

## ***Medical University Entitled To an Award of Its Contract Damages***



**Medical University fully performed its contractual obligations under the Affiliation and Collaboration Agreement and Licensing Agreement.**

- Expended monumental efforts to launch the first U.S.-style, graduate medical school in Pangea.
- Designed a world-class teaching hospital.



**The Agreements created well-defined payment obligations, which MC unquestionably breached.**



**If the Tribunal enforces the Agreements as written, and there is no reason not to, Medical University's calculation of its contractual damages is essentially unchallenged.**



**MC tries to avoid its clear-cut obligations by raising multiple meritless defenses that:**

- **Are contradicted** by express contractual terms,
- **Do not meet** applicable legal standards,
- **Are unsupported** by the Parties' negotiations and post-contractual conduct.

# The Agreements Defined the Purpose and Goal of the Project

DATED: 2 NOVEMBER 2010

FINAL

## AFFILIATION AND COLLABORATION AGREEMENT

This Affiliation and Collaboration Agreement is made this 2<sup>nd</sup> day of November 2010 (the "Effective Date"), by and among The Medical University, a Maryland nonprofit corporation ("MU"); Medicine International, L.L.C., a Maryland limited liability company ("MI"); MU and MI are sometimes collectively referred to herein as "Medical University"; and Medical Centre Sdn Bhd, a private limited corporation organized under the laws of Pangea's ("MC").

### RECITALS

A. MU is a major degree granting research university in the United States, with nine academic divisions including its School of Medicine, which is consistently ranked among the top medical schools in the United States.

B. MI has been established by MU and The Medical University Health System Corporation ("MHS") to facilitate and deliver certain of MU's and MHS' clinical, teaching and medical research activities in the international arena.

C. Medical University, and MC are desirous of entering into a strategic collaboration to develop Pangea's first private teaching hospital and a private medical school offering a US-style curriculum (the "Project"). MC's vision and mission to establish a fully integrated teaching hospital and medical school, including a research enterprise, is based on the Medical University organization and operating model. As such, MC desires to engage MU and MI to provide: (a) leadership support and consulting services for the development of the teaching hospital and any other affiliated patient care facilities (the "Health System"), and (b) leadership support and educational services for the development of the medical school and research center (the "Medical School"). The Health System and Medical School are sometimes referred to collectively in this Agreement as the "Medical Center."

NOW, THEREFORE, for and in consideration of the premises, and of the mutual representations, warranties, covenants, agreements and conditions herein contained, MU, MI and MC (sometimes referred to in this Agreement individually as a "Party" or collectively as the "Parties") agree as follows:

### ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION

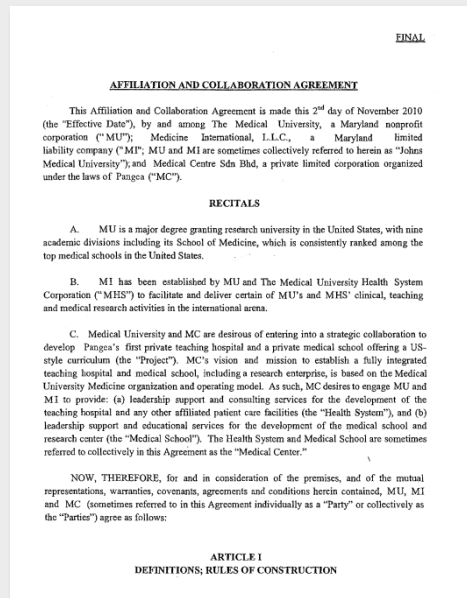
## RECITAL C

Medical University and MC are desirous of entering into a strategic collaboration to **develop Pangea's first private teaching hospital and a private medical school offering a US-style curriculum** (the "Project"). MC's vision and mission to establish a fully integrated teaching hospital and medical school, including a research enterprise, is based on the Medical University Medicine organization and operating model.

