: Joamir Müller Romiti Alves
Guilherme Sampaio Monteiro

E-mail:

and

Milbank LLP
55 Hudson Yards
New York, NY 10001

Attention: Tobias Stirnberg
Scott W. Golenbock
Francisco R. Nuñez

E-mail:

(209) If to Sapphire’s Controlling Shareholder or a Family Member, to:

Mr. José Janguiê Bezerra Diniz
Rua Treze de Maio, 254
Recife, PE CEP 50100-160

Attention: Mr. José Janguiê Bezerra Diniz
Email: with a copy (which shall not constitute notice) to:

Pinheiro Neto Advogados
q. Currency and Exchange Rates

Unless otherwise specified in this Agreement, all references to currency and monetary values shall mean Brazilian Reais and all payments hereunder shall be made in Brazilian Reais. In the event that there is any need to convert Brazilian Reais into foreign currency, or vice versa, for any purposes under this Agreement, and except as otherwise required by applicable Law (in which case, the exchange rate shall be determined in accordance with such Law), the exchange rate shall be with respect to the conversion of Brazilian Reais to Dollars, or vice versa, the official Brazilian Reais to Dollar exchange rate published by the Brazilian Central Bank (Banco Central do Brasil) on its website under PTAX on the immediately prior Business Day.

r. Entire Agreement; Assignment

This Agreement (including all Exhibits and Schedules to this Agreement and including the Disclosure Schedule) and the Confidentiality Agreement together constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned, in whole or in part, directly or indirectly, by either Party without the prior written consent of the other Party, and any purported assignment or delegation in contravention of this Section 12.8 shall be null and void and of no force and effect; provided, however, that Athena shall be permitted to assign, without the prior written consent of Sapphire, any of its rights, interest or obligations hereunder to any Subsidiary of Athena so long as (x) the assignee agrees in writing to be bound by the provisions of this Agreement, including the rights, interests and obligations so assigned, and (y) Athena remains responsible for the performance of, or otherwise indemnifies, defends and holds Sapphire and its Affiliates harmless for the non-performance of, any such obligations by such assignee. Subject to the preceding sentences of this Section 12.8, this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the Parties and their respective successors and permitted assigns.

s. Parties in Interest

Except as otherwise provided in Section 6.24, this Agreement shall be binding upon and inure solely to the benefit of each Party and its successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall be construed to confer upon any other Person any legal or equitable rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. This Agreement may be amended or terminated, and any
provision of this Agreement may be waived, in accordance with the terms hereof without the consent of any Person other than the Parties.

t. **Severability**

. If any provision set forth in this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, the other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner that is materially adverse to any party to this Agreement. Upon such determination that any provision is invalid, illegal or incapable of being enforced by any law or public policy, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties to this Agreement as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated by the parties to this Agreement to the greatest extent possible.

u. **Headings**

. The table of contents and Article, Section and paragraph headings contained in this Agreement or any Exhibit or Schedule to this Agreement are for convenience of reference only, do not constitute part of this Agreement or any such Exhibit or Schedule and shall not be deemed to limit or otherwise affect, including modifying or influencing the interpretation of, any of the provisions hereof or thereof.

v. **Athena Counsel**

. The Parties acknowledge that (a) Simpson Thacher & Bartlett LLP, Jones Day, Veirano Advogados, Demarest Advogados and Campos Mello Advogados (collectively, the “Athena Counsel”), before the Closing, acted as legal counsel to Athena and its Affiliates (including the Group Companies) in connection with the Cash Transfer, the Merger and the other transactions contemplated in this Agreement, (b) the Athena Counsel has not acted as legal counsel for any other Person in connection with the Cash Transfer, the Merger and any of the other transactions contemplated in this Agreement, and (c) the Athena Counsel may continue to represent Athena and its Affiliates (which will no longer include the Group Companies) after the Closing in connection with any post-Closing matters and disputes adverse to Sapphire and any of its Affiliates (including the Group Companies). In addition, all communications involving attorney-client confidences between Athena, its Affiliates or any of the Group Companies and the Athena Counsel in the course of the negotiation, documentation and consummation of the Cash Transfer, the Merger and the other transactions contemplated in this Agreement shall be deemed to be attorney-client confidences that belong solely to Athena and its Affiliates (and not to the Group Companies).

