LAUREATE EDUCATION, INC.
Form PRER14A
April 26, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

Laureate Education, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o	No fee required.		
x	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.		
	(1)	Title of each class of securities to which transaction applies: **Common Stock, par value $0.01 per share, of Laureate Education, Inc. (the Company s Common Stock)**	
	(2)	Aggregate number of securities to which transaction applies: **51,881,859 shares of the Company s Common Stock, 166,000 shares of the Company s Common Stock underlying performance share units and options to purchase 5,200,507 shares of the Company s Common Stock.**	
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): **The transaction value was determined based upon the sum of (a) $60.50 per share of 51,881,859 shares of the Company s Common Stock, (b) $60.50 per share of 166,000 shares of the Company s Common Stock underlying performance share units and (c) $60.50 minus the weighted average exercise price of $24.374 per share underlying options to purchase 5,200,507 shares of the Company s Common Stock, all with an exercise price of less than $60.50.**	
	(4)	Proposed maximum aggregate value of transaction: **$3,336,768,985**	
	(5)	Total fee paid: **$102,439**	
x	Fee paid previously with preliminary materials.		
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.		
	(1)	Amount Previously Paid:	
	(2)	Form, Schedule or Registration Statement No.:	

(3)	Filing Party:
(4)	Date Filed:

PRELIMINARY COPY

1001 FLEET STREET

BALTIMORE, MARYLAND 21202

, 2007

Dear Stockholder:

On January 28, 2007, Laureate Education, Inc., a Maryland corporation (the Company), entered into an Agreement and Plan of Merger (the merger agreement) with Wengen Alberta, Limited Partnership, an Alberta limited partnership (Parent), and L Curve Sub Inc., a Maryland corporation and a direct subsidiary of Parent (Merger Sub). Parent is owned by a consortium of investment funds and other investors, including Douglas L. Becker, the Company s Chairman and Chief Executive Officer. Under the terms of the merger agreement, Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation (the merger). If the merger is consummated, you will be entitled to receive $60.50 in cash for each share of the Company s common stock that you own.

A special meeting of our stockholders will be held on , 2007, at .m., local time, to vote on a proposal to approve the merger and the merger agreement. The special meeting will be held at . Notice of the special meeting and the related proxy statement are enclosed.

The accompanying proxy statement gives you detailed information about the special meeting and the merger and includes the merger agreement as Annex A. The receipt of cash in exchange for shares of the Company s common stock in the merger will constitute a taxable transaction to U.S. persons for U.S. federal income tax purposes. We encourage you to read the proxy statement and the merger agreement carefully.

Our board of directors has determined that the merger is advisable and that the terms of the merger are fair to and in the best interests of the Company and its stockholders and approved the merger, the merger agreement and the transactions contemplated thereby. This determination was based, in large part, upon the unanimous recommendation of a special committee of the board of directors. Our board of directors determined that each person appointed to the special committee was a disinterested director with regard to the proposed transaction, as such term is used under Maryland law, and an independent director, as such term is defined in the rules of the Nasdaq Global Select Market.

Your vote is very important. We cannot consummate the merger unless holders of a majority of all outstanding shares of the Company s common stock entitled to vote on the matter vote to approve the merger and the merger agreement. Our board of directors recommends that you vote FOR the proposal to approve the merger and the merger agreement. The failure of any stockholder to vote on the proposal to approve the merger and the merger agreement will have the same effect as a vote against the approval of the merger and the merger agreement.

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or submit your proxy by telephone or the Internet in accordance with the instructions on the accompanying proxy card. Stockholders who attend the meeting may revoke their proxies and vote in person.

Our board of directors appreciates your continuing support of the Company and we urge you to support this transaction.

Sincerely,

David A. Wilson
Chairman of the Special Committee
of the Board of Directors

Douglas L. Becker
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated , 2007, and is first being mailed to stockholders on or about , 2007.

1001 FLEET STREET, BALTIMORE, MARYLAND 21202

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on , 2007

To the stockholders of LAUREATE EDUCATION, INC.:

PLEASE TAKE NOTICE that a special meeting of stockholders of Laureate Education, Inc., a Maryland corporation (the Company), will be held on , , 2007, at .m. local time, at , for the following purposes:

1. To approve the merger (the merger) of L Curve Sub Inc., a Maryland corporation (Merger Sub) and a direct subsidiary of Wengen Alberta, Limited Partnership, an Alberta limited partnership (Parent), with and into the Company, as contemplated by the Agreement and Plan of Merger (the merger agreement), dated as of January 28, 2007, by and among the Company, Parent and Merger Sub, and the merger agreement, as the merger agreement may be amended from time to time.

2. To consider and vote on a proposal to grant the persons named as proxies discretionary authority to vote to adjourn the special meeting, if necessary or appropriate, to permit further solicitation of additional proxies.

The record date for the determination of stockholders entitled to notice of and to vote at the special meeting is , 2007. Accordingly, only stockholders of record as of that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement thereof.

We urge you to read the accompanying proxy statement carefully as it sets forth details of the merger and other important information related to the merger.

Your vote is important, regardless of the number of shares of the Company s common stock you own. The approval of the merger and the merger agreement requires the affirmative approval of the holders of a majority of the outstanding shares of the Company s common stock entitled to vote thereon. The adjournment proposal requires the affirmative vote of a majority of the shares of the Company s common stock cast at the special meeting. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or the Internet in accordance with the instructions on the accompanying proxy card prior to the special meeting and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet, it will have the same effect as a vote against the approval of the merger and the merger agreement but will not affect the outcome of the vote on the adjournment proposal.

By Order of the Board of Directors,
Robert W. Zentz
Secretary

Baltimore, Maryland

, 2007

YOUR VOTE IS IMPORTANT.

Whether or not you are able to attend the special meeting in person, please complete, sign and date the enclosed white proxy card and return it in the postage prepaid envelope provided as soon as possible. You will be able to vote by internet or by toll-free telephone by following the instructions that are included on the proxy card. This action will not limit your right to vote in person if you wish to attend the special meeting.

TABLE OF CONTENTS

	Page
SUMMARY TERM SHEET	1
The Merger and the Merger Agreement	1
The Special Meeting	5
Other Important Considerations	5
SPECIAL FACTORS	10
Background of the Merger	10
The Cooperation Agreement	18
Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger	18
The Special Committee	18
Our Board of Directors	25
Purposes and Reasons of the Sterling Founders, certain affiliated trusts and SCP II	26
Purposes and Reasons of Parent, Merger Sub and the Sponsors	28
Opinions of the Special Committee s Financial Advisors	28
Position of the Sterling Founders, certain affiliated trusts and SCP II as to Fairness	48
Position of Parent, Merger Sub and the Sponsors as to Fairness	50
Purposes, Reasons and Plans for Laureate after the Merger	52
Certain Effects of the Merger	52
Effects on the Company if the Merger is Not Consummated	55
Delisting and Deregistration of the Company s Common Stock	55
Regulatory Approvals	56
Financing of the Merger	57
Interests of the Company s Directors and Executive Officers in the Merger	62
Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders	71
Certain Relationships Between Parent and Laureate	74
Litigation Related to the Merger	74
Fees and Expenses of the Merger	74
QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER	75
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	81
THE PARTIES TO THE MERGER	82
Laureate	82
Parent	82
Merger Sub	82
THE SPECIAL MEETING	83
Date, Time and Place of the Special Meeting	83
Proposals to be Considered at the Special Meeting	83
Record Date	83
Voting Rights; Quorum; Vote Required for Approval	83
Voting and Revocation of Proxies	84
No Dissenters Rights	84
Solicitation of Proxies	85
Other Business	85
Questions and Additional Information	85
Availability of Documents	85

THE MERGER AND THE MERGER AGREEMENT (PROPOSAL NO. 1) 86
The Merger 86
Merger Consideration 86
Treatment of Options, Restricted Shares and Performance Share Units 87
Payment for the Shares 87
Articles of Incorporation; Bylaws; Directors and Officers of the Surviving Corporation 88
Representations and Warranties 88
Conduct of Business Pending the Merger 90
Efforts to Consummate the Merger 92
Marketing Period 93
Conditions to the Merger 94
Restrictions on Solicitations of Other Offers 95
Recommendation Withdrawal/Termination in Connection with a Superior Proposal 97
Termination of the Merger Agreement 98
Termination Fees 99
Employee Benefits 100
Indemnification and Insurance 100
Other Covenants 101
Amendment, Extension and Waiver 101
THE VOTING AGREEMENT 102
NO DISSENTERS RIGHTS 102
IMPORTANT INFORMATION ABOUT LAUREATE 103
Historical Selected Consolidated Financial Data 103
Ratio of Earnings to Fixed Charges 106
Book Value Per Share 106
Projected Financial Information 107
Market Price and Dividend Data 109
Security Ownership of Certain Beneficial Owners and Management 109
Prior Stock Purchases 112
Independent Registered Public Accounting Firm 113
ADJOURNMENT OF THE SPECIAL MEETING (PROPOSAL NO. 2) 114
OTHER MATTERS 115
Other Matters for Action at the Special Meeting 115
Future Stockholder Proposals 115
Householding of Special Meeting Materials 115
WHERE YOU CAN FIND MORE INFORMATION 116
ANNEX A Agreement and Plan of Merger A-1
ANNEX B Voting Agreement B-1
ANNEX C Opinion of Morgan Stanley & Co. Incorporated C-1
ANNEX D Opinion of Merrill Lynch, Pierce, Fenner and Smith Incorporated D-1
ANNEX E Information Relating to Laureate Directors and Executive Officers, the Sponsors, the Sterling Founders and certain trusts affiliated with the Sterling Founders E-1

References to Laureate, the Company, we, our or us in this proxy statement refer to Laureate Education, Inc. and our subsidiaries unless otherwise indicated by context.

SUMMARY TERM SHEET

This Summary Term Sheet, together with the Questions and Answers About the Special Meeting and the Merger, summarizes the material information in the proxy statement. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers you for a more complete understanding of the matters being considered at the special meeting. In addition, this proxy statement incorporates by reference important business and financial information about Laureate. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in Where You Can Find More Information beginning on page 116.

The Merger and the Merger Agreement

- *The Parties to the Merger (see page 82).* Laureate, a Maryland corporation, provides higher education programs and services to over 243,000 students through the leading global network of licensed campus-based and online higher education institutions. Wengen Alberta, Limited Partnership, which we refer to as Parent, is an Alberta limited partnership that was formed on January 28, 2000 and has served as a holding company for investments. L Curve Sub Inc., which we refer to as Merger Sub, is a Maryland corporation and a direct subsidiary of Parent that was formed on January 25, 2007 solely for the purpose of effecting the merger described below. Merger Sub has not engaged in any business except in furtherance of this purpose.

Parent is owned by a consortium of investment funds and other investors which includes Caisse de dépôt et placement du Québec, Bregal Europe Co-Investment L.P., Citigroup Global Markets Inc. and investment funds and other investors affiliated with or managed by Kohlberg Kravis Roberts & Co., Torreal Sociedad de Capital Riesgo de Regimen Simplificado S.A., S.A.C. Capital Management, LLC, Citigroup Private Equity, Makena Capital Management LLC, Moore Capital Management, LLC, SPG Partners, LLC, Sterling Partners and Southern Cross Capital, as well as Douglas L. Becker, the Company s Chairman and Chief Executive Officer, and Steven M. Taslitz. Messrs. Becker and Taslitz, along with Douglas L. Becker s brother, Eric D. Becker, and one of our board members, R. Christopher Hoehn-Saric, are founding members of Sterling Partners, a private equity firm. We refer to Douglas L. Becker, Eric D. Becker and Messrs. Taslitz and Hoehn-Saric as the Sterling Founders. Sterling Capital Partners II, L.P., a private equity fund affiliated with Sterling Partners that we refer to as SCP II, is among the consortium of investors that owns Parent.

In addition, Messrs. Becker and Taslitz and certain trusts affiliated with each of them, have committed to contribute to Parent a portion of their shares of the Company s common stock in connection with the merger in exchange for a portion of the equity securities of Parent. Messrs. Becker and Taslitz and these affiliated trusts are referred to as the Rollover Investors. The Rollover Investors and the other funds and investors that invest in Parent are sometimes referred to as the Investor Group.

- *The Merger.* You are being asked to vote to approve the merger of Merger Sub with and into Laureate (the merger) pursuant to an agreement and plan of merger by and among Laureate, Parent and Merger Sub (the merger agreement), and the merger agreement. Laureate will be the surviving corporation in the merger and will continue to do business as Laureate Education, Inc. following the merger. As a result of the merger, Laureate will cease to be an independent, publicly traded company. See The Merger and the Merger Agreement beginning on page 86.

- *Merger Consideration.* If the merger is consummated, you will be entitled to receive $60.50 in cash, without interest and less any applicable withholding taxes, for each share of the Company s common stock, par value $.01 per share, that you own. See The Merger and the Merger Agreement Merger Consideration beginning on page 86.

- *Treatment of Outstanding Options, Restricted Shares and Performance Share Units (see page 87).* Except as otherwise agreed by Parent and a holder of options to acquire the Company s common stock or of unvested restricted shares, or as otherwise provided in the merger agreement, to the extent applicable, outstanding options, unvested restricted shares and performance share units will, as of the effective time of the merger, be treated as follows:

- all outstanding options to acquire shares of the Company s common stock will be canceled and, in exchange for such cancellation, each holder will be entitled to receive from the surviving corporation promptly following the effective time of the merger a cash payment equal to the number of shares of the Company s common stock underlying the holder s option or options multiplied by the amount by which $60.50 exceeds the exercise price for each share of the Company s common stock underlying the option or options, without interest and less any applicable withholding taxes;

- each unvested Company restricted share outstanding immediately prior to the effective time of the merger, will vest and become free of restrictions and will be canceled and converted into the right to receive $60.50, without interest and less any applicable withholding taxes, in the merger; and

- the performance share units and, to the extent not previously exercised, options to purchase shares of the Company s common stock held by Mr. Becker, and, to the extent not previously exercised, options to purchase shares of the Company s common stock held by Mr. Hoehn-Saric, are expected to be canceled in exchange for the surviving corporation establishing a new deferred compensation plan for each of Messrs. Becker and Hoehn-Saric, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

The merger agreement provides that, in connection with the consummation of the merger, specified unvested options to purchase shares of the Company s common stock and specified unvested Company restricted shares will be canceled without payment therefor and, in lieu of making the payments described above, the surviving corporation will establish a retention bonus award plan, pursuant to which each holder of such a canceled option or restricted share will be entitled to receive a cash payment, without interest and less any applicable withholding taxes, equivalent to the amount the holder otherwise would have received for such award promptly following the effective time of the merger in respect of such canceled options and restricted shares, provided that the holder remains employed by the surviving corporation through the first (or second, for certain employees) anniversary of the effective time of the merger.

- *Conditions to the Merger (see page 94).* The consummation of the merger depends on the satisfaction or waiver of a number of conditions, including the following:

- the merger agreement must have been approved by the affirmative vote of the holders of a majority of all outstanding shares of the Company s common stock;

- no injunction, judgment, order or law which prevents the merger shall be in effect;

- the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), must have expired or been terminated without any requirement to take any action or agree to any conditions or restrictions that would be reasonably likely to have a material adverse effect on the Company;

- Laureate s, Parent s and Merger Sub s respective representations and warranties in the merger agreement must be true and correct as of the closing date in the manner described under the caption The Merger and the Merger Agreement Conditions to the Merger beginning on page 94;

- Laureate, Parent and Merger Sub must have performed in all material respects all obligations that each is required to perform under the merger agreement;

- on the closing date of the merger, the debt financing arranged by Parent and Merger Sub to fund the merger must be available for borrowing on the terms and conditions set forth in the debt financing commitments (which terms are summarized under the caption Special Factors Financing of the Merger) or on terms and conditions that are no less favorable, in the aggregate, to Parent and Merger Sub, as determined in the reasonable judgment of Parent;

- Laureate and its subsidiaries shall not have, except for certain exceptions contemplated by or provided in the merger agreement, (A) redeemed, repurchased, prepaid, canceled, incurred or otherwise acquired, or modified in any material respect the terms of its existing indebtedness or guaranteed, endorsed or otherwise become responsible for the obligations of any other person, other than in the ordinary course consistent with past practice, including any borrowing under its existing credit facilities to fund working capital needs and other actions taken in the ordinary course of business consistent with past practice, (B) pledged or otherwise encumbered shares of its capital stock or of capital stock of any of its subsidiaries, or (C) mortgaged or pledged any of its material assets, or allowed any liens on its assets (with certain exceptions); and

- receipt of a written response from the U.S. Department of Education (DOE) to the pre-acquisition review application filed with respect to Walden University, Inc. (Walden University) that meets the requirements described under the caption The Merger and the Merger Agreement Conditions to the Merger.

- *Restrictions on Solicitations of Other Offers (see page 95).*

- The merger agreement provides that, until 11:59 p.m., New York time, on March 14, 2007 (the go shop period), we were permitted to initiate, solicit and encourage any acquisition proposal for us (including by way of providing information), enter into and maintain discussions or negotiations concerning an acquisition proposal for us or otherwise cooperate with, assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations or the making of any acquisition proposal for us, with no obligation to negotiate with Parent;

The merger agreement does not provide Parent and Merger Sub the right to match any proposal submitted during the go shop period or, in certain circumstances, within 15 days following the go shop period; and

- The merger agreement provides that, from and after the expiration of the go shop period, we are generally not permitted to:

- initiate, solicit or knowingly encourage (including by way of providing information) the submission of any inquiries, proposals or offers that constitute or may reasonably be expected to lead to any acquisition proposal for us, engage in any discussions or negotiations with respect thereto or otherwise knowingly cooperate with or knowingly assist or participate in or knowingly facilitate any such inquiries, proposals, discussions or negotiations (including by exempting any person from any applicable anti-takeover statute); or

- approve, recommend, or propose to approve or recommend any acquisition proposal for us; enter into any merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar agreement providing for or relating to any acquisition proposal for us; enter into any agreement or agreement in principle requiring us to abandon, terminate or fail to consummate the transactions contemplated by the merger agreement or breach our obligations under the merger agreement; or propose or agree to do any of the foregoing.

Notwithstanding these restrictions, under certain circumstances, our board of directors (acting through the special committee described below under Other Important Considerations The Special Committee and its Recommendation if such committee still exists) may respond to a bona fide unsolicited written proposal for an alternative acquisition or terminate the merger agreement and enter into an acquisition agreement with respect to a superior proposal, so long as the Company complies with certain terms of the merger agreement described under The Merger and the Merger Agreement Recommendation Withdrawal/Termination in Connection with a Superior Proposal, including, for an acquisition proposal that we receive after the go shop period, negotiating with Parent and Merger Sub in good faith to make adjustments to the merger agreement prior to termination and, if required, paying a termination fee, see page 97.

- *Termination of the Merger Agreement (see page 98)*. The merger agreement may be terminated at any time prior to the consummation of the merger:

- by mutual written consent of Laureate, Parent and Merger Sub;

- by either Laureate or Parent if:

- the merger is not consummated on or before September 21, 2007, unless the failure to consummate the merger is principally the result of, or caused by, the failure of the party seeking to exercise such termination right to perform or observe any of the covenants or agreements of such party set forth in the merger agreement;

- a final and unappealable restraining order, injunction or judgment prevents the consummation of the merger, unless a breach by the party seeking to terminate the merger agreement is the principal cause of or resulted in the final and unappealable restraining order, injunction or judgment; or

- our stockholders fail to approve the merger agreement at the special stockholders meeting called for that purpose or any adjournment thereof;

- by Laureate if:

- a breach by Parent or Merger Sub of any representation, warranty, covenant or agreement in the merger agreement that is incapable of being cured by September 21, 2007 occurs that would give rise to the failure of certain conditions to closing (unless Laureate is then in material breach of the merger agreement);

- prior to obtaining stockholder approval, we terminate the merger agreement in order to enter into an agreement with respect to a superior proposal and provided that concurrently with doing so we pay to Parent the termination fee as described below and, in certain cases, that we had given five days written notice to Parent and Merger Sub and provided them the opportunity to amend the merger agreement so that the superior proposal was no longer superior to the proposal in the merger agreement, as amended; or

- prior to 11:59 p.m., Eastern time, on March 14, 2007, Mr. Becker had breached his cooperation agreement with the Company in a manner that would have materially impaired the Company s ability to take the actions described above that the Company had been permitted to take prior to that time, provided that Mr. Becker had been given reasonable notice of such breach and a reasonable cure period; and

- by Parent or Merger Sub if:

- a breach by Laureate of any representation, warranty, covenant or agreement in the merger agreement that is incapable of being cured by September 21, 2007 occurs that would give rise to the failure of certain conditions to closing (unless Parent or Merger Sub is then in material breach of the merger agreement);

- prior to obtaining stockholder approval of the merger agreement, our board of directors or any committee of our board of directors withdraws or modifies (or is deemed to withdraw or modify) its recommendation that our stockholders approve the merger agreement, in a manner adverse to Parent or Merger Sub, publicly proposes to do so or approves or recommends a company acquisition proposal other than the merger to our stockholders, or publicly announces its intent to do so; or

- Laureate willfully and materially breaches in any respect adverse to Parent or Merger Sub (A) its obligations not to withdraw or modify or propose publicly to withdraw or modify the recommendation of Laureate s board of directors that the Laureate stockholders approve the merger and the merger agreement or take any other action or make any other public statement in connection with our stockholders meeting that is inconsistent with the board s recommendation that the Laureate stockholders approve the merger and the merger agreement, or (B) its obligations to reaffirm the recommendation of Laureate s board of directors that our stockholders approve the merger and the merger agreement in connection with certain disclosures that we may be required to make to our stockholders under limited circumstances.

- *Termination Fees (see page 99).* If the merger agreement is terminated under certain circumstances (as fully described under the caption The Merger and the Merger Agreement Termination Fees):

- the Company will be obligated to pay a termination fee of $110 million (which would have been $55 million if the merger agreement had been terminated due to receipt of a superior proposal provided by a third party that had submitted an acquisition proposal during the go shop period) as directed by Parent; or

- the Company may be obligated to pay the documented expenses of Parent, up to $15 million.

The Special Meeting

See Questions and Answers About the Special Meeting and the Merger beginning on page 75 and The Special Meeting beginning on page 83.

Other Important Considerations

- *The Special Committee and its Recommendation.* The special committee is a committee of our board of directors that was formed on September 8, 2006 for the purpose of reviewing, evaluating and, as appropriate, negotiating a possible transaction relating to the sale of the Company. The members of the special committee are David A. Wilson (Chair), James H. McGuire and R. William Pollock. Our board of directors determined that each person appointed to the special committee was a disinterested director with regard to the proposed transaction, as such term is used under Maryland law, and an independent director, as such term is defined in the rules of the Nasdaq Global Select Market. The special committee unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to and in the best interests of our stockholders other than Parent, the Investor Group, Mr. Hoehn-Saric and Eric D. Becker and their respective affiliates and recommended to our board of directors that the merger agreement and the transactions contemplated thereby, including the merger, be approved and declared advisable by our board of directors. We sometimes refer to our stockholders other than Parent, the Investor Group, Mr. Hoehn-Saric and Eric D. Becker and their respective affiliates as the unaffiliated stockholders. For a discussion of the material factors considered by the special committee and the board of directors in reaching their conclusions and the reasons why the special committee and the board of directors determined that the merger is fair, see Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page 10.

- *Board Recommendation.* The Company s board of directors, acting upon the unanimous recommendation of the special committee, recommends that the Company s stockholders vote FOR the approval of the merger and the merger agreement and FOR the proposal to grant the persons named as proxies discretionary authority to vote to adjourn the special meeting, if necessary or appropriate, to permit further soliciting of additional proxies. See Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page 10.

- *Share Ownership of Directors and Executive Officers.* As of , 2007, the record date, the directors and executive officers of the Company (other than Messrs. Becker and Hoehn-Saric) held and are entitled to vote, in the aggregate, shares of the Company s common stock representing approximately [6.41]% of the outstanding shares of the Company s common stock. In addition, the Sterling Founders and certain trusts affiliated with Mr. Becker (the Becker Trusts) who together own [2.52%] of the outstanding shares of the Company s common stock as of , 2007, the record date, have entered into a voting agreement with Parent to vote those shares in favor of approving the merger and the merger agreement. See The Special Meeting Voting Rights; Quorum; Vote Required for Approval beginning on page 83 and The Voting Agreement beginning on page 102.

- *Interests of the Company s Directors and Executive Officers in the Merger.* In considering the recommendation of our board of directors with respect to the merger and the merger agreement, you should be aware that certain members of the board of directors and certain executive officers have relationships with Parent and its affiliates or personal interests in the merger that may be different from, or in addition to, those of our stockholders generally. These interests include:

- Messrs. Becker and Hoehn-Saric are affiliated with Parent and, following consummation of the merger, will have an ownership interest in Parent, as well as in the entities through which several of the members of the Investor Group will be investing in Parent. Messrs. Becker and Hoehn-Saric are also founding managers of the general partner of SCP II, which is a member of the Investor Group;

- the merger will result in the receipt by Messrs. Becker and Hoehn-Saric of $60.50 in cash, without interest and less any applicable withholding taxes, for each share of the Company s common stock held by them in their respective 401(k) accounts as well as the accelerated vesting and cash-out of all of the Company s stock options and restricted shares held by the Company s directors and executive officers (subject to certain exceptions as described under the caption Special Factors Interests of the Company s Directors and Executive Officers in the Merger on page 62);

- Messrs. Wilson and McGuire will receive monthly compensation of between $15,000 and $40,000 for their service on the special committee and Mr. Pollock will be reimbursed for expenses he incurs in connection with his service on the special committee. See Special Factors Interests of the Company s Directors and Executive Officers in the Merger on page 62;

- the Company s existing executive officers expect to have continuing employment relationships with the surviving corporation that are substantially similar to their current employment relationships with Laureate. After consummation of the merger, Mr. Becker expects to continue to serve as Chairman and Chief Executive Officer of the surviving corporation, and Messrs. Becker and Hoehn-Saric expect to serve on the boards of directors of the surviving corporation and the general partner of Parent; and

- the merger agreement provides for continued indemnification of current and former directors and officers of the Company and its subsidiaries in respect of liabilities for acts or omissions occurring at or prior to the consummation of the merger. In addition, the merger agreement provides for continued coverage, for six years following consummation of the merger, under directors and officers insurance.

- *Opinions of Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner and Smith Incorporated.* In connection with the merger, each of the special committee s financial advisors, Morgan Stanley & Co. Incorporated (Morgan Stanley) and Merrill Lynch, Pierce, Fenner and Smith Incorporated (Merrill Lynch), has delivered an opinion as to the fairness from a financial point of view of the merger consideration to be received in the merger by the Company s stockholders (with respect to the opinion delivered by Morgan Stanley, other than to the Rollover Investors and Parent and its subsidiaries, and with respect to the opinion delivered by Merrill Lynch, other than to Parent, the Investor Group and their respective affiliates).

The full text of the opinions of Morgan Stanley and Merrill Lynch, which set forth the procedures followed, assumptions made, matters considered and limitations on review undertaken by Morgan Stanley and Merrill Lynch, as applicable, in connection with their opinions, are attached as Annex C and Annex D, respectively, to this proxy statement. **Morgan Stanley and Merrill Lynch provided their opinions for the information and assistance of the special committee in connection with its consideration of the merger, and the opinions of Morgan Stanley and Merrill Lynch are not recommendations as to how any stockholder should vote or act with respect to any matter relating to the merger.** We encourage you to read the opinions carefully and in their entirety. For a more complete description of the opinions and the review undertaken in connection with such opinions, together with the fees payable by the Company to Morgan Stanley and Merrill Lynch, see Special Factors Opinions of the Special Committee s Financial Advisors beginning on page 28.

- *Sources of Financing*. Parent estimates that the total amount of funds necessary to consummate the merger and related transactions, including the new financing arrangements, the refinancing of certain existing indebtedness and the payment of customary fees and expenses in connection with the proposed merger and financing arrangements, will be approximately $4 billion, which they expect will be funded by new credit facilities, private and/or public offerings of debt securities and equity financing. Funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided. See Special Factors Financing of the Merger beginning on page 57. The following arrangements are in place to provide the necessary financing for the merger, including the payment of related transaction costs, charges, fees and expenses:

- *Equity Financing*. Parent has received rollover commitments from the Rollover Investors with respect to an aggregate of 636,436 shares of the Company s common stock which, based on the merger consideration of $60.50 per share of the Company s common stock, have an aggregate value of approximately $38.5 million. Parent also received a commitment from Mr. Becker to invest $25 million in equity in Parent. Mr. Becker has the right, and is expected, to assign such obligation to one or more of his affiliates. Parent also received commitments from Messrs. Becker and Hoehn-Saric to cancel their options to purchase shares of the Company s common stock, and in the case of Mr. Becker, his performance share units, in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options prior to the consummation of the merger. Parent also received equity commitments from Caisse de dépôt et placement du Québec, Bregal Europe Co-Investment L.P., Citigroup Global Markets Inc. and investment funds and other

investors affiliated with or managed by Kohlberg Kravis Roberts & Co., Torreal Sociedad de Capital Riesgo de Regimen Simplificado S.A., S.A.C. Capital Management, LLC, Citigroup Private Equity, Makena Capital Management LLC, Moore Capital Management, LLC, SPG Partners, LLC, Sterling Partners and Southern Cross Capital, totaling approximately $2.09 billion, for aggregate rollover and equity commitments totaling approximately $2.15 billion.