# The Agreements Control

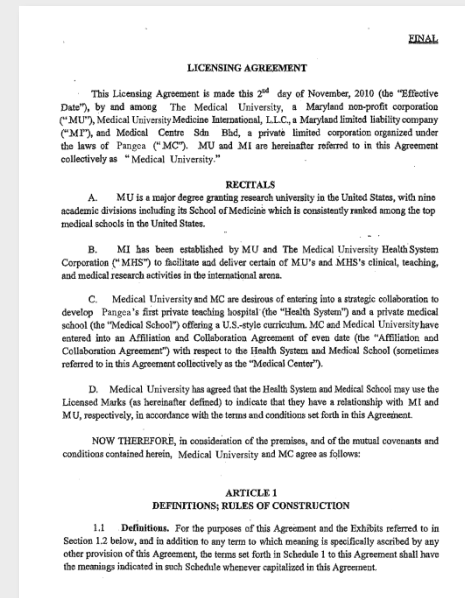
This transaction is governed by, and this dispute should be resolved under, the express terms of integrated, written contracts between The Medical University (MU), Medicine International, LLC (MI), and Medical Centre Sdn Bhd (MC).

## AFFILIATION AND COLLABORATION AGREEMENT DATED: 2 NOVEMBER 2010



xx-092

## LICENSING AGREEMENT DATED: 2 NOVEMBER 2010



xx-093

## *MC Was Obligated to Pay Medical University's Fixed Consulting and Royalty Fees*





# MI Fixed Consulting Fees Under the Terms of the Collaboration Agreement

DATED: 2 NOVEMBER 2010

- Under Section 2.4(b), **MC agreed to pay guaranteed annual minimum consulting fees to MI for the consulting and advisory services** contemplated in Exhibit A of the Collaboration Agreement in connection with the development of the teaching hospital and affiliated patient care facilities.
- MC was obligated to enter into Work Authorizations** totaling the guaranteed annual minimum consulting fees, or was to be invoiced the difference between actual payments and the guaranteed minimum.

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question are engaged in other tasks. The form to be used for such Work Authorizations is attached to this Agreement as Exhibit D.

(b) MC must enter into Work Authorizations with MI that result in the following guaranteed minimum levels of payments for Consulting Services (the "Guaranteed Consulting Services Payments") by MC to MI, respectively, during each Contract Year:

**MI Guaranteed Consulting Services Payments:**

Contract Year 1	US\$500,000
Contract Year 2	US\$500,000
Contract Year 3	US\$500,000
Contract Year 4	US\$250,000
Contract Year 5	US\$200,000
Contract Year 6	US\$200,000
Contract Year 7	US\$200,000
Contract Year 8	US\$200,000
Contract Year 9	US\$200,000
Contract Year 10	US\$200,000

If at the end of a Contract Year, MC has not made the required Guaranteed Consulting Services Payment for that Contract Year to MI, MC shall pay, within thirty (30) days after the end of the Contract Year in question, an amount equal to the sum by which the required Guaranteed Consulting Services Payment set forth above exceeds the actual payments made by MC to MI for Consulting Services in such Contract Year (the "Deficiency Amount"). Any such payment of the Deficiency Amount is non-refundable and will not be credited toward payment for any future Consulting Services. Payments or reimbursements for travel, lodging, communications and other expenses incurred in providing the Consulting Services shall be excluded for purposes of determining whether the Guaranteed Consulting Services Payment for any Contract Year has been achieved. In addition, only the Consulting Services of MI described on Exhibit A to this Agreement shall be included for the purpose of determining whether the Guaranteed Consulting Services Payment to MI has been achieved.

(c) MI will invoice MC for its Services on a monthly basis in accordance with the hourly rates for Consulting Services and travel time set forth in Exhibit E attached to this Agreement or at such other rates or fixed charges as the Parties may agree to in a Work Authorization. MI may change the rates set forth on Exhibit E at any time on thirty (30) days prior written notice to MC.

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## SECTION 2.4(b)

### MI Guaranteed Consulting Services Payments:

Contract Year 1	–	US\$500,000
Contract Year 2	–	US\$500,000
Contract Year 3	–	US\$500,000
Contract Year 4	–	US\$250,000
Contract Year 5	–	US\$200,000
Contract Year 6	–	US\$200,000
Contract Year 7	–	US\$200,000
Contract Year 8	–	US\$200,000
Contract Year 9	–	US\$200,000
Contract Year 10	–	US\$200,000

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# “Fully Loaded Cost” for Leased Faculty

DATED: 2 NOVEMBER 2010

- ❶ MC agreed to pay the “fully loaded cost” of employing MU faculty members leased to PUGSOM at MC’s request.
- ❷ MC also agreed to pay “for any additional costs [Medical University] may incur in connection with replacing the services the faculty member would have otherwise provided to MU.”
- ❸ MC signed Leased Faculty Letters and Reintegration Fee Letters memorializing MC’s obligations with respect to MU faculty leased to PUGSOM.