w. **Sapphire Counsel**

. The Parties acknowledge that (a) Milbank LLP and Pinheiro Neto Advogados (collectively, the “Sapphire Counsel”), before the Closing, acted as legal counsel to Sapphire and
its Affiliates in connection with the Cash Transfer, the Merger and the other transactions contemplated in this Agreement, (b) the Sapphire Counsel has not acted as legal counsel for any other Person in connection with the Cash Transfer, the Merger and any of the other transactions contemplated in this Agreement, and (c) the Sapphire Counsel may continue to represent Sapphire and its Affiliates (which will include the Group Companies) after the Closing in connection with any post-Closing matters and disputes adverse to Athena and any of its Affiliates. In addition, all communications involving attorney-client confidences between Sapphire, its Affiliates and the Sapphire Counsel in the course of the negotiation, documentation and consummation of the Cash Transfer, the Merger and the other transactions contemplated in this Agreement shall be deemed to be attorney-client confidences that belong solely to Sapphire and its Affiliates.

x. **Non-Recourse**

. This Agreement may only be enforced against, and any Action based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as Parties and then only with respect to the specific obligations set forth herein with respect to such Party. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, quotaholder, Affiliate, agent, attorney or other representative of any Party or of any Affiliate of any Party, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any Party under this Agreement or for any Action based on, in respect of or by reason of the transactions contemplated hereby.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LAUREATE EDUCATION, INC.

By: /s/ Jean-Jacques Charhon
Name: Jean-Jacques Charhon
Title: Executive Vice President and Chief Financial Officer

SER EDUCACIONAL S.A.

By: /s/ Janyo Janguie Bezerra Diniz
Name: Janyo Janguie Bezerra Diniz
Title: Diretor Presidente

By: /s/ João Albérico Porto de Aguiar
Name: João Albérico Porto de Aguiar
Title: Diretor Financeiro

REDE INTERNACIONAL DE UNIVERSIDADES LAUREATE LTDA.

By: /s/ Alexandre Braga de Melo
Name: Alexandre Braga de Melo
Title: 

By: /s/ Igor Kojin
Name: Igor Kojin
Title: 

JOSÉ JANGUIÊ BEZERRA DINIZ, solely for the purposes of Section 6.4, Section 6.20, Section 6.25 and Articles VIII and XI

By: /s/ José Janguiê Bezerra Diniz

SANDRA CRISTINA SILVA LOURETTE JANGUIÊ, solely for the purposes of Article XI

By: /s/ Sandra Cristina Silva Lourette Janguiê

THALES JANGUIÊ SILVA DINIZ, solely for the purposes of Article XI

By: /s/ Thales Janguiê Silva Diniz

[Signature Page to Transaction Agreement]
ELORA CRISTINA SILVA DINIZ JANGUIÊ, solely for the purposes of Article XI

By: /s/ Elora Cristina Silva Diniz Janguiê

MEL CRISTINA SILVA DINIZ JANGUIÊ, solely for the purposes of Article XI

By: /s/ Mel Cristina Silva Diniz Janguiê

Witnesses:

By: /s/ Mirella Andrade Feitosa

By: __

Name: Mirella Andrade Feitosa
ID: 8.385.382 SDSIPE

Name:
ID:
EXHIBIT 6.34
SELECT TERMS FOR REGISTRATION RIGHTS AGREEMENT

Parties:
Sapphire agrees to enter into a registration rights agreement substantially consistent with the terms set forth in this Exhibit 6.34 on the Closing Date with (i) Athena and (ii) Wengen Alberta, Limited Partnership (“Wengen”).

Registrable Securities:
“Registrable Securities” shall mean any shares of Sapphire Common Stock and Sapphire ADSs held by the parties to the Registration Rights Agreement received pursuant to (i) the Closing, (ii) any dividend, distribution or otherwise from Athena (including through the Exchange Offer) or (iii) a distribution or otherwise from Wengen, including any other securities issued or issuable with respect to any of the shares of Sapphire Common Stock or Sapphire ADSs described in clauses (i) through (iii) above in connection with a stock dividend, stock split or distribution, combination of shares, or in connection with a merger, consolidation, reclassification, recapitalization, reorganization or other similar transaction; provided, that any such securities will cease to constitute “Registrable Securities” upon the earlier to occur of: (A) the date on which such securities are disposed of by such holder; and (B) the date on which such securities cease to be outstanding.

