

CONFIDENTIAL

LETTER OF INTENT PERTAINING TO THE PURCHASE OF CERTAIN ASSETS OF ANTIOCH UNIVERSITY

This Letter of Intent (LOI) dated January 9, 2009, between the Antioch University Board of Trustees (“Trustees”), and the Board Pro Tempore of the Antioch College Continuation Corporation (“BPT”) acting at the request of the elected Antioch College Alumni Association Board of Directors, sets forth the terms and conditions under which the Trustees and the BPT intend to enter into one or more definitive agreements.

WHEREAS, the Trustees requested the Alumni Association to create the necessary process, plans and resources in order to permit Antioch College to operate as an independent four-year, residential, liberal arts college in Yellow Springs, Ohio, and a business plan for the transfer of assets from the University to the College, and to present those processes, resources, timetable and business plan to the Trustees for its consideration; and

WHEREAS, the Trustees are committed to resumption of operations at the College at an early time; and

WHEREAS, the Trustees have determined that the College can best be brought to health, vigor, vitality, and long-term sustainability through governance by an independent board of trustees; and

WHEREAS, the Trustees and the BPT stand ready to collaborate to achieve these objectives, pursuant to a plan which contemplates the operation of the newly independent College (the “Independent College”) by Antioch College Continuation Corporation under the direction of the BPT;

NOW, THEREFORE, in support of the stated educational mission of the University, protecting or enhancing the University’s financial position, and allowing for the creation of a plausibly viable College, this LOI details the basis for separation of the College from the University (the “Transaction”). The basic terms and conditions to the Transaction are as follows:

A. Intellectual Property Licenses

Subject to the reversion terms described in Section H, the University will license to the Independent College, on an exclusive, non-transferrable, perpetual, royalty-free basis, the right to use the name "Antioch College" and any and all associated logos, including the exclusive use of the logo identified as the "Vitruvian A" and other appropriate trademarks, service marks, and internet domain names historically associated exclusively with the College (collectively, the “Marks”). The University retains all rights to the name “Antioch” in connection with education institutions other than the name “Antioch College” and further retains any trademarks, service marks, and internet domain names not used exclusively by the College. Further detail regarding

the possible reversion of intellectual property under certain circumstances will be addressed in one or more definitive agreements.

B. Asset Purchase

The Independent College will acquire the right, title, and interest that the University possesses and has in and to the following assets (the "Purchased Assets"):

1. The real estate comprising the campus of Antioch College owned by the University in Yellow Springs Ohio (the "Campus") in its then as-is condition, subject to normal due diligence, including the University's real estate holdings roughly east of Xenia Avenue, with the exception of the Kettering Building, 150 E South College Street, and adjacent land and structures as shown on the diagram annexed hereto as Exhibit A.
2. The real estate comprising Glen Helen Nature Preserve ("Glen Helen").
3. Except as otherwise excluded pursuant to the terms of this LOI, all tangible and intangible personal property (other than the Marks, the treatment of which is described in Section A above), including, but not limited to, furnishings, fixtures, equipment and vehicles, used in connection with the operation of the Campus and Glen Helen, including without limitation those that were placed in storage when and since operations at the College were suspended; no such furnishings, equipment and vehicles will be removed from inventory while agreements pursuant to this LOI are under discussion.
4. All assets owned by the University associated with the periodical known as the Antioch Review (the "Review").
5. Any assets and agreements currently owned or held by the University regarding the Coretta Scott King Center.
6. The real estate and improvements associated with the University's power plant.
7. Copies of records regarding former employees, former students and alumni of the Antioch College campus of the University, transferred as and to the extent permitted by applicable law. Records of students holding contracts for financial aid will not be transferred until the terms of said contracts have been satisfied.
8. The endowments, securities, reserve funds, charitable remainder trusts, and charitable gift annuity funds held for the exclusive use of or intended for the benefit of Antioch College, Glen Helen or the Review, transferred as and to the extent permitted by applicable law. Issues related to endowment or gift liabilities will be addressed in the Definitive Agreements.

It is understood by the Trustees and the BPT that the independent Antioch College and Antioch University will separately assume existing liabilities in unfunded restricted obligations.

