

BY-LAWS
OF
THE AMERICAN UNIVERSITY OF PARIS INC.

ARTICLE I

Organization and Purpose

Section 1.1 Organization. The American University of Paris Inc. (the “University” or “corporation”) is a nonprofit corporation, without capital stock, incorporated under the laws of the State of Delaware. Membership in the corporation shall be comprised solely of members of the Board of Trustees. In France, the University is registered as an *association étrangère déclarée* and uses the name “The American University of Paris”.

Section 1.2 Purpose. The principal purpose of the University is to manage, administer, operate and develop an institution of higher learning in France. It is licensed by the Board of Education of the State of Delaware as an institution of higher learning, is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools and has been authorized in France to open an *établissement d’enseignement supérieur*. The University is exempt from federal income taxation in the United States under Section 501(c)(3) of the Internal Revenue Code and is exempt from taxation in France pursuant to French tax law.

ARTICLE II

Board of Trustees

Section 2.1 Powers; Number; Qualifications. The University shall be managed by or under the direction of the Board of Trustees (the “Board”). The Trustees shall have such powers, authority and responsibilities as are provided by law, the Certificate of Incorporation of the University and these By-Laws, including, without limitation, the power to grant degrees to such candidates as are from time to time recommended by the faculty and honorary degrees to persons recommended from time to time by the President. The number of trustees constituting the entire Board of Trustees shall be not less than three. Subject to such limitation, the entire Board shall consist of such number of trustees as shall be determined from time to time by a majority of the entire Board. The number of trustees may also be increased or decreased at any time and from time to time by amendment of these By-Laws or by a majority vote of the entire Board, except that in no case may any decrease in the number of trustees shorten the term of any incumbent trustee. A majority of the Board of Trustees shall be American citizens.

Trustees shall act in their capacity as members of the corporation in the election of trustees, in the approval under French law and practice of the annual financial statements of the University, in such other matters as the Board may determine and in such matters as shall be required by applicable law.

Section 2.2 Nomination and Election. Trustees shall be elected by the Board from among candidates presented by the Trusteeship Committee. The Trusteeship Committee shall review and recommend candidates for election or reelection by procedures adopted from time to time by the Board. The Trusteeship Committee shall provide each of the trustees, not less than two weeks prior to the meeting at which election or reelection is scheduled to occur, with such biographical and other information about each candidate as the Committee believes necessary or appropriate. Trustees shall be elected at the annual meeting of the Board; provided, however, that any vacancy on the Board may be filled at any regular or special meeting of the Board. The vote of a majority of the trustees present at the meeting at which election occurs shall be required for election. An incumbent trustee who has been nominated for reelection may not vote for himself or herself.

A person who is elected a trustee as provided herein shall at the same time be elected a member of the corporation without further corporate action.

Section 2.3 Term of Office; Resignation; Removal. Each trustee shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Trustees shall generally serve for three year terms; provided, however, that the Board may set terms for trustees for other periods to ensure that terms expire at the time of an annual meeting of the Board and the terms of approximately one-third of the trustees expire each year, and as otherwise provided in these By-Laws. The terms of approximately one-third of the trustees shall expire each year. A trustee may be removed at any time with or without cause by the affirmative vote of the majority of the trustees then in office at any duly called meeting of the Board. Any trustee may resign at any time upon written notice to the Board of Trustees or to the Secretary. Such resignation shall take effect at the time specified in such notice, and, unless otherwise specified therein, no acceptance of such resignation shall be necessary to make it effective.

A person who ceases to be a trustee for any reason shall at the same time cease to be a member of the corporation without further corporate action.

Section 2.4 Quorum of Trustees and Action by the Board. Unless otherwise required by law, by the Certificate of Incorporation or by these By-Laws, one-third of the entire number of the trustees shall constitute a quorum for the transaction of business or of any specified item of business and the vote of a majority of the trustees present at the meeting at the time of such vote, if a quorum is then present, shall be the act of the Board.

There shall be no presence or voting by proxy at meetings of the Board; provided, however, that presence and voting by proxy at meetings of the Board shall be permitted when the members of the Board are acting in their capacity as members of the corporation.

Section 2.5 Meetings of the Board. An annual meeting of the Board of Trustees, which shall be the first regular meeting of the Board after March 31 of each year, shall be held for the election of trustees and the transaction of such other business as may properly come before the meeting.

Regular meetings of the Board shall be held at least three times each year at such times as may be fixed by the Board. Special meetings of the Board may be held at any time whenever called by the Chair, any Vice Chair, or a third of the regular Trustees.