Initial F-3 Registration:
So long as Registrable Securities remain outstanding, once Sapphire is eligible to file a registration statement on Form F-3, which shall be an automatically effective registration statement if available (the “Initial F-3 Registration”), Sapphire will use commercially reasonable efforts to effectuate such Initial F-3 Registration on behalf of any holders of Registrable Securities which elect to have their securities included therein in accordance with customary terms to be mutually agreed.

Demand Registrations:
Subject to the breathing period referred to below and the termination of registration rights described below, (i) prior to the first distribution of any Registrable Securities by Athena to its stockholders, whether through the Exchange Offer or otherwise (the “First Distribution”), Athena shall be entitled to demand that Sapphire put up a shelf registration statement (if the Initial F-3 Registration has not occurred or is no longer effective) and thereafter effectuate one or more takedowns off of such shelf (which may be “block trades”), or, if a shelf is not available, effectuate one or more stand-alone registered offerings (which, in each case, may be underwritten); and (ii) after the First Distribution, any holder or group of holders collectively holding 5% or more of the then outstanding Registrable Securities shall be entitled to make such demands; provided, that such stand-alone non-shelf registrations or shelf take-downs may not be requested more than (A) (1) three times by Athena prior to the First Distribution and (2) two times by Athena after the First Distribution and (B) two times by Wengen after the First Distribution, and, in each case, such stand-alone non-shelf registrations or shelf take-downs shall include shares of Sapphire Common Stock or Sapphire ADSs having an aggregate market value of at least US$75 million (or the full amount of such party’s holdings of Registrable Securities if less than US$75 million). In the event that Wengen has dissolved or otherwise distributed Registrable Securities to its equityholders prior to its exercise of all of its demand registration rights pursuant to the Registration Rights Agreement, Wengen’s equityholders will be permitted to appoint a representative to exercise any unused demands for registration that could have been exercised by Wengen, so long as such representative executes and delivers a written joinder agreement to Sapphire pursuant to which representative agrees to become party to the Registration Rights Agreement and agrees to be bound thereby. The filing of a shelf registration statement absent an accompanying offering by a holder of Registrable Securities will not count toward the permitted number of demands for any holder of Registrable Securities. Notwithstanding the foregoing, Sapphire will not be obligated to effectuate more than: (X) two shelf takedowns or stand-alone offerings of Registrable Securities pursuant to
the Registration Rights Agreement in any 12 month period; and (Y) three shelf takedowns or stand-alone offerings of Registrable Securities prior to the First Distribution. Under no circumstances shall Sapphire be obligated to effectuate more than an aggregate of four offerings of Registrable Securities pursuant to the Registration Rights Agreement (such offerings to be allocated between Athena and Wengen (or Wengen’s equityholders, as the case may be) as shall be mutually agreed between them).

Subject to customary blackouts referred to below, Sapphire shall use its reasonable best efforts to maintain the effectiveness of any shelf registration statement continuously until the earliest of (i) 150 days, (ii) the day after the date on which all of the Registrable Securities covered by such shelf registration statement have been sold pursuant thereto and (iii) the first date on which there shall cease to be any Registrable Securities covered by such shelf registration statement outstanding.

Regarding cutbacks, all holders of Registrable Securities shall be entitled to participate in any such demand registration/takedown on a pro rata basis and shall have priority over any shares sought to be sold by Sapphire or any other person not party to the Registration Rights Agreement in any such registration/takedown.

There shall be at least a 180-day “breathing period” between the completion of any of the shelf and/or other demand registrations referred to above and any request for any such subsequent registration hereunder.

### Piggyback Rights:

Holders of Registrable Securities shall be entitled to piggyback onto any registration/shelf takedown by Sapphire of the Sapphire Common Stock or Sapphire ADSs for its own account or for the account of any other holders (including holders of any Registrable Securities). Sapphire shall have priority in any registration it has initiated for its own account, and the holders of Registrable Securities collectively shall have parity with any other holder participating in such registration and with any other holders participating in any other registration (other than pursuant to a demand made hereunder) initiated for the account of any holder pursuant to contractual registration rights. Any cutback required with respect to the holders of Registrable Securities, together with any other holders having parity, shall be done on a pro rata basis based upon the number of Registrable Securities requested to be included in such registration/takedown (and any such other holder’s securities).