9. Exclusive of the University's corporate business records, all books, research materials, and related items owned by the University located in the Olive Kettering Library; provided that the University remains eligible for continued membership in the Ohio Link system from and after the transfer (it being understood that such materials shall be transferred only upon confirmation of such continued eligibility).
10. Antiochiana (the archive and its collections) exclusive of the University's corporate business records.

The following assets of the University would not be transferred in connection with the Transaction:

11. Existing University accounts receivable associated with the operation of the College.
12. The program known as Antioch Education Abroad, including all assets associated with such program.
13. WYSO Radio and its associated FCC licenses, including all assets associated with such program; provided that the University and the Independent College shall enter into a "right of first refusal" purchase agreement pursuant to which the Independent College would be entitled to acquire the aforementioned assets upon the same terms as any proposed disposition thereof by the University.
14. The Kettering Building, 150 E South College Street, and adjacent land and structures; provided that the University and the Independent College shall enter into a "right of first refusal" purchase agreement pursuant to which the Independent College would be entitled to acquire the aforementioned assets upon the same terms as any proposed disposition thereof by the University.
15. All other real property or tangible or intangible personal property not specifically listed in Sections A.1. through A.10.

C. Collaborative Use Descriptions

The following assets of the University have programmatic value to Antioch College. Therefore, although the University will have sole management authority, the Trustees and BPT will develop agreements for collaborative use:

1. WYSO Radio

2. Antioch Education Abroad

The following current and future assets of the Independent College have programmatic value to Antioch University. Therefore, although the Independent College will have sole management authority, the Trustees and BPT will develop agreements for collaborative use:

3. The Glen Helen Nature Preserve
4. Olive Kettering Library (from and after satisfaction of the condition referenced in Section B.9).
5. Antiochiana
6. Sontag Fels Hall provided, however, that the Independent College shall enter into a lease agreement with the University for the space currently occupied by WYSO.

D. Consideration

Consistent with the mutually agreed goal of protecting or enhancing the University's financial position and allowing for the creation of a plausibly viable College, the following are the financial considerations of this transaction.

Cash provided by the Independent College on the Closing Date:

Cash at Closing	[a]	\$5,000,000
Payment for Bonds Payable	[b]	<u>\$1,500,000</u>
TOTAL CASH		\$6,500,000

[a] Non-public confidential gift(s) conditioned on the successful completion of the Transaction to the satisfaction of the BPT on a predetermined established timetable. To be paid to the University in cash on the Closing Date.

[b] Figure represents an estimate of the remaining tax-exempt bond debt principal on improvements to the Campus. Estimate to be revised, and paid to the University in cash, on the Closing Date.

E. Mediation

The Definitive Agreements (as defined in Section F.1 below) would contain provisions requiring the submission of certain disputes to mediation.

F. Conditions

Consummation of the Transaction shall be conditioned upon the satisfaction of the following, in addition to any conditions that may be set forth in the Definitive Agreements, on or before the closing date:

1. The negotiation and execution of definitive agreements setting forth the terms of the Transaction (the "Definitive Agreements") acceptable to the Trustees and BPT, which will contain representations, warranties, and indemnification provisions and other provisions or conditions customary for a transaction of this nature and mutually agreeable to the parties, including any contracts that may need to be transferred from the University to the Independent College.
2. The receipt of any necessary consents or approvals from governmental authorities, creditors and other third parties to the transactions contemplated by this LOI and the Definitive Agreements and/or the operation of the Independent College.
3. Valid assignment to the Independent College of any permits related to ownership and/or use, as applicable, of any of the Purchase Assets, to the extent permitted by applicable law.
4. The election of the BPT to the board of directors of Antioch College Continuation Corporation and the approval by the IRS of an application for recognition of the Antioch College Continuation Corporation as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.
5. Completion of the due diligence review by BPT, which reveals no material financial obligations, lawsuits, or other issues impacting the value of the Purchased Assets or the Marks.
6. Completion of a documented strategic plan, endorsed by the Great Lakes Colleges Association, to seek provisional authorization for Antioch College by the Ohio Board of Regents and provisional accreditation by the North Central Association of Schools and Colleges.