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services in which event the Parties will enter into a Work Authorization as described below setting forth the cost and deliverables. In most cases, though, Medical University and MC will work together to identify mutually acceptable consulting firms, with MC to contract with, and pay, such firms directly.

(c) If any MU faculty members, in response to a request by MC to MU agree to teach or provide other services at the Medical School for extended periods of time (including only the didactic sessions of up to two (2) weeks described in Section 2.3(a)), MC shall: (i) reimburse MU for its “fully loaded cost” of employing the faculty member(s) in question, plus (ii) reimburse MU for any additional costs it may incur in connection with replacing the services the faculty member would have otherwise provided to MU, plus (iii) pay any moving expenses, housing allowance, travel allowance (for the faculty member and his immediate family) and other additional benefits the faculty member may require as a condition to relocating to Pangloss, plus (iv) make a tax equivalency payment to the individual in an amount equal to any Tax, social security or similar payment due by the individual to any Governmental Authority within Pangloss to the extent an offsetting credit is not available against similar obligations of the individual in his or her country of nationality or residence. “Fully loaded cost” includes, as prorated for the applicable time period, all salary, health insurance, leave and sick time, pension contributions and other benefits due to the individual in question. For example, MU will consider requests by MC to make its faculty members available for limited periods of time in the event the Medical School is not able to recruit its own faculty member(s) to teach specific courses. MU may meet the needs of MC by sending a single faculty member to teach the course for the full semester, or by sending multiple faculty members for limited periods of time as needed to cover the course, or by making faculty members available to teach via the internet. Notwithstanding anything in this Agreement to the contrary, however, MC acknowledges that MU does not consent to make any faculty or other personnel available except to the extent necessary to provide the Consulting Services described in Section 2.3(a). MC agrees not to recruit faculty or other personnel from MU, MU or any other Hopkins Party without first obtaining the written consent of the individual’s employer to such recruitment.

2.4 (d) MU Consulting Services will be provided from time to time as appropriate to assist MC with the development and operation of the Health System. In contrast to the MU Consulting Services, prior to the provision of any specific Consulting Services by MU, MU and MC must enter into work authorizations (the “Work Authorizations”) setting forth the scope, deliverables, time schedule and compensation for the MU Consulting Services in question. MU shall not be obligated to provide a specific Consulting Service if MU and MC are unable to agree upon the terms of the Work Authorizations for the Consulting Services in question. In addition, MU may make additions or deletions to any schedule of its available Consulting Services from time to time, and Consulting Services may be temporarily unavailable if the Medical University faculty or other personnel needed for the provision of the Consulting

## SECTION 2.3(c)

“Fully loaded costs” include, as prorated for the applicable time period, **all salary, health insurance, leave and sick time, pension contributions and other benefits** due to the individual in question.

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# Interest on Late Payments Under the Terms of the Collaboration Agreement

DATED: 2 NOVEMBER 2010

MC agreed to pay default interest at the rate of 12%.

## SECTION 6.4

If any payment to Medical University under this Agreement is made more than fifteen (15) days after its due date, **MC shall pay Medical University interest on the past due amount** from the date due until paid in full at the Default Rate.

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## SCHEDULE 1

**Default Rate: A rate of interest equal at all times to the lesser of:**  
(a) the maximum rate of interest permitted by Law, or  
(b) **twelve percent (12%) per annum.**

xx-092 Schedule 1 at 1



# Medical University's Duties Did Not Extend Beyond What Was Spelled Out In the Agreements

DATED: 2 NOVEMBER 2010

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MI, in the exercise of its reasonable discretion, deems advisable including, without limitation, opinions of counsel. Neither MU nor MI shall in any event be required by this Agreement or MC to take any action, or to refrain from taking any action, if: (a) MU or MI, acting in good faith and after reasonable investigation, is uncertain as to the legal consequences of any such act or failure to act, or (b) doing so would cause MU or MI to violate any Laws of the United States.

10.6 MC and Medical University each respectively represent and warrant to the other that: (a) this Agreement, as executed, is valid, binding and enforceable against it in accordance with its terms, and (b) all board, trustee and/or committee approvals and all other actions, consents and approvals necessary for execution of this Agreement by it have been obtained and are in full force and effect.

