



AGREEMENT BETWEEN
CONFUCIUS INSTITUTE HEADQUARTERS OF CHINA
AND
AUBURN UNIVERSITY AT MONTGOMERY OF THE UNITED
STATES ON THE ESTABLISHMENT OF
CONFUCIUS INSTITUTE AT AUBURN UNIVERSITY AT
MONTGOMERY

In order to strengthen educational cooperation between China and the United States, support and promote the development of Chinese language education, and increase mutual understanding among people in China and in the United States, according to the *Constitution and By-laws of Confucius Institutes*, the Confucius Institute Headquarters of China (“the Headquarters”) and Auburn University at Montgomery (AUM), for the establishment of the Confucius Institute at Auburn University at Montgomery (the Institute), hereby agree as follows:

Article 1 Purpose

The purpose of this agreement is to identify the respective rights and responsibilities of the Headquarters and AUM in the establishment and management of the Institute.

Article 2 Character

The Institute shall be a non-profit educational institution.

Article 3 Executive Institution

AUM is desirous of collaborating with Hubei University of Economics. The Headquarters will authorize and appoint Hubei University of Economics to develop the Confucius Institute with AUM and assume an administrative function of the Institute in China. The two parties of cooperation will sign the supplementary agreement which set forth detailed matters of the cooperation in accordance with Bylaws and Constitution of the Confucius Institute and the Proposal submitted to the Headquarters by AUM and Hubei University of Economics. The supplementary agreement will be subject to consent by the Headquarters before signing.

The Institute must be launched within one year after this agreement is signed by both parties.

Article 4 Scope of Activities

The Institute can serve the following activities according to the Constitution and By-laws, and local laws and regulations applicable to each party:

1. Teaching Chinese language and providing Chinese language teaching resources;
2. Training Chinese language instructors;
3. Holding the HSK examination (Chinese Proficiency Test) and tests for the Certification of the Chinese Language Teachers;

4. Providing information and consultative services concerning China's education, culture, and so forth;
5. Conducting language and cultural exchange activities;
6. Other activities agreed to by the parties with authorization and by appointment of the Headquarters.

Article 5 Organization

1. The Institute at AUM shall adopt a Director Responsibility System under the leadership of the Board of Directors.
2. The Board of Directors is formed with members nominated from two parties, and its duties include: formulating and amending the Constitution of the Institute; formulating development plans for the Institute; decision-making on the significant issues including teaching, research and management; fund raising; appointing and dismissing the director of the Institute; examining and approving the budget proposal and final financial accounts of the Institute; reporting to the two parties on the management status and significant issues.
3. Two collaborating parties appoint one director respectively.
4. The institute agrees to maintain the standards of teaching quality established by the Headquarters.
5. The Institute activities must be in accordance with the Constitution and By-laws, and also respect cultural custom, shall not contravene concerning the laws and regulations, both in the United States and China.
6. The Institute draws up annual budget proposals and final financial accounts independently. AUM will be in charge of its daily operation and management of the Institute. AUM shall assume final and sole

responsibility for the financial affairs including establishing charges for language course and other programs.

Article 6 Obligations

The obligations of the Headquarters:

1. To authorize the use of the title “Confucius Institute”, logos and institute emblems.
2. To provide teaching materials, coursewares and other books as necessary to accomplish the goals of the Institute and to authorize the use of online courses. The Headquarters shall initially provide 3,000 volumes of Chinese books, teaching materials, and audio-visual materials without charge to the Institute.
3. To provide USD 150,000 in start-up funding, and provide a set amount of annual funding thereafter according to needs.
4. To send that numbers of Chinese instructors sufficient to meet the requirements of teaching, and to pay for their air fares and salaries.

The obligations of AUM

1. To provide a fixed office place and appropriate sites for teaching and other activities of the Confucius Institute; equipped with office and teaching facilities, and with responsibility for the setting, management and maintenance of such facilities.
2. To provide necessary administrative personnel (full time or part-time) and provide the related compensation for such administrative personnel; to provide necessary working facilities and living accommodation for the Chinese instructors.