Meetings of the Board of Trustees may be held at such places within or without the State of Delaware as may be fixed by the Board for annual and regular meetings and in the notice of meeting for special meetings.

No notice need be given of regular meetings of the Board of Trustees. Written notice of each special meeting of the Board shall be given to each trustee either by mail not later than noon, Paris time, on the tenth Paris business day prior to the meeting or by electronic mail or by written message hand-delivered to the trustee not later than noon, Paris time, on the second Paris business day prior to the meeting. Notices shall be deemed to have been given by mail when deposited in the post office in Paris, France, by electronic mail at the time sent and by messenger at the time of delivery by the messenger. Notices by mail, electronic mail or messenger shall be sent to each trustee at the address designated by him or her for that purpose, or, if none has been so designated, at his or her last known residence or business address. When deemed warranted by the person or persons calling the meeting, such notice may be given by a shorter period of time by any available means. Notice of a meeting of the Board of Trustees need not be given to any trustee who submits a signed waiver of notice whether before or after the meeting or who attends the meeting without protesting, either prior to or at the commencement of such meeting, the lack of notice to him or her.

A majority of the regular trustees present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of any adjournment of a meeting to another time or place shall be given in the manner described above to the trustees who were not present at the time of the adjournment and, unless such time and place are announced at the meeting, to the other trustees.

A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the Board of Trustees.

The Board may invite members of the administration, faculty, representatives of the student body or other non-trustees to attend all or part of meetings on a special, periodic or on-going basis.

Section 2.6 Informal Action by Trustees; Meetings by Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken by the Board may be taken without a meeting if all trustees consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the trustees shall be filed with the minutes of other proceedings of the Board. Such written consents may be transmitted by electronic mail.

Any one or more of the trustees may participate in a meeting of the Board by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Such participation shall constitute presence in person at a meeting.

Section 2.7 Organization. Meetings of the Board of Trustees shall be presided over by the Chair of the Board, or in the absence of the Chair by the Vice Chair of the Board, if

any, or in the absence of the Vice Chair by a Chair chosen by the Chair of the Board, or if the Chair of the Board is unable to or otherwise does not do so by a Chair chosen by the meeting. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act a secretary of the meeting, or in the absence of the Secretary and any Assistant Secretary the Chair of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Newly Created Trusteeships and Vacancies. Newly created trusteeships resulting from an increase in the number of trustees, and vacancies occurring in the Board of Trustees for any reason, may be filled by vote of a majority of the trustees then in office, provided that there shall be three or more trustees in office. If there shall be fewer than three trustees serving at any time, the trustees then in office shall promptly by unanimous vote name at least such number of trustees as shall be necessary to have three trustees in office. A trustee elected to fill a vacancy shall hold office until the next annual meeting of the Board and until his successor is elected and qualified.

Section 2.9 Annual Report. The Board of Trustees shall direct the Treasurer and the President of the University to present to the Board no later than its annual meeting in each year a report, certified by an independent or certified public accountant or a firm of such accountants selected by the Board, showing in detail the following:

- (a) the assets and liabilities, including restricted funds, of the University as of the end of the immediately preceding fiscal period;
- (b) the principal changes in assets and liabilities, including restricted funds, during said fiscal period;
- (c) the revenue or receipts of the University, both unrestricted and restricted to particular purposes, during said fiscal period; and
- (d) the expenses or disbursements of the University, for both general and restricted purposes, during said fiscal period.

The annual report shall be filed with the records of the University.

Section 2.10 Trustees Emeriti. The Board may elect as Trustee Emeriti trustees who have served with distinction for at least two terms. They shall serve at the pleasure of the Board with no set terms. Trustee Emeriti shall not have voting privileges, nor be counted as part of the number of trustees provided for in Section 2.4 for the purpose of quorum determinations, nor be considered trustees for any other purposes.

ARTICLE III

Committees

Section 3.1 Executive Committee and Other Standing Committees. The Board of Trustees, by resolution adopted by a majority of the entire Board, may establish an Executive Committee and other standing committees, each consisting of three or more trustees designated by the Chair of the Board as provided in Section 3.3, and each of which shall

advise and make recommendations to the Board with respect to the matters, and to the extent, provided in the resolution. The Chair of the Board may designate one or more trustees as alternate members of any standing committee who may replace any absent member or members at any meeting of such committee.

Section 3.2 Special Committees. The Chair of the Board of Trustees may create such special committees as he or she deems desirable, the members thereof to be members of the Board and appointed by the Chair of the Board. Special committees shall have only the duties and responsibilities specifically determined by the Chair and in no case shall have powers which are not authorized for standing committees.