10.7 Medical University's role in connection with this transaction is strictly limited to the activities, programs, obligations and duties as provided in this Agreement, the primary purpose of which is to assist MC in enhancing the reputation and overall quality of healthcare provided at the Medical Center and the educational and research activities undertaken at the Medical Center. MU and MI are not familiar with the Laws, business conditions, economics of health care or other factors within Pangea that may prevent or limit achieving the goals of MC for the Medical Center. Neither Medical University nor any other University Party makes any representation or warranty of any nature, express or implied, to MC or any other party with respect to faculty or student recruitment, patient volumes, reimbursement or payment rates for cases, availability of qualified physicians or other healthcare professionals, operating costs, legal restrictions or any other factors that might affect the financial viability or economic success of the Medical Center.

10.8 MC agrees that MI, MU and any other Medical University Person (either individually or collectively) shall not be liable to MC for any Claims or other liabilities in any way arising out of or relating to this Agreement and the Licensing Agreement for an aggregate amount in excess of US \$3,000,000. MC irrevocably and unconditionally waives any right to bring any Claim, or other legal proceeding of any nature seeking damages that would exceed in the aggregate such amount. In addition, any Claims against any University Party pursuant to this Agreement shall only be asserted and enforceable against MI and/or MU. MC irrevocably waives any Claim, whether now or hereafter arising, against any other Medical University Person. MC acknowledges that Medical University would not have entered into this Agreement in the absence of this waiver. In the event MC brings any Claim barred by this Section: (a) MC shall pay all legal fees and court costs of MI, MU or any other Medical University Person in defending any action brought against it, and (b) the aggregate limitation on damages set forth in this Section shall apply to all Claims brought against MI, MU and any other Medical University Person.

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## SECTION 10.7

**Medical University's role in connection with this transaction is strictly limited to the activities, programs, obligations and duties as provided in this Agreement, the primary purpose of which is to assist MC in enhancing the reputation and overall quality of healthcare provided at the Medical Center and the educational and research activities undertaken at the Medical Center.**

**MU and MI are not familiar with the Laws, business conditions, economics of health care or other factors within Pangea that may prevent or limit achieving the goals of MC for the Medical Center.**

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DATED: 2 NOVEMBER 2010

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10.8 MC agrees that MI, MU and any Medical University Person (either individually or collectively) shall not be held liable for, and shall not be held responsible for, any business conditions, economic or other factors within Pangea that may prevent or limit achieving the goals of MC for the Medical Center. MC irrevocably and unconditionally waives any right to bring any Claim, or to seek recovery of any nature, against any University Party pursuant to this Agreement shall only be enforceable against MI and/or MU. MC irrevocably waives any Claim, whether now or hereafter arising, against any other Medical University Person. MC acknowledges that Medical University would not have entered into this Agreement in the absence of this waiver. In the event MC brings any Claim barred by this Section: (a) MC shall pay all legal fees and court costs of MI, MU or any other Medical University Person in defending any action brought against it, and (b) the aggregate limitation on damages set forth in this Section shall apply to all Claims brought against MI, MU and any other Medical University Person.

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**MU and MI are not familiar with the Laws, business conditions, economics of health care or other factors within Pangea that may prevent or limit achieving the goals of MC for the Medical Center.**

## *MC Repeatedly Breached Its Payment Obligations*

- ▶ Almost from the inception of the Agreements, **MC was late in making its required payments to Medical University.**
- ▶ As of the time of termination, **MC had paid nothing to Medical University for ten months.**
- ▶ As of the time of termination, **MC owed Medical University \$6,340,745 plus more than \$1,200,000 in default interest.**
- ▶ **MC also owed Medical University** for payments required for the remainder of the contract term, **totaling more than \$38 million.**

