

Memorandum of Understanding

This Memorandum of Understanding ("MOU") dated June 20, 2015, is reached by and between Ellen Bowyer, in her capacity as the County Attorney for the County of Amherst, Saving Sweet Briar, Inc. ("SSB") (together with Bowyer, the "Bowyer Plaintiffs"), Sweet Briar Institute (the "College"), and the Attorney General of Virginia.

The College is named as a defendant in three suits pending in the Amherst County Circuit Court: *Commonwealth of Virginia, ex rel. Ellen Bowyer, in her official capacity as County Attorney for the County of Amherst, Virginia v. Sweet Briar Institute, et al.*, Case No. CL15009373-00 (the "Bowyer Suit"); *Jessica Campbell, et al., v. Sweet Briar Institute, et al.*, Case No. CL15009390-00 (the "Campbell Suit"); *John Gregory Brown, et al., v. Sweet Briar Institute*, Case No. CL15009395-00 (the "Faculty Suit") (together, the "Litigation"). At the request of the Attorney General, the Bowyer Plaintiffs and the College, along with the other parties to the Litigation, have been engaged in mediation in an effort to resolve the Litigation.

Through the mediation process, the Bowyer Plaintiffs, the College and the members of the faculty that are plaintiffs in the Faculty Suit (the "Faculty Plaintiffs") have reached an agreement in principle for the resolution of the Litigation and agreed on the form of a written settlement agreement (the "Settlement Agreement"). The proposed Settlement Agreement includes the following key terms:

Operating Funds

1. Saving Sweet Briar would commit to deliver \$12 million in donations for the ongoing operation of the College for the 2015-2016 year. The first \$2.5 million would be delivered by July 2, 2015.
2. The Attorney General would consent to the release of restrictions on \$16 million from the College's endowment for the ongoing operation of the College.
3. Saving Sweet Briar and the Bowyer Plaintiffs believe that these funds would be sufficient to operate the College for the 2015-16 academic year.

Change in Leadership

4. Upon court approval of the Settlement Agreement, at least 13 members of the Board of Directors of the College would resign, and at least 18 new members would be elected to the College's Board of Directors. These new directors would be elected by the current Board from a list of candidates nominated by the plaintiffs in the litigation involving the College pending before the Circuit Court for Amherst County. The new directors would constitute a majority and control the Board.
5. Seven business days after court approval of the Settlement Agreement, the current President of the College will resign, and it is anticipated that the new Board would appoint a new president and other officers for the College. It is anticipated that the new Board will appoint Phillip Stone, who has agreed to serve as the new president.

6. Seven business days after court approval of the Settlement Agreement, it is further anticipated that the new Board would act to continue academic operations of the College beyond August 25, 2015.

Representations

7. Saving Sweet Briar and the Bowyer Plaintiffs represent that they believe that the College has a sustainable future and that, other than by release of restrictions on the College's existing endowment (except as set forth herein), funds will be available to operate and transform the College to reach that sustainable future.

Severance; Employment of Faculty and Staff

8. Faculty and staff of the College will be eligible to receive certain negotiated severance benefits and may be offered employment by the College following the aforementioned change in leadership.

Resolution of Litigation

9. The Settlement Agreement provides for the dismissal of litigation involving the College.

The Bowyer Plaintiffs and the College agree to seek a stay of the Bowyer Suit and a continuance of all scheduled hearings and proceedings, along with a coterminous extension of the injunction in the Bowyer Suit, through the expiration of this MOU. Unless extended by written agreement of the parties to this MOU, this MOU will expire on June 30, 2015 at 5:00 p.m. The parties further agree to ask Judge Updike to schedule a hearing for Monday, June 22, 2015, at a time convenient for the Court for entry of the final Settlement Agreement.

This MOU will be made public by the Attorney General, in conjunction with a statement by the Attorney General ("AG Statement"). From the date of the issuance of the AG Statement, none of the parties shall make any other public disclosure or other announcement concerning the specific terms of the Settlement Agreement, other than to refer to or reconvey the AG Statement and the MOU itself, except as may be required by applicable law or court process.

Under this MOU, the College, the Bowyer Plaintiffs, Saving Sweet Briar and the Attorney General agree to execute the Settlement Agreement once the Faculty Plaintiffs execute the Settlement Agreement and the parties to the Campbell Suit agree to the Settlement Agreement. The Settlement Agreement, by its own terms, will be effective only upon court approval and the entry of consent orders of dismissal resolving the Litigation as set forth therein.

This MOU shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Virginia. The parties submit to the jurisdiction of the court sitting in the Commonwealth of Virginia for purposes of this MOU. Venue for any claims arising under this MOU shall be exclusively in a court of competent jurisdiction in the Commonwealth of Virginia.

This MOU may be executed by counsel for the parties, in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Any party may execute this MOU by transmitting the signature of its counsel by facsimile or electronic means, which signature shall be deemed an original signature for purposes of this MOU.

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