Section 3.3 Committee Objectives, General Organization and Rules. The Chair of the Board of Trustees shall appoint the chairs, vice-chairs and trustee members of all committees annually (except for the Executive Committee, see Section 3.5). They shall serve at the pleasure of the Chair. Chairs, vice chairs and voting members of standing committees shall be trustees. Committee chairs may invite representatives of the administration, faculty, or student body or other non-trustees to participate as non-voting members in the work of their committees. Except for the Executive Committee, each committee shall meet as often as may be required, and normally in conjunction with the regular meetings of the Board of Trustees, and shall report on its work and recommendations to the Board. Standing committees shall meet not less than three times in each calendar year. Agendas for meetings shall be distributed in advance to all trustees, who shall be free to attend committee sessions, but trustees who are not committee members shall not count for purposes of constituting a quorum, nor be entitled to vote. Special committees may include as members graduates or friends of the University who are not trustees.

Unless the Board of Trustees otherwise provides, each committee established by the Board may make, alter and repeal rules for the conduct of its business. In the absence of a contrary provision by the Board of Trustees or in the rules adopted by such committee, a majority of the entire authorized number of members of each committee shall constitute a quorum for the transaction of business, the vote of a majority of the members of a committee present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and each committee shall otherwise conduct its business in the same manner as the Board of Trustees conducts its business under Article II of these By-Laws. The chair of each standing committee shall be prepared from time to time to report to the Executive Committee upon the work of his or her standing committee.

Section 3.4 Informal Action by Committees: Meeting by Telephone Conference. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken by a committee may be taken without a meeting if all members of such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the committee shall be filed with the minutes of the proceedings of such committee. Such written consents may be transmitted by electronic mail.

Any one or more members of any committee may participate in a meeting of such committee by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Such participation shall constitute presence in person at a meeting.

Section 3.5 Executive Committee. The Executive Committee shall consist of the Chair of the Board, the Vice-Chair, if any, the Secretary, the Treasurer, the chairs of other standing committees and up to ten other members of the Board to be appointed by the Chair of the Board. The Chair of the Executive Committee may invite other members of the Board to attend meetings of the Executive Committee. Such invitees shall be non-voting and shall not count for quorum purposes. The President of the University shall be a non-voting member of the Executive Committee and shall not count for quorum purposes. The Committee shall have and may exercise all the power and authority of the Board of Trustees in the management of the business and affairs of the University in the intervals between meetings of the Board, except as the law or the Certificate of Incorporation or these By-Laws may require the vote of a majority or other designated number of the trustees, and except for (a) the election or termination of the President, (b) contracting University indebtedness, (c) adopting University budgets, (d) granting degrees, (e) electing trustees or filling vacancies in the Board of Trustees or in any committee, (f) amending or repealing these By-Laws or adopting new By-Laws, (g) amending or repealing any resolution of the Board which by its terms cannot be amended or repealed, or (h) removing trustees. The Chair of the Board shall serve as Chair of the Executive Committee, or in his or her absence, a Chair chosen as provided in the first sentence of Section 2.7. The Committee shall meet from time to time at the call of its chair, on such notice as he or she deems appropriate, for the transaction of such business as shall be properly brought before it. The minutes of the Committee's actions and decisions shall be presented at the next ensuing meeting of the Board.

Section 3.6 Service of Committees. Each committee of the Board and each member of a standing committee shall serve at the pleasure of the Board. The designation of any such committee and the delegation thereto of authority shall not alone relieve any trustee of his duty under the law to the University.

ARTICLE IV

Officers

Section 4.1 Officers. The Board of Trustees shall elect from among its members, upon recommendation of the Trusteeship Committee, a Chair of the Board, a Secretary and a Treasurer, and, if it so decides, a Vice-Chair of the Board, and one or more Assistant Secretaries and Assistant Treasurers. In addition, the Board shall elect a President of the University, who shall not be a trustee, who shall be the chief executive officer of the University. The Board may also elect, upon the recommendation of the President, one or more Vice-Presidents and other officers and may give any of them such further designation or alternative titles as it considers desirable.

Section 4.2 Term of Office, Resignation and Removal. Each officer shall hold office for the term for which such officer is elected and until his or her successor has been elected and qualified. Unless the Board of Trustees shall otherwise determine, officers who are trustees shall be elected for one year terms at the annual meeting of the Board.