# MC Made No Payments Whatsoever from May 2013 Through the Termination of the Agreements in March 2014

106	6082	5/31/2013	MU Fixed Consulting Fee	Q3 (Jul 1 - Sep 31)	7/1/2013	1,400,207.50	OUT	4,317,811.81
107	6083	5/31/2013	MU Fixed Royalty Fee	Q3 (Jul 1 - Sep 31)	7/1/2013	504,180.00	OUT	4,838,011.81
108	6084	5/31/2013	CREDIT MEMO MU Reimbursement 80026373	May 2013	7/1/2013	(3,120.60)	PD	4,832,329.91
109	6085	5/31/2013	CREDIT MEMO MI Reimbursement Sandy Travel	May 2013	7/1/2013	(6,875.14)	PD	4,827,365.63
110	6086	5/31/2013	Interest Due - Late Charges	May 2013	7/1/2013	32,007.64	OUT	4,863,428.05
111	6132	6/30/2013	MI Travel Reimbursement - March 2013 Clinical Assessment Trip	June 2013	8/1/2013	13,577.23	OUT	4,883,061.78
112	6154	6/30/2013	MI Fees Schematic Design Support	June 2013	8/1/2013	562,458.31	OUT	5,301,515.09
113	6157	6/30/2013	June FY13 Reimbursable Expenditures - Travel	June 2013	8/1/2013	17,300.84	OUT	5,316,980.93
114	6158	6/30/2013	June FY13 Consulting Reimbursables	June 2013	8/1/2013	644.28	OUT	5,317,455.56
115	6159	6/30/2013	June FY13 Leased Staff Reimbursables	June 2013	8/1/2013	19,347.83	OUT	5,337,635.51
116	6160	6/30/2013	June FY13 Default Interest Charges	June 2013	8/1/2013	23,484.50	OUT	5,362,270.01
117	6161	6/30/2013	CREDIT MEMO Leased Faculty Invoice #5521	June 2013	8/1/2013	(12,408.54)	PD	5,351,668.87
118	6225	7/31/2013	July FY14 Reimbursable Expenditures - Travel	July FY14	9/1/2013	782.50	OUT	5,352,341.77
119	6226	7/31/2013	July FY14 Reimbursable Expenditures - Leased	July FY14	9/1/2013	18,267.94	OUT	5,375,882.24
120	6227	7/31/2013	Interest Due - Late Charges	July FY14	9/1/2013	37,532.73	OUT	5,411,289.70
121	6277	8/31/2013	MU Fixed Consulting Fee	Q4 (Oct- Dec)	10/1/2013	1,483,851.97	OUT	6,705,085.86
122	6278	8/31/2013	MU Fixed Royalty Fee	Q4 (Oct- Dec)	10/1/2013	437,520.67	OUT	7,232,071.08
123	6279	8/31/2013	August FY14 Reimbursable Expenditures - Travel	August FY14	10/1/2013	19,138.43	OUT	7,255,144.44
124	6280	8/31/2013	August FY14 Reimbursable Expenditures - Leased	August FY14	10/1/2013	3,772.87	OUT	7,258,136.51
125	6281	8/31/2013	Interest Due - Late Charges	August FY14	10/1/2013	65,070.45	OUT	7,305,172.18
126	6333	9/30/2013	September FY14 Reimbursable Expenditures - Travel	September FY14	11/1/2013	12,668.58	OUT	7,322,438.96
127	6334	9/30/2013	Interest Due - Late Charges	September FY14	11/1/2013	45,943.03	OUT	7,370,339.96
128	6396	10/31/2013	October FY14 Reimbursable Expenditures - Leased	October FY14	12/1/2013	11,267.94	OUT	7,380,588.79
129	6405	10/31/2013	MI Direct Consulting Fees	October FY14	12/1/2013	468,074.22	OUT	7,880,588.79
130	6390	10/31/2013	Reimbursement: MU Perdana Leased Faculty Expenses	October FY14	12/1/2013	390,767.80	OUT	8,281,341.69
131	6397	10/31/2013	October FY14 Reimbursable Expenditures - Travel	October FY14	12/1/2013	25,591.32	OUT	8,316,983.09
132	6398	10/31/2013	Interest Due - Late Charges	October FY14	12/1/2013	54,379.96	OUT	8,376,319.05
133	6399	10/31/2013	Reimbursement: MU Perdana Leased Faculty Expenses	October FY14	12/1/2013	1,002,089.05	OUT	9,453,590.91
134	6510	11/30/2013	Interest Due - Late Charges	November FY14	1/1/2014	58,641.00	OUT	9,519,911.91
135	6497	11/30/2013	MU Fixed Consulting Fee	Q1 (Jan-Mar FY14)	1/1/2014	1,624,867.31	OUT	10,793,376.16
136	6498	11/30/2013	MU Fixed Royalty Fee	Q1 (Jan-Mar FY14)	1/1/2014	492,751.00	OUT	11,323,980.16
137	6499	11/30/2013	November FY14 Reimbursable Expenditures - Travel	November FY14	1/1/2014	35,545.57	OUT	11,360,401.73
138	6500	11/30/2013	Reimbursement: MU Perdana Leased Faculty Expenses	Jan - Mar 2014	1/1/2014	275,704.32	OUT	11,986,109.23
139	6591	12/31/2013	December FY14 Reimbursable Expenditures - Travel	December 2013	2/1/2014	7,980.76	OUT	11,996,047.07
140	6592	12/31/2013	Interest Due - Late Charges	December 2013	2/1/2014	68,188.22	OUT	12,075,313.21
141	6644	1/31/2014	January FY14 Reimbursable Travel	January 2014	3/1/2014	39,587.31	OUT	12,115,398.78
142	6645	1/31/2014	January FY14 Reimbursable Leased Staff	January 2014	3/1/2014	1,875.44	OUT	12,118,123.99
143	6646	1/31/2014	Interest Due - Late Charges	January 2014	3/1/2014	98,769.55	OUT	12,220,343.93
144	6734	2/28/2014	MU Fixed Consulting Fee	Q2 (Apr 1 - Jun 30)	4/1/2014	1,892,761.43	OUT	13,493,808.18
145	6735	2/28/2014	MU Fixed Royalty Fee	Q2 (Apr 1 - Jun 30)	4/1/2014	720,583.34	OUT	14,024,412.18
146	6736	2/28/2014	MU Leased Faculty Fees	Q2 (Apr 1 - Jun 30)	4/1/2014	593,672.43	OUT	14,650,119.68
147	6737	2/28/2014	Interest Due - Late Charges	February 2014	4/1/2014	115,675.48	OUT	14,753,474.91