- *Debt Financing*. Merger Sub has received a debt commitment letter from Goldman Sachs Credit Partners L.P. and Citigroup Global Markets Inc. to provide up to (a) $1.15 billion of senior secured credit facilities, (b) $725 million of senior unsecured loans under a bridge facility and (c) $325 million of senior subordinated loans under a bridge facility.

- *Regulatory Approvals (see page 56).* Under the HSR Act and the rules promulgated thereunder by the Federal Trade Commission (FTC), the merger may not be consummated until notification and report forms have been filed with the FTC and the Antitrust Division of the Department of Justice (DOJ) and the applicable waiting period has expired or been terminated. Laureate and Parent filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on February 23, 2007. Laureate and Parent were notified by the FTC that early termination of the waiting period had been granted as of March 6, 2007.

One of the conditions to the obligations of Parent and Merger Sub to consummate the merger is receipt of a written response from the DOE to the pre-acquisition review application filed with respect to Walden University that meets the requirements described under the caption The Merger and the Merger Agreement Conditions to the Merger. The Company filed a pre-acquisition review application with the DOE on March 22, 2007.

Though not a condition to the consummation of the merger, U.S. federal and state laws and regulations and the standards of certain accrediting agencies that accredit the institutions and programs owned and operated by the Company, as well as the laws and regulations of certain foreign jurisdictions in which the Company does business, may require that we or Parent obtain approvals from, file new license and/or permit applications with and/or provide notice to applicable governmental authorities in connection with the merger.

- *Applicability of Rules Related to Going Private Transactions; Position of the Company, the Sterling Founders, certain affiliated trusts and SCP II as to Fairness and Position of Parent, Merger Sub and the Sponsors as to Fairness (see pages 29 through 38 and 59 through 62)*. The requirements of Rule 13e-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), apply to the merger because Messrs. Becker and Hoehn-Saric are deemed to be engaged in a going private transaction under applicable Exchange Act rules. In addition, the other Sterling Founders, SCP II and trusts affiliated with Messrs. Becker and Taslitz and KKR 2006 Limited, S.A.C. Capital Management, LLC, Bregal Europe Co-Investment L.P., Citigroup Private Equity LP and Snow, Phipps & Guggenheim, LLC, all of which are members of the Investor Group, could be deemed to be engaged in a going private transaction under these rules. To comply with the requirements of Rule 13e-3, such members of the Investor Group, our board of directors, the Sterling Founders, Parent and Merger Sub make certain statements as to, among other matters, their purposes and reasons for the merger and their beliefs as to the fairness of the merger to our unaffiliated stockholders. We refer to KKR 2006 Limited, S.A.C. Capital Management, LLC, Bregal Europe Co-Investment L.P., Citigroup Private Equity LP and Snow, Phipps & Guggenheim, LLC as the Sponsors.

Each of the special committee and the board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to and in the best interests of our unaffiliated stockholders. In evaluating the merger, the special committee consulted with its independent legal and financial advisors, reviewed a significant amount of

information and considered a number of factors and procedural safeguards set forth below in Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger.

In addition, under a potential interpretation of the applicability of Rule 13e-3 under the Exchange Act, exercises by Messrs. Becker or Hoehn-Saric of their existing options to purchase shares of the Company s common stock could be deemed to be the first step in a going-private transaction. If Messrs. Becker or Hoehn-Saric determine to exercise all or part of their options, certain of the Sponsors or their affiliates may assist in the financing of such exercises. In order to comply with this potential interpretation, the Sterling Founders, certain affiliated trusts, SCP II, Parent, Merger Sub and the Sponsors make certain statements as to, among other matters, the fairness of such potential exercises to the Company s unaffiliated stockholders.

- *U.S. Federal Income Tax Consequences.* If you are a U.S. holder (as defined on page 72), the merger will be a taxable transaction for U.S. federal income tax purposes. Your receipt of cash in exchange for your shares of the Company s common stock in the merger generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger (determined before the deduction of any applicable withholding taxes) and your adjusted tax basis in your shares of the Company s common stock. If you are a non-U.S. holder (as defined on page 72), the merger generally will not be a taxable transaction to you for U.S. federal income tax purposes unless you have certain connections to the United States. Under U.S. federal income tax law, all holders will be subject to information reporting on cash received in the merger unless an exemption applies. Backup withholding may also apply with respect to cash you receive in the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your federal, state and local and/or foreign taxes and, if applicable, the tax consequences of the receipt of cash in connection with the cancellation of your options to purchase shares of the Company s common stock and/or your restricted shares, including the transactions described in this proxy statement relating to our other equity compensation and benefit plans. See Special Factors Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders beginning on page 71.

- *No Dissenters Rights.* Because the Company s common stock is listed on the Nasdaq Global Select Market, Maryland law does not provide appraisal or dissenters rights for stockholders who vote against the merger.

- *Market Price of the Company s Common Stock (see page 109).* The closing sale price of the Company s common stock on the Nasdaq Global Select Market on January 4, 2007, the last trading day prior to the determination of the special committee to begin negotiations with Mr. Becker on the basis of a price of $60.50, was $49.15 per share. The $60.50 per share to be paid for each share of the Company s common stock in the merger represents a premium of approximately 23% to the closing price on January 4, 2007.

SPECIAL FACTORS

This discussion of the merger is qualified by reference to the merger agreement, which is attached to this proxy statement as Annex A. You should read the entire merger agreement carefully as it is the legal document that governs the merger.

Background of the Merger

At a regularly scheduled meeting of the Company s board of directors in June 2006, Mr. Becker, the Company s Chairman and Chief Executive Officer, spoke to the board of directors in executive session about the possibility of exploring a transaction between the Company and private equity investors. At his request, the board of directors authorized Mr. Becker to investigate what would be involved in such a transaction and what the potential valuation of the Company s common stock in such a transaction might be.

On August 14, 2006, Mr. Becker contacted James H. McGuire and David A. Wilson, members of the conflicts committee of the board of directors, and asked for permission to approach Sterling Partners, a private equity firm of which Mr. Becker is a founding member, for advice regarding a possible transaction. Based on the understanding that Mr. Becker would only use Sterling Partners for advice and counsel, the conflicts committee granted permission and, on August 17, 2006, the Company and SCP II entered into a confidentiality agreement that also contained standstill and non-solicitation provisions.

At a meeting on August 22, 2006, Mr. Becker briefed Mr. Wilson on the progress of his research and indicated that he had reached no certain conclusion with respect to the prospects of any transaction between the Company and private equity investors or the potential valuation of the Company s common stock in such a transaction.

During August 2006, Mr. Becker held preliminary discussions with representatives of certain potential investors in addition to Sterling Partners, including Bregal Europe Co-Investment L.P. and entities affiliated with S.A.C. Capital Management, LLC regarding a possible acquisition.

On September 8, 2006, Mr. Becker advised our board of directors that he intended to submit an offer to acquire the Company. On the same day, our board of directors adopted resolutions establishing a special committee composed of three members, David A. Wilson (Chair), James H. McGuire and R. William Pollock. Our board of directors determined that each person appointed to the special committee was a disinterested director with regard to the proposed transaction, as such term is used under Maryland law, and an independent director, as such term is defined in the rules of the Nasdaq Global Select Market. The scope of the authority granted to the special committee by the board of directors included: (i) to engage its own legal and financial advisors and determine their compensation; (ii) to review and evaluate the terms and conditions and to determine the advisability of any transaction; (iii) to consider whether any alternative transactions would be in the best interests of the Company and its stockholders; (iv) to reject or modify any terms of any transaction; (v) to negotiate any and all terms and definitive agreements with respect to any transactions; (vi) to review and revise any and all documents and other instruments used in connection with any transactions; and (vii) to make a recommendation to the entire board of directors as to whether the Company should consummate any transaction. On that afternoon, the special committee engaged Pillsbury Winthrop Shaw Pittman LLP (Pillsbury) as its legal counsel, based on Pillsbury s previous representation of a special committee of our board of directors in connection with the 2003 sale of the Company s K-12 assets and related transactions as well as Pillsbury s experience in advising committees of independent directors in related-party transactions.

On September 11, 2006, Mr. Becker submitted a letter to the board of directors stating that he, along with certain other unspecified founders of Sterling Partners, proposed to acquire the Company at an acquisition price of $55 per share. Mr. Becker also provided a letter from Goldman, Sachs & Co. (Goldman Sachs) and Goldman Sachs Credit Partners, L.P. indicating that they were highly confident that they would be able to obtain the debt financing required to fund Mr. Becker s proposal.

Following the formation of the special committee and its engagement of Pillsbury, the special committee considered the qualifications of various investment banking firms, including their experience in advising committees of independent directors and independence from the Company and Mr. Becker. The special committee then proceeded to interview prospective financial advisors, following receipt of signed non-disclosure agreements from several such prospective financial advisors. On the afternoon of September 13, 2006, the special committee interviewed representatives of Merrill Lynch in a meeting held in McLean, Virginia, that was attended by Messrs. Wilson and McGuire in person (as well as representatives of Pillsbury) and Mr. Pollock by telephone. The following morning, the members of the special committee, as well as representatives of Pillsbury, interviewed representatives of Morgan Stanley at Pillsbury s offices in McLean, Virginia. Following the departure of the representatives of Morgan Stanley from the meeting, the members of the special committee agreed on a list of instructions for Mr. Becker regarding his conduct during the special committee s evaluation of his proposal. Among other things, the special committee instructed Mr. Becker to refrain from (i) entering into any agreements with any bidder or financing source that would commit Mr. Becker to work exclusively with any party, (ii) taking any action that would cause Mr. Becker to be part of a group for purposes of Section 13(d) of the Exchange Act, (iii) approaching Company officers and employees to be a part of his acquisition group and (iv) soliciting the Company s business partners or prospective business partners to be part of his acquisition group. These instructions were transmitted to Mr. Becker following the conclusion of the meeting.

On September 14 and 15, 2006, the members of the special committee determined to retain Morgan Stanley and Merrill Lynch as financial advisors to the special committee based on their respective qualifications, expertise and reputations as advisors to special committees in affiliate transactions and, in the case of Merrill Lynch, expertise in advising companies in the for-profit education industry. Over the ensuing days, the terms of the engagements, including compensation, of each of the financial advisors were negotiated and agreed upon. Also, on September 15, 2006, the special committee held a telephonic meeting with the senior executive officers of the Company (excluding Mr. Becker), at which the members of the special committee explained the purpose of the special committee and responded to the questions of the senior executive officers.

On September 20, 2006, representatives of the financial advisors to the special committee commenced their due diligence review of the Company, which, over the ensuing months, included, among other things, interviews with senior management, interviews with Company accountants, visits to overseas facilities and review of confidential financial and other information relating to the Company.

On the afternoon of September 21, 2006, representatives of the special committee s financial advisors met with Mr. Becker and representatives of Goldman Sachs, which had been assisting Mr. Becker in evaluating the feasibility of, and alternatives for, a potential acquisition of the Company and which was subsequently engaged by Merger Sub as its financial advisor in connection with the merger. The meeting included discussions of (i) the economic terms of Mr. Becker s proposal, including the proposed debt and equity financing thereof and (ii) Mr. Becker s intended arrangements with respect to management of the Company.

On September 22, 2006, the special committee held a telephonic meeting, which was attended by representatives of the special committee s financial advisors and Pillsbury. Among other things, the special committee was advised that Mr. Becker had offered to withdraw his letter to the board of directors dated September 11, 2006 if so requested by the special committee. Following a recapitulation by representatives of the special committee s financial advisors of the previous afternoon s meeting with Mr. Becker and representatives of Goldman Sachs and a discussion between members of the special committee and its financial advisors regarding Mr. Becker s proposal, the special committee unanimously determined, with the advice of its legal and financial advisors, to request that Mr. Becker withdraw his proposal so that an appropriate process or set of procedures could be put in place for Mr. Becker to develop, should he care to do so, and the special committee to receive and evaluate, any proposal. On behalf of the special

committee, Mr. Wilson sent a letter to Mr. Becker that afternoon requesting that Mr. Becker withdraw his proposal and advising him that the special committee would remain in place to develop a process to receive an offer should Mr. Becker desire to make such an offer. On September 23, 2006, Mr. Becker wrote to Mr. Wilson withdrawing his proposal of September 11, 2006.

On September 29, 2006, the special committee held a telephonic meeting, which was attended by representatives of its financial advisors and Pillsbury. The special committee agreed to adopt a set of procedures designed by its financial advisors that was intended to govern the structured due diligence process Mr. Becker and any potential financing sources for Mr. Becker would be required to follow if he were to pursue the submission of an offer. Among other requirements, these procedures required that Mr. Becker obtain the special committee s approval prior to contacting any potential sources of equity or debt financing and that Mr. Becker not enter into any arrangement obligating him to work exclusively with any potential acquiror. The special committee instructed its financial advisors to contact Mr. Becker, through representatives of Goldman Sachs, and advise him that if he wished to submit an offer to acquire the Company, the special committee was willing to receive and consider such an offer, provided that Mr. Becker was willing to submit to the procedures established by the special committee.

During the week of October 2, 2006, representatives of Morgan Stanley and Merrill Lynch engaged in several telephone conversations discussing the special committee s instructions with representatives of Goldman Sachs.

On October 5, 2006, Mr. Becker indicated to the special committee his willingness to proceed on the basis of the procedures established by the special committee. On several occasions starting on October 6, 2006 and continuing through December 2006, Mr. Becker, through representatives of Goldman Sachs, requested permission from the special committee to contact potential investors and to solicit their participation in a potential transaction.

On October 10, 2006, the special committee, through Morgan Stanley, advised Mr. Becker and Goldman Sachs that they were permitted to approach the 13 potential investors that Mr. Becker and Goldman Sachs had identified and requested permission to contact. There was limited interest, however, for a transaction at the $55.00 per share level from these investors, and Mr. Becker submitted a list of ten additional potential investors to the special committee, which the special committee approved on October 17, 2006. On November 2, 2006, the special committee authorized Mr. Becker and Goldman Sachs to approach an additional six potential investors. This sequential approval process continued through December 2006 as Mr. Becker and Goldman Sachs approached additional potential investors in an attempt to satisfy the special committee s requirement that any offer submitted for the special committee s consideration include commitments for 100% of the debt and equity financing necessary to complete the transaction.

Over this period, the special committee approved a total of 42 potential sources of equity financing. If an approved party expressed interest, it was permitted to commence a due diligence review of the Company upon execution of a nondisclosure agreement. Thirty-nine of the 42 potential sources (including 11 who ultimately formed part of the Investor Group) were contacted and 25 of this number executed nondisclosure agreements. During this period, the special committee held additional meetings with senior management and the other independent directors of the Company s board of directors.

On October 18, 2006, representatives of Morgan Stanley, Merrill Lynch and Pillsbury attended a due diligence session with the Company s management, including Mr. Becker, at the Company s offices. The Company s management gave presentations discussing the Company s business and prospects, and attendees were given the opportunity to ask questions of management. Two days later, similar meetings were held between Company management, including Mr. Becker, Goldman Sachs and certain potential sources of equity financing for Mr. Becker s potential offer. At the request of the special committee, representatives of Morgan Stanley and Merrill Lynch attended these meetings.

At the special committee s request, Mr. Becker acknowledged in a letter dated October 30, 2006 that he did not intend to engage in certain of the actions prohibited by the nondisclosure agreement entered into by SCP II during any time at which SCP II was subject to similar restrictions (generally, until September 12, 2007) with respect to acquisitions of Company stock or forming groups with other persons, except as otherwise permitted by the special committee.

On November 1, 2006, the special committee held a telephonic meeting that was attended by representatives of its financial advisors and Pillsbury. At the meeting, the financial advisors discussed with the special committee their preliminary financial analyses of the Company.

During late October and November 2006, Mr. Becker discussed a possible acquisition of Laureate with a number of potential investors, including Citigroup Private Equity, Kohlberg Kravis Roberts & Co. and SPG Partners, LLC.

At a meeting held on November 21, 2006, the special committee received an update from Mr. Becker as to the status of his efforts to obtain equity and debt financing with respect to his proposed acquisition of the Company. Mr. Becker reported that he had not yet obtained the commitments for equity financing required to finance such a proposal.

During November and December 2006, Mr. Becker discussed with Citigroup Global Markets Inc. the process of a possible acquisition of Laureate and possible financing structures. On December 6, 2006, with the special committee s permission, Citigroup Global Markets Inc. formally began assisting Mr. Becker and the potential investors, and was subsequently engaged by Merger Sub, as a financial advisor and a possible financing source in connection with the merger.

On November 30, 2006, Morgan Stanley received a call from Goldman Sachs indicating that Mr. Becker was planning to submit a proposal on or before the December 11, 2006 Laureate board meeting. Based on that call, on December 4, 2006, Morgan Stanley asked Goldman Sachs to provide an update regarding the process prior to that board meeting. In response, on December 6, 2006, Mr. Becker sent a letter to the board of directors proposing to acquire the Company at a price of $56.50 per share. In his letter, Mr. Becker indicated that he anticipated financing the acquisition through $1.5 billion of debt financing, $500 million of mezzanine debt at a newly formed holding company and approximately $1.6 billion of equity.

On the same day, the special committee held a telephonic meeting that was attended by representatives of Morgan Stanley, Merrill Lynch and Pillsbury. Morgan Stanley and Merrill Lynch discussed with the special committee their updated financial analyses with respect to the Company. Morgan Stanley and Merrill Lynch also discussed with the special committee financing alternatives the Company could implement to obtain the financing needed to continue to make acquisitions. The special committee discussed with the representatives of Morgan Stanley and Merrill Lynch Mr. Becker s renewed proposal and their analyses which included an assessment of whether Mr. Becker would be able to raise the financing for a transaction at the proposed price. In this regard, the special committee was concerned that Mr. Becker had not provided any confirmation from Goldman Sachs as to its ability to obtain the debt financing required to finance the offer since its highly confident letter in September. Following this discussion, the special committee instructed its financial advisors to inform Mr. Becker, through Goldman Sachs, that the price he proposed was inadequate and to request that, if Mr. Becker remained interested in acquiring the Company, he should submit a proposal containing the highest acquisition price he would be willing to offer. This message was conveyed to Mr. Becker through Goldman Sachs on the following day.

On December 11, 2006, the special committee held a meeting at the Company s offices that was attended by representatives of Morgan Stanley, Merrill Lynch and Pillsbury. Morgan Stanley and Merrill Lynch discussed with the committee their further updated financial analyses with respect to the Company.

Shortly after the special committee meeting adjourned, the special committee, along with representatives of Morgan Stanley, Merrill Lynch and Pillsbury, convened a meeting with Isabel Aguilera, Wolf H. Hengst, John A. Miller and Richard K. Riley, the other independent directors of the Company. The special committee s financial advisors discussed with the independent directors the history of the actions of the special committee, the review and analysis of the special committee, the risks and opportunities facing the Company and their financial analyses of the Company. At the request of the special committee, a representative of Pillsbury advised the special committee and the independent directors of directors fiduciary duties under Maryland law in the context of a management buy-out transaction.

On December 13, 2006, Mr. Becker called Mr. Wilson and informed him that he intended to submit a renewed proposal at a price in excess of $59 per share. On the following day, Mr. Becker sent a letter to the Company s board of directors renewing his offer at a price of $59.25 per share. Mr. Becker did not provide any details at this time regarding debt or equity financing for his renewed offer.

On December 15, 2006, the special committee held a telephonic meeting that was attended by representatives of Morgan Stanley, Merrill Lynch and Pillsbury. At the meeting, representatives of Morgan Stanley and Merrill Lynch discussed with the special committee their financial analyses of the Company. The representatives of Morgan Stanley and Merrill Lynch indicated that, if a cash offer were received at a price at or above $60 per share, each expected, subject to finishing their analyses and completing their internal review process, that they would likely be able to conclude, based upon and subject to various assumptions, qualifications, and limitations that would be set forth in their respective opinions, that an offer at a price at or above $60 per share was fair, from a financial point of view, to the Company s unaffiliated stockholders. The representatives noted, however, that in order for Morgan Stanley or Merrill Lynch to render any opinion as to fairness, it would be necessary for internal committees at each to review the language of any proposed transaction and approve the opinion. The members of the special committee questioned the representatives of the financial advisors regarding their analyses and discussed possible responses to Mr. Becker s proposal. At the request of the special committee, representatives of Pillsbury provided a summary of directors fiduciary duties under Maryland law, noting, in particular, that directors are not obligated to accept an acquisition proposal under Maryland law. The special committee determined that Mr. Wilson should telephone Mr. Becker immediately following the conclusion of the meeting to inform Mr. Becker that the special committee would be receptive to recommending to the board of directors a proposal with a price per share of $62. Immediately following the meeting, Mr. Wilson telephoned Mr. Becker to convey this message.

On December 19, 2006, Mr. Becker wrote a letter to Mr. Wilson stating that Mr. Becker s investors would not support a transaction at $62 per share. At a telephonic meeting of the special committee held on December 22, 2006, at which representatives of Morgan Stanley, Merrill Lynch and Pillsbury were in attendance, the members of the special committee discussed with their financial advisors possible responses to Mr. Becker s letter, noting, among other factors, the ongoing distraction to the Company s management and employees that would be created by an unduly prolonged process. Following these discussions, the members of the special committee determined that Mr. Wilson should contact Mr. Becker by telephone immediately following the conclusion of the meeting to advise Mr. Becker that the special committee intended to place Mr. Becker s most recent proposal of $59.25 per share before the independent members of the board of directors at a meeting in early January, with a recommendation that it be rejected as inadequate and, as a result, that the special committee be disbanded. Mr. Wilson was asked to convey that, in the interim, if Mr. Becker remained interested in acquiring the Company, he would be welcome to amend his proposal to include his best and final per share offer price. This message was delivered to Mr. Becker following the conclusion of the meeting.

Following Mr. Wilson s conversation with Mr. Becker, Mr. Becker discussed the special committee s message with the other potential investors and with Goldman Sachs and Citigroup Global Markets Inc. Following further analysis and discussion, Mr. Becker determined to submit an offer of $60.50 per share,

notwithstanding the fact that one of the potential investors declined to pursue the transaction given the increase in price.

On December 27, 2006, Mr. Becker, through Goldman Sachs, orally agreed to increase his offer to a price of $60.50 per share, which was orally confirmed by Mr. Becker to be his best and final offer. The special committee discussed this offer with its advisors at a telephonic meeting held on January 2, 2007. At the request of the special committee, representatives of each of Morgan Stanley and Merrill Lynch indicated that, if requested by the special committee to provide opinions, subject to finishing their analyses and the review and approval of their respective internal fairness committees, Morgan Stanley and Merrill Lynch would likely be able to conclude, based on and subject to various assumptions, qualifications and limitations that would be set forth in their respective written opinions, that a price of $60.50 was fair to the Company s unaffiliated stockholders from a financial point of view.

On January 5, 2007, the special committee held a meeting at Pillsbury s offices in McLean, Virginia which was attended by representatives of Morgan Stanley, Merrill Lynch and Pillsbury. At the invitation of the special committee, Messrs. Miller and Riley, independent directors of the Company, attended in person and Ms. Aguilera and Mr. Hengst, the other independent directors of the Company, attended by telephone. After a discussion by Pillsbury of the history and purpose of the special committee and the duties of directors under Maryland law in the context of acquisition proposals, the members of the special committee and the other independent directors participating in the meeting listened to, and asked questions relating to, Morgan Stanley s and Merrill Lynch s financial analyses of Mr. Becker s offer. Representatives of each of Morgan Stanley and Merrill Lynch indicated that, subject to finishing their analyses and the review and approval of their respective internal fairness committees, Morgan Stanley and Merrill Lynch would likely be able, if requested by the special committee, to conclude, based on and subject to various assumptions, qualifications and limitations that would be set forth in their respective written opinions, that a price of $60.50 in cash was fair to the Company s unaffiliated stockholders from a financial point of view. After each member of the special committee and each other independent director participating in the meeting expressed his or her views regarding Mr. Becker s offer, the members of the special committee, with the unanimous support of the other independent directors participating in the meeting, unanimously determined to notify Mr. Becker that the special committee was prepared to continue negotiations with Mr. Becker on the basis of a price of $60.50 per share, pending agreement on terms of a merger agreement fair to the Company s stockholders, which terms would include a 45-day go shop provision that would permit the Company to solicit alternative offers with Mr. Becker s cooperation. Immediately thereafter, Mr. Wilson, along with representatives of the financial advisors and Pillsbury, telephoned Mr. Becker to notify him of the special committee s decision.

On January 11, 2007, Pillsbury delivered an initial draft of the merger agreement to Simpson Thacher & Bartlett LLP (Simpson Thacher), counsel for the equity investors. Simpson Thacher delivered comments on the draft merger agreement to Pillsbury on January 16, 2007.

During the period from January 16, 2007 to January 28, 2007, the parties negotiated the terms of the draft merger agreement and a draft cooperation agreement, which, among other things, obligates Mr. Becker to cooperate with the Company s efforts to obtain, and to refrain from impeding, third-party offers to acquire the Company. The special committee held several telephonic meetings during this period, at which Morgan Stanley, Merrill Lynch and Pillsbury provided updates and answered questions relating to the course of negotiations and other matters related to the proposed transaction and received guidance from the special committee. During the same period, legal counsel to the equity investors and Mr. Becker negotiated the terms on which Messrs. Becker and Taslitz, and trusts affiliated with each of them, would participate in the transaction, including with respect to such person s rollover equity commitments.

15

On January 28, 2007, the special committee held a meeting at the offices of the Company in Baltimore, Maryland, with Messrs. Wilson and McGuire attending in person and Mr. Pollock attending by telephone. At the invitation of the special committee, Ms. Aguilera and Messrs. Hengst, Miller and Riley, the Company s other independent directors, were invited to attend a portion of the meeting by telephone. Representatives of Pillsbury, Morgan Stanley and Merrill Lynch also attended. At the special committee s request, Robert W. Zentz, the Company s Senior Vice President and General Counsel, and representatives of DLA Piper US LLP (DLA Piper), the Company s regular outside counsel, attended a portion of the meeting. At the special committee s request, a representative of Pillsbury provided a summary of the proposed agreements relating to the merger, including the merger agreement, the related disclosure letters, debt, equity and rollover commitment letters, the cooperation agreement and the voting agreement. The Pillsbury representative then provided a detailed summary of the merger agreement, including, but not limited to (i) the cash consideration to be received by stockholders, (ii) the treatment of options and other awards, (iii) the representations and warranties to be made by the Company, on one hand, and Parent and Merger Sub, on the other hand, (iv) covenants relating to conduct of the Company s business pending the merger, (v) the 45-day go shop provision that permitted the Company to solicit alternative offers, which if received prior to the end of the go shop period or, in certain circumstances, within 15 calendar days following the end of the go shop period, would not have been subject to any matching right of Parent and Merger Sub, (vi) restrictions on solicitation following the end of the go shop period, including a right by Parent and Merger Sub to match certain offers submitted following the end of the go shop period, (vii) provisions relating to Parent s and Merger Sub s obligations to obtain financing to consummate the merger, (viii) conditions to closing (including regulatory conditions to closing) and (ix) termination provisions, including related termination fees and payments for expenses. Pillsbury representatives responded to questions from members of the special committee and the other independent directors present relating to the terms of the merger agreement.

Morgan Stanley then discussed with the special committee and the other independent directors participating in the meeting its financial analysis and presentation, a copy of which had been provided to the members of the special committee and the other directors participating in the meeting in advance of the meeting. Morgan Stanley then orally delivered its fairness opinion, stating that, in its opinion, based upon and subject to the assumptions, qualifications and limitations set forth in its written opinion described under the heading Opinions of the Special Committee s Financial Advisors as of that date the consideration to be received by holders of shares of the Company s common stock pursuant to the merger agreement other than the Rollover Investors and Parent and its subsidiaries was fair from a financial point of view to such holders. Morgan Stanley delivered its written opinion shortly after the conclusion of the meeting.

Merrill Lynch then presented its financial analysis and presentation, a copy of which had been provided to the members of the special committee and the other independent directors participating in the meeting in advance of the meeting. Merrill Lynch then orally delivered its opinion to the special committee to the effect that, based upon and subject to the assumptions, qualifications and limitations set forth in its written opinion described under the heading Opinions of the Special Committee s Financial Advisors as of January 28, 2007, the merger consideration of $60.50 in cash per share to be received by the holders of shares of the Company s common stock (other than Parent, the Investor Group and their respective affiliates) pursuant to the merger agreement was fair, from a financial point of view, to such holders. Merrill Lynch delivered its written opinion shortly after the conclusion of the meeting. Morgan Stanley, Merrill Lynch and Pillsbury responded to questions from members of the special committee and the other independent directors participating in the meeting. After this exchange, the independent directors (other than the members of the special committee), Mr. Zentz and the representatives of DLA Piper departed from the meeting.