Any officer may resign at any time upon written notice to the Board of Trustees or to the Secretary. Such resignation shall take effect at the time specified in such notice, and, unless otherwise specified therein, no acceptance of such resignation shall be necessary to make it effective.

All officers shall serve at the pleasure of the Board. Accordingly, any officer may be removed by the Board with or without cause at any time. Removal of an officer without cause shall be without prejudice to such officer's contract rights, if any, and the election or appointment of an officer shall not of itself create contract rights.

Section 4.3 Powers and Duties of Officers. The duties and powers of the officers in the management of the University shall be as stated in these By-Laws or in a resolution of the Board of Trustees which is not inconsistent with these By-Laws and, to the extent not so stated, as generally pertain to these respective officers, subject to the control of the Board:

Chair of the Board

The Chair shall preside at all meetings of the Board and shall decide all questions of order, subject, however, to an appeal to the Board, and shall have the right to vote on all questions. He or she shall be the Board's spokesperson and shall serve as the principal officer of the Board and act as liaison officer between the Board and the President. As provided in these By-Laws, the Chair shall determine the composition of all Board standing committees (except for the Executive Committee), may create and determine the composition of all Board special committees, and shall appoint the chairs and vice-chairs of all Board committees. He or she shall be an *ex officio* member of all standing committees, and as provided in Section 3.5 shall serve as chair of the Executive Committee, and he or she shall take such action as may facilitate the work of the Board and its committees.

Secretary

The Secretary shall: (a) keep the minutes of the meetings of the Board of Trustees and Executive Committee and collect any minutes of standing committees and special committees in one or more books maintained for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records of the University; and (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Trustees or the Executive Committee.

Treasurer

The Treasurer shall monitor the financial situation and financial operations of the University and shall have general supervisory authority over the funds and moneys of the University. He or she shall serve as chair of the Business Affairs Committee, unless the Chair of the Board of shall otherwise decide, and shall act as the Board's key advisor in all financial policy and financial management matters. It shall be the responsibility of the Treasurer to ensure that the financial situation and operations of the University are such that the fiduciary responsibilities of the Board collectively, and of its members individually, are properly discharged.

The Treasurer shall report to the Executive Committee and the Board on financial or fiscal developments within or without the University that may significantly affect its operations or financial situation, ensure that appropriate financial and fiscal policies are in place, ensure that the Executive Committee and trustees receive timely, relevant and comprehensible financial statements from the University's administration, consult with the President and the Vice President for Finance and Administration on the preparation of annual budgets, including assessment of key assumptions, ensure that surplus cash and accumulated

donations are invested with due consideration for yield and maintenance value, recommend to the Board the selection of outside auditors, meet with the auditors upon completion of audits to review their reports, obtain their evaluation of the financial management and practices of the University, and present the audit report to the Board with his comments.

In performing his or her duties, the Treasurer shall coordinate with and work through the Vice President for Finance and Administration.

Vice-Chair, Assistant Secretaries and Assistant Treasurers

The Vice-Chair of the Board, if any, shall perform the duties of the Chair in his or her absence, including presiding at Board and Executive Board meetings, shall serve as an *ex officio* member of all standing committees of the Board, and shall perform such other duties and have such other powers as the Board of Trustees may from time to time prescribe by standing or special resolution. In general, the Assistant Treasurers and Assistant Secretaries, if any, shall perform such duties and have such powers as the Board of Trustees may from time to time prescribe by standing or special resolution, or as the Treasurer or the Secretary, respectively, may from time to time provide, subject to the powers and the supervision of the Board.

President

The President of the University, who shall also be the chief executive officer of the University, shall be responsible for the administration and operation of the business and affairs of the University. The President shall be an *ex officio* non-voting member of the Board of Trustees and of all standing committees, and his or her presence at a Board or committee meeting shall not be counted for quorum purposes. The President, or any other proper officer of the University thereunto authorized by the Board of Trustees, may sign any deeds, mortgages, bonds, promissory notes, contracts, or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-Laws to some other officer or agent of the University, or shall be required by law to be otherwise signed or executed, and in general shall perform all duties incident to the office of president and chief executive officer and such other duties as may be prescribed by the Board of Trustees from time to time.

The President shall be responsible to the Board for all educational and managerial affairs and activities of the University; for implementing Board policies; for keeping the Executive Committee and the Board informed on relevant developments within and without the University; and for consulting with the Board and the Executive Committee on matters appropriate to their policy making and fiduciary functions.