# MC Made No Payments Whatsoever from May 2013 Through the Termination of the Agreements in March 2014

<b>NO. 6082</b> MU Fixed Consulting Fee <b>\$1,652,745.50</b>	<b>NO. 6132</b> MI Travel Reimbursement <b>\$20,433.73</b>	<b>NO. 6225</b> July FY14 Reimbursable Expenditures – Travel <b>\$865.90</b>	<b>NO. 6277</b> MU Fixed Consulting Fee <b>\$1,456,148.16</b>	<b>NO. 6333</b> Sep. FY14 Reimbursable Expenditures – Travel <b>\$18,154.25</b>	<b>NO. 6396</b> Oct. FY14 Reimbursable Expenditures – Leased <b>\$11,243.83</b>	<b>NO. 6510</b> Interest Due – Late Charges <b>\$65,248.00</b>	<b>NO. 6591</b> Dec. FY14 Reimbursable Expenditures – Travel <b>\$10,471.84</b>	<b>NO. 6644</b> Jan. FY14 Reimbursable Travel <b>\$57,458.57</b>	<b>NO. 6734</b> MU Fixed Consulting Fee <b>\$1,265,484.25</b>
<b>NO. 6083</b> MU Fixed Royalty Fee <b>\$465,000.00</b>	<b>NO. 6154</b> MI Fees Schematic Design Support <b>\$387,523.31</b>	<b>NO. 6226</b> July FY14 Reimbursable Expenditures – Leased <b>\$21,642.47</b>	<b>NO. 6278</b> MU Fixed Royalty Fee <b>\$518,875.25</b>	<b>NO. 6334</b> Interest Due – Late Charges <b>\$45,378.00</b>	<b>NO. 6405</b> MI Direct Consulting Fees <b>\$489,007.00</b>	<b>NO. 6497</b> MU Fixed Consulting Fee <b>\$1,342,487.25</b>	<b>NO. 6592</b> Interest Due – Late Charges <b>\$65,147.14</b>	<b>NO. 6645</b> Jan. FY14 Reimbursable Leased Staff <b>\$1,987.21</b>	<b>NO. 6735</b> MU Fixed Royalty Fee <b>\$489,365.00</b>
<b>NO. 6086</b> Interest Due – Late Charges <b>\$52,045.72</b>	<b>NO. 6157</b> June FY13 Reimbursable Expenditures – Travel <b>\$14,487.84</b>	<b>NO. 6227</b> Interest Due – Late Charges <b>\$32,854.46</b>	<b>NO. 6279</b> Aug. FY14 Reimbursable Expenditures – Travel <b>\$22,987.36</b>		<b>NO. 6390</b> Reimbursement: MU Perdana Leased Faculty Expenses <b>\$368,741.90</b>	<b>NO. 6498</b> MU Fixed Royalty Fee <b>\$469,647.00</b>		<b>NO. 6646</b> Interest Due – Late Charges <b>\$245,789.94</b>	<b>NO. 6736</b> MU Leased Faculty Fees <b>\$457,751.50</b>
	<b>NO. 6158</b> June FY13 Consulting Reimbursables <b>\$489.63</b>		<b>NO. 6280</b> Aug. FY14 Reimbursable Expenditures – Leased <b>\$3,024.08</b>		<b>NO. 6397</b> Oct. FY14 Reimbursable Expenditures – Travel <b>\$34,542.40</b>	<b>NO. 6499</b> Nov. FY14 Reimbursable Expenditures – Travel <b>\$35,564.57</b>			<b>NO. 6737</b> Interest Due – Late Charges <b>\$135,789.23</b>
	<b>NO. 6159</b> June FY13 Leased Staff Reimbursables <b>\$18,174.95</b>		<b>NO. 6281</b> Interest Due – Late Charges <b>\$50,064.67</b>		<b>NO. 6398</b> Interest Due – Late Charges <b>\$49,446.96</b>	<b>NO. 6500</b> Reimbursement: MU Perdana Leased Faculty Expenses <b>\$798,541.50</b>			
	<b>NO. 6160</b> June FY13 Default Interest Charges <b>\$32,562.50</b>				<b>NO. 6399</b> Reimbursement: MU Perdana Leased Faculty Expenses <b>\$1,258,152.86</b>				
MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	JAN 2014	FEB 2014