### Selection of Underwriters:

In the event the offering is to be underwritten, (i) if a majority of the securities to be sold in such offering is being sold by Sapphire for its own account, Sapphire shall have the right to select the underwriter(s) and (ii) otherwise, the holders of a majority of the Registrable Securities requested to be included in such offering shall have the right to select the underwriters with the consent of Sapphire, not to be unreasonably withheld, provided that Sapphire shall have the right to veto any such underwriter selected by the majority of Registrable Securities (other than an underwriter selected in connection with a block trade) if Sapphire concludes, in its sole discretion, that such underwriter has any conflicts of interest with regard to Sapphire.

### Blackouts:

Sapphire shall have a customary right (such right to be mutually agreed) to suspend, at any time (but not more than once in any twelve-month period) the registration process and/or suspend a holder’s ability to use a prospectus if Sapphire believes, in the good faith judgment of the Sapphire Board, that (i) the continuation of the registration process thereof at the time requested would adversely affect a pending or proposed significant corporate event, or negotiations, discussions or pending proposals with respect thereto; or (ii) would require the disclosure of material non-public information.

The filing of a registration statement (or amendment or supplement thereto) by Sapphire cannot be deferred, and the holder’s rights to make sales cannot be suspended, pursuant to the provisions of the immediately preceding paragraph (x) in the case of clause (i) above, for more than thirty days after the abandonment or consummation of any of the proposals or transactions set forth in such clause (i); (y) in the case of clause (ii), until the date upon which such information otherwise has been disclosed by Sapphire; or (z) in any event, in the case of either clause (i) or clause (ii) above, for more than 90 days after the date of the Board’s determination; provided that Sapphire may not suspend any holder’s ability to use a
prospectus for more than an aggregate of 90 days in any 365-day period. In addition, Sapphire shall have the right to suspend the registration process and/or any holder’s ability to use a prospectus during each of its regular quarterly blackout periods applicable to directors and officers under Sapphire’s policies in existence from time to time.

**Lock-Ups:**
In connection with an underwritten offering, Sapphire (including its officers and directors) and any holder of Registrable Securities participating in such offering (or given an opportunity to participate in such offering) shall be subject to customary lock-up arrangements as may be reasonably requested by the lead underwriter selected for the offering.

**Expenses:**
Prior to the First Distribution, in connection with any offering pursuant to the Registration Rights Agreement, (i) Athena shall pay all fees and expenses of its outside counsel, (ii) Athena and Sapphire shall share equally SEC registration fees and (iii) Sapphire shall pay any other transaction-related costs (e.g., fees relating to Sapphire’s counsel, auditor comfort letters, printer fees, etc.). After the First Distribution, Sapphire and Athena shall share equally all costs and expenses associated with each SEC registration and offering, including the reasonable fees and expenses of one firm of attorneys selected by the holders of a majority of the Registrable Securities covered by such registration with the consent of Sapphire, not to be unreasonably withheld. Holders of Registrable Securities will pay underwriting discounts and commissions (and any applicable taxes) on any Registrable Securities sold by them _pro rata_ based upon the number of Registrable Securities sold by them.

**Termination of Registration Rights:**
Sapphire’s obligation to register Registrable Securities for each party to the Registration Rights Agreement will terminate on the earliest to occur of: (A) the third anniversary of the Closing, (B) the date on which such party has disposed of all of its Registrable Securities and (C) the date on which all demand rights permitted by the Registration Rights Agreement have been exercised. Notwithstanding the foregoing, the termination of the registration rights of one holder of Registrable Securities pursuant to clause (B) above will not affect the registration rights of any other party to the Registration Rights Agreement, and the provisions described under “Expenses” above and “Indemnification” below shall survive any such termination. A holder of Registrable Securities may irrevocably waive its registration rights and be released from its obligations under the Registration Rights Agreement.

**Indemnification:**
The Registration Rights Agreement shall include customary indemnification provisions for U.S. securities offerings.

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1 Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Transaction Agreement.
FIRST AMENDMENT

TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT, dated as of July 20, 2020 (this “Amendment”), is entered into by Laureate Education, Inc., a public benefit corporation formed under the laws of the State of Delaware (the “Borrower”), and Citibank, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”).