The President shall be the chief advisor to and executive agent of the Board, be responsible for implementing Board policies and be the key spokesperson of the University. He or she shall be the official medium of communication between the faculty and the Board, between officers of the administration and the Board, and between the student body and the Board. He or she shall prepare for the Board, within the last six months of the fiscal year, a budget showing anticipated receipts and expenditures of the University for the next succeeding fiscal year. He or she shall recommend to the Board all appointments to administrative positions, and, as provided in these By-Laws, the President shall appoint, following faculty elections and upon the recommendation of the Vice-President for Academic

Affairs and Dean of the University, the chairs of the faculty departments, shall be an *ex officio* non-voting member of the Faculty Senate and the Executive Committee of the Faculty Senate, and may make recommendations to the Executive Committee of the Faculty Senate and request that its members deliberate on specific issues.

The President shall assume the leadership and responsibility for establishing, reviewing and implementing the University's strategies, policies and activities for fund-raising and shall report regularly to the Executive Committee and the Board of Trustees on such efforts.

The President shall have the authority to call upon any and all other officers of administration or instruction in the University for assistance in the performance of his or her duties.

Vice President for Academic Affairs and Dean of the University

There shall be a Vice President for Academic Affairs and Dean of the University elected by the Board of Trustees upon the recommendation of the President. He or she shall be the general assistant to the President in all matters and shall perform the duties of the President in the latter's absence. He or she shall be responsible for the supervision of the University's educational program. He or she shall recommend to the President, following faculty elections, the appointment of faculty department chairs as provided in these By-Laws, shall recommend to the President faculty promotions following review of the recommendations of the faculty Research and Promotion Committee, and shall recommend to the President all faculty hires following review of the recommendations of faculty research committees. He or she shall be an *ex officio* non-voting member of the Faculty Senate and the Executive Committee of the Senate, shall be a member of and preside over the Council of Chairs and shall be a non-voting member of such other Senate standing committees as he may wish.

Vice President for Finance and Administration

There shall be a Vice President for Finance and Administration elected by the Board of Trustees upon the recommendation of the President. He or she shall be the chief accounting and financial officer and chief administrative officer of the University. The Vice President for Finance and Administration shall insure that the rules and regulations prescribed by the Board for the governance of the business and financial affairs of the University are faithfully observed. He or she shall insure that no payment from the current general funds of the University shall be made unless the same has been included in the approved budget for the then current fiscal year, or unless approved by the Business Affairs Committee, the Executive Committee, or the Board. He or she shall see that all payments from restricted funds of the University are made within the limitations and restrictions thereon. He or she shall coordinate with and assist the Treasurer in the performance by the Treasurer of his or her duties as set forth in these By-Laws.

The Vice President for Finance and Administration shall be responsible for keeping proper books of account setting forth the financial position and transactions of the University, and shall prepare the annual financial report of the University. He or she shall submit to the President and to the chair of the Business Affairs Committee before each meeting of the Business Affairs Committee, and at such other times as the President or the chair may request, reports on the financial position of the University. He or she shall prepare the annual

report presented by the Treasurer and the President to the Board as provided in Section 2.10. As provided in Section 2.10, the accounts included in such report shall be audited by an independent certified public accounting firm, and a certificate of the accounting firm shall be submitted with the financial report.

The Vice President for Finance and Administration shall be responsible for collecting, recording and safeguarding all monies and property of every kind belonging to the University. He or she shall be custodian of the funds and securities of the University, which shall be deposited with such banks or trust companies as are approved by the Board.

The Vice President for Finance and Administration shall be responsible for the proper functioning of the administration of the University including compliance with all applicable laws and regulations. He or she shall be authorized to sign on behalf of the University all contracts within the regular University budget or in the usual course of business. Contracts involving items outside the regular University budget or outside the usual course of business shall require the approval of the President, or of the Executive Committee, or of the Board of Trustees. The Vice President for Finance and Administration shall coordinate with and assist the Secretary in the performance by the Secretary of his or her duties as set forth in these By-Laws.

Section 4.4 Filling Vacancies Between Board Meetings. In the case of the removal of the President from office, or his or her death, resignation, or inability to discharge the powers and duties of his or her office, the duties of his or her office shall, until the disability be removed or a President shall be elected by the Board, devolve on the Chair of the Board of Trustees. In the event that any officer provided for in this article, other than the President, shall for any reason be disqualified or shall be unable to discharge the duties of his or her office, a substitute may be appointed to act for such officer until the disability be removed or the vacancy so arising be filled by action of the Board, such interim appointment to be made by the President.