G. Exclusive Dealing

For a period beginning upon the execution of this LOI by each party hereto and ending 90 days thereafter (the "Exclusivity Period"), none of the Trustees, the University, BPT, the Antioch College Continuation Corporation or their respective members, directors, officers, employees, agents or representatives will, directly or indirectly solicit, initiate or encourage any inquiries, proposals or offers from any other person or entity relating to any sale or assignment of any of the Purchased Assets or the Marks. During the Exclusivity Period, the Trustees and the University shall negotiate exclusively with the BPT concerning the sale, assignment, transfer or conveyance of any of the Purchased Assets and/or Marks. The Exclusivity Period can be extended by mutual agreement.

H. Reversion

In the event that the Independent College is unable to achieve accreditation within five years, or to maintain its accreditation (once earned), the University will have the right, if it chooses and subject to the receipt of any necessary governmental or other third party approvals, to have all assets transferred under the Definitive Agreements revert back to the University at no cost, including all items listed in Paragraphs B(1) through (10) above and including all improvements made. In the event that the University is unable to sustain itself as an independent institution, the name "Antioch" used to indicate an educational institution will be assigned and transferred to the Independent College.

I. Expenses

The taskforce ("Taskforce") consisting of two members of the University Board of Trustees, two members of the BPT, and a chair/mediator that has been working with the consent of the University and the BPT to create an agreement, through its legal counsel, will prepare the Definitive Agreements. The cost of the Taskforce attorney (estimated at \$175,000 to \$225,000 for the preparation of the definitive general transaction document, as well as ancillary instruments such as IP licenses, real estate deeds, etc.) will be equally shared by the University and the BPT. The legal fees of the University and the BPT to review and negotiate the Definitive Agreements, and the legal fees of the University and the BPT associated with obtaining approval of the Ohio Attorney General and any other required third party approvals for transfer of endowment funds from the University to the Independent College, up to an aggregate total of \$100,000 shall also be shared equally by the University and the BPT. Except as set forth in the preceding two sentences, each party shall bear its own fees and expenses incurred in connection with this LOI, the Transaction, and the Definitive Agreements.

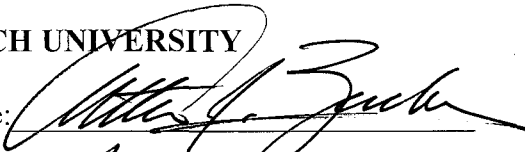
J. Miscellaneous

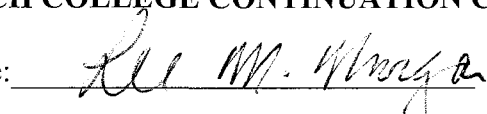
1. The Trustees and the BPT shall negotiate in good faith the terms of the Definitive Agreements and shall use their best efforts to finalize the Definitive Agreements within 90 days of the signing of this Letter of Intent, it being understood and acknowledged that the actual execution of the Definitive Agreements may occur later if necessary consents or approvals from the Ohio Attorney General, other governmental authorities of competent jurisdiction, and the University's creditors have not been received by such date. Further, consistent with Section G, negotiations can be extended beyond 90 days by mutual agreement.
2. It is understood that this LOI is only a letter of intent summarizing and evidencing the discussions between the parties and not an offer or agreement by any party to engage in the Transaction. This LOI does not contain all matters upon which an agreement must be reached in order for the Transaction to be consummated. This LOI does not create a legally binding commitment of any kind with respect to such a Transaction, other than an obligation to negotiate in good faith as required by Section J.1 and to negotiate

exclusively to the extent required by Section G. Except as set forth in the preceding sentence, no obligation of any kind shall exist or arise between the parties by virtue of this LOI unless and until the Definitive Agreements have been executed, in which event the obligations of the parties shall be solely as provided in such Definitive Agreements.

3. This LOI, unless extended by agreement of the parties, shall terminate on the last day of the Exclusivity Period, or earlier upon execution of the Definitive Agreements.
4. This LOI may be executed in counterparts, each of which shall be an original, but both of which together shall constitute one and the same instrument. Facsimile signatures will be an acceptable form of execution.
5. This LOI shall be governed by and construed in accordance with the laws of the State of Ohio.

The foregoing letter of intent is accepted and agreed to by:

ANTIOCH UNIVERSITY
Signature: 
Name: ARTHUR J. ZUCKER
Title: BOARD CHAIR
Date: 1/22/09

ANTIOCH COLLEGE CONTINUATION CORPORATION
Signature: 
Name: Lee M. Morgan
Title: Chair ACCC Board
Date: 1/25/09