Following a discussion of the matters presented by the special committee s legal and financial advisors earlier in the meeting, the special committee unanimously adopted resolutions recommending that the board of directors approve and declare advisable the merger, the merger agreement and the transactions contemplated thereby.

Shortly thereafter, Ms. Aguilera and Messrs. Hengst, Miller and Riley, as well as Mr. Zentz and the representatives of DLA Piper, returned to the meeting, which reconvened as a meeting of the board of directors. The board of directors, by unanimous action of the directors present (other than Mr. Miller, who abstained on the grounds that he is a limited partner in the general partner of SCP II), voted to adopt resolutions approving and declaring advisable the merger, the merger agreement and the transactions contemplated thereby and recommending that such matters be submitted to the Company s stockholders for their approval. Mr. Becker did not participate in the meeting or the vote. Mr. Hoehn-Saric also did not participate in the meeting or the vote because he is affiliated with Sterling Partners.

After the conclusion of the meeting, the Company, Parent and Merger Sub executed the merger agreement and issued a press release announcing the merger and describing the go shop period.

Beginning on January 29, 2007, under the supervision of the special committee, representatives of Morgan Stanley and Merrill Lynch contacted 67 potential acquirors, which consisted of 58 financial parties and nine strategic parties. The financial parties were identified based on the amount of funds under management, prior investment experience in the education sector and an ability to consummate a transaction. The strategic parties were identified based on the operations and industries in which such parties participate. The special committee s representatives provided 57 parties with marketing materials, which consisted of a description of the key terms of the merger, key investment considerations for a potential acquiror and extensive publicly available information on the Company and the for-profit education industry, including the Company s filings with the Securities and Exchange Commission (the SEC), equity research reports and the merger agreement. Over the following weeks, four parties expressed interest in obtaining additional information on the Company and exploring a potential transaction. The Company entered into confidentiality agreements with two private equity firms, each of which was granted access to confidential legal and financial information regarding the Company. Neither of the two private equity firms submitted an indication of interest during the go shop period and, to the knowledge of the special committee and its advisors, both firms have ceased further review of a potential acquisition of the Company. During the go shop period, Morgan Stanley and Merrill Lynch continued to encourage other parties to explore a transaction and updated the special committee on a regular basis regarding the status of the solicitation. The go shop period concluded on March 14, 2007 without the submission of a proposal to the special committee. The reasons cited by the potential acquirors approached by the special committee s representatives for declining to pursue or explore an acquisition of the Company included, among others, the high multiple of EBITDA and high share price being paid by Parent in the merger, the size of the equity funding required to pay more than $60.50 per share, process considerations and potential acquirors own differing strategic focus.

On March 13, 2007, Mr. Hoehn-Saric entered into an agreement with Parent pursuant to which he agreed to sell his shares of the Company s common stock to Parent immediately prior to the effective time of the merger for $60.50 per share in cash. In this agreement, Mr. Hoehn-Saric also agreed to cancel, to the extent not previously exercised, his options to purchase shares of the Company s common stock in exchange for the surviving corporation establishing a new deferred compensation plan for Mr. Hoehn-Saric, under which plan Mr. Hoehn-Saric will have the right to receive cash payments in the future, which plan will have an initial value of approximately $48.6 million, assuming Mr. Hoehn-Saric does not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

The Cooperation Agreement

On January 28, 2007, Mr. Becker entered into a cooperation agreement with the Company, the terms of which obligate Mr. Becker, solely in his capacity as Chief Executive Officer of the Company, to cooperate with, and not take any action intended to frustrate, delay or impede, the efforts of the Company or its representatives to initiate, solicit and encourage any inquiry, proposal or offer relating to any acquisition proposal for the Company, to the extent permitted under the terms and conditions of the merger agreement, or any alternative transaction agreement entered into following termination of the merger agreement. Such obligations of Mr. Becker commenced the date of the cooperation agreement and end on the earliest to occur of (i) the consummation of the merger, (ii) the consummation of a transaction contemplated by an alternative transaction agreement entered into following the termination of the merger agreement, or (iii) the termination of Mr. Becker s employment with the Company.

In the event that the Company terminates the merger agreement to accept a superior proposal, Mr. Becker has agreed, if requested by the acquiror, to remain in the Company s employment as an executive or consultant on a full-time basis for up to six months following the consummation of the transaction and on a part-time basis for up to an additional six months (which we refer to as transition services).

The cooperation agreement amends Mr. Becker s obligations under his employment agreement by, among other things, adjusting the end date of the non-competition and non-solicitation period under the employment agreement to be the earlier of (i) the first anniversary of the date on which Mr. Becker notifies the Company in writing (x) that he does not intend to remain with the Company after he has concluded providing transition services or (y) of his resignation, whether as an employee or as a consultant, and (ii) the date six months after he has concluded providing transition services.

Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger

The Special Committee

Immediately after receiving notice that on September 8, 2006 Mr. Becker intended to submit a proposal, the independent members of the board of directors established a special committee composed of three members, Messrs. Wilson (Chair), McGuire and Pollock, to consider the proposal and any alternate proposals that developed. Our board of directors determined that each person appointed to the special committee was a disinterested director with regard to the proposed transaction, as such term is used under Maryland law, and an independent director, as such term is defined in the rules of the Nasdaq Global Select Market. See Background of the Merger for more information about the formation and authority of the special committee. The special committee retained Morgan Stanley and Merrill Lynch as its financial advisors, and Pillsbury as its legal advisor. The special committee met with members of the senior management team (including meetings without Mr. Becker present) and reviewed the overall outlook of the business, including upside opportunities and risks facing the Company s business for the next several years, oversaw financial and legal due diligence performed by its advisors, conducted an extensive review and evaluation of the proposal and conducted arms -length negotiations with Mr. Becker and other representatives of the Investor Group with respect to the merger agreement and various other agreements relating to the merger. On January 28, 2007, the special committee, acting with the assistance of its financial and legal advisors, among other things, unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby were fair to and in the best interests of the unaffiliated stockholders of the Company. The special committee also unanimously recommended to the board of directors that the board of directors approve and declare advisable the merger, the merger agreement and the transactions contemplated thereby.

In the course of reaching the determinations and decisions, and making the recommendations, described above, the special committee considered the following substantive positive factors and potential benefits of the merger agreement, the merger and the other transactions contemplated thereby, each of which the special committee believed supported its decision:

- that the special committee viewed the merger consideration of $60.50 per share as more favorable to the Company s unaffiliated stockholders than the potential value that might result from other alternatives reasonably available to the Company, including continuing with the Company s current business plan;

- that the proposed merger consideration was all cash, so that the transaction allows the Company s unaffiliated stockholders to immediately realize a fair value, in cash, for their investment and provides such stockholders certainty of value for their shares, especially when viewed against the risks inherent in the Company s business plan, including the following:

- the fact that the projections of the Company s management underlying the Company s business plan are predicated on continued acquisitions, which acquisitions may become more difficult to find, may not be of the same caliber as acquisitions to date and may become more complex, increasingly costly and more difficult to execute in future years;

- the fact that in order to meet the earnings per share guidance given by the Company s management in its Vision for 2010 presentation and in other management projections reviewed by the special committee, the Company would have to achieve an earnings-per-share growth rate that is in excess of the Company s recent historical earnings-per-share growth rate;

- the likelihood that the Company will encounter increased competition in the key market segments in Latin America;

- the chance that the Company s plans to enter new and emerging markets, such as China, may be delayed, may be unprofitable over the short-term and may result in lower than anticipated revenue per student and operating margins and may result in meaningful tax inefficiencies;

- the trend in the for-profit education industry toward slower growth and, in particular, slower growth in online education, which may negatively affect the price of the Company s common stock;

- the possible decline in revenue growth rates in Europe and Latin America as the markets become saturated;

- the possible decline in the rate of growth of new student enrollments;

- the likelihood that the Company s overall tax rate will increase over time as it tries to repatriate to the U.S. funds generated by its foreign operations;

- the fact that the Company s business model is more capital-intensive than that of its for-profit education peers, which may place the Company at a competitive disadvantage;

- the fact that the Company s Latin American operations represent a significant portion and the fastest growing segment of the Company s business, which makes the Company s financial results highly dependent on economic and political circumstances in that region;

- the Company s recent management changes and senior management additions in Latin America have given the Company a management team that is highly experienced but unproven in successfully running the Company s Latin American operations, which may, among other things, make it more difficult for the Company to make and integrate profitable acquisitions in the region in the short term; and

- the fact that, although the Company s results have historically been consistent with Company forecasts on a quarterly basis, the above listed factors increase the risk that the Company s

results will not be consistent with Company forecasts in one or more future quarters, which could have a downward impact on the earnings multiple of the Company s stock price going forward;

- that the special committee viewed the merger consideration as fair in light of the Company s business, operations, financial condition, strategy and prospects, as well as the Company s historical and projected financial performance;

- the current and historical market prices of the Company s common stock, including the market price of the Company s common stock relative to those of other participants in the Company s industries and general market indices, and the fact that the merger consideration of $60.50 per share represented a premium of 23% over the closing price of the Company s common stock on January 4, 2007, the day before the special committee authorized its advisors to begin negotiation of a definitive agreement at a price of $60.50 per share. The $60.50 per share merger consideration represents a premium of almost 20% over the 30-day average closing prices of the Company s common stock over the period preceding the announcement of the transaction on January 28, 2007;

- the opinion received by the special committee from its financial advisor, Morgan Stanley, delivered orally at the special committee meeting on January 28, 2007, and subsequently confirmed in writing, that, based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion described under the heading Opinions of the Special Committee s Financial Advisors , as of that date, the merger consideration to be received by the holders of shares of the Company s common stock pursuant to the merger agreement (other than Parent and its subsidiaries and the Rollover Investors) was fair from a financial point of view to such holders, as described in the written opinion of Morgan Stanley;

- the opinion received by the special committee from its financial advisor, Merrill Lynch, delivered orally at the special committee meeting on January 28, 2007, and subsequently confirmed in writing, that, based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion described under the heading Opinions of the Special Committee s Financial Advisors , as of that date, the merger consideration to be received by the holders of shares of the Company s common stock pursuant to the merger agreement (other than Parent, the Investor Group and their respective affiliates) was fair from a financial point of view to such holders, as described in the written opinion of Merrill Lynch;

- the presentations of Morgan Stanley and Merrill Lynch on January 28, 2007 in connection with the foregoing opinions, which are described under Opinions of the Special Committee s Financial Advisors;

- the special committee s belief that $60.50 per share was the highest consideration that could be obtained, subject to confirmation in the go shop period;

- the efforts made by the special committee and its advisors to negotiate and execute a merger agreement favorable to the unaffiliated stockholders under the circumstances and the fact that the negotiations regarding the merger agreement were held on an arms -length basis;

- the terms and conditions of the merger agreement, including:

- the 45-day go shop period provision in the merger agreement that permitted the Company to solicit alternative acquisition proposals and, in the event the Company received any such proposal during that period that the special committee believed in good faith was or could have become superior to the $60.50 per share cash offer, to terminate the merger agreement and pay a reduced termination fee of $55 million;

- the provision of the merger agreement allowing the board of directors or the special committee to withdraw or change its recommendation of the merger agreement, and to terminate the merger agreement, in certain circumstances

relating to the presence of a superior proposal,

subject, in certain cases, to a payment by the Company to Parent of a $110 million termination fee (or $55 million if the superior proposal was made by a party that submitted an acquisition proposal during the go shop period, with certain conditions);

- the provision of the merger agreement denying Parent and Merger Sub the right to match any superior proposal submitted during the 45-day go shop period or, in certain circumstances, within 15 calendar days following the end of the go shop period; and

- although the merger agreement is conditioned on the availability of debt and equity financing to Parent, the debt and equity financing commitment letters contain limited conditions, Parent and Merger Sub are obligated to use their reasonable best efforts to obtain the debt and equity financing, including by drawing on committed bridge financing after having had an opportunity to market their high-yield debt, and the Company has certain third-party enforcement rights with respect to the equity financing commitment letters; and

- the special committee s belief that it was adequately informed about the extent to which the interests of certain directors and members of management in the merger differed from those of the Company s other stockholders.

In the course of reaching the determinations and decisions, and making the recommendations, described above, the special committee considered the following risks and potentially negative factors relating to the merger agreement, the merger and the other transactions contemplated thereby:

- that, to the knowledge of the special committee, the Company s stockholders, including the Company s employees, other than the Rollover Investors and members of the Investor Group who hold the Company s common stock, would have no ongoing equity participation in the Company following the merger, and that such stockholders would cease to participate in the Company s future earnings or growth, if any, or to benefit from increases, if any, in the value of the Company s common stock, and would not participate in any potential future sale of the Company to a third party;

- that, on a historical basis, the Company s management has excelled in creating stockholder value, has executed its business plan and is held in high regard by the special committee;

- the possible conflicts of interest of certain of the current directors and executive officers of the Company who will be or may have the opportunity to become equity owners in Parent and/or the surviving corporation following the merger;

- the risk that the proposed merger might not be consummated in a timely manner or at all, including the risk that the proposed merger will not occur if the financing contemplated by the acquisition financing commitments, described under the caption Special Factors Financing of the Merger, is not obtained, as Parent does not on its own possess sufficient funds to consummate the transaction;

- the fact that the approval of the merger and the merger agreement does not require the vote of at least a majority of the shares held by the Company s unaffiliated stockholders and that the representatives of the Investor Group were unwilling to agree to such a requirement;

- the possibility that Parent could, at a later date, engage in transactions that create value, including restructuring efforts or the sale of some or all of Parent or the surviving corporation or their respective assets to one or more purchasers at a valuation higher than that available in the merger;

- that the special committee did not conduct a formal auction for the acquisition of the Company;

- the merger agreement restrictions on the conduct of the Company s business prior to the consummation of the merger, generally requiring the Company to conduct its business only in the ordinary course, subject to specific

limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending consummation of the merger;

- the risks and costs to the Company if the merger is not consummated including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

- that the receipt of cash in exchange for shares of the Company common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes;

- the merger agreement s limitations, following the expiration of the go shop period, on the Company s ability to solicit other offers;

- the possibility that, under the merger agreement, the Company may be required to pay a termination fee of $110 million (which could have been $55 million under certain circumstances) or reimburse up to $15 million of Parent s expenses, which will be credited against the termination fee to the extent it becomes due; and

- that Parent s obligation to consummate the merger is subject to certain conditions outside of the Company s control, including Parent obtaining debt financing and the receipt of certain responses from the DOE to the pre-acquisition review filed with that department with respect to the participation by Walden University in the DOE s Title IV student financial assistance programs.

In the course of reaching the determinations and decisions, and making the recommendations, described above, the special committee also considered the following factors relating to the procedural safeguards that the special committee believes were and are present to ensure the fairness of the merger and to permit the special committee to represent the Company s unaffiliated stockholders without retaining an unaffiliated representative to act solely on behalf of the unaffiliated stockholders, each of which the special committee believed supported its decision and provided assurance of the fairness of the merger to the Company s unaffiliated stockholders:

- that the special committee consists solely of directors who are not officers or controlling stockholders of the Company, or affiliated with Mr. Becker, any other member of the Investor Group or any of their affiliates;

- that the members of the special committee were adequately compensated for their services and that their compensation was in no way contingent on their approving the merger agreement or taking the other actions described in this proxy statement;

- that the members of the special committee will not personally benefit from the consummation of the merger in a manner different from the Company s stockholders (other than Parent and members of the Investor Group who hold the Company s common stock);

- that the special committee retained and was advised by Pillsbury, its legal counsel;

- that the special committee retained and was advised by Morgan Stanley and Merrill Lynch, its financial advisors;

- in making its decision to retain Pillsbury, the special committee considered the fact that Pillsbury had represented another special committee of the Company s board of directors in connection with the Company s disposition of its K-12 assets in 2003 and determined that this prior assignment would not impede the ability of Pillsbury to render independent legal advice;

- in making its decision to retain Morgan Stanley and Merrill Lynch, the special committee took into account potential conflicts that Morgan Stanley and Merrill Lynch might have, and the fact that neither Morgan Stanley nor Merrill Lynch has provided investment banking or other services to the Company in the last two years and determined that both Morgan Stanley and Merrill Lynch would be able to render independent financial advice;

- that the special committee received the opinion of Morgan Stanley made as of January 28, 2007, that, as of that date, and based upon and subject to the assumptions, qualifications and limitations

set forth in the written opinion described under the heading Opinions of the Special Committee s Financial Advisors, the merger consideration to be received by the holders of the Company s common stock pursuant to the merger agreement (other than the Rollover Investors, Parent and its subsidiaries) was fair from a financial point of view to such holders, as described in the written opinion of Morgan Stanley;

• that the special committee received the opinion of Merrill Lynch made as of January 28, 2007, that, as of that date, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion described under the heading Opinions of the Special Committee s Financial Advisors, the merger consideration to be received by the holders of the Company s common stock pursuant to the merger agreement (other than Parent, the Investor Group and their respective affiliates) was fair from a financial point of view to such holders, as described in the written opinion of Merrill Lynch;

• that the special committee was involved in extensive deliberations over a period of approximately five months regarding the proposal, and was provided with access to the Company s management, both directly and in connection with the due diligence conducted by its advisors;

• that the special committee, with the assistance of its legal and financial advisors, negotiated on an arms -length basis with Mr. Becker and other representatives of the Investor Group, which, among other things, resulted in an increase in the offer price from Mr. Becker s original proposal of $55.00 per share to $60.50 per share;

• that the special committee had ultimate authority to decide whether or not to proceed with a transaction or any alternative thereto, subject to the board of directors approval of the merger and the merger agreement, as required by Maryland law;

• that the special committee was aware that it had no obligation to recommend any transaction, including the proposal put forth by Mr. Becker;

• that the terms and conditions of the merger agreement and related agreements were designed to encourage a superior proposal, including:

• a 45-day go shop period to solicit alternative acquisition proposals and, under certain circumstances after the expiration of the go shop period, to respond to inquiries regarding acquisition proposals and, upon payment of a termination fee, to terminate the merger agreement in order to enter into any agreement for a superior proposal;

• an agreement from Mr. Becker to cooperate in the go shop process;

• an agreement from Mr. Becker to work with third-party acquirors during a transitional period and that he reaffirms his obligations under his employment agreement not to compete with them in the event an alternative transaction was consummated;

• provisions, during the go shop period, denying Parent and Merger Sub the right to match any superior proposal;

• restrictions, during the go shop period, on the ability, subject to exceptions, of Parent, Merger Sub and the members of the Investor Group to retain additional financial advisors and exclusive debt financing sources;

• restrictions, during the go shop period, on the ability, subject to exceptions, of Parent, Merger Sub and the members of the Investor Group to seek or obtain any additional equity commitments or financing in respect to the proposed merger and the related transactions; and

- restrictions on the ability of Parent, Merger Sub or their affiliates, including members of the Investor Group, to enter into any arrangements with any member of the Company s management or any other Company employee on terms that prohibited or restricted such person from discussing or entering into any arrangements with any third party in connection with a transaction relating to the Company; and

- that the board of directors made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement, independent of Mr. Becker, who is a Rollover Investor, and with general knowledge of Mr. Becker s interests in the merger, and independent of Mr. Hoehn-Saric, who is a partner in Sterling Partners.

The special committee believes that these procedural safeguards were adequate to ensure procedural fairness of the merger to the Company s unaffiliated stockholders and to enable it to represent the Company s unaffiliated stockholders, notwithstanding (i) the absence of a requirement that a majority of the Company s unaffiliated stockholders approve the merger and the merger agreement and (ii) the determination of the special committee not to retain an unaffiliated representative to act on behalf of the Company s unaffiliated stockholders. In making these determinations, the special committee noted the advice of its counsel that Maryland law does not require that a merger be approved by a majority of a corporation s unaffiliated stockholders and noted that shares held by unaffiliated stockholders represented more than 90% of the shares outstanding on the date that the merger agreement was approved by the board of directors, meaning that approval of the merger and the merger agreement by the stockholders of the Company would necessitate approval by at least a substantial minority of the Company s unaffiliated stockholders. The special committee further noted that less than 3% of the shares outstanding on such date were obligated, pursuant to the voting agreement, to vote in favor of the merger.

In the course of reaching its decision to recommend to the Company s board of directors that it approve the merger and the merger agreement, the special committee did not consider the liquidation value of the Company because it considered the Company to be a viable, going concern and therefore did not consider liquidation value to be a relevant methodology. Further, the special committee did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of the Company as a going concern but rather is indicative of historical costs. The Company s net book value per share as of September 30, 2006 (the latest date available to the special committee on January 5, 2007, the date it determined to negotiate with Mr. Becker on the basis of a $60.50 per share offer) was approximately $20.67, or approximately 66% lower than the $60.50 per share cash merger consideration. The special committee considered the going concern value of the Company in making its determination regarding fairness. To measure the Company s going concern value, the special committee considered the analyses of discounted cash flow with respect to the Company (based on the projected financial information provided to Morgan Stanley and Merrill Lynch by the management of the Company) as well as a comparison of certain stock market data for selected publicly traded companies to similar information for the Company, each contained in the presentations provided by Morgan Stanley and Merrill Lynch. While the special committee considered current and historical trading prices of the Company s common stock, it did not review the recent purchase prices paid by officers, directors and affiliates of the Company, as substantially all of such purchases were made pursuant to existing stock option agreements. Other than the offers made by Mr. Becker and described under
Background of the Merger , the special committee did not consider any other firm offers made for the Company during the last two years as there were no such offers of which the special committee or the Company was aware. The special committee adopted the analyses and the opinion of each of Morgan Stanley and Merrill Lynch, among other factors considered, in the course of reaching its decision to recommend to the Company s board of directors that the board of directors approve the merger and the merger agreement.

The foregoing discussion of the information and factors considered by the special committee includes the material factors considered by the special committee. In view of the variety of factors considered in connection with its evaluation of the merger, the special committee did not find it practicable to, and did

not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The special committee approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

Our Board of Directors

The Company s board of directors consists of nine directors, one of whom, Mr. Becker, will be a Rollover Investor, another of whom, Mr. Hoehn-Saric, along with Mr. Becker and Mr. Taslitz, is a founding member of Sterling Partners and another of whom, Mr. Miller, is a limited partner in the general partner of SCP II. The board of directors concluded that Messrs. Becker and Hoehn-Saric have interests in the merger different from the interests of the Company s unaffiliated stockholders. The board of directors established the special committee of independent directors and empowered it to study, review, evaluate, negotiate and, if appropriate, make a recommendation to the board of directors regarding the proposal from Mr. Becker. Periodically, the special committee and its advisors apprised the other independent directors of the special committee s work. On January 28, 2007, the Company s board of directors (without the participation of Messrs. Becker and Hoehn-Saric) met to consider the report and recommendation of the special committee. On the basis of the special committee s recommendation and the other factors described below, the Company s board of directors unanimously (without the participation of Messrs. Becker and Hoehn-Saric and with Mr. Miller abstaining):

- determined that the merger agreement, the merger and the other transactions contemplated thereby, are advisable, fair to and in the best interests of, the unaffiliated stockholders of the Company;
- exempted the merger and the other transactions contemplated by the merger agreement from the Maryland business combination statute and any acquisition of shares of the Company s common stock pursuant to the merger and transactions contemplated by the merger agreement from the Maryland control share acquisition act;
- approved various related agreements; and
- directed that the approval of the merger be submitted to a vote of the Company s stockholders and recommended that the stockholders approve the merger and the merger agreement and the transactions and matters contemplated thereby.

Messrs. Becker and Hoehn-Saric did not participate in the board of directors deliberations or the vote. Mr. Miller was present for the meeting, but abstained from voting on the grounds that he is a limited partner in the general partner of SCP II. The Company has been advised that Mr. Miller has arranged with Sterling Partners so that he will not participate in SCP II s investment in Parent and will not receive any economic benefit from the merger realized by Sterling Partners, any of the Sterling Founders or any of their affiliates.

In determining that the merger agreement is substantively and procedurally fair to, and is advisable to and in the best interests of, the Company s unaffiliated stockholders, and approving the merger agreement, the merger and the other transactions contemplated thereby, and recommending that the Company s stockholders vote for the approval of the merger and the merger agreement, the board of directors considered a number of factors, including the following material factors:

- the unanimous determination and recommendation of the special committee;
- that the special committee received the opinion of Morgan Stanley made as of January 28, 2007, that, as of that date, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion described under the heading Opinions of the Special Committee s Financial Advisors, the merger consideration to be received by the holders of the Company s common stock pursuant to the merger agreement (other than the Rollover Investors, Parent and its subsidiaries) was fair from a financial point of view to such holders, as described in the written opinion of Morgan Stanley;

- that the special committee received the opinion of Merrill Lynch made as of January 28, 2007, that, as of that date, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion described under the heading Opinions of the Special Committee s Financial Advisors, the merger consideration to be received by the holders of the Company s common stock pursuant to the merger agreement (other than Parent, the Investor Group and their respective affiliates) was fair from a financial point of view to such holders, as described in the written opinion of Merrill Lynch;

- the financial presentations of Morgan Stanley and Merrill Lynch in connection with the foregoing opinions that were delivered to the board of directors at the request of the special committee;

- the fact that the merger consideration and the other terms of the merger agreement resulted from arms -length negotiations between the special committee and Mr. Becker and representatives of the Investor Group, and the board of directors belief that $60.50 per share in cash for each share of the Company s common stock represented the highest per share consideration that could be obtained, subject to confirmation in the go shop period; and

- the factors considered by the special committee, including the positive factors and potential benefits of the merger agreement, the risks and potentially negative factors relating to the merger agreement, and the factors relating to procedural safeguards.

In doing so, the board of directors adopted the analysis of the special committee, which is discussed above.

The foregoing discussion of the information and factors considered by the Company s board of directors includes the material factors considered by the board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, the Company s board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The board of directors approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

Our board of directors recommends that you vote FOR the approval of the merger and the merger agreement.

As noted below under Position of the Sterling Founders, certain affiliated trusts and SCP II as to Fairness, and Position of Parent, Merger Sub and the Sponsors as to Fairness, under a potential interpretation of the applicability of Rule 13e-3 under the Exchange Act, exercises by Messrs. Becker or Hoehn-Saric of their existing options to purchase shares of the Company s common stock could be deemed to be the first step in a going-private transaction. Accordingly, the Sterling Founders, certain affiliated trusts, SCP II, Parent, Merger Sub and the Sponsors have included disclosures regarding such possible exercises, including with respect to the fairness of such exercises to the Company s unaffiliated stockholders. Laureate does not expect that it will be engaged or otherwise involved in any such transactions, other than by complying with pre-existing contractual requirements to issue shares upon exercise of such options and, accordingly, did not consider the fact that such exercises might occur as a factor in its fairness determination relating to the merger.

Purposes and Reasons of the Sterling Founders, certain affiliated trusts and SCP II

Under the rules governing going private transactions, Messrs. Becker and Hoehn-Saric are deemed to be engaged in a going private transaction and are required to express their reasons for the merger to our unaffiliated stockholders. In addition, by virtue of their relationship to Douglas L. Becker, Mr. Taslitz, Eric D. Becker, certain trusts affiliated with each of Douglas L. Becker and Mr. Taslitz and SCP II could be deemed to be engaged in a going private transaction. In such case, Mr. Taslitz, Eric D. Becker, such trusts and SCP II also would be required to express their reasons for the merger to our unaffiliated stockholders. The Sterling Founders, certain affiliated trusts and SCP II are making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act.

For the Rollover Investors and Mr. Hoehn-Saric, the purpose of the merger is to enable them, through the Rollover Investors rollover equity commitments and the Sterling Founders equity interest in Parent and in entities through which several of the members of the Investor Group will be investing in Parent, to benefit from any future earnings and growth of Laureate after its stock ceases to be publicly traded, while allowing the unaffiliated stockholders, through receipt of the per share merger consideration, to immediately realize in cash the value of their investment in Laureate. From the perspective of Mr. Becker, the purpose of the merger also is to create greater operating flexibility, allowing management to concentrate on long-term growth rather than the short-term expectations of the financial markets. In satisfaction of their respective rollover equity commitments, Mr. Becker anticipates rolling over all but 50,000 shares of his shares of the Company s common stock, Mr. Taslitz anticipates rolling over all but 20,000 shares of his shares of the Company s common stock, and their respective trusts anticipate rolling over all of their shares of the Company s common stock. The shares of the Company s common stock held by Messrs. Becker and Taslitz that are not being rolled over in the transaction will be donated by them to one or more not-for-profit organizations prior to the stockholder vote approving the merger. The recipients of these shares, together with any shares of the Company s common stock held by Messrs. Becker and Hoehn-Saric in their respective 401(k) accounts, will be entitled to receive the merger consideration. Mr. Hoehn-Saric and Eric D. Becker will sell their shares of the Company s common stock to Parent immediately prior to the effective time of the merger for $60.50 per share in cash. Performance share units and options to purchase shares of the Company s common stock held by Douglas L. Becker and Mr. Hoehn-Saric (in the case of such options, to the extent not exercised prior to the consummation of the merger) will be canceled in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

For SCP II, the purpose of the merger is to benefit from any future earnings and growth of Laureate after the merger of Merger Sub with and into Laureate. SCP II believes that it is best for Laureate to operate as a privately held entity. As a privately held entity, Laureate will have the flexibility to focus on continuing improvements to its business without the constraints and distractions caused by the public equity market s valuation of Laureate and the focus on the quarter-to-quarter performance often emphasized by the public markets. Moreover, SCP II believes that Laureate s future business prospects can be improved through their active participation in the strategic direction and operations of Laureate. Although SCP II believes that there will be significant opportunities associated with its investment in Laureate, SCP II realizes that there are also substantial risks (including the risks and uncertainties relating to Laureate s prospects, including the prospects described in management s projections summarized under Important Information About Laureate Projected Financial Information).