Section 4.5 Agents and Employees. The Board of Trustees may appoint officers, agents and employees who shall have such authority and perform such duties as may be prescribed by the Board. The Board may remove any agent or employee at any time with or without cause. Removal without cause shall be without prejudice to such person's contract rights, if any, and the appointment of such person shall not itself create contract rights.

The compensation, and other terms of employment, of officers, agents and employees who are not trustees and who are appointed by the Board shall be fixed by the Board. The Board may require agents or employees to give security for the faithful performance of their duties.

ARTICLE V

Indemnification and Insurance

Section 5.1 Indemnification. Except as provided in this Section 5.1, the University shall indemnify to the full extent permitted by Delaware Law each person made, or threatened to be made, a party to any action or proceeding (other than one by or in the right of the University to procure a judgment in its favor) whether civil or criminal, by reason of the fact that such person or such person's testator or intestate is or was a trustee or officer of the University, or serves or served at the request of the University any other corporation,

partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal thereof, provided that such officer or trustee acted in good faith for a purpose which he or she reasonably believed to be in or not opposed to the best interests of the University, and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful; and provided further that no such indemnification shall be required with respect to any settlement or other non-adjudicated disposition of any threatened or pending action or proceeding unless the University has given its prior consent to such settlement or other disposition.

The University shall indemnify any person, as above provided, in connection with an action by or in right of the University to procure a judgment in its favor, except that no such indemnification shall be made in respect of (a) a threatened action or a pending action which is otherwise disposed of, or (b) any claim, issue or matter as to which such person shall have been adjudged liable to the University, unless, and only to the extent that, the court in which the action was brought or, if no action was brought, any court of competent jurisdiction determines upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such portion of the settlement amount and expenses as the court deems proper.

The University shall advance or promptly reimburse, upon request, any person entitled to indemnification hereunder for all expenses, including attorneys' fees, reasonably incurred in defending any action or proceeding in advance of the final disposition thereof upon receipt of an undertaking by or on behalf of such person to repay such amount if such person is ultimately found not to be entitled to indemnification or, where indemnification is granted, to the extent the expenses so advanced or reimbursed or allowed by the court exceed the amount to which such person is entitled; provided, however, that such person shall cooperate in good faith with any request by the University that common counsel be utilized by the parties to an action or proceeding who are similarly situated unless to do so would be inappropriate because of actually or potentially differing interests between or among such parties.

Nothing herein shall limit or affect any right of any person otherwise than hereunder to indemnification or expenses, including attorneys' fees, under any statute, rule, regulation, certificate of incorporation, by-law, insurance policy, contract or otherwise.

In case any provision in this Section 5.1 shall be determined at any time to be unenforceable in any respect, the other provisions shall not in any way be affected or impaired thereby, and the affected provision shall be given the fullest possible enforcement in the circumstances, it being the intention of the University to afford indemnifications and advancement of expenses to its trustees and officers, acting in such capacities or in the other capacities mentioned herein, to the fullest extent permitted by law.

A person who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in the first two paragraphs of this Section 5.1 shall be entitled to indemnification as authorized in such paragraphs. Except as provided in the preceding sentence and unless ordered by a court, any indemnification under this Section 5.1 shall be made by the University if, and only if, authorized in the specific case:

- (a) by the Board of Trustees acting by a quorum consisting of trustees who are not parties to such action or proceeding (“disinterested directors”) upon a finding that the trustee or officer has met the standard of conduct set forth in the first, and pursuant to the second, paragraph of this Section 5.1; or
- (b) if a quorum under subparagraph (a) of this Section 5.1 is not obtainable or, even if obtainable, a quorum of disinterested trustees so directs, by the Board of Trustees upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the standard of conduct set forth in this Section 5.1 has been met by such trustee or officer.

The rights provided to any person under this Section 5.1 shall survive the termination of such person as a trustee or officer of the University.

Section 5.2 Insurance. The University shall have the power to purchase and maintain insurance (a) to indemnify the University for any obligation which it incurs as a result of the indemnification of trustees and officers under the provisions of Section 5.1, (b) to indemnify trustees and officers in instances in which they may be indemnified by the University under the provisions of Section 5.1, and (c) to indemnify trustees and officers in instances in which they may not otherwise be indemnified by the University under the provisions of Section 5.1, provided that, in this latter case, all legal requirements be met with regard to the contract of insurance.

No insurance so purchased and maintained may provide for any payment, other than the cost of defense, to or on behalf of any trustee or officer (a) if a judgment or other final adjudication adverse to the insured trustee or officer establishes that his acts of active and deliberate dishonesty were material to the cause of action so adjudicated, or that the person personally gained in fact a financial profit or other advantage to which he or she was not legally entitled, or (b) in relation to any risk the insurance of which is prohibited under Delaware or French insurance law.