RECITALS

WHEREAS, reference is hereby made to the Third Amended and Restated Credit Agreement, dated as of October 7, 2019, by and among the Borrower, the lending institutions party thereto from time to time and Citibank, N.A., as Administrative Agent and Collateral Agent (the “Credit Agreement”); capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement;

WHEREAS, the Credit Agreement amends and restates that certain Second Amended and Restated Credit Agreement, dated as of April 26, 2017, as amended through the date immediately prior to the date of the Credit Agreement (the “Prior Credit Agreement”);

WHEREAS, Section 10.4(b) of the Prior Credit Agreement permitted certain (a) liabilities assumed by a transferee, (b) securities received by the Borrower or a Restricted Subsidiary from a transferee and (c) Designated Non-Cash Consideration with respect to a Disposition by the Borrower or a Restricted Subsidiary under Section 10.4(b) of the Prior Credit Agreement to be deemed to be cash for purposes of determining whether a Person making such a Disposition received not less than 75% of the consideration for such a Disposition in the form of cash or Permitted Investments;

WHEREAS, certain clauses of Section 10.4(b) of the Prior Credit Agreement were re-numbered as part of the amendment and restatement of the Prior Credit Agreement pursuant to the terms of the Credit Agreement;

WHEREAS, Section 10.4(b) of the Credit Agreement contains typographical errors with respect to the failure to appropriately update cross-references therein to certain re-numbered clauses thereby creating an ambiguity and defect in Section 10.4(b) of the Credit Agreement;

WHEREAS, pursuant to Section 13.1 of the Credit Agreement, the Administrative Agent, with the consent of the Borrower only, may amend the Credit Agreement to cure any ambiguity, omission, defect or inconsistency, so long as such amendment does not adversely affect the rights of any Lender or Letter of Credit Issuer;

WHEREAS, the Administrative Agent and the Borrower desire to amend the Credit Agreement to correct such ambiguity and defect in Section 10.4(b) of the Credit Agreement;
NOW, THEREFORE, in consideration of the premises contained herein, the parties hereto agree as follows:

a. Amendment to the Credit Agreement. On the Effective Date, the following amendment shall be made to the Credit Agreement and the Borrower consents to such amendment:

i. Section 10.4(b) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(b) the Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of assets (including, without limitation, any Stock or Stock Equivalents in any Restricted Subsidiary whether pursuant to an initial public offering or otherwise) (each of the foregoing, a “Disposition”), for fair value; provided that:

(i) after giving effect to any such sale, transfer or disposition, no Default or Event of Default shall have occurred and be continuing,

(ii) with respect to any Disposition pursuant to this clause (b) for a purchase price in excess of $10,000,000, the Person making such Disposition shall receive not less than 75% of such consideration in the form of cash or Permitted Investments, and

(iii) any non-cash proceeds received are pledged to the Collateral Agent to the extent required under Section 9.12 (provided that such obligation under this clause (iii) shall not be required for so long as the Consolidated Total Debt to Consolidated EBITDA Ratio is less than or equal to 3.0 to 1.0);

provided that the amount of (A) any liabilities (as shown on the Borrower’s or such Restricted Subsidiary’s most recent balance sheet or in the footnotes thereto) of the Borrower or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Obligations (in the case of the Borrower) or the Guarantee (in the case of such Restricted Subsidiary), that are assumed by the transferee of any such assets and for which the Borrower and all of its Restricted Subsidiaries have been validly released by all creditors in writing, (B) any securities or promissory notes or other evidence of indebtedness or similar documentation received by the Borrower or such Restricted Subsidiary from such transferee that are converted by the Borrower or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Disposition (provided that the requirement that such amounts be converted into cash within 180 days following the closing of such Disposition shall not be required for so long as the Consolidated Total Debt to Consolidated EBITDA Ratio is less than or equal to 3.0 to 1.0 at the time of such Disposition), and (C) any Designated Non-Cash Consideration received by the Borrower or such
Restricted Subsidiary in such Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (C) that is at that time outstanding, not to exceed 5.0% of Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration, with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value, shall be deemed to be cash for purposes of Section 10.4(b)(ii), and for no other purpose;”

b. **Representations and Warranties.** The Borrower represents and warrants to each of the Lenders and the Administrative Agent that, as of the date hereof:

i. After giving effect to this Amendment, the representations and warranties set forth in Section 8 of the Amended Credit Agreement are true and correct in all material respects on and as of the date hereof to the same extent as if made on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date; provided that to the extent any such representation and warranty is already qualified by materiality or Material Adverse Effect, such representation and warranty shall be true and correct in all respects.