3. To assist Chinese instructors and other representatives of the Headquarters with visa application and residence procedures when visiting the Institute at AUM.
4. To open that the special account for the Institute in a local Bank approved by AUM and the Headquarters.
5. To provide a set amount of annual funding, which should not be less than the amount provided by the Headquarters.

Article 7 Intellectual Property

The Headquarters exclusively owns the title of “The Confucius Institute”, its related logo, and emblem as its exclusive intellectual property. AUM cannot continue applying or transfer the title, logo, and emblem in any form, either directly or indirectly, after this agreement has been terminated; provided, however, AUM shall not be prohibited in use of the name “The Confucius Institute” in any written or verbal material that refers to its participation and involvement in the Institute during the term of this agreement.

All analysis, research, reports, records, documents, plans and any other materials developed by a party hereto in connection with its participation and involvement with the Institute “Work Product” shall remain the sole property of such party developing such Work Product. Except as otherwise agreed to by the parties hereto, all Work Product jointly developed by the parties shall be jointly and equally owned by each party. In the events of any dispute, the two parties shall engage consultation in good faith. If resolution cannot be achieved, the dispute may be submitted to an appropriate jurisdiction in accordance with the relevant laws,

regulations and international convention.

Article 8 Revision

With the consent of both parties, this Agreement may be revised during its implementation and any revisions will be made in writing, both in English and Chinese, and will take effect as signed by authorized representatives of the parties.

Article 9 Term

The Agreement shall be in effect on the date when the two parties sign below. The Agreement shall have a period of 5-year validity. Either party, if it wishes to terminate the Agreement must notify the other in writing during the 90 days before the end of the Agreement, otherwise it will automatically be extended for another 5 years.

Article 10 Force Majeure

Parties hereto will be released from their obligations under this agreement in the event of a national emergency, war, prohibitive government regulation or any other cause beyond the control of the parties hereto that renders the performance of this agreement impossible. In the event of such circumstance, the party under the situation shall inform the other party in writing that the program may be delayed or terminated.

Article 11 Termination

This Agreement shall automatically terminate in one of the following cases:

1. Either party intends to terminate this Agreement upon giving a written notice at least 90 days in advance of their intention to terminate.
2. The two parties mutually agree not to continue this agreement at the expiration of the term.
3. The Agreement cannot go through or cannot achieve the anticipated aim because of comedown of the condition.
4. If the act of one party of the Agreement, in the reasonable judgment of the other party, severely harms the image and reputation of the Confucius Institute.
5. Either party is unable to carry out its obligations hereunder due to a circumstance described under the Article entitled "Force Majeure".

The termination of the Agreement shall not affect any other agreement, contract and program between the two parties.

Upon notification of termination pursuant to Article 9 and upon termination pursuant to this Article 11, AUM will take all reasonable steps to make appropriate arrangements on the enrolled students and winding down the Institute.

Article 12 Dispute Settlement

In the event of any dispute relating to the terms of this agreement, the two parties shall seek resolution of such dispute in good faith. If resolution cannot be achieved, the dispute may be submitted to an appropriate jurisdiction in accordance with the relevant laws, regulations and international convention.

Article 13 Agreement Language

This Agreement is written in Chinese and in English. Each party shall keep one copy in Chinese and one copy in English of the signed Agreement. The Agreement, in both languages, shall have the same effectiveness.


Article 14 Other Terms

The parties to this Agreement will treat this Agreement as confidential and will not, without prior written consent of the other party, publish, release or disclose any information supplied to, obtained by, or which comes to the knowledge of each party as a result of this agreement except insofar as such publication, release or disclosure is necessary to enable each party to fulfill their obligations under this Agreement.

Confucius Institute
Headquarters (HANBAN)
Chief Executive

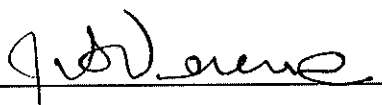
Auburn University at Montgomery

Chancellor



XU Lin

Date: 2012.3.23



John George Veres III.

Date: 2012.3.23