Section 5.3 Conditions for Indemnification and Insurance. Notwithstanding anything herein to the contrary, in no case shall the University indemnify, reimburse, or insure any person for any taxes imposed on such individual under Chapter 42 of the Internal Revenue Code of 1986, as amended (the “Code”). Further, if at any time the University is deemed to be a private foundation within the meaning of section 509 of the Code, then, during such time, no payment shall be made under this Article if such payment would constitute an act of self-dealing or taxable expenditure, as defined in Section 4941(d) or 4945(d), respectively, of the Code. Moreover, the University shall not indemnify, reimburse, or insure any person in any instance where such indemnification, reimbursement, or insurance is inconsistent with Section 4958 of the Code, any other provision of the Code applicable to corporations described in Section 501(c)(3) of the Code, the Delaware General Corporation Law, or any other applicable law.

ARTICLE VI

Provisions Affecting Trustees and Officers

Section 6.1 Interested Trustees and Officers. No contract or other transaction between the University and one or more of its trustees or officers, or between the University

and any other corporation, firm, association or other entity in which one or more of its trustees or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone, irrespective of whether such interested trustee or trustees or officer or officers are present at a meeting of the Board of Trustees, or of a committee thereof, which authorizes such contract or transaction and irrespective of whether his or their votes are counted for such purpose. In the absence of fraud any such contract or transaction may be conclusively authorized or approved as fair and reasonable by the Board of Trustees or a duly empowered committee thereof by vote sufficient for such purpose without counting the vote or votes of such interested trustee or officer (although he or they may be counted in determining the presence of a quorum at the meeting which authorizes or approves such contract or transaction), if the material facts as to such trustee's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee as the case may be.

If there was no such disclosure or knowledge, or if the vote of such interested trustee or officer was necessary for the authorization of such contract or transaction at a meeting of the Board of Trustees or committee at which it was authorized, the University may void the contract or transaction unless the party or parties thereto establish affirmatively that the contract or transaction was fair and reasonable as to the University at the time it was authorized by the Board of Trustees or committee.

The provisions of this Section 6.1 shall also apply to the spouse and to family members of an interested trustee and officer. As provided by French corporate law, the Chair shall notify the *commissaires aux comptes* of any such contracts or transactions within one month of their being concluded, and the *commissaires aux comptes* shall deliver a report on such contracts and transactions to the Board of Trustees at each annual meeting of the Board.

Section 6.2 Loans to Directors and Officers. No loans, other than through the purchase of bonds, debentures or similar obligations of the type customarily sold in public offerings, or through ordinary deposit of funds in a bank, shall be made by the University to its trustees or officers, or to any other corporation, firm, association or other entity in which one or more of its directors or officers are trustees or officers or hold a substantial financial interest, except that the University may make a loan to any corporation which is a nonprofit corporation which would qualify as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. A loan made in violation of this paragraph shall be a violation of the duty to the University or of the trustees or officers authorizing it or participating in it, but the obligation of the borrower with respect to the loan shall not be affected thereby.

Section 6.3 Conditions for Loans or Other Transactions. This Article shall, in no event, be construed to authorize any act of self dealing within the meaning of § 4941 of the Code, or any other act expressly prohibited by the Code, the Delaware General Corporation Law, French corporate law or any other applicable law.

Section 6.4 Limitation of Trustee's Liability. Subject to the limitation set forth in Article 11 of the Certificate of Incorporation, the personal liability of a trustee to the University for monetary damages for breach of duty as a trustee shall be limited to an amount equal to the amount of compensation received by the trustee for serving the University during the calendar year in which the violation occurred (and if the trustee received no such compensation from the University during the calendar year of the violation, such director shall have no liability to the University for breach of duty) if such breach did not:

- (a) involve a knowing and culpable violation of law by the trustee;
- (b) enable the trustee to receive an improper personal economic gain;
- (c) show a lack of good faith and conscious disregard for the duty of the trustee to the University under circumstances in which the trustee was aware that his or her conduct or omission created an unjustifiable risk of serious injury to the University; or
- (d) constitute a sustained and unexcused pattern of inattention that amount to an abdication of the trustee's duty to the University.

Any repeal or modification of this Section shall not adversely affect any right or protection of a trustee of the University existing at the time of such repeal or modification.

The University shall cover and advance such expenses in relation to matters where the trustee shall be finally adjudicated in such action, suit or proceeding to be liable except for gross negligence or willful misconduct in the performance of duty.