ii. The Borrower has the requisite power and authority to execute and deliver this Amendment and to perform its obligations under this Amendment. The execution and delivery of this Amendment and the performance by the Borrower of this Amendment has been duly approved by all necessary organizational action of the Borrower. The execution and delivery of this Amendment and the performance under this Amendment by the Borrower does not and will not (i) require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority, where the failure to obtain such registration, consent or approval or give such notice, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect or (ii) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Borrower (other than Liens created under the Credit Documents) pursuant to, the terms of any Contractual Requirement;

iii. This Amendment has been duly executed and delivered by the Borrower and this Amendment is the legally valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability; and

iv. No Default or Event of Default has occurred and is continuing.
c. Amendment Effectiveness. The effectiveness of this Amendment shall be subject to the satisfaction of the following conditions precedent set forth in this Section 3 (the date on which such conditions are satisfied (or waived by the Administrative Agent) is referred to herein as the “Effective Date”):

(a) the Administrative Agent (or its counsel) shall have received from the Borrower a duly executed and delivered counterpart of this Amendment signed by the Borrower; and

(b) the Administrative Agent shall have received all amounts due and payable, solely with respect to reasonable fees, charges and disbursements of counsel, to the Administrative Agent on or prior to the Effective Date pursuant to the Credit Agreement, required to be reimbursed or paid by the Borrower with respect to this Amendment for which invoices have been provided prior to the Effective Date.

d. Effect of Amendment. Except as expressly provided in this Amendment, nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Credit Document in similar or different circumstances. This Amendment shall constitute a “Credit Document”. It is the intent of the parties hereto, and the parties hereto agree, that this Amendment shall not be considered, nor shall it constitute, a novation of the Credit Agreement, any other Credit Document or any of the rights, obligations or liabilities thereunder.

e. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other customary means of electronic transmission (e.g., “pdf”) shall be as effective as delivery of a manually executed counterpart hereof. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Amendment shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. “Electronic Signatures” means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

g. Submission to Jurisdiction; WAIVER OF JURY TRIAL. Section 13.13 of the Amended Credit Agreement is hereby incorporated by reference herein. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AMENDMENT, THE CREDIT AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

h. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the date and year first above written.

LAUREATE EDUCATION, INC., as Borrower

By: /s/ Jean-Jacques Charhon
Name: Jean-Jacques Charhon
Title: Executive Vice President and Chief Financial Officer

CITIBANK, N.A.,

as Administrative Agent

By: /s/ Caesar Wyszomirski
Name: Caesar Wyszomirski
Title: Vice President
August XX, 2020

[DATE], 2020

[NAME]

[TITLE]

Laureate Education, Inc.

650 S. Exeter Street

Baltimore, MD

Dear [NAME]:

Reference is hereby made to the letter agreement, dated May 6, 2020 (the “Letter Agreement”), between you and Laureate Education, Inc. (the “Company”) regarding your [•]% temporary voluntary salary reduction.

The last sentence of the first paragraph of the Letter Agreement is hereby amended in its entirety to read as follows:

“Your annual salary rate will automatically revert to your Current Salary on November 13, 2020, without the need for you or the Company to take any further action to reflect this change.”

Except as expressly provided herein, the terms and provisions of the Letter Agreement shall remain in full force and effect.

As confirmation of acceptance of this amendment to the Letter Agreement extending the Temporary Reduction in Salary, please sign in the space provided below and return an executed copy to me.

Sincerely,

Laureate Education, Inc.

By: ____________

Timothy Grace

Chief Human Resources Officer

ACCEPTED AND AGREED:

Signature: ____________ Date: _____, 2020

[NAME]
I, Eilif Serck-Hanssen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laureate Education, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information related to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2020

/s/ EILIF SERCK-HANSSEN
Eilif Serck-Hanssen
President and Chief Executive Officer
Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jean-Jacques Charhon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laureate Education, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information related to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2020

/s/ JEAN-JACQUES CHARHON
Jean-Jacques Charhon
Executive Vice President and Chief Financial Officer
Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report of Laureate Education, Inc. on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of Laureate Education, Inc. does hereby certify, to the best of such officer’s knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2020

/s/ EILIF SERCK-HANSSN
Eilif Serck-Hanssen
President and Chief Executive Officer

/s/ JEAN-JACQUES CHARHON
Jean-Jacques Charhon
Executive Vice President and Chief Financial Officer

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of Laureate Education, Inc. or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Laureate Education, Inc. and will be retained by Laureate Education, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.