SCP II believes that structuring the transaction as a going private merger transaction is preferable to other transaction structures because (i) it will enable Parent to acquire all of the outstanding shares of Laureate at the same time, (ii) it represents an opportunity for Laureate s unaffiliated stockholders to receive fair value for their shares and (iii) it also allows the Sterling Founders to maintain a portion of their investments in Laureate.

The purpose of any exercise by Messrs. Becker and/or Hoehn-Saric of their options (which as described below under Position of the Sterling Founders, certain affiliated trusts and SCP II as to Fairness, may be deemed to be the first step in a going-private transaction) would be to acquire additional shares of the Company s common stock pursuant to the terms of those options in order to vote those shares in favor of the approval of the merger agreement and the merger if those shares are eligible to be voted at the special meeting. If Messrs. Becker and Hoehn-Saric both exercise all options held by them as of March 15, 2007, their aggregate ownership of the Company s common stock would increase from approximately 1.5% of the outstanding shares to approximately 6.3% of the outstanding shares.

Purposes and Reasons of Parent, Merger Sub and the Sponsors

The proposed merger is a going private transaction. If the merger is completed, Laureate will become a subsidiary of Parent. For Parent and Merger Sub, the purpose of the merger is to effectuate the transactions contemplated by the merger agreement. For the Sponsors, the purpose of the merger is to benefit from any future earnings and growth of Laureate after the merger.

The Sponsors believe that it is best for Laureate to operate as a privately held entity. As a privately held entity, Laureate will have the flexibility to focus on continuing improvements to its business without the constraints and distractions caused by the public equity market s valuation of Laureate and the focus on the quarter-to-quarter performance often emphasized by the public markets. Management will benefit from eliminating the duties required in managing a publicly traded company, enabling them to devote more of their time and energy to core business operations. Moreover, the Sponsors believe that Laureate s future business prospects can be improved through their active participation in the strategic direction and operations of Laureate. Although the Sponsors believe that there will be significant opportunities associated with their investment in Laureate, they realize that there are also substantial risks (including the risks and uncertainties relating to Laureate s prospects, including the prospects described in management s projections summarized under Important Information About Laureate Projected Financial Information).

The Sponsors believe that structuring the transaction as a going private merger transaction is preferable to other transaction structures because (i) it will enable Parent to acquire all of the outstanding shares of Laureate at the same time, (ii) it represents an opportunity for Laureate s unaffiliated stockholders to receive fair value for their shares and (iii) it also allows Mr. Becker to maintain a significant portion of his investment in Laureate.

The purpose of Messrs. Becker and/or Hoehn-Saric of any potential exercise of their options to acquire shares of the Company s common stock is described above under Purposes and Reasons of the Sterling Founders, certain affiliated trusts and SCP II.

Opinions of the Special Committee s Financial Advisors

Opinion of Morgan Stanley & Co. Incorporated

The special committee retained Morgan Stanley to provide it with financial advisory services in connection with a possible sale, merger or other strategic business combination or a potential recapitalization or restructuring plan for Laureate. The special committee selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation as an advisor to special committees in affiliate transactions. At the meeting of the Laureate board of directors on January 28, 2007, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of January 28, 2007, and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration to be received by holders of shares of the Company s common stock pursuant to the merger agreement (other than the Rollover Investors and Parent and its subsidiaries) was fair from a financial point of view to such holders.

The full text of the written opinion of Morgan Stanley, dated as of January 28, 2007, is attached to this proxy statement as Annex C. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We encourage you to read the entire opinion carefully. Morgan Stanley s opinion is directed to the special committee of Laureate s board of directors and addresses only the fairness from a financial point of view of the consideration to be received by holders of shares of the Company s common stock, other than the Rollover Investors and Parent and its subsidiaries, pursuant to the merger agreement as of the date of the opinion. It does not address any other aspects of the merger. The opinion, and the other views and analysis of Morgan Stanley referenced throughout this proxy

statement, do not constitute a recommendation to any holder of the Company s common stock as to how to vote at the stockholders meeting to be held in connection with this transaction. The summary of the opinion of Morgan Stanley set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion, which is incorporated herein by reference.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Laureate;
- reviewed certain internal financial statements and other financial and operating data concerning Laureate prepared by the management of Laureate;
- reviewed certain financial projections prepared by the management of Laureate;
- discussed the past and current operations and financial condition and the prospects of Laureate with senior executives of Laureate;
- reviewed the reported prices and trading activity for the Company s common stock;
- compared the financial performance of Laureate and the prices and trading activity of the Company s common stock with that of certain other comparable publicly-traded companies and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in discussions and negotiations among representatives of Laureate, Parent and their financial and legal advisors;
- reviewed the merger agreement, the equity rollover commitments, the voting agreement between Parent, Messrs. Becker and Taslitz and the Becker Trusts, the financing commitments of Parent and Merger Sub (as defined in the merger agreement), substantially in the form of the drafts dated January 28, 2007, and certain related documents; and
- performed such other analyses and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information supplied or otherwise made available to Morgan Stanley for the purposes of its opinion. With respect to the financial projections, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of Laureate management regarding the future financial performance of Laureate. Morgan Stanley also assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions including, among other things, that Parent will obtain financing for the merger in accordance with the terms set forth in the financing commitments and that the transactions contemplated by the equity rollover commitments will be consummated in accordance with their terms. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the merger. Morgan Stanley is not a legal, tax or regulatory advisor and relied upon, without independent verification, the assessment of Laureate and its legal, tax or regulatory advisors with respect to such matters.

Morgan Stanley s opinion did not address the fairness of any consideration to be received by the Rollover Investors or Parent and its subsidiaries pursuant to the merger agreement or the equity rollover

commitments, the relative merits of the merger as compared to the alternative transactions or strategies that might be available to Laureate, or the underlying business decision of Laureate to enter into the merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Laureate, nor had they been furnished with any such appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, January 28, 2007. Events occurring after such date may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm this opinion.

In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction, involving Laureate, nor did Morgan Stanley negotiate with any parties other than Parent, which expressed interest to Morgan Stanley with respect to a possible acquisition of Laureate or certain of its constituent businesses. Following execution of the merger agreement, subject to the terms, conditions and procedures set forth therein, Morgan Stanley has been authorized for a period of time to solicit interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving Laureate.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. In the ordinary course of Morgan Stanley s trading and brokerage activities, Morgan Stanley or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or for the account of customers in the equity and other securities of Laureate, its affiliates, affiliates of Parent or any other parties, commodities or currencies involved in the merger. In the past two years, Morgan Stanley and its affiliates have provided financial advisory and financing services for certain members of the buyout group and their affiliates, and have received approximately $108.0 million in fees for rendering of these services. In addition, Morgan Stanley and its affiliates, directors, or officers, including individuals working with Laureate in connection with this transaction, may have committed and may commit in the future to invest in funds managed by affiliates of Kohlberg Kravis Roberts & Co.; Citigroup Private Equity; S.A.C. Capital Management, LLC; SPG Partners, LLC; Bregal Europe Co-Investment L.P.; Caisse de dépôt et placement du Québec; Sterling Partners; Makena Capital Management, LLC; Torreal Sociedad de Capital Riesgo de Regimen Simplificado S.A.; Moore Capital Management, LLC and Southern Cross Capital. Certain investment funds and other investors affiliated with or managed by Kohlberg Kravis Roberts & Co.; Citigroup Private Equity; S.A.C. Capital Management, LLC; SPG Partners, LLC; Bregal Europe Co-Investment L.P.; Caisse de dépôt et placement du Québec; Sterling Partners; Moore Capital Management, LLC; Makena Capital Management, LLC; Torreal Sociedad de Capital Riesgo de Regimen Simplificado S.A.; and Southern Cross Capital from time to time have and may co-invest with certain funds affiliated with Morgan Stanley.

Under the terms of its engagement letter, Morgan Stanley agreed to provide the special committee of the board of directors with financial advisory services and a financial opinion in connection with the merger, and Laureate agreed to pay Morgan Stanley a fee of $5 million, $1.5 million of which was paid at the beginning of the assignment and $3.5 million of which was paid upon delivery of Morgan Stanley s opinion. The fee was not contingent upon the outcome of Morgan Stanley s financial opinion. In addition, Morgan Stanley is entitled to earn an additional fee of up to $7.5 million, payable at the sole discretion of the special committee, upon closing of the transaction. Laureate has also agreed to reimburse Morgan Stanley for certain of its expenses, including attorneys fees, incurred in connection with its engagement. In addition, Laureate has agreed to indemnify Morgan Stanley and any of its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, relating to or arising out of its engagement and any related transactions.

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated January 28, 2007. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

No company or transaction utilized in the analyses is identical to Laureate or the merger. In evaluating the companies and transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Laureate, such as the impact of competition on the businesses of Laureate or the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Laureate or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

The estimates contained in Morgan Stanley s analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The analyses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

Projected Financial Performance Cases. Morgan Stanley reviewed Laureate s projected financial performance based on publicly available equity research estimates through calendar year 2011, which is referred to in this section as the Research Case. In addition, Morgan Stanley reviewed management estimates of Laureate s projected financial performance through calendar year 2012 assuming no future acquisitions (referred to in this section as the Management Base Case) and assuming several unidentified acquisitions from 2007 through 2010 (referred to in this section as the Management Case with Acquisitions).

Historical Share Price Analysis. Morgan Stanley performed a historical share price analysis to provide background and perspective with respect to the historical share prices of the Company s common stock. Morgan Stanley reviewed the historical price performance and average closing price of the Company s common stock for various periods ending on January 28, 2007 and compared them to the offer price of $60.50. Morgan Stanley observed the following:

	Price	Offer Price as Compared to Laureate s Common Stock Prices, Implied Premium
Since 1/25/07	$ 53.92	12 %
Since 1/5/07 (the date the special committee authorized negotiations on the basis of $60.50)	$ 49.45	22 %
Last 30-Days Trading Average	$ 50.82	19 %
Since 30 Days Prior	$ 48.63	24 %
Since 9/8/06 (last close before initial offer)	$ 46.97	29 %
Last 12 Months High	$ 55.22	10 %
Last 12 Months Low	$ 40.52	49 %

Morgan Stanley also analyzed the historical share price performance of Laureate s common stock over various periods of time ending on January 25, 2007. Morgan Stanley noted the performance of the Nasdaq 100 index and similar companies (as described below under the caption Comparable Company Analysis) over the same time periods:

Company	Since 9/8/06	Last 12 Months	Last Two Years
Laureate	15%	1%	25%
DeVry	33%	47%	80%
ITT Educational Services	14%	33%	66%
Strayer Education	3%	25%	5%
Corinthian Colleges	11%	13%	-29%
Nasdaq 100 Index	13%	6%	19%
Career Education	45%	-10%	-30%
Apollo Group	-14%	-24%	-47%

Equity Research Analysts Price Targets. Morgan Stanley reviewed and analyzed future public market trading price targets for the Company s common stock prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of the Company s common stock. The range of undiscounted analyst price targets for Laureate was $53 to $62 with an average price target of $58. Morgan Stanley discounted only those future price targets identified by the equity research analysts to be 12-month price targets using a 14% equity discount rate, resulting in a discounted analyst price target range of $48 to $56. Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

The public market trading price targets published by the equity research analysts do not necessarily reflect current market trading prices for the Company s common stock and these estimates are subject to uncertainties, including the future financial performance of Laureate and future financial market conditions.

Comparable Company Analysis. Morgan Stanley performed a comparable company analysis, which attempts to provide an implied value of a company by comparing it to similar companies. Morgan Stanley compared certain financial information of Laureate with publicly available consensus equity research estimates for other companies that shared similar business characteristics of Laureate. Although none of

the selected companies is directly comparable to Laureate, the companies included were chosen because they are publicly traded companies with operations that for purposes of this analysis may be considered similar to certain operations of Laureate. Morgan Stanley also considered the amount of each company s revenue and the size of their market capitalization in determining the comparable companies. The companies used in this comparison included the following for profit post-secondary companies:

- Apollo Group
- Career Education
- Corinthian Colleges
- DeVry
- ITT Educational Services
- Strayer Education

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies for comparison purposes:

- the ratio of price to estimated earnings per share, defined as net income divided by fully diluted shares outstanding, for calendar years 2006, 2007 and 2008 (based on publicly available equity research estimates);

- the ratio of price to estimated calendar year 2007 earnings per share (based on publicly available equity research estimates) divided by the long-term earnings per share growth rate (based on the publicly available I/B/E/S mean estimate);

- the ratio of aggregate value, defined as market capitalization plus total debt (including minority interests) less cash and cash equivalents, to estimated calendar years 2006, 2007 and 2008 EBITDA, defined as earnings before interest, taxes, depreciation and amortization, reflecting 100% consolidation, including minority interests (based on publicly available equity research estimates); and

- the ratio of aggregate value to estimated calendar year 2007 EBITDA (based on publicly available equity research estimates) divided by the compounded annual growth rate of calendar years 2006-2008 EBITDA.

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected representative ranges of the aggregate value to 2007 estimated EBITDA multiple for the comparable companies and applied this range of multiples to the relevant Laureate financial statistic. For purposes of calculating the implied value per share based on a range of aggregate value to EBITDA ratios, Morgan Stanley multiplied expected calendar year 2007 estimated EBITDA by the representative ranges of aggregate value to EBITDA ratios, added Laureate s net cash balance, and divided by Laureate s fully diluted shares outstanding. Based on Laureate s outstanding shares and options as of January 25, 2007, Morgan Stanley estimated the implied value per Laureate common share as of January 25, 2007 as follows for the Research Case, the Management Base Case and the Management Case with Acquisitions:

Aggregate Value to 2007E EBITDA	**Laureate Financial Statistic ($ in millions)**	**Comparable Company Multiple Range**	**Implied Value Per Share of Laureate**	**Implied Transaction Multiple**
Research Case	$ 253	8.0x 13.0x	$ 29 $53	14.7x
Management Base Case	$ 273	8.0x 13.0x	$ 32 $57	13.6x
Management Case with Acquisitions	$ 310	8.0x 13.0x	$ 38 $66	12.0x

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

Premia Paid Analysis. Morgan Stanley performed a premia paid analysis based upon the premia paid in precedent merger and acquisition transactions identified that were announced since 2004. Morgan Stanley considered several hundred precedent transactions which were composed of two sub-sets:

- all U.S. cash transactions with aggregate values greater than $100 million, and
- all U.S. leveraged buyout transactions with an aggregate value greater than $100 million.

Morgan Stanley analyzed the transactions to determine the premium paid for the target as determined using the stock price on the date that was four weeks prior to the earliest of the deal announcement, announcement of a competing bid, or market rumors. Based on this analysis, Morgan Stanley selected a representative premia range and applied this range to the stock price 30 days prior to January 28, 2007 to derive the implied value per Laureate common share:

	Premia Range	Implied Value Per Share of Laureate
Precedent Premia Paid	20% 30%	$ 58 $63

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

Analysis of Precedent Transactions. Morgan Stanley performed a precedent transaction analysis, which is designed to imply a value of a company based on publicly available financial terms and premiums of selected transactions that share certain characteristics with the merger. In connection with its analysis, Morgan Stanley compared publicly available statistics for eight selected for-profit education transactions between March 2003 and January 2007. These transactions (listed by target / acquirer and month and year of announcement) included:

- Educate / Sterling Partners (September 2006)
- Concorde Career Colleges / Liberty Partners (June 2006)
- Education Management Corp. / Providence and Goldman Sachs (March 2006)
- American Education Centers, Inc. / Education Management Corp. (June 2003)
- CDI Education Corporation / Corinthian Colleges (June 2003)
- Career Choices and East Coast Aero Tech. / Corinthian Colleges (June 2003)
- Whitman Education Group, Inc. / Career Education (March 2003)
- Dominica Management, Inc. (Ross University) / DeVry University (March 2003)

For each transaction listed above, Morgan Stanley noted the aggregate value to last twelve months EBITDA, defined as earnings before interest, taxes, depreciation and amortization. For purposes of calculating the implied value per share based on a range of precedent aggregate value to last twelve months EBITDA ratios, Morgan Stanley multiplied Laureate s last twelve months EBITDA by the representative ranges of precedent aggregate value to last twelve months EBITDA ratios, added the net cash balance (including minority interests) as of December 31, 2006, as estimated by Laureate s management, and divided by Laureate s fully diluted shares outstanding. Morgan Stanley utilized publicly available equity research projections as of January 25, 2007 for Laureate s calendar year 2006 EBITDA as an estimate for the last twelve months. Laureate s EBITDA estimates reflect 100% consolidation, including minority interests. The following table summarizes Morgan Stanley s analysis:

	Reference Range	Implied Value Per Share of Laureate	Laureate Merger Statistic
Aggregate Value to Trailing EBITDA	11.0x 12.0x	$ 34 $41	18.1x

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

Discounted Future Stock Price Analysis. Morgan Stanley performed a discounted future stock price analysis, which is designed to provide insight into the future value of a company s common equity as a function of the company s future EBITDA, net debt, and fully diluted shares and its current forward aggregate value to EBITDA multiples. The resulting value is subsequently discounted to arrive at a present value for the company s stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share for Laureate s common stock on a standalone basis. To calculate the discounted future stock price, Morgan Stanley first derived implied per share future values for the common shares at year-end 2008, 2009 and 2010 by calculating Laureate s aggregate value (based on applying forward EBITDA multiples ranging from 10.0x to 12.0x to Research Case projections for EBITDA, and multiples ranging from 9.0x to 11.0x to the Management Base Case and the Management Case with Acquisitions projections) less the projected book value of debt at 2008, 2009 and 2010 year-end, respectively, plus projected cash at year-end, divided by a projected number of fully diluted common shares provided by Laureate s management. Morgan Stanley then discounted this range of future values per share by a discount rate of 14.0% to derive a range of present values per share.

The following table summarizes Morgan Stanley s analysis:

Calendar Year 2009E-2011E EBITDA	Laureate Financial Statistic 2009E	2010E	2011E	Forward Aggregate Value to EBITDA Multiple Range	Implied Present Value Per Share of Laureate
Research Case	$ 391	$ 457	$ 511	10.0x 12.0x	$ 50 $63
Management Base Case	$ 424	$ 515	$ 587	9.0x 11.0x	$ 45 $60
Management Case with Acquisitions	$ 542	$ 677	$ 790	9.0x 11.0x	$ 55 $77

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

Discounted Cash Flow Analysis. Morgan Stanley performed an illustrative discounted cash flow analysis using equity research projections and estimates provided by Laureate s management of Laureate s free cash flow, defined for the purpose of this analysis as EBITDA minus cash taxes, minus capital expenditures, minus change in net working capital, minus acquisitions. Morgan Stanley derived illustrative indications of net present value per common share by applying discount rates ranging from 11.0% to 13.0% to the projected free cash flows for fiscal years 2007 through 2011 and a terminal EBITDA multiple of 8.5x, which implied perpetual growth rates of 5%-9%. This analysis resulted in a range of implied present values per share that are detailed below:

Discounted Cash Flow Analysis Forecast Case	Implied Perpetual Growth Rate	Implied Value Per Share of Laureate
Research Case	7% 9%	$ 42 $46
Management Base Case	5% 7%	$ 52 $57
Management Case with Acquisitions	6% 7%	$ 64 $70

Morgan Stanley sensitized the discounted cash flow analysis for the Management Case with Acquisitions by varying the annual tax rate from 10.0% to 35.0%. Morgan Stanley calculated illustrative net present values per common share by applying discount rates ranging from 11.0% to 13.0% to the projected free cash flows for fiscal years 2007 through 2011 and a terminal EBITDA multiple ranging from 8.0x to 9.0x. This analysis produced the following range of present values per share:

Tax Rate	Implied Value Per Share of Laureate
10%	$ 61 $75
20%	$ 58 $73
30%	$ 56 $70
35%	$ 54 $69

Morgan Stanley also sensitized the discounted cash flow analysis for the Management Case with Acquisitions by assuming annual shortfalls in key operational statistics between 5.0% to 20.0%. Morgan Stanley calculated net present values per common share by applying a 12.0% discount rate to the projected free cash flows for fiscal years 2007 through 2011 based on a terminal EBITDA multiple of 8.5x. This analysis resulted in the following present values per share:

	Implied Present Value Per Share of Laureate			
Yearly Shortfall in Operating Metric	Average Enrollment	Revenue / Student	Revenue from Acquisitions	EBITDA Margin
5%	$ 64	$ 64	$ 66	$ 63
10%	$ 60	$ 60	$ 65	$ 58
15%	$ 57	$ 57	$ 64	$ 54
20%	$ 53	$ 53	$ 63	$ 50

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

Leveraged Buyout Analysis. Morgan Stanley also analyzed Laureate from the perspective of a potential purchaser that was primarily a financial buyer that would effect a leveraged buyout of Laureate using a debt capital structure consistent with the merger. Morgan Stanley extrapolated Laureate s EBITDA, cash balance and debt outstanding through calendar year 2011 from the Research Case, the Management Base Case and the Management Case with Acquisitions. Morgan Stanley assumed that a financial sponsor would exit its Laureate investment at calendar year-end 2011 at an aggregate value range

that represented a multiple of 8.5x-9.5x forecasted calendar year 2012 estimated EBITDA. Morgan Stanley added Laureate s forecasted calendar year-end 2011 cash balance and subtracted Laureate s forecasted calendar year-end 2011 debt outstanding to calculate Laureate s calendar year-end 2011 equity value range. Based on Laureate s assumed calendar year-end 2011 equity value range and Morgan Stanley s assumption that financial sponsors would likely target 5-year internal rates of return of 20% to 25%, Morgan Stanley derived a range of implied values per share that a financial sponsor might be willing to pay to acquire Laureate. These ranges are detailed below:

Leveraged Buyout Analysis Forecast Case	**Internal Rate of Return Range**	**Implied Value Per Share of Laureate**
Research Case	20% 25%	$ 38 $45
Management Base Case	20% 25%	$ 45 $55
Management Case with Acquisitions	20% 25%	$ 55 $69

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common stock (other than the Rollover Investors and Parent and its subsidiaries) was $60.50.

In connection with the review of the merger by the special committee of Laureate s board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of Laureate.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the consideration pursuant to the merger agreement from a financial point of view to holders of shares of the Company s common stock other than the Rollover Investors and Parent and its subsidiaries and in connection with the delivery of its opinion dated January 28, 2007 to the special committee of Laureate s board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of common stock of Laureate might actually trade.

The merger consideration was determined through negotiations between the special committee of the board of directors of Laureate and Parent and was recommended by the special committee for approval by Laureate s board of directors and approved by Laureate s board of directors (interested directors did not vote). Morgan Stanley provided advice to the special committee of Laureate s board of directors during these negotiations. Morgan Stanley did not, however, recommend any specific merger consideration to Laureate, the special committee of its board of directors or its board of directors or that any specific merger consideration constituted the only appropriate consideration for the merger.

In addition, Morgan Stanley s opinion and its presentation to the special committee of Laureate s board of directors was one of many factors taken into consideration by the special committee of Laureate s board of directors in deciding to approve the merger and the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the special committee of Laureate s board of directors or of Laureate s board of directors with respect to the consideration or of whether the special committee of Laureate s board of directors or Laureate s board of directors would have been willing to agree to different consideration. The foregoing summary describes the material

analyses performed by Morgan Stanley but does not purport to be a complete description of the analyses performed by Morgan Stanley.

A copy of Morgan Stanley s written presentation to the special committee of Laureate s board of directors has been attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger. The written presentation will be available for any interested Laureate stockholder (or any representative of the stockholder who has been so designated in writing) to inspect and copy at our principal executive offices during regular business hours. Alternatively, you may inspect and copy the presentation at the office of, or obtain it by mail from, the SEC.

Opinion of Merrill Lynch, Pierce, Fenner and Smith Incorporated

The special committee retained Merrill Lynch to act as its financial advisor in connection with the proposed merger. Merrill Lynch delivered its oral opinion to the special committee, which was subsequently confirmed in writing, that, as of January 28, 2007, and based upon and subject to the assumptions, qualifications and limitations set forth in its written opinion (which are described below), the merger consideration of $60.50 in cash per share, or the per share merger consideration, to be received by holders of the Company s common stock pursuant to the merger agreement was fair, from a financial point of view, to those holders, other than Parent, the Investor Group and their respective affiliates.

The full text of the written opinion of Merrill Lynch, dated January 28, 2007, which sets forth the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Merrill Lynch, is attached, with Merrill Lynch s consent, to this proxy statement as Annex D. The following summary of Merrill Lynch s opinion is qualified in its entirety by reference to the full text of the opinion.

The Merrill Lynch opinion was addressed to the special committee for its use and benefit and only addresses the fairness, from a financial point of view, as of the date of the opinion, of the per share merger consideration to be received by holders of the Company s common stock pursuant to the merger agreement. The opinion does not address the merits of the underlying decision by the Company to engage in the merger and does not constitute, nor should it be construed as, a recommendation to any holder of the Company s common stock as to how the holder should vote with respect to the proposed merger or any other matter. In addition, Merrill Lynch was not asked to address nor does its opinion address the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company, other than the holders of the Company s common stock.

In arriving at its opinion, Merrill Lynch, among other things:

- reviewed certain publicly available business and financial information relating to the Company that Merrill Lynch deemed to be relevant;

- reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of the Company furnished to Merrill Lynch by the Company;

- conducted discussions with members of senior management of the Company concerning the matters described in the preceding two bullet points;

- reviewed the market prices and valuation multiples for the Company s common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- reviewed the results of operations of the Company and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- compared the proposed financial terms of the merger with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant;

- participated in certain discussions and negotiations among representatives of the special committee and Parent and their financial and legal advisors;

- reviewed drafts as of January 28, 2007 of the merger agreement, the cooperation agreement between the Company and Mr. Becker, the voting agreement between Parent, Messrs. Becker and Taslitz and certain trusts affiliated with Mr. Becker, the equity rollover commitment letters provided by Messrs. Becker and Taslitz and certain trusts affiliated with them to Parent, the equity financing commitments provided by certain members of the Investor Group to Parent and certain related documents and a debt financing commitment letter, dated January 28, 2007, to Merger Sub executed by certain lenders; and

- reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including its assessment of general economic, market and monetary conditions.

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it, discussed with or reviewed by or for it, or that was publicly available. Merrill Lynch did not assume any responsibility for independently verifying such information and did not undertake any independent evaluation or appraisal of any of the assets or liabilities of the Company and it was not furnished with any such evaluation or appraisal, nor did it evaluate the solvency or fair value of the Company under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of the Company. With respect to the financial forecast information furnished to or discussed with Merrill Lynch by the Company, Merrill Lynch assumed that this information had been reasonably prepared and reflected the best currently available estimates and judgment of the Company s management as to the expected future financial performance of the Company. Merrill Lynch expresses no opinion as to such financial forecast information or the assumptions on which it was based. Merrill Lynch assumed that the final form of the merger agreement and related transaction documents would be substantially similar to the last drafts reviewed by it.

The opinion of Merrill Lynch is necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to Merrill Lynch as of, January 28, 2007, the date of its written opinion. Merrill Lynch has no obligation to update its opinion to take into account events occurring after the date that its opinion was delivered to the special committee. Circumstances could develop prior to consummation of the proposed transaction that, if known at the time Merrill Lynch rendered its opinion, would have altered its opinion.

At the meeting of the special committee held on January 28, 2007, Merrill Lynch presented financial analyses accompanied by written materials in connection with the delivery of its opinion. The following is a summary of the material financial analyses performed by Merrill Lynch in arriving at its opinion. Some of the summaries of financial analyses include information presented in tabular format. In order to understand fully the financial analyses performed by Merrill Lynch, the tables must be read together with the accompanying text of each summary. The tables alone do not constitute a complete description of the financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by Merrill Lynch.