Section 6.5 Conflict of Interest. A Trustee shall be considered to have a conflict of interest if:

- (a) such trustee has existing or potential financial or other interests which impair or might reasonably appear to impair such trustee's independent, unbiased judgment in the discharge of his or her responsibilities to the University; or
- (b) such trustee is aware that a member of his or her family, or any organization in which the trustee (or member of his or her family) is an officer, director or employee, member, partner, trustee, or controlling stockholder, has such existing or potential financial or other interests.

For the purposes of this provision, a family member is defined as a spouse, parents, siblings, children and any other relative if the latter resides in the same household as the trustee.

All trustees shall disclose to the Board any possible conflict of interest immediately upon becoming aware of the facts that lead to such a conflict. Furthermore, the trustee shall as appropriate either resign or absent or excuse himself or herself from discussions of, and abstain from voting on, such matters under consideration by the Board of Trustees or its committees. The minutes of the relevant meeting shall reflect that a disclosure was made and that the trustee having a conflict or possible conflict abstained from voting.

Any trustee who is uncertain whether a conflict of interest may exist in any matter may request the Board or the Executive Committee to resolve the question in his or her absence by majority vote. Each trustee shall comply with all disclosure policies adopted by the Board of Trustees.

ARTICLE VII

Faculty

Section 7.1 Composition. The faculty shall consist of teacher-scholars, teachers, professional librarians, and those members of the administration whose contracts stipulate that they are members of the faculty.

Section 7.2 Employment Conditions. As employees of an institution located in France, the faculty are subject to and benefit from employment conditions regulated by the French labor code, the applicable *Convention Collective* and the *Accord d'Entreprise* entered into between the faculty and the University.

Section 7.3 Faculty Manual and Guide. The Faculty Manual sets forth the organization, rights and responsibilities of, and the policies and procedures relating to, the faculty of the University in alignment with American traditions of higher education and without prejudice of the faculty's employment conditions referred to in Section 7.2.

Section 7.4 Academic Freedom. The University subscribes to the principle of academic freedom as stated in the Faculty Manual.

Section 7.5 Faculty Rights and Responsibilities.

7.5.1 Shared Governance Policy. Policies and policy decisions affecting the nature of the University, its objectives, the size and composition of the student body, the framing and execution of the long-range plans, and the relative emphasis to be given to the various elements of the educational program, are matters of common concern to the Board of Trustees, the administration, the faculty and students. They shall all share a joint responsibility in the initiation and formulation of these policies through the appropriate committees, with final authority resting with the Board of Trustees.

7.5.2 Curriculum and Instruction. The faculty, individually and collectively, shall be primarily responsible for creating and evaluating the curriculum in the context of current educational developments and future needs, for establishing courses and programs of study consonant with the announced objectives of the University as stated in the University's mission and in the Faculty Manual and for the instruction of students, subject always to the final authority of the Board.

Section 7.6 Faculty Participation in the Governance of the University. The Chair of the Faculty Senate and the Chair of the Executive Committee of the Senate serve as non-voting representatives of the faculty to the Board of Trustees.

ARTICLE VIII

Student Body

Section 8.1 Composition. The student body of the University shall be comprised of all students, full-time and part-time, regularly enrolled in the University.

Section 8.2 Organization. The members of the student body have organized and conduct their affairs through the Student Government Association (composed of the Undergraduate Student Council and the Graduate Student Council) which functions as set forth in The Student Body Constitution of the American University of Paris.

Section 8.3 Recommendations to President of the University. The student body, through the Student Government Association or the Student Senate, may consider and make recommendations to the President regarding any and all aspects of student life at the University.

ARTICLE IX

Nondiscrimination

The University shall at all times have and maintain a policy of nondiscrimination in matters of admissions, employment, and housing, and in access to and participation in its educational programs, services, and activities. No person shall be discriminated against on the basis of race, color, national or ethnic origin, age, gender, sexual orientation, marital status, religion, creed, or disability.

ARTICLE X

Miscellaneous

Section 10.1 Fiscal Year. The fiscal year of the University shall be determined by the Board of Trustees.

Section 10.2 Books and Records to be Kept. The University shall keep at its principal office in Paris, France: (a) correct and complete books and records of account, (b) minutes of the proceedings of the Board of Trustees and any committee of the University, and (c) a current list of the trustees and officers of the University and their residence addresses. Any of the books, minutes and records of the University may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 10.3 Adoption, Amendment and Repeal of By-Laws. By-Laws of the University may be adopted, amended or repealed by the Board of Trustees.