# MC Made No Payments Whatsoever from May 2013 Through the Termination of the Agreements in March 2014

<b>NO. 6082</b> NO Fixed Consulting Fee <b>UNPAID</b> \$1,592,745.50	<b>NO. 6132</b> All Travel Reimbursement <b>UNPAID</b> \$2,433.75	<b>NO. 6225</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$165.90	<b>NO. 6277</b> NO Fixed Consulting Fee <b>UNPAID</b> \$1,435,748.16	<b>NO. 6333</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$10,154.25	<b>NO. 6396</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,243.85	<b>NO. 6510</b> Interest Due - Late Charges <b>UNPAID</b> \$1,246.00	<b>NO. 6591</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,471.84	<b>NO. 6644</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,458.57	<b>NO. 6734</b> NO Fixed Consulting Fee <b>UNPAID</b> \$1,260,464.25
<b>NO. 6083</b> NO Fixed Royalty Fee <b>UNPAID</b> \$165,960.00	<b>NO. 6154</b> All Fees Schematic Period Support <b>UNPAID</b> \$1,925.31	<b>NO. 6226</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,942.47	<b>NO. 6278</b> NO Fixed Royalty Fee <b>UNPAID</b> \$1,875.25	<b>NO. 6334</b> Interest Due - Late Charges <b>UNPAID</b> \$15,378.00	<b>NO. 6405</b> All Direct Consulting Fee <b>UNPAID</b> \$165,967.00	<b>NO. 6497</b> NO Fixed Consulting Fee <b>UNPAID</b> \$1,542,487.21	<b>NO. 6592</b> Interest Due - Late Charges <b>UNPAID</b> \$1,471.14	<b>NO. 6645</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,997.21	<b>NO. 6735</b> NO Fixed Royalty Fee <b>UNPAID</b> \$165,965.00
<b>NO. 6086</b> Interest Due - Late Charges <b>UNPAID</b> \$2,945.72	<b>NO. 6157</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,481.84	<b>NO. 6227</b> Interest Due - Late Charges <b>UNPAID</b> \$2,854.40	<b>NO. 6279</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$2,387.50		<b>NO. 6390</b> Reimbursement: MU Perdana Lease <b>UNPAID</b> \$268,741.50	<b>NO. 6498</b> MU Fixed Royalty Fee <b>UNPAID</b> \$165,947.00		<b>NO. 6646</b> Interest Due - Late Charges <b>UNPAID</b> \$1,81,69.54	<b>NO. 6736</b> NO Leased Facility Fee <b>UNPAID</b> \$181,751.50
	<b>NO. 6158</b> Ag F114 Consulting Reimbursable <b>UNPAID</b> \$165.95		<b>NO. 6280</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,924.00		<b>NO. 6397</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,342.40	<b>NO. 6499</b> Ag F114 Reimbursable Expenditures Total <b>UNPAID</b> \$1,356.57			<b>NO. 6737</b> Interest Due - Late Charges <b>UNPAID</b> \$181,789.25
	<b>NO. 6159</b> Ag F114 Leased Staff Reimbursable <b>UNPAID</b> \$1,174.99		<b>NO. 6281</b> Interest Due - Late Charges <b>UNPAID</b> \$1,354.67		<b>NO. 6398</b> Interest Due - Late Charges <b>UNPAID</b> \$1,146.56	<b>NO. 6500</b> Reimbursement: MU Perdana Lease <b>UNPAID</b> \$98,541.50			
	<b>NO. 6160</b> Ag F114 Default Interest Charge <b>UNPAID</b> \$1,352.50				<b>NO. 6399</b> Reimbursement: MU Perdana Lease <b>UNPAID</b> \$1,256,152.86				
MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	JAN 2014	FEB 2014