The estimates of future performance of the Company in or underlying Merrill Lynch s analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the Company s control. Estimates of the financial values of companies do not purport to be appraisals or reflect the prices at which such companies actually may be sold.

The management base case projections and the management acquisitions case projections referenced below are estimates of the Company s future over the fiscal years 2007 through 2011 prepared by the Company s management. The management base case projections reflect management s estimates as to the future performance of the Company assuming the Company completes only limited unidentified acquisitions. The management acquisitions case projections reflect management s estimates of the future performance of the Company assuming significant unidentified acquisitions by the Company. These projections were not prepared with a view toward compliance with SEC published guidelines or under generally accepted accounting principles in the United States.

Merger Consideration to be Received by Holders of the Company s Common Stock

Implied Premium Analysis. Merrill Lynch reviewed the average trading price of the Company s common stock for the one-month, three-month, six-month and one-year periods ended January 4, 2007, the last trading day before the special committee authorized negotiations on the basis of the $60.50 cash offer submitted by Mr. Becker. The following table reflects the implied percentage premium that the $60.50 in cash per share merger consideration represents to these various average closing prices and to the $49.15 closing price for Company s shares on January 4, 2007:

	Price	Implied Premium
Closing Price on January 4, 2007	$ 49.15	23.1 %
1 Month Average	$ 50.38	20.1 %
3 Month Average	$ 50.86	19.0 %
6 Month Average	$ 48.45	24.9 %
1 Year Average	$ 48.13	25.7 %

Implied Multiple Analysis. Based on the $60.50 per share merger consideration and the number of outstanding shares and options of the Company as provided by the Company s management, Merrill Lynch calculated an equity value of the Company of $3,336 million. Merrill Lynch also calculated a transaction or enterprise value of $3,741 million by adding to this equity value of the Company the amount of the Company s net debt (debt less cash) and minority interests as of December 31, 2006 provided by the Company s management. Using management base case projections, Merrill Lynch calculated the following implied multiples for the transaction:

- the transaction or enterprise value as a multiple of both 2006 and 2007 estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, for the Company, which we refer to as EBITDA Multiples;

- the transaction or enterprise value as a multiple of both 2006 and 2007 estimated earnings before interest and taxes, or EBIT, for the Company, which we refer to as EBIT Multiples;

- the $60.50 per share merger consideration as a multiple of both 2007 and 2008 estimated earnings per share, or EPS, and as a multiple of 2007 estimated EPS assuming a tax rate for the Company of 20%, rather than the 10% rate reflected in the other EPS Estimates. We refer to these multiples as P/E Multiples.

Merrill Lynch also calculated similar implied multiples using an enterprise value and a share price for the Company based on the Company s closing share price of $49.15 as of January 4, 2007, the last trading day before the special committee authorized negotiations on the basis of the $60.50 cash offer submitted by Mr. Becker.

In addition, Merrill Lynch calculated similar multiples for DeVry Inc., ITT Educational Services, Inc. and Strayer Education, Inc., three publicly-traded for-profit education companies that engage in businesses and have operating profiles reasonably similar to those of the Company, using their respective share prices

as of January 4, 2007, enterprise values calculated based on these share prices and each company s net debt as reflected in its most recent publicly available balance sheet, and estimates of EBITDA, EBIT and EPS for these companies derived from estimates published by selected Wall Street research analysts.

Merrill Lynch also calculated similar implied transaction multiples for Education Management Corporation, or EDMC, a for-profit education company that agreed in March 2006 to be acquired by financial investors, based on the per share merger consideration paid in that transaction, a transaction value for EDMC calculated using the merger consideration and EDMC s net debt as reflected in its most recent publicly available balance sheet at the time of the announcement of that transaction, and estimates of EDMC s EDITDA, EBIT and EPS as derived from estimates published by selected Wall Street research analysts.

As part of its analysis, Merrill Lynch compared the implied transaction multiples it calculated for the Company based on the $60.50 per share merger consideration, the Company s $49.15 closing share price on January 4, 2007, the average of implied multiples it calculated for DeVry Inc., ITT Educational Services, Inc. and Strayer Education, Inc., and the transaction multiples it calculated for the EDMC transaction. The results of Merrill Lynch s comparison are reflected in the following table:

Financial Measure	Implied Multiples Based on January 4 Share Price	Implied Multiples Based on $60.50 Merger Consideration	Implied Multiples for Three Public Comparables	Implied Multiples of EDMC Transaction
2006E EBITDA Multiple	14.6x	17.7x		11.6x
2007E EBITDA Multiple	11.4x	13.7x	13.4x	
2006E EBIT Multiple	20.7x	25.0x		15.3x
2007E EBIT Multiple	15.8x	19.1x	16.4x	
2007E P/E Multiple	20.0x	24.6x	26.1x	27.6x
2008E P/E Multiple	15.5x	19.0x		
2007E P/E Multiple (Tax Adjusted)	23.3x	28.6x		

Company Valuation Analyses

Historical Stock Trading Analysis. Merrill Lynch reviewed the historical trading performance of the Company common stock. Merrill Lynch observed that the low and high trading prices for shares of Company common stock over the 52-week period before January 4, 2007, the last trading day before the special committee authorized negotiations on the basis of the $60.50 cash offer submitted by Mr. Becker, were $40.52 and $55.22, respectively. Merrill Lynch observed that the $60.50 per share merger consideration was in excess of the highest trading price of the Company s shares during the 52-week period before January 4, 2007.

Research Analyst Stock Price Targets. Merrill Lynch reviewed price targets for the Company s shares recently published by Wall Street research analysts and observed that these price targets ranged from $53.00 to $62.00. Merrill Lynch discounted these price targets to present value using a discount rate of 14.0% based on Merrill Lynch s estimate of the equity cost of capital of the Company and observed that the discounted price targets ranged from $46.49 to $54.39. Merrill Lynch observed that the $60.50 per share merger consideration was in excess of, and the $49.15 closing price for Company s shares on January 4, 2007 was within, this range of discounted price targets for the Company s shares.

Analysis of Selected Comparable Publicly Traded Companies. Using publicly available information, Merrill Lynch compared financial and operating information and ratios for the Company with the corresponding information for a selected group of publicly traded companies. Merrill Lynch selected these

companies because they engage in businesses and have operating profiles reasonably similar to those of the Company. The selected companies were:

- Apollo Group, Inc.;
- Career Education Corporation;
- Corinthian Colleges, Inc.;
- DeVry Inc.;
- ITT Educational Services, Inc.;
- Lincoln Educational Services Corporation;
- Strayer Education, Inc.; and
- Universal Technical Institute, Inc.

Merrill Lynch calculated an equity value for each of these companies based on their respective closing share prices as of January 25, 2007 and the number of shares, options and convertible securities outstanding as reflected in publicly available information. Using these equity values, Merrill Lynch calculated an enterprise value for each company by adding to these equity values the amount of each company s net debt as reflected in its most recent publicly available balance sheet.

Using estimates of EBITDA, EPS and the EPS growth rate for each of these companies derived from estimates published by selected Wall Street research analysts, Merrill Lynch calculated the following multiples for each company:

- EBITDA Multiples based on 2006 and 2007 estimated EBITDA and enterprise values calculated as described above;
- P/E Multiples based on 2006 and 2007 estimated EPS and the closing share price as of January 25, 2007; and
- 2006 and 2007 P/E Multiples as multiples of estimated EPS growth.

Merrill Lynch also calculated similar implied multiples for the Company using an enterprise value and a share price for the Company based on the Company s closing share price of $49.15 as of January 4, 2007, the last trading day before the special committee authorized negotiations on the basis of the $60.50 cash offer submitted by Mr. Becker, and estimates of EBITDA, EPS and EPS growth rates reflected in Wall Street research.

Merrill Lynch compared the maximum, mean, median and minimum implied multiples it calculated for the comparable companies to the implied multiples it calculated for the Company. The results of Merrill Lynch s comparison are reflected in the following table:

	2006 EBITDA Multiple	2007 EBITDA Multiple	2006 P/E Multiple	2007 P/E Multiple	2006 P/E Multiple to EPS Growth	2007 P/E Multiple to EPS Growth
Maximum	16.4x	13.9x	38.6x	31.4x	2.1x	2.3x
Mean	11.4x	10.2x	25.8x	24.1x	1.6x	1.5x
Median	10.1x	9.1x	26.3x	25.0x	1.6x	1.5x
Minimum	7.2x	6.9x	16.7x	16.7x	1.1x	1.1x
Company	15.0x	12.2x	24.5x	19.7x	1.07x	0.87x

Based on the foregoing and Merrill Lynch s analyses of the various comparable companies and on qualitative judgments involving non-mathematical considerations, Merrill Lynch applied multiples ranging from 19.0x to 21.0x to the Company management s estimates of the Company s 2007 EPS. Merrill Lynch calculated implied per share values for the Company ranging from $46.67 to $51.59 based on the 2007 EPS estimate derived from the management base case projections and ranging from $49.44 to $54.64 based on the 2007 EPS estimate derived from the management acquisition case projections. Merrill Lynch observed that the $60.50 per share merger consideration was in excess of these ranges of implied per share values. Merrill Lynch also observed that the $49.15 closing price for the Company s shares on January 4, 2007 was within the range of implied share values derived based on the management base case projections and below the range of implied share values derived based on the management acquisition case projections.

None of the selected comparable companies, including the companies referred to above under Merger Consideration to be Received by Holders of the Company s Common Stock Implied Multiple Analysis , is identical to the Company. Accordingly, a complete analysis of the results of the foregoing calculations and the calculations described under Merger Consideration to be Received by Holders of the Company s Common Stock Implied Multiple Analysis cannot be limited to a quantitative review of the results and involves complex considerations and judgments concerning differences in financial and operating characteristics of the selected comparable companies and other factors that could affect the public trading dynamics of the selected comparable companies, as well as those of the Company.

Analysis of Selected Comparable Acquisitions. Using publicly available information, Merrill Lynch calculated the multiple of estimated EBITDA reflected by the transaction value of each of the transactions listed below.

Date Announced	Acquiror	Target
March 2003	Kaplan, Inc.	Financial Training Company
March 2003	Career Education Corporation	Whitman Education Group, Inc.
April 2003	Education Management Corporation	South University, Inc.
May 2003	DeVry Inc.	Dominica Management, Inc. (Ross University)
June 2003	Corinthian Colleges, Inc.	East Coast Aero Tech, LLC and Career Choices, Inc.
June 2003	Education Management Corporation	American Education Centers
March 2006	Providence Equity Partners and Goldman Sachs Capital Partners	Education Management Corporation
June 2006	Liberty Partners	Concorde Career Colleges
September 2006	Sterling Partners	Educate Inc.

Merrill Lynch calculated the transaction value for each transaction by multiplying the amount of the announced per share consideration paid or payable in each transaction by the number of fully-diluted outstanding shares of the target company based upon publicly available information and adding to the result the amount of the Company s net debt as of the date of the target company s most recent balance sheet prior to announcement of the transaction.

For each of the transactions, Merrill Lynch calculated the transaction value as a multiple of EBITDA for the most recently reported 12 months prior to the date of announcement of the transaction, which we refer to as the LTM EBITDA Multiple. The average LTM EBITDA Multiple for all the transactions was 11.3x.

Based on the foregoing and Merrill Lynch s analyses of the various transactions and on qualitative judgments involving non-mathematical considerations, Merrill Lynch applied multiples ranging from 11.5x to 13.5x to the Company managements estimates of the Company s 2006 EBITDA to derive a range of implied enterprise values for the Company. Merrill Lynch derived ranges of implied equity values for the Company by deducting from the implied enterprise values the amount of the Company s net debt (debt less cash) and minority interests as of December 31, 2006 as provided by the Company s management. Using the implied equity values and numbers of outstanding shares and options of the Company provided by the Company s management, Merrill Lynch calculated implied per share values for the Company ranging from $38.63 to $46.46. Merrill Lynch observed that the $60.50 per share merger consideration and the Company s closing share price of $49.15 as of January 4, 2007 were both in excess of this range of implied per share values.

None of the transactions analyzed by Merrill Lynch is identical to the proposed merger. Accordingly, a complete analysis of the results of the foregoing calculations cannot be limited to a quantitative review of the results and involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies party to those transactions as well as the transactions and other factors that could affect the transactions and the proposed merger.

Analysis of Discounted Future Share Price. Merrill Lynch calculated ranges of implied share prices for the Company in 2010 by applying hypothetical forward price-to-earnings multiples ranging from 17.0x to 19.0x to management s estimates of the Company s 2010 EPS as reflected in or derived from: (a) the management base case projections, (b) the management acquisitions case projections, and (c) the public guidance given by management as part of its Vision for 2010 presentation. Merrill Lynch discounted the 2010 implied per share values to present value using a discount rate of 14.0%. The following table reflects the ranges of implied present values for a share of the Company derived by Merrill Lynch based on these analyses:

2010 EPS Estimates	**Range of Implied Present Values Per Share**	
Management Base Case	$ 58.30	$65.16
Management Acquisitions Case	$ 65.39	$73.08
Vision for 2010	$ 57.37	$64.12

Merrill Lynch observed that the $60.50 per share merger consideration was within the range of implied present values per share derived based on the management base case projections and the Vision for 2010 presentation and below the range of implied present values per share derived based on the management acquisition case projections. Merrill Lynch also observed the Company s closing share price of $49.15 as of January 4, 2007 was below all of the ranges of implied present values per share derived under this analysis. Merrill Lynch further noted that the underlying 2010 EPS on which the above analysis was predicated was the result of significant expected EPS growth in projected years beyond 2007, specifically 2008 and 2009 in the management base case, and in 2008 and 2010 in the management acquisitions case. Had the Analysis of Discounted Future Share Price been conducted on an earlier year than 2010 in either case the Range of Implied Values Per Share would have been lower than those presented above.

The estimates of the Company s 2010 EPS reflected in both the management base case projections and the management acquisitions case projections assumed that the Company would be subject to a 10% tax rate in 2010. Merrill Lynch noted that Company management had indicated that the Company s tax rate of approximately 10% could be continued indefinitely, so long as cash was not withdrawn from the countries in which the Company currently has operations, for example to finance significant acquisitions, to repay indebtedness or to finance cash distributions to shareholders. To the extent that the Company was to pursue a significant acquisition, was required to repay indebtedness or was to return cash to shareholders, according to Company management the Company s effective tax rate could go up to a more

normalized tax rate. Merrill Lynch performed a sensitivity analysis to assess the impact of the assumed tax rate on its analysis and derived the ranges of implied present values per share of the Company using estimates of the Company s 2010 EPS derived from the management base case projections and the management acquisitions case projections assuming tax rates in 2010 of 20% and 30%. The following table reflects the implied ranges of present values for a share of the Company derived by Merrill Lynch based on these analyses:

Tax Rate	Range of Implied Present Values Per Share 20%			30%		
Management Base Case	$	51.21	$57.24	$	44.12	$49.31
Management Acquisitions Case	$	60.27	$67.36	$	51.57	$57.64

Discounted Cash Flow Analysis. Merrill Lynch performed discounted cash flow analyses of the estimated free cash flows of the Company reflected in both the management acquisition case projections and the management base case projections.

In performing its discounted cash flow analyses, Merrill Lynch calculated ranges of the present value as of December 31, 2006 of the estimated free cash flows of the Company over the period of 2007 through 2011 by applying discount rates ranging from 12.0% 14.0% to those estimates. Merrill Lynch also calculated ranges of terminal value amounts for the Company as of the end of 2011 by applying multiples ranging from 10.0x to 12.0x to the estimated 2011 EBITDA of the Company. Merrill Lynch calculated the present value as of December 31, 2006 of these terminal amounts by applying discount rates ranging from 12.0% 14.0%. Merrill Lynch added together the ranges of December 31, 2006 values it derived for the Company s 2007-2011 estimated free cash flows and for the Company s 2011 terminal value amounts to derive a range of implied enterprise values for the Company as of December 31, 2006.

Merrill Lynch subtracted the amount of the Company s net debt (debt less cash) and minority interests as of December 31, 2006 provided by the Company s management from the enterprise values it derived to derive a range of implied equity values for the Company. Merrill Lynch derived ranges of implied equity values per share of the Company by dividing these equity values by the number of fully diluted outstanding shares of the Company provided by management. The ranges of implied equity values per share derived by Merrill Lynch based on the management base case projections and the management acquisition case projections are reflected below.

	Implied Equity Value per Share Low	High
Management Base Case	$ 57.52	$ 74.69
Management Acquisitions Case	$ 69.43	$ 92.17

Merrill Lynch observed that the $60.50 per share merger consideration was within the range of implied equity values per share derived based on the management base case projections and below the range the range of implied equity values per share derived based on the management acquisition case projections. Merrill Lynch also observed the Company s closing share price of $49.15 as of January 4, 2007 was below both of the ranges of implied equity values per share derived under this analysis.

As noted above, the estimates reflected in the management base case projections and the management acquisitions case projections assumed that the Company would be subject to a 10% tax rate. Merrill Lynch noted that Company management had indicated that the Company s tax rate of approximately 10% could be continued indefinitely, so long as cash was not withdrawn from the countries in which the Company currently has operations, for example to finance significant acquisitions, to repay indebtedness or to finance cash distributions to shareholders. To the extent that the Company was to pursue a significant acquisition, was required to repay indebtedness or was to return cash to shareholders, according to Company management the Company s effective tax rate could go up to a more normalized tax

rate. Merrill Lynch performed a sensitivity analysis to assess the impact of the assumed tax rate on its analysis and derived ranges of implied equity values per share from the management base case projections and the management acquisitions case projections assuming tax rates in perpetuity of 20% and 30%. The following table reflects the implied ranges of equity values per share derived by Merrill Lynch based on these analyses:

	Implied Equity Value per Share					
Tax Rate	**20%**			**30%**		
Management Base Case	$	53.02	$70.18	$	48.51	$65.68
Management Acquisitions Case	$	63.59	$86.32	$	57.74	$80.48

The discount rates utilized in these analyses were based on Merrill Lynch s estimate of the weighted average cost of capital of the Company and the terminal multiples used were based upon Merrill Lynch s judgment and expertise, as well as its review of publicly available business and financial information and the respective financial and business characteristics of the Company and the comparable companies.

Leveraged Buyout Analysis. Merrill Lynch performed an analysis of the theoretical maximum consideration that would be paid in an acquisition of the Company by a financial buyer using both the management base case projections and the management acquisitions case projections In each case, Merrill Lynch assumed that a financial buyer would be subject to the following debt financing constraints, equity return requirements and exit valuation assumptions:

- a maximum ratio of total debt to estimated 2006 EBITDA of 7.0x;
- a targeted five-year equity return of 25%;
- a 2011 exit valuation ranging from 10.0x to 12.0x LTM EBITDA

Based on these assumptions, Merrill Lynch derived an estimate of the theoretical maximum consideration that could be paid in an acquisition of the Company by a financial buyer ranging from $44.00 to $51.00 per share using the management base case projections and $52.00 to $62.00 per share using the management acquisition case projections. Merrill Lynch observed that the $60.50 per share merger consideration was above the range of maximum theoretical per share consideration derived based on the management base case projections and within the range of maximum theoretical per share consideration derived based on the management acquisition case projections. Merrill Lynch also observed the Company s closing share price of $49.15 as of January 4, 2007 was within the range of maximum theoretical per share consideration derived based on the management base case projections and below the range of maximum theoretical per share consideration derived based on the management acquisition case.

General. The summary set forth above does not purport to be a complete description of the analyses performed by Merrill Lynch. The preparation of a fairness opinion is a complex and analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and is not necessarily susceptible to partial analysis or summary description. Merrill Lynch believes that selecting any portion of its analyses or of the summary set forth above, without considering the analyses as a whole, would create an incomplete view of the process underlying Merrill Lynch s opinion. Merrill Lynch used the methodologies summarized above because it deemed those valuation methodologies to be the most relevant and appropriate in connection with the preparation of its opinion. In arriving at its opinion, Merrill Lynch considered the results of all its analyses and did not attribute any particular weight to any analysis or factor considered by it. Merrill Lynch made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all such analyses. The analyses performed by Merrill Lynch include analyses based upon forecasts of future results, which results may be significantly more or less favorable than those suggested by Merrill Lynch s analyses. The analyses do not purport to be appraisals or to reflect the prices at which the Company s common stock may trade at any time after announcement of the proposed merger. The analyses were prepared for purposes of Merrill Lynch providing its opinion to

46

the special committee. Because the analyses are inherently subject to uncertainty, being based upon numerous factors and events, including, without limitation, factors relating to general economic and competitive conditions beyond the control of the parties or their respective advisors, neither Merrill Lynch nor any other person assumes responsibility if future results or actual values are materially different from those forecasted. In addition, as described above, Merrill Lynch s opinion was among several factors taken into consideration by the special committee in making its determination to approve the merger and the merger agreement and the transactions contemplated thereby. Consequently, Merrill Lynch s analyses should not be viewed as determinative of the decision of the special committee and management with respect to the fairness of the merger consideration.

Merrill Lynch is an internationally recognized investment banking and advisory firm. As part of its investment banking business, Merrill Lynch is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. The special committee selected Merrill Lynch as its financial adviser because of Merrill Lynch s qualifications, expertise and reputation. Under the terms of its engagement, the Company has agreed to pay Merrill Lynch a fee of $6 million for its services, two-thirds of which was payable upon completion of its due diligence and its rendering of an opinion, and the remaining portion of which is contingent upon the consummation of the merger. Merrill Lynch may receive an additional fee from the Company of up to $3.5 million, payable at the sole discretion of the special committee, upon consummation of the merger. In addition, the Company has agreed to reimburse Merrill Lynch for its reasonable out-of-pocket expenses incurred in connection with providing its services and to indemnify Merrill Lynch, its affiliates and related parties against certain liabilities arising out of Merrill Lynch s engagement. Merrill Lynch may in the future provide financial advisory and financing services to the Company and/or its affiliates and Merrill Lynch may in the future receive fees for the rendering of any such services. Merrill Lynch has not received any fees from the Company for financial advisory, financing or other services during the last two years. In the past two years, Merrill Lynch and its affiliates have provided financial advisory and financing services to certain of the private investment firms whose affiliates are members of the Investor Group and have received approximately $46.3 million in fees for the rendering of such services. Merrill Lynch may continue to provide financial advisory and financing services to certain members of the Investor Group and/or their affiliates and may in the future receive fees for the rendering of any such services. In addition, in the ordinary course of its business, Merrill Lynch may actively trade shares of the Company s common stock and the debt and equity securities of certain affiliates of the private investment firms whose affiliates are members of the Investor Group (or related derivative securities and limited partnership interests), for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

The merger consideration was determined through negotiations between the special committee of the board of directors of Laureate and Parent and was recommended by the special committee for approval by Laureate s board of directors and was approved by Laureate s board of directors (interested directors did not vote). Merrill Lynch provided advice to the special committee of Laureate s board of directors during these negotiations. Merrill Lynch did not, however, recommend any specific merger consideration to Laureate, the special committee of its board of directors or its board of directors or that any specific merger consideration constituted the only appropriate consideration for the merger.

A copy of Merrill Lynch s written presentation to the special committee of Laureate s board of directors has been attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger. The written presentation will be available for any interested Laureate stockholder (or any representative of the stockholder who has been so designated in writing) to inspect and copy at our principal executive offices during regular business hours. Alternatively, you may inspect and copy the presentation at the office of, or obtain it by mail from, the SEC.

Position of the Sterling Founders, certain affiliated trusts and SCP II as to Fairness

Under the rules governing going private transactions, Messrs. Becker and Hoehn-Saric are deemed to be engaged in a going private transaction and are required to express their beliefs as to the fairness of the merger to our unaffiliated stockholders. In addition, by virtue of their relationship to Douglas L. Becker, Mr. Taslitz, Eric D. Becker, certain trusts affiliated with each of Douglas L. Becker and Mr. Taslitz and SCP II could be deemed to be engaged in a going private transaction. In such case, Mr. Taslitz, Eric D. Becker, such trusts and SCP II also would be required to express their beliefs as to the fairness of the merger to our unaffiliated stockholders. The Sterling Founders, certain affiliated trusts and SCP II are making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act.

The views of the Sterling Founders, certain affiliated trusts and SCP II as to the fairness of the merger should not be construed as a recommendation to any stockholder as to how that stockholder should vote on the proposal to approve the merger and the merger agreement. The Sterling Founders, certain affiliated trusts and SCP II have interests in the merger different from, and in addition to, those of the other stockholders of Laureate. These interests are described below under Interests of the Company s Directors and Executive Officers in the Merger. The unaffiliated stockholders were represented by the Company s special committee that negotiated the terms and conditions of the merger agreement on their behalf, with the assistance of independent financial and legal advisors.

While Messrs. Becker and Hoehn-Saric are directors of Laureate, because of their differing interests in the merger, they did not serve on the special committee nor did they participate in the special committee s evaluation or the conclusions of the special committee or the board of directors of Laureate that the merger was fair to the unaffiliated stockholders of Laureate. For these reasons, Messrs. Becker and Hoehn-Saric do not believe that their interests in the merger influenced the decision of the special committee or the board of directors with respect to the merger agreement or the merger.

Mr. Taslitz, Eric D. Becker, the trusts affiliated with each of Douglas L. Becker and Mr. Taslitz and SCP II did not participate in the evaluation or in the deliberation process of the special committee nor did they participate in the conclusions of the special committee or the board of directors of Laureate that the merger was fair to the Company s unaffiliated stockholders, nor did they undertake any independent evaluation of the fairness of the merger or engage financial advisors for these purposes. None of the Sterling Founders, certain affiliated trusts or SCP II received advice from Laureate s or the special committee s legal or financial advisors as to the substantive and procedural fairness of the proposed merger. However, the Sterling Founders, certain affiliated trusts and SCP II believe that the merger agreement and the merger are substantively and procedurally fair to the Company s unaffiliated stockholders based upon the following factors:

- the factors considered by, and the findings of, the special committee and the board of directors with respect to the substantive fairness of the merger to such unaffiliated stockholders as set forth in this proxy statement (including the consideration and analysis by the special committee and the board of directors of the current and historical market prices of the Company s common stock, the going concern value of the Company, each as described on pages 29 to 37 under Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger , and the discussion set forth on pages 39 through 58 of this proxy statement under Opinions of the Special Committee s Financial Advisors , and the presentation materials filed as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger), which findings and related analyses, as set forth in this proxy statement, the Sterling Founders, certain affiliated trusts and SCP II adopt;

- the factors considered by, and the findings of, the special committee and the board of directors with respect to the procedural fairness of the merger to such unaffiliated stockholders as set forth in this proxy statement, including the approval of the merger by the special committee, the absence of a

requirement that a majority of the Company s unaffiliated stockholders approve the merger and the merger agreement and the determination of the special committee not to retain an unaffiliated representative to act on behalf of the Company s unaffiliated stockholders, as described on pages 29 to 37 under Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger , which findings and related analyses, as set forth in this proxy statement, the Sterling Founders, certain affiliated trusts and SCP II adopt;

- the $60.50 per share merger consideration and other terms and conditions of the merger agreement resulted from extensive negotiations between the special committee and its advisors and Mr. Becker, certain other members of the Investor Group, Parent and Merger Sub and their respective advisors;

- the special committee consists solely of directors who are not officers or controlling stockholders of Laureate, or affiliated with any of the Sterling Founders or the other members of the Investor Group, or any of their affiliates;

- the fact that the special committee received opinions from Morgan Stanley and Merrill Lynch to the effect that, as of the date of the fairness opinions, and based upon and subject to the assumptions, qualifications and limitations set out in the written opinions, the $60.50 price per share to be received by the stockholders of the Company pursuant to the merger agreement (with respect to the opinion delivered by Morgan Stanley, other than to the Rollover Investors and Parent and its subsidiaries, and, with respect to the opinion delivered by Merrill Lynch, Parent, the Investor Group and their respective affiliates) was fair from a financial point of view to such stockholders (see Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger);

- the fact that none of the Sterling Founders, their affiliated trusts or SCP II participated in or had any influence on the deliberative process of, or the conclusions reached by, the special committee or the negotiating positions of the special committee; and

- the merger will provide consideration to the unaffiliated stockholders entirely in cash, which provides certainty of value.

The Sterling Founders, certain affiliated trusts and SCP II noted that the special committee and the board of directors did not consider the net book value or liquidation value of the Company, the recent purchase prices paid by officers, directors and affiliates of the Company for shares of the Company s common stock or any firm offers made for the Company during the last two years, for the reasons described on pages 29 to 37 under Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger , and, accordingly, the Sterling Founders, certain affiliated trusts and SCP II did not consider these factors.

In addition, under a potential interpretation of the applicability of Rule 13e-3 under the Exchange Act, exercises by Messrs. Becker or Hoehn-Saric of their existing options to purchase shares of the Company s common stock could be deemed to be the first step in a going-private transaction. If such exercises were deemed to be the first step in a going-private transaction, the Sterling Founders, certain affiliated trusts and SCP II believe that these exercises would be substantively and procedurally fair to the Company s unaffiliated stockholders based upon the following factors:

- the options represent pre-existing contractual rights of Messrs. Becker and Hoehn-Saric, which give them the right to acquire the shares of the Company s common stock underlying the options at any time, subject to the terms of the option;

- the exercise prices of the options were established by the compensation committee of the Company s board of directors, of which neither Mr. Becker nor Mr. Hoehn-Saric is or has been a member and were determined at the time the options were granted based on the then-current market price of the Company s common stock;

- the acquisition of the shares underlying the options would be made directly from the Company and not from any stockholder of the Company; and

- the possibility of such exercise is being fully disclosed in this proxy statement.

The foregoing discussion of the information and factors considered and given weight by the Sterling Founders, certain affiliated trusts and SCP II in connection with the fairness of the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all or part of their options to purchase shares of the Company s common stock, is not intended to be exhaustive but is believed to include all material factors considered by the Sterling Founders, certain affiliated trusts and SCP II. The Sterling Founders, certain affiliated trusts and SCP II did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all or part of their options to purchase shares of the Company s common stock. The Sterling Founders, certain affiliated trusts and SCP II believe that these factors provide a reasonable basis for their belief that the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all or part of their options to purchase shares of the Company s common stock, are fair to the unaffiliated stockholders.

Position of Parent, Merger Sub and the Sponsors as to Fairness

Under a potential interpretation of the rules governing going private transactions, Parent, Merger Sub and the Sponsors may be required to express their beliefs as to the fairness of the merger to our unaffiliated stockholders. Parent, Merger Sub and the Sponsors are making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of Parent, Merger Sub and the Sponsors should not be construed as a recommendation to any stockholder as to how that stockholder should vote on the proposal to approve the merger and the merger agreement.

Parent, Merger Sub and the Sponsors attempted to negotiate the terms of a transaction that would be most favorable to them, and not to the stockholders of Laureate, and, accordingly, did not negotiate the merger agreement with a goal of obtaining terms that were fair to such stockholders. None of Parent, Merger Sub or the Sponsors believes that it has or had any fiduciary duty to Laureate or its stockholders, including with respect to the merger and its terms. The unaffiliated stockholders of Laureate were, as described elsewhere in this proxy statement, represented by the special committee that negotiated with the Sponsors on their behalf, with the assistance of independent legal and financial advisors.

None of Parent, Merger Sub or the Sponsors participated in the deliberation process of the special committee and none of them participated in the conclusions of the special committee or the board of directors of Laureate that the merger was fair to the unaffiliated stockholders of Laureate, nor did they undertake any independent evaluation of the fairness of the merger or engage a financial advisor for these purposes. None of Parent, Merger Sub or the Sponsors received advice from Laureate s or the special committee s legal or financial advisors as to the substantive and procedural fairness of the proposed merger. However, Parent, Merger Sub and the Sponsors believe that the merger is substantively and procedurally fair to the unaffiliated stockholders based upon the following factors:

- the factors considered by, and the findings of, the special committee and the board of directors with respect to the substantive fairness of the merger to such unaffiliated stockholders as set forth in this proxy statement (including the consideration and analysis by the special committee and the board of directors of the current and historical market prices of the Company s common stock, the going concern value of the Company, each as described on pages 29 to 37 under Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger , and the discussion set forth on pages 39 through 58 of this proxy statement under Opinions of the Special Committee s Financial Advisors , and the presentation materials filed as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger), which findings and related analyses, as set forth in this proxy statement, Parent, Merger Sub and the Sponsors adopt;

- the factors considered by, and the findings of, the special committee and the board of directors with respect to the procedural fairness of the merger to such unaffiliated stockholders as set forth in this proxy statement, including the approval of the merger by the special committee, the absence of a requirement that a majority of the Company s unaffiliated stockholders approve the merger and the merger agreement and the determination of the special committee not to retain an unaffiliated representative to act on behalf of the Company s unaffiliated stockholders, as described on pages 29 to 37 under Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger , which findings and related analyses, as set forth in this proxy statement, Parent, Merger Sub and the Sponsors adopt;

- the $60.50 per share merger consideration and other terms and conditions of the merger agreement resulted from extensive negotiations between the special committee and its advisors and Mr. Becker, certain of the Sponsors, Parent, Merger Sub and their respective advisors;

- the special committee consists solely of directors who are not officers or controlling stockholders of Laureate, or affiliated with any of the Sterling Founders or any of the members of the Investor Group, or any of their affiliates;

- the fact that the special committee received opinions from Morgan Stanley and Merrill Lynch to the effect that, as of the date of the fairness opinions, and based upon and subject to the assumptions, qualifications and limitations set out in the written opinions, the $60.50 price per share to be received by the stockholders of the Company pursuant to the merger agreement (other than with respect to the opinion delivered by Morgan Stanley, Parent and its subsidiaries and the Rollover Investors, and, with respect to the opinion delivered by Merrill Lynch, Parent, the Investor Group and their respective affiliates) was fair from a financial point of view to such stockholders (see Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger);

- the fact that Parent, Merger Sub and the Sponsors did not participate in or have any influence on the deliberative process of, or the conclusions reached by, the special committee or the negotiating positions of the special committee; and

- the merger will provide consideration to the Company s unaffiliated stockholders entirely in cash, which provides certainty of value.

Parent, Merger Sub and the Sponsors noted that the special committee and the board of directors did not consider the net book value or liquidation value of the Company, the recent purchase prices paid by officers, directors and affiliates of the Company for shares of the Company s common stock or any firm offers made for the Company during the last two years, for the reasons described on pages 29 to 37 under Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger , and, accordingly, Parent, Merger Sub and the Sponsors did not consider these factors.

In addition, under a potential interpretation of the applicability of Rule 13e-3 under the Exchange Act, exercises by Messrs. Becker or Hoehn-Saric of their existing options to purchase shares of the Company s common stock could be deemed to be the first step in a going-private transaction. If Messrs. Becker or Hoehn-Saric determine to exercise all or part of their options, certain of the Sponsors or their affiliates may assist in the financing of such exercises, but the Sponsors do not currently have plans to provide this financing because Messrs. Becker and Hoehn-Saric have not currently made any determinations regarding the exercise of their options. If such exercises were deemed to be the first step in a going-private transaction, Parent, Merger Sub and the Sponsors believe that these exercises would be substantively and procedurally fair to the Company s unaffiliated stockholders based upon the factors described above under Position of the Sterling Founders, certain affiliated trusts and SCP II as to Fairness.

The foregoing discussion of the information and factors considered and given weight by Parent, Merger Sub and the Sponsors in connection with the fairness of the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all or part of their options to purchase shares of the Company s common stock, is not intended to be exhaustive but is believed to include all material factors considered by Parent, Merger Sub and the Sponsors. Parent, Merger Sub and the Sponsors did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger. Parent, Merger Sub and the Sponsors believe that these factors provide a reasonable basis for their position that they believe that the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all or part of their options to purchase shares of the Company s common stock, are fair to the Company s unaffiliated stockholders.

Purposes, Reasons and Plans for Laureate after the Merger

The purpose of the merger for Laureate is to enable its unaffiliated stockholders to realize immediately the value of their investment in Laureate through their receipt of the per share merger price of $60.50 in cash.

The reason for structuring the transaction as a merger is to effect the transaction following the approval of the holders of a majority of the shares of the Company s common stock. The reasons for undertaking the transaction at this time are described above under Background of the Merger.

We expect that, upon consummation of the merger (and excluding the transactions contemplated in connection with the merger as described in this proxy statement), the operations of Laureate will be conducted substantially as they currently are being conducted. The Sponsors and the Rollover Investors have advised Laureate that they do not have any current intentions, plans or proposals to cause us to engage in any of the following:

- an extraordinary corporate transaction following consummation of the merger involving Laureate s corporate structure, business or management, such as a merger, reorganization or liquidation,
- the relocation of any material operations or sale or transfer of a material amount of assets, or
- any other material changes in our business.

Nevertheless, following consummation of the merger, Parent and the management and/or board of directors of the surviving corporation may initiate a review of the surviving corporation and its assets, corporate and capital structure, capitalization, operations, business, properties and personnel to determine what changes, if any, would be desirable following the merger to enhance the business and operations of the surviving corporation and may cause the surviving corporation to engage in the types of transactions set forth above if the management and/or board of directors of the surviving corporation decides that such transactions are in the best interest of the surviving corporation upon such review. Parent, Merger Sub, the Rollover Investors, the Sponsors and the surviving corporation expressly reserve the right to make any changes they deem appropriate in light of such evaluation and review or in light of future developments.

Certain Effects of the Merger

If the merger and the merger agreement are approved by the Company s stockholders, certain other conditions to the closing of the merger are either satisfied or waived and the marketing period that Parent is entitled, under certain circumstances, to use to complete the financing for the merger has expired, Merger Sub will be merged with and into Laureate, with Laureate being the surviving corporation.

At the effective time of the merger, unless otherwise agreed between a holder and Parent or as provided below with respect to certain unvested restricted shares, for each share of the Company s common stock issued and outstanding immediately prior to the effective time of the merger (other than

shares owned by Parent immediately prior to the effective time of the merger, including shares acquired by Parent from the Rollover Investors) will be converted into the right to receive $60.50 in cash, without interest and less any applicable withholding taxes. Except as otherwise agreed by Parent and a holder of options to acquire the Company s common stock or of unvested restricted shares, or as otherwise provided in the merger agreement, to the extent applicable, outstanding options, unvested restricted shares and performance share units will, as of the effective time of the merger, be treated as follows:

- all outstanding options to acquire the Company s common stock will be canceled and, in exchange for such cancellation, each holder will be entitled to receive from the surviving corporation promptly following the effective time of the merger a cash payment equal to the number of shares of the Company s common stock underlying the holder s option or options multiplied by the amount by which $60.50 exceeds the exercise price for each share of the Company s common stock underlying the option or options, without interest and less any applicable withholding taxes;

- each unvested Company restricted share outstanding immediately prior to the effective time of the merger will vest and become free of restrictions and will be canceled and converted into the right to receive $60.50, without interest and less any applicable withholding taxes, in the merger; and

- the performance share units and, to the extent not previously exercised, options to purchase shares of the Company s common stock held by Mr. Becker, and, to the extent not previously exercised, the options to purchase the Company s common stock held by Mr. Hoehn-Saric, are expected to be cancelled in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

The merger agreement provides that, in connection with the consummation of the merger, specified unvested options to purchase the Company s common stock and specified unvested Company restricted shares will be canceled without payment therefor and, in lieu of making the payments described above, the surviving corporation will establish a retention bonus award plan, pursuant to which each holder of such a canceled option or restricted share will be entitled to receive a cash payment, without interest and less any applicable withholding taxes, equivalent to the amount the holder otherwise would have received for such award promptly following the consummation of the merger in respect of such canceled options and restricted shares, provided that the holder remains employed by the surviving corporation through the first (or second, for certain employees) anniversary of the consummation of the merger.

Immediately following the effective time of the merger, the entire equity in the surviving corporation, other than options to purchase shares of the surviving corporation s common stock that may be granted to management, will ultimately be owned through Parent by members of the Investor Group and any additional investors that the members of the Investor Group permit to invest in Parent. If the merger is consummated, the members of the Investor Group and any additional investors permitted to invest in Parent will be the sole beneficiaries of our future earnings and growth, if any, and will be entitled to vote on corporate matters affecting the surviving corporation following the merger. Similarly, the members of the Investor Group, and any investors permitted to invest in Parent will also bear the risks of ongoing operations, including the risks of any decrease in our value after the merger and the operational and other risks related to the incurrence by the surviving corporation of significant additional debt as described below under Financing of the Merger.

If the merger is consummated, Laureate s unaffiliated stockholders will have no interest in Laureate s net book value or net earnings. The table below sets forth the interests in Laureate s net book value and net earnings of each of the Sterling Founders and certain related trusts, of SCHI and of the Sponsors prior to and immediately after the merger, based upon the net book value of Laureate at December 31,

2006 and net earnings of Laureate for the year ended December 31, 2006. Immediately following the merger, the entire interest in Laureate s net book value and net earnings will be held through Parent by the members of the Investor Group.

	Ownership Prior to the Merger(1)				Ownership After the Merger(2)			
	Net Book Value		Net Earnings		Net Book Value		Net Earnings	
Name	$ in thousands	%	$ in thousands	%	$ in thousands	%	$ in thousands	%
Investor Group	$ 17,960	1.58 %	$ 1,674	1.58 %	$ 1,130,695	100.00 %	$ 105,623	100.00 %
Douglas L. Becker(3)	9,690	0.86	$ 903	0.86	24,875	2.20	2,324	2.20
Steven M. Taslitz(4)	5,912	0.52	551	0.52	7,915	0.70	739	0.70
SCP II					13,568	1.20	1,267	1.20
KKR					210,309	18.60	19,646	18.60
S.A.C. Capital Management, LLC(5)	880	0.08	82	0.08	184,303	16.30	17,217	16.30
Bregal Europe Co-Investment L.P.					105,155	9.30	9,823	9.30
SPG Partners, LLC					26,006	2.30	2,429	2.30
Citigroup Private Equity					91,586	8.10	8,555	8.10
Eric D. Becker(6)	6,076	0.54	566	0.54	0	0.00	0.0	0.00
R. Christopher Hoehn-Saric	7,105	0.63	662	0.63	0	0.00	0.0	0.00

(1) Based upon beneficial ownership as of December 31, 2006, excluding any options (whether or not exercisable), and Laureate s net book value at December 31, 2006 and net income for the year ended December 31, 2006.

(2) Based upon the current equity commitments (see Financing of the Merger Equity Financing) and Laureate s net book value at December 31, 2006 and net income for the year ended December 31, 2006, and without giving effect to any additional indebtedness to be incurred in connection with the merger. These amounts do not include any value with respect to any interest in the net book value or net earnings of Laureate, immediately following the merger, that may be represented by the incentive profits interests, deal profits interests or carried interests to be received by certain of the Sterling Founders and their affiliates (as described on pages 76 through 78) because these interests merely represent a right to participate in the future profits of Laureate and, as such, have no readily ascertainable value as of the date hereof.

(3) Includes ownership by The Irrevocable BBHT II IDGT, Irrevocable Grantor Annuity Trust No. 11 and Mr. Becker s IRA.

(4) Includes ownership by KJT Gift Trust.

(5) Sigma Capital Associates, LLC, an Anguilla limited liability company, owns 40,000 shares of the Company s common stock. Sigma Capital Management, LLC serves as investment adviser to Sigma Capital Associates, LLC. Sigma Capital Management, LLC is an investment manager owned by S.A.C. Capital Management, LLC.

(6) Includes 7,485 shares owned by Eric D. Becker s spouse.

In connection with the merger, the Sterling Founders and certain affiliated trusts will receive benefits and be subject to obligations in connection with the merger that are different from, or in addition to, the benefits and obligations of the Company s unaffiliated stockholders generally, as described in more detail under Interests of the Company s Directors and Executive Officers in the Merger. The incremental benefits include the right and commitment of Mr. Becker and his affiliated trusts to contribute to Parent all but 50,000 shares of the Company s common stock held by Mr. Becker, and all of the shares of the Company s common stock held by his affiliated trusts, for equity interests in Parent. In addition, Messrs. Becker and Hoehn-Saric have the incremental benefits of their right and commitment to cancel, to the extent not previously exercised, their options to purchase shares of the Company s common stock and with respect to Mr. Becker, his performance share units, in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger. Mr. Becker also has the incremental benefits of his right and commitment to invest $25 million in the equity of Parent, which right and commitment is assignable, and is expected to be assigned to, one or more affiliates of Mr. Becker. Additional incremental benefits to Mr. Becker include, among others, continuing as the Chief Executive Officer and Chairman of the board of directors of the surviving corporation. The Sterling Founders also have, or will have prior to the effective time of the merger, controlling interests in entities that have or will receive profits interests in participants in the transaction, including Parent, SCP II and investment vehicles to be formed with certain of the equity investors, as described in more detail under Interests of the Company s Directors and Executive Officers in the Merger. A detriment to the Sterling

Founders and certain affiliated trusts is that their new equity interests in Parent, whether directly or indirectly held, will not initially be and may not be registered under the federal securities laws, and such shares will be relatively illiquid without an active public trading market for such securities. Such equity interests will also be subject to contractual restrictions on the ability of the Sterling Founders and certain affiliated trusts to sell such equity.

The Company s common stock is currently registered under the Exchange Act and is listed on the Nasdaq Global Select Market under the symbol LAUR. As a result of the merger, Laureate will be a privately held corporation, and there will be no public market for its common stock. After the merger, the Company s common stock will cease to be listed on the Nasdaq Global Select Market and price quotations with respect to sales of shares of common stock in the public market will no longer be available. In addition, Laureate will no longer be subject to certain provisions of the Sarbanes-Oxley Act of 2002 (Sarbanes Oxley) or the liability provisions of the Exchange Act with respect to Laureate s common stock and registration of Laureate s common stock under the Exchange Act will be terminated. As a result of the merger and by virtue of Laureate no longer operating as a company with publicly listed equity securities, Laureate expects to save approximately $510,000 per year, such cost savings consisting of annual Nasdaq fees, costs incurred in connection with Laureate s annual meeting and premiums for our directors and officers insurance. The Investor Group will become the beneficiary of these cost savings.

At the effective time of the merger, the directors of Merger Sub will become the directors of the surviving corporation and the current officers of Laureate will become the officers of the surviving corporation, other than those who Parent determines shall not remain as officers of the surviving corporation. The articles of incorporation of Laureate will be the articles of incorporation of the surviving corporation until thereafter amended in accordance with Maryland law. The bylaws of Merger Sub in effect immediately prior to the effective time of the merger will become the bylaws of the surviving corporation.

Effects on the Company if the Merger is Not Consummated

If the merger and the merger agreement are not approved by Laureate s stockholders or if the merger is not consummated for any other reason, stockholders will not receive any payment for their shares in connection with the merger. Instead, Laureate will remain an independent public company and the Company s common stock will continue to be listed on the Nasdaq Global Select Market. In addition, if the merger is not consummated, we expect that management will operate the business in a manner similar to that in which it is being operated today and that Laureate stockholders will continue to be subject to the same risks and opportunities as they currently are, including, among other things, that Laureate s operations can be materially affected by competition in its target markets and by overall market conditions, among other factors, and that Laureate s foreign operations, in particular, will be subject to political, economic, legal, regulatory and currency-related risks. Accordingly, if the merger is not consummated, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares of the Company s common stock. From time to time, Laureate s board of directors will evaluate and review, among other things, the business operations, properties, dividend policy and capitalization of Laureate and make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to enhance stockholder value. If the merger and merger agreement are not approved by Laureate s stockholders or if the merger is not consummated for any other reason, there can be no assurance that any other transaction acceptable to Laureate will be offered, or that the business, prospects or results of operations of Laureate will not be adversely impacted.

Delisting and Deregistration of the Company s Common Stock

If the merger is consummated, the Company s common stock will be delisted from the Nasdaq Global Select Market and deregistered under the Exchange Act.

Regulatory Approvals

Under the HSR Act and the rules promulgated thereunder by the FTC, the merger cannot be consummated until Laureate and Parent file a notification and report form under the HSR Act and the applicable waiting period has expired or been terminated. Laureate and Parent filed notification and report forms under the HSR Act with the FTC and the Antitrust Division of the DOJ on February 23, 2007. Laureate and Parent were notified by the FTC that early termination of the waiting period had been granted as of March 6, 2007. At any time before or after consummation of the merger, notwithstanding the early termination of the waiting period under the HSR Act, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of Laureate or Parent. At any time before or after the consummation of the merger, and notwithstanding the early termination of the waiting period under the HSR Act, any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of Laureate or Parent. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

While there can be no assurance that the merger will not be challenged by a governmental authority or private party on antitrust grounds. Based on a review of information provided by Parent relating to the businesses in which it and its affiliates are engaged, Laureate believes that the merger can be effected in compliance with federal and state antitrust laws. The term antitrust laws means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, all other Federal and state statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

The Company and Parent have made filings and taken other actions, and will continue to make filings and take actions, necessary to obtain approvals from all appropriate governmental and educational authorities in connection with the merger.

Regulatory approvals include approval by a number of the state authorizing agencies and accrediting agencies that currently approve or accredit Laureate s institutions and their educational programs. Laureate is in the process of obtaining approvals, or confirmation that approvals will not be required, from a number of these state authorizing agencies and accrediting agencies and is continuing to take actions to obtain all other required regulatory approvals. Except as set forth below, there are no education regulatory approvals or actions that are conditions to the obligations of Parent and Merger Sub under the merger agreement.

The merger agreement requires that we submit a pre-acquisition review application to the DOE and receive a written response to the pre-acquisition review application prior to the consummation of the merger. We submitted a pre-acquisition review application on March 22, 2007. The conditions to closing under the merger agreement will not be satisfied if a response from the DOE to the pre-acquisition review application is received that includes a statement that (a) the DOE does not intend to approve the eligibility of Walden University to participate in Title IV student financial assistance programs following the effective time of the merger or (b) the DOE will impose on Walden University, as a condition of participating in the Title IV federal student financial assistance programs following the effective time of the merger, either (i) any limitation on Walden University s ability to open new locations or add new or revise existing educational programs if such limitations, individually or in the aggregate, would reasonably be expected to cause a material adverse effect on Laureate and its subsidiaries taken a whole, or (ii) any requirement that any partner or member of Parent or any affiliate of any such partner or member assume any liability for obligations arising out of the Company s or Walden University s participation in or administration of the Title IV student financial assistance programs; provided, however, that Parent may

not assert this condition if Parent and Merger Sub have not taken all commercially reasonable steps, including with respect to the structure and organization of Parent and Merger Sub, to ensure that the DOE s written response does not contain any of the foregoing limitations.

Financing of the Merger

Parent estimates that the total amount of funds necessary to consummate the proposed merger and the related transactions is approximately $4 billion (which amount includes the value of shares of the Company s common stock to be contributed to Parent by the Rollover Investors and debt on the Company s balance sheet that will remain after consummation of the merger), consisting of approximately $3.3 billion to be paid to Laureate s stockholders and holders of other equity-based interests in Laureate and $530 million of existing indebtedness, with the remaining funds to be used to act as a reserve to fund capital expenditures and acquisitions and to pay customary fees and expenses in connection with the proposed merger, the financing arrangements and the related transactions.

Pursuant to the merger agreement, Parent and Merger Sub are obligated to use their reasonable best efforts to obtain the debt financing described below as promptly as practicable. In the event that any portion of the debt financing becomes unavailable on the terms contemplated in the agreements in respect thereof, each of Parent and Merger Sub is obligated to use its reasonable best efforts to arrange alternative financing from alternative sources on terms no less favorable, taken as whole, to Parent and Merger Sub (as determined in the reasonable judgment of Parent).

No alternative financing arrangements or alternative financing plans have been made in the event that the financing arrangements described below are not available as anticipated.

The following arrangements are intended to provide the necessary financing for the merger:

Equity Financing

Parent has received equity commitment letters from Caisse de dépôt et placement du Québec, Bregal Europe Co-Investment L.P., Citigroup Global Markets Inc. and investment funds and other investors affiliated with or managed by Kohlberg Kravis Roberts & Co., Torreal Sociedad de Capital Riesgo de Regimen Simplificado S.A., S.A.C. Capital Management, LLC, Citigroup Private Equity, Makena Capital Management LLC, Moore Capital Management, LLC, SPG Partners, LLC, Sterling Partners and Southern Cross Capital, pursuant to which these funds and entities have committed to contribute an aggregate of approximately $2.1 billion in cash to Parent in exchange for a percentage ownership interest in Parent that will be calculated on a pro rata basis, based on commitments by the Investor Group and the valuation of any shares of the Company s common stock to be contributed to Parent. The parties to the equity commitment letters have the right to assign all or a portion of their obligations under the equity commitment letters to one or more of their respective affiliates or entities with which they share a common investment advisor that agree to assume the obligations under the equity commitment letters, provided that the assigning parties shall remain obligated to perform their respective obligations to the extent not performed by such assignees. In addition, Citigroup Global Markets Inc. s committed amount may be reduced, effective at the effective time of the merger, in connection with the syndication of all or a portion of that committed amount to other investors. The obligation to fund commitments under each of the equity commitment letters is subject to the satisfaction or waiver by Parent of the conditions precedent to Parent s obligation to consummate the merger. The Company is an express third party beneficiary of each of the equity commitment letters and is entitled to enforce the obligations of the parties to the equity commitment letters directly against such parties in the event of a willful and material breach of such obligations, but only to the extent of such party s cash commitment thereunder. The equity commitment letters terminate 30 days following the valid termination of the merger agreement.

The Rollover Investors have committed to contribute an aggregate of 636,436 shares of the Company s common stock which, based on the merger consideration of $60.50 per share of the Company s common stock, have an aggregate value of approximately $38.5 million in exchange for a percentage ownership interest in Parent that will be calculated on a pro rata basis, based on cash commitments by the Investor Group and the valuation of any shares of the Company s common stock to be contributed to Parent. In addition, Mr. Becker has committed to invest $25 million in equity in Parent, and has the right to, and is expected to, assign such obligation to one or more of his affiliates. Each of Messrs. Becker and Hoehn-Saric has agreed to cancel his options to purchase shares of the Company s common stock and performance share units, as applicable, in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger. The obligations of the Sterling Founders and certain affiliated trusts are subject to the satisfaction or waiver by Parent of the conditions precedent to Parent s obligation to consummate the merger. The shares contributed to Parent by or on behalf of the Rollover Investors will be canceled and retired, and will not be entitled to receive any merger consideration upon consummation of the merger. The Company is an express third party beneficiary of each of the Rollover Investors commitment letters and is entitled to enforce the obligations of the Rollover Investors directly against the Rollover Investors in the event of a willful and material breach of such obligations, but only to the extent of each Rollover Investor s respective commitment. Parent and each of the members of the Investor Group agreed to use commercially reasonable efforts to (a) structure the contribution by Mr. Becker of shares of the Company s common stock to Parent in exchange for equity interests in Parent as a tax-free exchange (other than with respect to any cash received by Mr. Becker in the merger) to the extent permitted by law, (b) structure the other elements of the equity incentive plan for Mr. Becker in a tax efficient manner and (c) structure such contribution of equity and other elements of such equity incentive plan so as to avoid adverse accounting consequences for Parent, Laureate and any of their respective subsidiaries; provided, however, that under no circumstances shall any member of the Investor Group be required to take any action or agree to any amendment, waiver or modification of the merger agreement or any related agreement if such action or amendment, waiver or modification would be adverse to such person or any member of the Investor Group. The commitments of the Rollover Investors terminate 30 days following the valid termination of the merger agreement.

Debt Financing

Merger Sub has received a debt commitment letter, dated as of January 28, 2007, from Goldman Sachs Credit Partners L.P. and Citigroup Global Markets Inc. (the Debt Financing Sources) pursuant to which, subject to the conditions set forth therein:

- each of the Debt Financing Sources has severally and not jointly committed to provide (each committing to 50%) to Laureate or Merger Sub up to an aggregate of $1.15 billion of senior secured credit facilities for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Laureate and its subsidiaries, paying fees and expenses incurred in connection with the merger and providing ongoing working capital and for other general corporate purposes of Laureate and its subsidiaries following consummation of the merger;

- each of the Debt Financing Sources has severally and not jointly committed to provide (each committing to 50%) to Laureate or Merger Sub up to an aggregate of $725 million of senior unsecured increasing rate loans under a bridge facility for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Laureate and its subsidiaries and paying fees and expenses incurred in connection with the merger; and

- each of the Debt Financing Sources has severally and not jointly committed to provide (each committing to 50%) to Laureate or Merger Sub up to an aggregate of $325 million of senior subordinated increasing rate loans under a bridge facility for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Laureate and its subsidiaries and paying fees and expenses incurred in connection with the merger.

It is anticipated that Merger Sub will receive commitments from each of JPMorgan Chase & Co. and Credit Suisse to provide ten percent of the debt financing of the transaction on the same terms as the Debt Financing Sources.

The debt commitments, which, in the aggregate, total approximately $2.2 billion, expire on October 21, 2007. The documentation governing the senior secured credit facilities and the bridge facilities has not been finalized and, accordingly, the actual terms of such facilities may differ from those described in this proxy statement.

Conditions Precedent to the Debt Commitments

The availability of the senior secured credit facilities and the bridge facilities is subject to the satisfaction or waiver of a number of conditions, including, without limitation:

- consummation of the merger in accordance with the merger agreement and no provision thereof having been waived or amended in a manner materially adverse to the lenders (including without limitation the absence of material adverse change condition) without the reasonable consent of the Debt Financing Sources;

- execution and delivery of definitive documentation, closing certificates, solvency certificates and opinions with respect to the senior credit facilities and bridge facilities;

- consummation of the equity contributions, which (to the extent constituting other than common equity interests) must be on terms and conditions and pursuant to documentation reasonably satisfactory to the Debt Financing Sources to the extent material to the interests of the lenders;

- expiration of a period of not less than 20 consecutive calendar days following receipt of specific information to market the high-yield notes;

- absence of any competing issues of debt securities or commercial bank or other credit facilities being offered, placed or arranged (other than the high-yield notes) prior to and during the syndications of the senior secured credit facilities or bridge facilities;

- delivery of certain audited, unaudited and pro forma financial statements;

- delivery of documentation and information mutually agreed to be required by regulatory authorities under applicable know your customer and anti-money laundering rules and regulations, including without limitation the PATRIOT Act; and

- subject to certain exceptions, guarantees shall have been executed by the guarantors described below, and shall be in full force and effect and, with respect to the senior secured credit facilities, all documents and instruments required to perfect security interests in collateral shall have been executed and delivered and be in proper form for filing and none of the collateral shall be subject to any other pledges, security interest or mortgages, except for certain permitted liens.