## Of the Invoices MC Did Pay, Payments Came Significantly Late

INVOICE NO.	VALUE	DAYS UNPAID BEYOND 45 DAY GRACE PERIOD			
		100	200	300	400
4102	\$1,452,365.20	19			
4103	\$2,415,896.50	59			
4104	\$5,265,358.00	0			
4152	\$145,789.48			314	
4244	\$145,895.23	22			
4274	\$258,987.30	28			
4403	\$365,895.00	39			
4404	\$2,478,596.00	39			
4407	\$365,895.23	39			
4523	\$25,658.21	39			
4550	\$235,874.00	39			
4551	\$3,369,856.21	39			
4552	\$265,784.48	39			
4577	\$369,854.02			360	
4676	\$478,596.54	84			
4677	\$145,263.23		241		
4743	\$789,563.01	84			
4745	\$254,785.55	84			
4746	\$1,452,658.28		227		
4808	\$36,258.78		203		
4809	\$1,523.47		203		
4855	\$365,895.45		228		
4866	\$3,698.73			390	
4867	\$1,985,635.85		158		
4868	\$265,329.15	15			
4939	\$36,859.63		173		
4944	\$458,625.48		125		
4948	\$2,548.00		125		
4949	\$154,823.25		139		
4950	\$89,635.01		139		
4969	\$78,569.15		111		
5009	\$845.69		111		
5010	\$47,845.95		111		
5011	\$3,692.00		168		
5058	\$745,856.81		67		
5073	\$1,859,654.28		67		
5074	\$987,264.46		67		
5125	\$7,158.94		51		
5126	\$5,000.00		37		



## Medical University's Damages Total Over \$50 Million

**TABLE 1. SUMMARY OF PRESENT VALUE OF DAMAGES** (In thousands of dollars)

Category	Post-Termination			
	Billed and Unpaid	Incurred	Lost Profit	Total
1. MU Fixed Royalty Fees for the Medical School	\$2,874	\$950	\$28,145	\$31,969
2. MU Consulting Fees for the Medical School	\$3,985	\$2,652	\$5,875 – \$8,754	\$12,512 – \$15,391
3. MU Costs for Leased Faculty	\$2,487	\$2,478	\$4,512 – \$4,785	\$9,477 – \$9,750
4. Medical University's Reimbursable Costs	\$456	\$120	–	\$576
5. MI Consulting Fees for the Teaching Hospital	\$1,285	–	\$850 – \$963	\$2,135 – \$2,248
6. MI Royalty Fees for the Teaching Hospital and Lost Profits on Medical Director Fees	–	–	\$4,152 – \$6,125	\$4,152 – \$6,125
<b>TOTALS</b>	<b>\$11,087</b>	<b>\$6,200</b>	<b>\$43,534 – \$48,772</b>	<b>\$60,821 – \$66,059</b>

## ***The “No Representation” Provision Satisfies All Elements of a Reasonable Contract Term***

<b><i>“REASONABLENESS” FACTORS</i></b>	<b><i>SUPPORT</i></b>
Strength of the bargaining positions of the Parties	<b>MC chose to contract with Medical University despite the existence of the “No Representation” Provision in Section 10.7.</b>
Whether the Party received an inducement to agree to the term	<b>The express affirmation that Medical University was making no representations or warranties regarding student recruitment was consistent with Medical University’s stated reliance on MC’s assurances of an ample, high-quality recruitment pool.</b>
Whether the Party knew or should have known of the existence of the term	<b>The substance of the provision was expressly raised during negotiations but remained unchanged.</b>

## *MC's Complaints About Medical University Address Matters that Were Not Required By the Agreements*

	REQUIRED BY THE AGREEMENTS?
Recruit first year entering class of 100 students	<b>NO</b>
Renegotiate payment terms of the Agreements	<b>NO</b>
Issue Medical University dual degree	<b>NO</b>
Create website link of MU's website	<b>NO</b>
Refer rejected applicants to WIGWAM	<b>NO</b>
Recruit students using Middle Eastern connections	<b>NO</b>
Waive interest on late payments	<b>NO</b>