Senior Secured Credit Facilities

General. The borrower under the senior secured credit facilities will be Merger Sub or Laureate initially, and Laureate, as the surviving corporation in the merger, upon consummation of the merger, and one or more of its subsidiaries. The senior secured credit facilities will comprise a $650 million senior secured term loan facility with a term of seven years, a $100 million senior secured delayed draw term loan facility, which will mature on the seventh anniversary of the consummation of the merger and a $400 million senior secured multi-currency revolving credit facility with a term of seven years. The revolving credit facility will include sublimits for the issuance of letters of credit and swingline loans and will be available in U.S. dollars, Euros and other currencies to be agreed upon.

The Debt Financing Sources have been appointed as joint lead arrangers and joint bookrunners for the senior secured credit facilities. The administrative agent for the senior secured credit facilities will be determined prior to the consummation of the merger, but may be one of the Debt Financing Sources. In addition, additional agents or co-agents for the senior secured credit facilities may be appointed prior to consummation of the merger.

Interest Rate and Fees. Loans under the senior secured credit facilities are expected to bear interest, at the borrower s option, at (1) a rate equal to LIBOR (London Interbank Offered Rate) (or in the case of loans denominated in Euros, EURIBOR (Euro Interbank Offered Rate)) plus an applicable margin or (2) a rate equal to the higher of (a) the prime rate of Goldman Sachs Credit Partners L.P. and (b) the federal funds effective rate plus 0.50%, plus (in either case) an applicable margin. After the consummation of the merger, the applicable margins will be subject to decrease pursuant to a leverage-based pricing grid.

In addition, Laureate will pay in connection with the consummation of the merger customary commitment fees (subject to a decrease based on leverage) and letter of credit fees under the revolving credit facilities. Upon the initial funding of the senior secured credit facilities, Merger Sub has also agreed to pay an underwriting fee to the Debt Financing Sources.

Prepayments and Amortization. The borrower will be permitted to make voluntary prepayments at any time, without premium or penalty (other than LIBOR breakage costs, if applicable), and required to make mandatory prepayments of term loans with (1) net cash proceeds of non-ordinary course asset sales and insurance and condemnation proceeds (subject to reinvestment rights and other exceptions), (2) net proceeds of issuances of debt (other than permitted debt) and (3) a percentage of Laureate s excess cash flow (to be defined). The term loans will also have required interim amortization payments, payable quarterly, with the balance payable at the final maturity date of such term loans.

Guarantors. All obligations under the senior secured credit facilities will be guaranteed by each existing and future direct and indirect, wholly owned domestic subsidiary of Laureate (other than certain immaterial subsidiaries to be agreed upon, other subsidiaries treated as unrestricted as to be decided and any subsidiary that owns or operates a school) and, in the case of any obligations of additional borrowers, by the borrower, in each case only to the extent permitted by applicable law, regulation and contract and to the extent such guarantee would not result in adverse tax or accreditation consequences. If any guarantee (other than a domestic guarantee) is not provided at the time of consummation of the merger despite the use of commercially reasonable efforts to do so, the delivery of the guarantee will not be a condition precedent to the availability of the senior secured credit facilities on the date on which the merger is consummated, but instead will be required to be delivered following the date on which the merger is consummated pursuant to arrangements to be agreed upon.

Security. The obligations of the borrowers and the guarantors under the senior secured credit facilities will be secured, subject to permitted liens and other agreed upon exceptions, by all the capital stock of the first-tier subsidiaries owned by Laureate and each guarantor of such facilities (limited, in the case of foreign subsidiaries, to 66% of the voting stock of such subsidiaries) and substantially all present and future tangible and intangible assets of Laureate and each other guarantor. If the security (other than

any domestic stock pledge and any security interest capable of perfection by the filing of a Uniform Commercial Code financing statement) is not provided on the date on which the merger is consummated despite the use of commercially reasonable efforts to do so, the delivery of the security will not be a condition precedent to the availability of the senior secured credit facilities on the date on which the merger is consummated, but instead will be required to be delivered following such date pursuant to arrangements to be agreed upon.

Other Terms. The senior secured credit facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments and acquisitions, sales of assets, mergers and consolidations, dividends and other distributions on or redemptions of stock and prepayments of certain subordinated indebtedness. The senior secured credit agreement will not contain any financial maintenance covenants, but the availability of certain baskets and other actions will be subject to compliance with an incurrence test. The senior secured facilities will also include customary events of default, including a change of control default.

High-Yield Debt Financing

Either Merger Sub or Laureate is expected to issue (i) $725 million in aggregate principal amount of senior unsecured notes and (ii) $325 million in aggregate principal amount of senior subordinated notes. The notes will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) and may not be offered in the United States absent registration under, or an applicable exemption from the registration requirements of, the Securities Act. The senior unsecured and senior subordinated notes will be offered to qualified institutional buyers, as such term is defined in Rule 144A under the Securities Act, and to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act.

Bridge Facility

If the offering of notes by either Merger Sub or Laureate is not consummated substantially concurrently with the consummation of the merger, the Debt Financing Sources have committed to provide to Merger Sub or Laureate: (i) up to $725 million in loans under a senior unsecured bridge facility and (ii) up to $325 million in loans under a senior subordinated bridge facility. After consummation of the merger, Laureate will be the borrower under the bridge facilities.

If the bridge loans are not paid in full on or before the first anniversary of the effective time of the merger, the senior unsecured bridge loans will convert into extended term loans maturing on the eighth anniversary of the effective time of the merger and the senior subordinated bridge loans will convert into extended term loans maturing on the tenth anniversary of the effective time of the merger. Holders of any such senior unsecured or senior subordinated extended term loans may choose to exchange such loans for exchange notes maturing on the eighth and tenth anniversary of the effective time of the merger, respectively, and also may, if necessary for the sale of such exchange notes to an unaffiliated third party, fix the interest rate on any such exchange notes. The borrower would be required to register any exchange notes for public resale under a registration statement in compliance with applicable securities laws.

The bridge loans will bear interest at a floating rate equal to LIBOR plus a spread that increases over time, and will contain covenants customary for financings of this type, including covenants restricting the ability of the borrower, among other things and subject to exceptions, to incur or repay certain debt, to make dividends, distributions or redemptions and to incur liens. The borrower will be able to pay interest from time to time on up to $450 million of the senior unsecured bridge loans by issuing additional loans or exchange notes in an amount equal to the interest then due.

The borrower will be required to prepay the bridge loans, to prepay or offer to prepay the extended loans and to redeem or offer to purchase the exchange notes under certain circumstances, including upon

certain non-ordinary course asset sales and receipt of insurance and condemnation proceeds or certain incurrences of debt (in each case, with certain exceptions) and upon a change of control of Laureate.

The Debt Financing Sources have been appointed as joint lead arrangers and joint bookrunners for the bridge facilities. Goldman Sachs Credit Partners L.P. will act as the sole administrative agent for the bridge facilities. In addition, additional agents or co-agents for the bridge facilities may be appointed prior to consummation of the merger.

Interests of the Company s Directors and Executive Officers in the Merger

In considering the recommendations of the board of directors, Laureate s stockholders should be aware that certain of Laureate s directors and executive officers have interests in the transaction that are different from, and/or in addition to, the interests of Laureate s stockholders generally. The special committee and our board of directors were aware of these potential conflicts of interest and considered them, among other matters, in reaching their decision to approve the merger and the merger agreement and to recommend that our stockholders vote in favor of adopting the merger agreement.

Interests of Messrs. Becker and Hoehn-Saric

In addition to their involvement in Laureate, Messrs. Becker and Hoehn-Saric are partners in Sterling Partners, a private equity firm. In connection with the merger, the Sterling Founders intend to form several new entities for the purposes of owning various interests in Parent, or interests in investors in Parent, as described below. The Sterling Founders contemplate that additional partners in and/or employees of Sterling Partners and its affiliates may be offered the opportunity to participate in one or more of the newly formed entities. The newly formed entities are expected to serve the following purposes:

- one or more such entities, which we refer to collectively as SP-L, will invest $25 million in Parent pursuant to an assignment of the equity commitment made by Mr. Becker, as described in more detail above under the caption Financing of the Merger Equity Financing and below under the caption Equity Commitment;

- another entity to be formed by the Sterling Founders, which we refer to as SP-L II, will receive profits interests in Parent, in consideration of and in recognition of the services provided and to be provided by affiliates of Sterling Partners and its partners and employees, including the Sterling Founders, to or for the benefit of Parent (or in anticipation of the formation of Parent) in sourcing and bringing the transaction to completion, as described in more detail below; and

- one or more additional entities, which we refer to collectively as SP-L III, will receive profits interests in certain newly formed limited liability companies or partnerships through which several of the members of the Investor Group will make their investments in Parent. These profits interests will be issued in consideration of investment and advisory services that SP-L III has or will provide to or for the benefit of (or in anticipation of the current capitalization of) each such newly formed limited liability company or partnership, as described in more detail below.

Mr. Becker also entered into an interim investors agreement with Parent and the other members of the Investor Group that, among other things, sets forth certain terms and conditions governing the relationship among them.

- *Governance of Parent Prior to the Merger*. Pending consummation of the merger, any four out of the following six parties: (i) Messrs. Becker and Taslitz, acting together, (ii) Kohlberg Kravis Roberts & Co., (iii) Citigroup Private Equity; (iv) SPG Partners, LLC, (v) S.A.C. Capital Management, LLC and (vi) Bregal Europe Co-Investment L.P. (the Requisite Investors) may cause Parent to act or refrain from acting in order to comply with its obligations, satisfy its closing conditions or exercise its rights under the merger agreement. The approval of the Requisite Investors is also required for

Parent to enforce its rights under any of the commitment letters executed by any member of the Investor Group. Some actions, such as any modification or amendment to the merger agreement so as to increase or modify the form of the merger consideration, require the consent of each member of the Investor Group, except that in certain circumstances such actions may be taken with the approval of the Requisite Investors if they first terminate the non-consenting party s participation in the transaction.

- *Standstill Provision*. Under the interim investors agreement, until the earlier of the closing and the termination of the merger agreement, none of the members of the Investor Group (other than, but only to the extent expressly required by the cooperation agreement, Mr. Becker) may enter into any agreement, arrangement or understanding or have discussions with any other potential investor(s) or acquirer(s) of the Company or any of its representatives with respect to an alternative transaction involving the Company without the prior approval of the Requisite Investors.

- *Right to Designate Directors of Parent*. Under the interim investors agreement, if the merger is consummated, the Sterling Founders will have the right to designate three directors on Parent s board of directors. The ability of the Sterling Founders and the Sponsors to designate directors will be adjusted to reflect changes in the ownership of Parent by the Sterling Founders and the Sponsors.

- *Termination Fee*. Pursuant to the interim investors agreement, any termination fee paid by Laureate or any of its affiliates as directed by Parent pursuant to the merger agreement, net of any expenses of members of the Investor Group that are required to be shared by all such parties (other than Parent), shall be promptly paid (a) 33.33% to Messrs. Becker and Taslitz, in the aggregate, and (b) 66.67% pro rata to or as directed by the other members of the Investor Group. See The Merger and the Merger Agreement Termination Fees.

The foregoing summary of the interim investors agreement is qualified in its entirety by reference to the copy of such agreement attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

Rollover Shares

In connection with the merger agreement, the Rollover Investors entered into letter agreements with Parent (the Rollover Commitment Letters) pursuant to which the Rollover Investors agreed to contribute, collectively, 636,436 shares of the Company s common stock owned by them to Parent immediately before the consummation of the merger in exchange for a percentage ownership interest in Parent that is calculated on a pro rata basis, based on cash commitments by the Investor Group and the valuation of the shares of the Company s common stock to be contributed to Parent, with each share contributed by or on behalf of the Rollover Investors being valued at $60.50.

Equity Commitment

In connection with Mr. Becker s Rollover Commitment Letter, Mr. Becker agreed to contribute cash of $25 million to Parent in exchange for a percentage ownership interest in Parent that will be calculated on a pro rata basis, based on cash commitments by the Investor Group and the valuation of the shares of the Company s common stock to be contributed to Parent. Prior to the consummation of the merger, the Sterling Founders contemplate that Douglas L. Becker and SP-L will enter into an agreement by which the rights and obligations of Mr. Becker to contribute the $25 million to Parent will be assigned to SP-L.

Cancellation of Options and Performance Share Units and Grant of Deferred Compensation Account

Prior to the signing of the merger agreement, Mr. Becker had options to purchase shares of the Company s common stock and performance share units in Laureate, and Mr. Hoehn-Saric had options to

purchase shares of the Company s common stock, which, based on the value of the merger consideration of $60.50 per share, would entitle Mr. Becker to $78,116,588 and Mr. Hoehn-Saric to $48,622,060 if such options and, in Mr. Becker s case, performance share units, were cashed out in connection with the merger. Pursuant to Mr. Becker s Rollover Commitment Letter and a letter agreement dated March 13, 2007 among Mr. Hoehn-Saric, Parent and the other parties thereto, Messrs. Becker and Hoehn-Saric have agreed to cancel such options and, in Mr. Becker s case, performance share units, in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger. Parent has agreed that, assuming neither Mr. Becker nor Mr. Hoehn-Saric has exercised any options prior to consummation of the merger, the surviving corporation will establish a deferred compensation account balance plan (each, a DCP) with an account value of $78,116,588 for the benefit of Mr. Becker and a DCP with an account value of $48,622,060 for the benefit of Mr. Hoehn-Saric. Each DCP will be administered as described below, as agreed upon by Mr. Becker and Parent pursuant to a term sheet agreed to at the time of the signing of the merger agreement and a term sheet subsequently agreed to by Mr. Hoehn-Saric (the Term Sheets). On the closing date of the merger, each DCP will be credited with a number of phantom shares of common stock equal to the number of shares that Messrs. Becker and Hoehn-Saric, as the case may be, could have acquired in the merger if all of the options and performance share units, as applicable, had been canceled in exchange for a number of shares (the Phantom Shares) equal to the quotient of (x) the aggregate cash payment that Messrs. Becker and Hoehn-Saric, as the case may be, would have received (based on the per share merger consideration of $60.50) on a pre-tax basis, in respect of such canceled options and performance share units, as applicable, on the closing date divided by (y) the value of one share of common stock of the surviving corporation as it exists immediately after giving effect to the consummation of the merger (the Deal Price).

Each of Messrs. Becker and Hoehn-Saric will be fully vested at all times in his respective DCP. Upon the earliest to occur of (a) a Change of Control (as defined below), (b) in the case of Mr. Becker, any termination of his employment by the surviving corporation or by him, (c) in the case of Mr. Hoehn-Saric, any termination of his membership on the board of directors of the surviving corporation or the general partner of Parent or (d) the seventh anniversary of the closing date of the merger, Messrs. Becker or Hoehn-Saric, as the case may be, will be entitled to receive, or commence receiving, payment, in cash, less any applicable tax withholding, of his DCP Account Balance (as defined below) as follows: (i) if the event giving rise to payment under the DCP is either a termination of Messrs. Becker s or Hoehn-Saric s employment or board membership, as applicable, or the seventh anniversary of the closing date of the merger: (A) if the DCP Account Balance is less than (x) in the case of Mr. Becker, $50 million, and (y) in the case of Mr. Hoehn-Saric, $31 million, it will be paid in a lump sum; (B) if the DCP Account Balance is equal to or greater than (x) in the case of Mr. Becker, $50 million but less than $100 million, and (y) in the case of Mr. Hoehn-Saric, $31 million but less than $62 million, then (i) $50 million (in the case of Mr. Becker) or (ii) $31 million (in the case of Mr. Hoehn-Saric) of such balance will be paid on the date of such event and the remainder will be paid on the first anniversary of such date; and (C) if the DCP Account Balance is greater than (x) in the case of Mr. Becker, $100 million, and (y) in the case of Mr. Hoehn-Saric, $62 million, then (i) $50 million (in the case of Mr. Becker) or (ii) $31 million (in the case of Mr. Hoehn-Saric) of such balance will be paid on each of such event date and the first anniversary thereof, and the remainder of such balance will be paid on the second anniversary of the event date; and (ii) if the event giving rise to such payment is a Change of Control, a lump sum payment shall be made on the date of the Change of Control.

The term Change of Control shall mean, for purposes of the applicable DCP and the Incentive Profits Interests (as discussed below), the first to occur of either of the following:

- the sale of all or substantially all of the assets of Parent or the surviving corporation, as applicable, to a person (or group of persons acting in concert); or

- the sale by Parent, any member of the Investor Group or any of their respective affiliates to a person (or group of persons acting in concert) that results in more than 50% of the equity interests of Parent or of the surviving corporation, as applicable, being held by a person (or group of persons acting in concert), which may include any member of the Investor Group or any of their respective affiliates; provided, however that in no event will any relationship among any member of the Investor Group created by the occurrence of the transactions contemplated by the merger agreement be deemed to create a group for this purpose;

which also results in any person or group of persons acting in concert that acquired more than 50% of the equity interests of Parent, or the surviving corporation, as applicable, having the ability to appoint a majority of the applicable board of directors.

The term DCP Account Balance shall mean the amount equal to the sum of:

- the product of the number of Phantom Shares credited to the DCP and the lesser of:

- the Deal Price; and

- the Fair Market Value (as defined in the Term Sheets) per share on the date on which the event giving rise to the payment being made occurs; plus

- if the Fair Market Value is greater than the Deal Price (each described directly above), an amount of interest equal to 5% per annum, as if such interest had accrued on the amount in the applicable DCP from the closing date of the merger through the applicable payment date(s).

Grant of Incentive Profits Interests

In respect of services that Mr. Becker is to perform for, or for the benefit of, Parent and the surviving corporation and its affiliates, Mr. Becker will be granted a profits interest (Incentive Profits Interests) in Parent that will provide for the right to receive a percentage of the profits of Parent after the members of the Investor Group have received a return of their equity investment in Parent. The Incentive Profits Interests are anticipated to represent between 20% to 25% of the 10% option pool to be established at the surviving corporation after the merger.

One half of the Incentive Profits Interests will be vested based on time (Time Profits Interests) and the remaining half will be vested based on performance (Performance Profits Interests). Of the Time Profits Interests, one third of such Time Profits Interests will be fully vested on the date of grant. Subject to Mr. Becker s continued employment with the surviving corporation and its affiliates after the merger, the remaining two thirds of such Time Profits Interests will vest 20% on each of the first five anniversaries of the date of grant.

Subject to Mr. Becker s continued employment with the surviving corporation and its affiliates after the merger, the Performance Profits Interests will vest 20% beginning on March 31, 2008 and thereafter 20% on each of the next four anniversaries of March 31, 2008, provided that the surviving corporation achieves 100% of the annual pro-rata EBITDA target set forth in the business plan of the surviving corporation as presented by management for each of fiscal years 2007 through 2011 (each such target as set forth in Mr. Becker s Term Sheet, an Annual Pro Rata EBITDA Target).

In any given year, if Laureate does not meet 100% of the Annual Pro Rata EBITDA Target, the Performance Profits Interests may still become vested as follows:

- if at least 95% of the Annual Pro Rata EBITDA Target is achieved, 75% of the applicable portion of the Performance Profits Interests that would have then vested will become vested; and

- if at least 90% of the Annual Pro Rata EBITDA Target is achieved, 50% of the applicable portion of the Performance Profits Interests that would have then vested.

Performance Profits Interests also may vest on a catch-up basis. If in any subsequent fiscal year 100% of the applicable Annual Pro Rata EBITDA Target for such subsequent fiscal year is achieved, all Performance Profits Interests which did not previously vest will become vested.

Any unvested Incentive Profits Interests will be forfeited upon a termination of Mr. Becker s employment with the surviving corporation for any reason. All unvested Incentive Profits Interests shall become vested upon a Change of Control.

Grant of Deal Profits Interest

In consideration of and in recognition of the services provided and to be provided by affiliates of Sterling Partners and its partners and employees, including the Sterling Founders, to the Investor Group in sourcing and bringing the merger to completion, SP-L II is being granted a fully vested 5.5% profits interest in Parent (Deal Profits Interest), based upon the total equity investment in Parent as of the effective time of the merger. SP-L II will be entitled to its share of the profits of Parent for such Deal Profits Interests only after the members of the Investor Group have received distributions sufficient to return their total equity invested in Parent and an internal rate of return of 5% on their equity invested in Parent.

Carried Interests

Each of the members of the Investor Group, other than Citigroup Global Markets Inc. and SCP II, and the funds affiliated or managed by KKR 2006 Limited, Citigroup Private Equity and SPG Partners, LLC, has agreed to grant SP-L III an additional profits interest in connection with the transaction. We refer to these investors as Carry Investors. Each Carry Investor will make its investment in Parent through a newly formed limited liability company or partnership. SP-L III has or will provide investment and advisory services to or for the benefit of (or in anticipation of the formation of) the applicable investment vehicle in connection with the purchase, holding and disposition by the applicable investment vehicle of its interests in Parent. In consideration of these services, SP-L III shall generally receive a 10% profits interest in the applicable investment vehicle, which will be payable after the Carry Investor has received distributions representing a return of such Carry Investor s capital investment in Parent. However, with respect to Bregal Europe Co-Investment L.P. and any other Carry Investor who so elects, SP-L III will receive profits distributions in Bregal Europe Co-Investment L.P. s Carry Entity based on the following formula:

- first, 100% of the distribution will be paid to Bregal Europe Co-Investment L.P. until Bregal Europe Co-Investment L.P. has received aggregate distributions equal to its capital contribution plus an internal rate of return of 8% on its investment;

- second, 100% of the distribution will be paid to SP-L III until SP-L III has received an amount equal to 10% of the applicable investment vehicle s total profits with respect to the interests in Parent;

- third, 90% of the distribution will be paid to Bregal Europe Co-Investment L.P. and 10% of the distribution will be paid to SP-L III until Bregal Europe Co-Investment L.P. has received aggregate distributions equal to an internal rate of return of 20% on its investment;

- fourth, 100% of the distribution will be paid to SP-L III until SP-L III has received an amount equal to 12.5% of the applicable investment vehicle s total profits with respect to the interests in Parent; and
- thereafter, 87.5% of the distribution will be paid to the Carry Investor and 12.5% of the distribution will be paid to SP-L III.

In addition, pursuant to a partnership agreement, the general partner of SCP II is entitled to receive 20% of SCP II s cumulative net profits, provided that investors in SCP II earn a return on their investment of at least 8%. The timing of distributions by SCP II to the general partner in respect of this 20% carried interest depends on a number of circumstances. The Sterling Founders, together with other partners of the general partner of SCP II, will share in any distribution of such carry interest.

Laureate Equity Compensation and Bonus Plans

Except as described below under New Arrangements with the Surviving Corporation After Closing Equity Rollover Commitments, except as otherwise agreed by Parent and a holder of options to acquire the Company s common stock or of unvested restricted shares, or as otherwise provided in the merger agreement, to the extent applicable, outstanding options, unvested restricted shares and performance share units will, as of the effective time of the merger, be treated as follows:

- all outstanding options to acquire the Company s common stock will be canceled and, in exchange for such cancellation, each holder will be entitled to receive from the surviving corporation promptly following the effective time of the merger a cash payment equal to the number of shares of the Company s common stock underlying the holder s option or options multiplied by the amount by which $60.50 exceeds the exercise price for each share of the Company s common stock underlying the option or options, without interest and less any applicable withholding taxes;
- each unvested Company restricted share outstanding immediately prior to the effective time of the merger will vest and become free of restrictions and will be canceled and converted into the right to receive $60.50, without interest and less any applicable withholding taxes, in the merger; and
- the performance share units and, to the extent not previously exercised, options to purchase shares of the Company s common stock held by Mr. Becker, and, to the extent not previously exercised, the options to purchase shares of the Company s common stock held by Mr. Hoehn-Saric, are expected to be cancelled in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

The merger agreement provides that, in connection with the consummation of the merger, specified unvested options to purchase the Company s common stock and specified unvested Company restricted shares will be canceled without payment therefor and, in lieu of making the payments described above, the surviving corporation will establish a retention bonus award plan, pursuant to which each holder of such a canceled option or restricted share will be entitled to receive a cash payment, without interest and less any applicable withholding taxes, equivalent to the amount the holder otherwise would have received for such award promptly following the consummation of the merger in respect of such canceled options and restricted shares, provided that the holder remains employed by the surviving corporation through the first (or second, for certain employees) anniversary of the consummation of the merger.

The table below sets forth, as of March 15, 2007 (for each of our named executive officers and our other executive officers): (a) the number of stock options held by such person, including unvested stock options that will vest (or, in Mr. Becker s case, be cancelled) upon the consummation of the merger,

(b) the cash payment that may be (or, in Mr. Becker s case, would have been) made in respect of the foregoing stock options upon the consummation of the merger, (c) the aggregate number of restricted shares that will vest upon consummation of the merger, (d) the aggregate cash payment that will be (or, in Mr. Becker s case, would have been) made in respect of the foregoing restricted shares upon the consummation of the merger, (e) the cash payment that will be (or, in Mr. Becker s case, would have been) made in respect of all other shares owned by such person (as reflected in the table on pages 110 and 111 of this proxy statement, including shares of the Company s common stock owned through employee benefit plans, but excluding stock options and restricted shares) upon consummation of the merger, and (f) the total cash payment such person will receive in respect of all payments described in this table if the merger is consummated (in all cases before applicable withholding taxes, or in Mr. Becker s case, would have received had he not entered into the rollover commitment).

	Vested and Unvested Stock Options		Restricted Shares		Cash Payment for Other Beneficially Owned Shares	Total Cash Payment
Name	Number	Cash Payment	Number	Cash Payment		
Douglas L. Becker(1)	1,638,010	$ 68,073,588	196,000	$ 11,858,000	$ 26,659,688	$ 104,776,276
Raph Appadoo	588,491	27,368,393	45,813	2,771,687	2,353,632	32,493,711
William C. Dennis, Jr.	200,001	4,988,305	48,000	2,904,000	419,568	8,311,872
Paula R. Singer	77,000	2,491,730	32,000	1,936,000	328,697	4,756,417
Daniel M. Nickel	60,000	850,000	18,000	1,089,000	786,500	2,725,500
Rosemarie Mecca	85,000	1,201,050	63,000	3,811,500	457,804	5,470,354
Robert W. Zentz	104,000	3,039,990	10,000	605,000		3,644,990

(1) Restricted Shares amount includes 166,000 performance share units. Reflects the payments that would be received if Mr. Becker were to receive the merger consideration for all equity interests he holds. Mr. Becker intends to donate to charitable organizations 50,000 shares of the Company s common stock prior to the stockholder meeting and will not receive any cash compensation in connection with the cancellation of those shares. Mr. Becker has agreed to reinvest and/or roll over his remaining shares of the Company s common stock pursuant to the equity rollover commitments described on pages 6 and 63 of this proxy statement, with the exception of the shares of the Company s common stock attributable to Mr. Becker in the 401(k) Plan, which will be canceled and converted into the right to receive $60.50 in cash per share, without interest and less any applicable withholding taxes, as described beginning on page 86 of this proxy statement.

New Stock Option Plan

In connection with the consummation of the merger, the surviving corporation will adopt a new stock option plan under which it is contemplated that approximately 75 to 100 employees (including the executive officers) will be eligible to receive options to acquire the stock of the surviving corporation. We expect that the new option plan will permit the grant of options covering up to approximately 7.5% to 8.0% of the fully diluted equity of the surviving corporation immediately after consummation of the merger. It is expected that a majority of all of the options under the new option plan will be granted on or shortly after the consummation of the merger. A portion of the options will vest solely based upon continued employment over a specific period of time and a portion of the options will vest based both upon continued employment over a specific period of time and upon the achievement of predetermined performance targets over time. Options granted under the plan will have an exercise price equal to the fair market value of the stock of the surviving corporation on the date of grant. The aggregate size of the option grants to certain Rollover Investors and to the other executive officers have not yet been determined.

Retention Agreements

In connection with signing the merger agreement, Laureate entered into executive retention agreements (each an Executive Retention Agreement, and collectively, the Executive Retention

Agreements) with each of Raph Appadoo, William Dennis, Paula R. Singer, Robert W. Zentz, Rosemarie Mecca, Daniel M. Nickel, Luis Lopez and Ricardo Berckemeyer (each an Executive). The Executive Retention Agreements provide certain severance payments and benefits, including payments and benefits in connection with a change of control (as defined below), and supersede any prior agreements the Executive entered into with the Company. Each Executive Retention Agreement has a three-year term which automatically renews for additional one-year terms under certain circumstances. For purposes of the Executive Retention Agreements, change of control means any of the following events:

- a merger or consolidation to which Laureate is a party if the individuals and entities who were stockholders of Laureate immediately prior to the effective date of such merger or consolidation have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of less than 50% of the total combined voting power for election of directors of the surviving corporation immediately following the effective date of such merger or consolidation;

- the direct or indirect beneficial ownership in the aggregate of Laureate s securities representing 40% or more of the total combined voting power of Laureate s then issued and outstanding securities by any person or entity, or group of associated persons or entities acting in concert; provided, however, that for purposes hereof, any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Laureate or any corporation controlled by Laureate shall not constitute a change of control ;

- the sale of the properties and assets of Laureate, substantially as an entirety, to any person or entity which is not a wholly owned subsidiary of Laureate;

- the stockholders of Laureate approve any plan or proposal for the liquidation of the Company; or

- a change in the composition of Laureate s board of directors at any time during any consecutive 24-month period such that the Continuity Directors cease for any reason to constitute at least 51% of Laureate s board of directors. Continuity Directors means those members of Laureate s board of directors who either (a) were directors at the beginning of such consecutive 24-month period, or (b) were elected by, or on the nomination or recommendation of, at least a two-thirds majority of the then-existing board of directors.

The terms of each Executive Retention Agreement provide that if the Executive s employment is terminated by Laureate during the term of the Executive Retention Agreement other than due to Disability or for Cause (each as defined below), then the Executive is entitled to receive, in addition to certain accrued amounts and subject to the execution of a release and restrictive covenants agreement, (i) a lump sum severance payment in an amount equal to one and one-half times the sum of the Executive s annual salary and annual target bonus under Laureate s annual incentive compensation plan, (ii) continued health care coverage for 18 months, (iii) outplacement assistance and (iv) a lump sum payment under each of Laureate s annual incentive plan and long-term incentive plan assuming the applicable target had been attained, which payments shall be pro-rated for the number of months of the performance period that have elapsed.

For purposes of the Executive Retention Agreements, Disability means the Executive s inability to perform all of the Executive s duties by reason of illness, physical or mental disability or other similar incapacity, as determined by the Chief Executive Officer of Laureate in his or her sole discretion, which inability shall continue for more than three consecutive months.

For purposes of the Executive Retention Agreements, Cause means (i) fraud; (ii) misrepresentation; (iii) theft or embezzlement of Laureate s assets; (iv) intentional violations of law involving moral turpitude; (v) failure to follow Laureate s business conduct and ethics policy; and/or (vi) the continued failure by the Executive to attempt in good faith to perform his or her duties as reasonably assigned by Laureate s Chief Executive Officer to the Executive for a period of 60 days after a written demand for such performance which specifically identifies the manner in which it is alleged the Executive has not attempted in good faith to perform such duties.

In addition, the terms of each Executive Retention Agreement provide that if, during the period commencing six months prior to the execution of an agreement, the consummation of which would result in a change of control and ending upon the earlier of (i) the expiration of the 18-month period which commenced on the date of the change of control or (ii) the abandonment of the change of control by the parties, the Executive voluntarily terminates his or her employment with Laureate due to a material alteration of his or her employment, then the Executive is also entitled to receive the aforementioned severance payments and benefits.

For purposes of the Executive Retention Agreements, an Executive s employment shall be materially altered if (i) there is a material reduction in duties or adverse change in conditions of employment; (ii) a relocation of Executive s office in excess of 30 miles is required; (iii) there is a change in reporting relationship; or (iv) the Executive s targeted total compensation is decreased; and upon written notice by the Executive, Laureate fails to cure such alteration within 30 days.

In addition to the aforementioned payments and benefits, each Executive Retention Agreement provides that the Executive will be provided with an additional payment in the event that the aggregate present value of payments made to the Executive in connection with a change of control exceed, by more than 10%, the Executive s safe harbor amount under Section 280G of the Internal Revenue Code; otherwise payments made to the Executive would be capped to prevent any excise tax from being assessed against the Executive.

The terms of each Executive Retention Agreement also provide that each Executive s outstanding stock option and restricted share awards vest immediately and fully upon the consummation of the change of control.

The merger will constitute a change of control for purposes of the Executive Retention Agreements.

Laureate Director Compensation Arrangements and Other Interests

As of March 15, 2007, our directors, other than Messrs. Becker and Hoehn-Saric, held options to purchase an aggregate of 193,000 shares of the Company s common stock at a weighted average exercise price of $38.75 per share. As of March 15, 2007, Messrs. Becker and Hoehn-Saric held options to acquire 1,638,010 shares and 1,036,011 shares, respectively, of the Company s common stock at weighted average exercise prices of $18.94 and $13.57, respectively. As with our employees generally, outstanding options (whether exercisable or not exercisable) to purchase the Company s common stock held by our directors (other than Messrs. Becker and Hoehn-Saric) will be canceled and, in exchange for such cancellation, the holder will be entitled to receive for each share of the Company s common stock underlying an option $60.50 less the exercise price (without interest and less any applicable withholding taxes). Based on the number of options and other beneficially owned shares of the Company s common stock held by the Company s directors (other than Messrs. Becker and Hoehn-Saric) as of March 15, 2007, the aggregate cash payment that will be made to such directors upon the consummation of the merger is anticipated to be $187,989,867, based on a cash merger consideration of $60.50 per share.

Mr. Wilson, the chairman of the special committee will receive remuneration at a monthly rate of $40,000 for months in which time spent on special committee duties exceeds 100 hours, $30,000 in months in which time spent on special committee duties is between 50 and 100 hours and $20,000 in months in

which time spent on special committee duties is less than 50 hours, plus expenses, in consideration of his acting in such capacity, and Mr. McGuire will receive remuneration at a monthly rate of $30,000 for months in which time spent on special committee duties exceeds 100 hours, $22,500 in months in which time spent on special committee duties is between 50 and 100 hours and $15,000 in months in which time spent on special committee duties is less than 50 hours, plus expenses, in consideration of his acting in such capacity. At the request of Mr. Pollock, Mr. Pollock will not receive remuneration for his services as a member of the special committee but will be reimbursed for any expenses incurred while acting in such capacity. The members of the board of directors (excluding Messrs. Becker and Hoehn-Saric) are independent of and have no economic interest or expectancy of an economic interest in Parent or its affiliates, and will not retain an economic interest in the surviving corporation or Parent following the merger. John A. Miller, a member of Laureate s Board of Directors, is a limited partner in Sterling Partners. Mr. Miller has arranged with Sterling Partners so that he will not participate in SCP II s investment in Parent and Mr. Miller will not receive any economic benefit from the merger realized by Sterling Partners, any of the Sterling Founders or any of their affiliates.

Indemnification and Insurance

From and after the effective time of the merger, the surviving corporation shall, to the greatest extent permitted by law, indemnify and hold harmless (and comply with all of the Company s and its subsidiaries existing obligations to indemnify and hold harmless and to advance funds for expenses) (i) the present and former officers and directors of the Company and its subsidiaries against any and all costs or expenses (including reasonable attorneys fees and expenses), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (Damages), arising out of, relating to or in connection with any acts or omissions occurring or alleged to occur prior to or at the effective time of the merger, including, without limitation, the approval of the merger agreement, the merger or the other transactions contemplated by the merger agreement or arising out of or pertaining to the transactions contemplated by the merger agreement; and (ii) such persons against any and all Damages arising out of acts or omissions in connection with such persons serving as an officer, director or other fiduciary in any entity if such service was at the request or for the benefit of the Company or any of its subsidiaries.

For a period of six years after the effective time of the merger, the surviving corporation shall cause to be maintained in effect the current policies of officers and directors liability insurance maintained on the date of the merger agreement by the Company and its subsidiaries. Alternatively, the surviving corporation may substitute policies with reputable and financially sound carriers providing at least the same coverage and amount and containing terms and conditions that are no less favorable to the covered person in respect of claims arising from facts or events that existed or occurred before the effective time of the merger; provided, however, that in no event shall the surviving corporation be required to expend annually in excess of 300% of the annual premium currently paid by the Company under the current policies (the Insurance Amount); provided, however, that if the premium of such insurance coverage exceeds the Insurance Amount, the Company shall be obligated to obtain, and the surviving corporation shall be obligated to maintain, a policy with the greatest coverage available for a cost not exceeding the Insurance Amount. In lieu of the foregoing coverage, Parent may direct the surviving corporation to purchase tail insurance coverage that provides coverage no less favorable than the coverage described above.

Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders

The following is a summary of the material U.S. federal income tax consequences of the merger to holders of the Company s common stock whose shares of the Company s common stock are converted into the right to receive cash in the merger. This summary does not purport to consider all aspects of U.S. federal income taxation that might be relevant to our stockholders. For purposes of this discussion, we use

the term U.S. holder to mean a beneficial owner of shares of the Company s common stock that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (i) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate that is subject to U.S. federal income tax on its income regardless of its source.

A non-U.S. holder is a person (other than a partnership) that is not a U.S. holder.

If a partnership holds the Company s common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner of a partnership holding the Company s common stock should consult its tax advisor.

This discussion is based on current law, which is subject to change, possibly with retroactive effect. It applies only to beneficial owners who hold shares of the Company s common stock as capital assets, and may not apply to shares of the Company s common stock received in connection with the exercise of employee stock options or otherwise as compensation, stockholders who hold an equity interest, directly or indirectly, in Parent or the surviving corporation after the merger, or certain types of beneficial owners who may be subject to special rules (such as insurance companies, banks, tax-exempt organizations, financial institutions, broker-dealers, partnerships, S corporations or other pass-through entities, mutual funds, traders in securities who elect the mark-to-market method of accounting, stockholders subject to the alternative minimum tax, stockholders that have a functional currency other than the U.S. dollar, or stockholders who hold the Company s common stock as part of a hedge, straddle or a constructive sale or conversion transaction). This discussion does not address the receipt of cash in connection with the cancellation of the restricted shares or options to purchase shares of the Company s common stock, or any other matters relating to equity compensation or benefit plans. This discussion also does not address any aspect of state, local or foreign tax laws.

U.S. Holders

The exchange of shares of the Company s common stock for cash in the merger will be a taxable transaction to U.S. holders for U.S. federal income tax purposes. In general, a U.S. holder whose shares of the Company s common stock are converted into the right to receive cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash received with respect to such shares (determined before the deduction of any applicable withholding taxes) and the stockholder s adjusted tax basis in such shares. Gain or loss will be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction). Such gain or loss will be long-term capital gain or loss provided that a stockholder s holding period for such shares is more than one year at the time of the consummation of the merger. Long-term capital gains of individuals are eligible for reduced rates of taxation. There are limitations on the deductibility of capital losses.

Unless an exemption applies and is established in the proper manner, backup withholding of tax may apply to cash payments received by a non-corporate stockholder in the merger, unless the stockholder or other payee provides a taxpayer identification number (social security number, in the case of individuals, or employer identification number, in the case of other stockholders), certifies that such number is correct, and otherwise complies with the backup withholding rules. The letter of transmittal that will be sent to each Laureate stockholder following consummation of the merger will include a Substitute Form W-9 which should be completed, signed and returned to the disbursing agent to provide the information and

certification necessary to avoid backup withholding, unless an exemption applies and is established in a manner satisfactory to the disbursing agent.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowable as a refund or a credit against a U.S. holder s federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Cash received in the merger will also be subject to information reporting unless an exemption applies.

Non-U.S. Holders

Any gain realized on the receipt of cash in the merger by a non-U.S. holder generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- Laureate is or has been a United States real property holding corporation for U.S. federal income tax purposes and the non-U.S. holder owned more than 5% of Laureate s common stock at any time during the five years preceding the merger.

An individual non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the merger under regular graduated U.S. federal income tax rates. If a non-U.S. holder that is a foreign corporation falls under the first bullet point immediately above, it will be subject to tax on its net gain in the same manner as if it were a U.S. person as defined under the Internal Revenue Code of 1986, as amended (the Code) and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the merger, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States.

Laureate believes that it is not and has not been a United States real property holding corporation for U.S. federal income tax purposes.

Backup withholding of tax may apply to the cash received by a non-corporate stockholder in the merger, unless the stockholder or other payee certifies under penalty of perjury that it is a non-U.S. holder in the manner described in the letter of transmittal (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person as defined under the Code) or otherwise establishes an exemption in a manner satisfactory to the disbursing agent. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against a non-U.S. holder s U.S. federal income tax liability, if any, provided that such non-U.S. holder furnishes the required information to the Internal Revenue Service in a timely manner. Cash received in the merger will also be subject to information reporting, unless an exemption applies.

The U.S. federal income tax consequences set forth above are not intended to constitute a complete description of all tax consequences relating to the merger. Because individual circumstances may differ, each stockholder should consult the stockholder s tax advisor regarding the applicability of the rules discussed above to the stockholder and the particular tax effects to the stockholder of the merger in light of such stockholder s particular circumstances, the application of state, local and foreign tax laws, and, if applicable, the tax consequences of the receipt of cash in connection with the cancellation of restricted shares or options to purchase shares of the Company s common stock, including the

transactions described in this proxy statement relating to our other equity compensation and benefit plans.

Certain Relationships Between Parent and Laureate

There are no relationships between Parent and Merger Sub or any of their respective affiliates, on the one hand, and Laureate or any of its affiliates, on the other hand, that would require disclosure under the rules and regulations of the SEC applicable to this proxy statement other than in respect of the merger agreement and those arrangements described above under Background of the Merger and Interests of the Company s Directors and Executive Officers in the Merger.

Litigation Related to the Merger

Following the public announcement of the proposed transaction among Laureate, Parent and Merger Sub, two purported class actions were filed in the Circuit Court for Baltimore City, Maryland against Laureate, certain officers and directors of Laureate, and certain members of the Investor Group. These two actions have been consolidated under the caption *In re Laureate Education, Inc. Shareholder Litigation*, Case No. 24-c-07-000664. On April 5, 2007, Plaintiffs filed a Consolidated Amended Complaint which alleges, among other things: (1) the proposed transaction is the result of a flawed process; (2) the consideration offered to the holders of the Company s common stock is inadequate; (3) the officers and directors of Laureate breached their fiduciary duties owed to holders of the Company s common stock; (4) the Investor Group aided and abetted such breaches; and (5) Defendants conspired to accomplish unlawful acts and/or use unlawful means to accomplish acts not in themselves unlawful. Plaintiffs seek to enjoin the implementation of the proposed transaction or, in the event that the proposed transaction is completed, to rescind the transaction or to obtain an award of damages in an unspecified amount. Defendants intend to move to dismiss the Consolidated Amended Complaint. On April 11, 2007, Plaintiffs moved for expedited proceedings, including discovery, the court held that discovery would not occur, if at all, until after there has been a ruling on Defendants anticipated motions to dismiss, the court set a briefing schedule on Defendants anticipated motions to dismiss, and the court set hearing dates for Defendants anticipated motions to dismiss (May 4, 2007) and on Plaintiffs motion for a preliminary injunction, if one is ultimately filed (June 11, 2007). Laureate believes that Plaintiffs claims are without merit and intends to defend the actions vigorously.

Fees and Expenses of the Merger

We estimate that we will incur, and will be responsible for paying, transaction-related fees and expenses, consisting primarily of financial, legal, accounting and tax advisory fees, SEC filing fees and other related charges, totaling approximately $25,102,439. This amount includes the following estimated fees and expenses:

Description	**Amount to be Paid**
SEC filing fee	$ 102,439
Printing, proxy solicitation and mailing expenses	200,000
Financial fees and expenses	22,500,000
Legal fees and expenses	1,850,000
Accounting and tax advisory fees and expenses	200,000
Miscellaneous expenses	250,000
Total	$ 25,102,439

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers do not address all questions that may be important to you as a Laureate stockholder. Please refer to the Summary Term Sheet and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully.

Q: When and where is the special meeting?

A: The special meeting of stockholders of Laureate will be held on , 2007, at .m. local time, at .

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

- to approve the merger and the merger agreement;

- to consider and vote on a proposal to grant the persons named as proxies discretionary authority to vote to adjourn the special meeting, if necessary or appropriate, to permit further solicitation of additional proxies.

Q: How does Laureate s board of directors recommend that I vote on the proposals?

A: The board of directors recommends that you vote:

- FOR the proposal to approve the merger and the merger agreement; and

- FOR the adjournment proposal.

Q: Who is entitled to vote at the special meeting?

A: Holders of record of the Company s common stock as of the close of business on , 2007, the record date for the special meeting, are entitled to vote at the special meeting. As of the record date, there were approximately shares of the Company s common stock outstanding. Approximately holders of record held such shares. Every holder of the Company s common stock is entitled to one vote for each such share the stockholder held as of the record date.

Q: What vote is required for Laureate s stockholders to approve the merger and the merger agreement?

A: An affirmative vote of the holders of a majority of all outstanding shares of the Company s common stock entitled to vote on the matter is required to approve the merger and the merger agreement. In addition, the Sterling Founders and the Becker Trusts who together own [2.52%] of the outstanding shares of the Company s common stock as of , 2007, the record date, have entered into a voting agreement with Parent to vote those shares in favor of approving the merger and the merger agreement.

Q: What vote is required for Laureate s stockholders to approve the proposal to adjourn the special meeting, if necessary, to solicit additional proxies?

A: The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the votes cast at the special meeting.

75

Q: If the merger is consummated, what will I be entitled to receive for my shares of the Company s common stock and when will I receive it?

A: If the merger is consummated, you will be entitled to receive $60.50 in cash, without interest and less any applicable withholding taxes, for each share of the Company s common stock that you own. For example, if you own 100 shares of the Company s common stock, you will be entitled to receive $6,050 in cash (less any applicable withholding taxes) in exchange for your shares of the Company s common stock. If you have money invested in the Company s common stock under the Laureate Education, Inc. 401(k) Retirement Savings Plan (the 401(k) Plan), the cash exchanged for the shares of the Company s common stock held in your account under the 401(k) Plan will be deposited in the plan s trust and allocated to your account.

Except as otherwise agreed by Parent and a holder of options to acquire the Company s common stock or of unvested restricted shares, or as otherwise provided in the merger agreement, to the extent applicable, outstanding options, unvested restricted shares and performance share units will, as of the effective time of the merger, be treated as follows:

- all outstanding options to acquire the Company s common stock will be canceled and, in exchange for such cancellation, each holder will be entitled to receive from the surviving corporation promptly following the consummation of the merger a cash payment equal to the number of shares of the Company s common stock underlying the holder s option or options multiplied by the amount by which $60.50 exceeds the exercise price for each share of the Company s common stock underlying the option or options, without interest and less any applicable withholding taxes;

- each unvested Company restricted share outstanding immediately prior to the consummation of the merger will vest and become free of restrictions and will be canceled and converted into the right to receive $60.50, without interest and less any applicable withholding taxes, in the merger; and

- the performance share units and, to the extent not previously exercised, options to purchase shares of the Company s common stock held by Mr. Becker, and, to the extent not previously exercised, the options to purchase shares of the Company s common stock held by Mr. Hoehn-Saric, are expected to be canceled in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

The merger agreement provides that, in connection with the consummation of the merger, specified unvested options to purchase the Company s common stock and specified unvested Company restricted shares will be canceled without payment therefor and, in lieu of making the payments described above, the surviving corporation will establish a retention bonus award plan, pursuant to which each holder of such a canceled option or restricted share will be entitled to receive a cash payment, without interest and less any applicable withholding taxes, equivalent to the amount the holder otherwise would have received for such award promptly following the consummation of the merger in respect of such canceled options and restricted shares, provided that the holder remains employed by the surviving corporation through the first (or second, for certain employees) anniversary of the consummation of the merger.

After the merger is consummated, Parent will arrange for a letter of transmittal to be sent to each Laureate stockholder. The merger consideration will be paid to each stockholder once that stockholder submits the letter of transmittal, properly endorsed stock certificates, if applicable, and any other required documentation. Except for the specified unvested options described in the preceding paragraph, holders of options to acquire the Company s common stock will receive their

consideration from the surviving corporation promptly following the effective time of the merger without any action required on the part of the holder.

Q: Am I entitled to appraisal rights?

A: No. Under Maryland law, you are not entitled to appraisal rights because the Company s common stock is listed on the Nasdaq Global Select Market.

Q: Who is soliciting my vote?

A: This proxy solicitation is being made and paid for by Laureate. In addition, we have retained MacKenzie Partners, Inc. to assist in the solicitation. We will pay MacKenzie Partners, Inc. approximately $50,000 plus out-of-pocket expenses for its assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of the Company s common stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses. Parent, directly or through one or more affiliates or representatives, may, at its own cost, also make additional solicitations by mail, telephone, facsimile or other contact in connection with the merger. Parent has engaged Innisfree M&A Incorporated to provide advisory services and to assist it in any solicitation efforts it may decide to make in connection with the merger. Parent has agreed to reimburse Innisfree M&A Incorporated for its reasonable administrative and out-of-pocket expenses, to indemnify it against certain losses, costs and expenses, and to pay $25,000 in connection with such engagement, as well as an additional $25,000 if the merger and merger agreement are approved by Laureate s stockholders. Parent and its affiliates (in their capacity as such) are not participants in the current solicitation.

Q: What do I need to do now?

A: Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, if you hold your shares in your own name as the stockholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card, using the telephone number printed on your proxy card or using the Internet voting instructions printed on your proxy card. You can also attend the special meeting and vote, or change your prior vote, in person. **Do NOT enclose or return your stock certificate(s) with your proxy.** If you hold your shares in street name through a broker, bank or other nominee, then you received this proxy statement from the nominee, along with the nominee s proxy card which includes voting instructions and instructions on how to change your vote.

Q: How do I vote? How can I revoke my vote?

A: You may vote by signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope or, if you hold your shares in street name, as described below. If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the proposal to approve the merger and the merger agreement and FOR the adjournment proposal. You have the right to revoke your proxy at any time before the vote is taken at the special meeting:

- if you hold your shares in your name as a stockholder of record, by notifying our Secretary, Robert W. Zentz, at 1001 Fleet Street, Baltimore, Maryland 21202;
- by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

- by submitting a later-dated proxy card; or

- if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Q: Can I vote by telephone or electronically?

A: If you hold your shares in your name as a stockholder of record, you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held by your broker, bank or other nominee, often referred to as held in street name, please check your proxy card or contact your broker, bank or nominee to determine whether you will be able to vote by telephone or electronically.

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A: Your broker, bank or other nominee will only be permitted to vote your shares if you instruct your broker, bank or other nominee how to vote. You should follow the procedures provided by your broker, bank or other nominee regarding the voting of your shares. If you do not instruct your broker, bank or other nominee to vote your shares, your shares will not be voted and the effect will be the same as a vote against the approval of the merger and the merger agreement and will have no effect on the proposal to adjourn the special meeting.

Q: What do I do if I have money invested in the Company s common stock under the 401(k) Plan?

A: If you have money invested in the Company s common stock under the 401(k) Plan, you have the right to direct the plan s trustee how to vote the shares of the Company s common stock credited to your account under the 401(k) Plan as of the record date. You do not have the right to vote these shares personally at the special meeting.

A voting instruction form for the Company s common stock credited to your 401(k) Plan account is enclosed with this proxy statement. The voting instruction form contains additional details on how to vote these shares. ***It is important to follow the instructions on the voting instruction form for voting the shares of the Company s common stock credited to your 401(k) Plan account because these instructions are different from the instructions for voting shares of the Company s common stock that you may own outside of the 401(k) Plan, and your deadline for directing the vote on the 401(k) Plan shares is earlier than for other shares.***

The voting instruction form shows the number of shares of the Company s common stock credited to your account as of the record date. You may direct the 401(k) Plan trustee how to vote these shares by completing, signing, dating and returning the voting instruction form in the enclosed prepaid envelope, using the telephone number printed on your voting instruction form or using the Internet voting instructions printed on your voting instruction form. The trustee will vote the shares of the Company s common stock credited to your account as of the record date as you direct so long as you timely direct your vote in accordance with the instructions on the form. ***Your voting direction for the shares of the Company s common stock credited to your 401(k) Plan account must be received no later than , 2007.*** **The trustee will vote ABSTAIN with respect to those shares for which the trustee does not receive timely instructions. An ABSTAIN vote will have the same effect as a vote against the approval of the merger and the merger agreement.**

Your vote will be confidential; the trustee will not disclose your vote to Laureate, our directors, officers or employees.

Q: What do I do if I receive more than one proxy or set of voting instructions?

A: If you hold shares in a combination of street name, directly as a record holder and/or through an investment in the 401(k) Plan, you may receive more than one proxy card and/or set of voting instructions relating to the special meeting. The shares subject to each of these proxy cards should be voted and/or the proxy cards returned separately as described elsewhere in this proxy statement in order to ensure that all of your shares are voted.

Q: How are votes counted?

A: For the proposal to approve the merger and the merger agreement, you may vote FOR, AGAINST or ABSTAIN. If you abstain, it will have the same effect as if you voted against the approval of the merger and the merger agreement. In addition, if your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares in the absence of specific instructions. These non-voted shares, or broker non-votes, will have the same effect as a vote against the approval of the merger and the merger agreement.

For the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will not count as votes cast or shares voting on the proposal to adjourn the meeting. As a result, abstentions and broker non-votes will have no effect on the vote to adjourn the meeting, which requires the vote of a majority of the votes cast at the special meeting.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger and FOR the adjournment of the special meeting, if necessary, to solicit additional proxies, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

Q: Who will count the votes?

A: A representative of our transfer agent, American Stock Transfer & Trust Company, will count the votes and act as an inspector of election. Questions concerning stock certificates or other matters pertaining to your shares may be directed to American Stock Transfer & Trust Company at 1-866-688-6550.

Q: When is the merger expected to be consummated? What is the marketing period ?

A: We are working toward completing the merger as quickly as possible, and we anticipate that it will be consummated in the second quarter of 2007. In order to consummate the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). In addition, under certain conditions, Parent is not obligated to consummate the merger until the expiration of a 20-business day marketing period that it may use to complete its financing for the merger. If there is a marketing period, it will begin to run after we have obtained the stockholder approval and satisfied other conditions under the merger agreement; provided that if the marketing period would not end on or before August 17, 2007, the marketing period will commence no earlier than September 2, 2007. See The Merger and the Merger Agreement Marketing Period and The Merger and the Merger Agreement Conditions to the Merger beginning on pages 93 and 94, respectively.

Q: What effects will the merger have on Laureate?

A: Immediately after the effective time of the merger, Laureate will cease to be a publicly traded company and will be wholly owned by Parent. You will no longer have any interest in our future earnings or growth. Following the consummation of the merger and application to the SEC the registration of Laureate s common stock and its reporting obligations with respect to its common stock under the Exchange Act will be terminated. In addition, upon consummation of the proposed

79

merger, shares of Laureate s common stock will no longer be listed on any stock exchange or quotation system, including the Nasdaq Global Select Market.

Q. What happens if the merger is not consummated?

A. If the merger is not approved by Laureate s stockholders or if the merger is not consummated for any other reason, stockholders will not receive any payment for their shares in connection with the merger. Instead, Laureate will remain an independent public company and Laureate s common stock will continue to be listed on the Nasdaq Global Select Market. See the section captioned Special Factors Purposes, Reasons and Plans for Laureate after the Merger. Under specified circumstances, Laureate may be required to pay Parent a termination fee or reimburse Parent for its out-of-pocket expenses as described under the caption The Merger and the Merger Agreement Termination Fees; Expense Reimbursement.

Q. Should I send in my stock certificates now?

A. No. After the merger is consummated, you will be sent a letter of transmittal with detailed written instructions for exchanging your certificates of the Company s common stock for the merger consideration. If your shares are held in street name by your broker, bank or other nominee you will receive instructions from your broker, bank or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **Please do not send your certificates in now.**

Q. How can I obtain additional information about Laureate?

A. We will provide a copy of our Annual Report to Stockholders and/or our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006, excluding certain of its exhibits, and other filings, including our reports on Form 10-Q, with the SEC without charge to any stockholder who makes a written or oral request to the Office of Investor Relations, Laureate Education, Inc., 1001 Fleet Street, Baltimore, Maryland 21202; (410) 843-6394. Our Annual Report on Form 10-K, as amended, and other SEC filings also may be accessed on the world wide web at http://www.sec.gov or on the Investor Relations page of the Company s website at http://www.laureate-inc.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement and, therefore, is not incorporated by reference. For a more detailed description of the information available, please refer to Where You Can Find More Information beginning on page 116.

Q. Who can help answer my questions?

A. If you have additional questions about the merger after reading this proxy statement, please call our proxy solicitor, MacKenzie Partners, Inc., toll-free at (800) 322-2885.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected consummation and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings Summary Term Sheet, Special Factors, Important Information About Laureate Projected Financial Information and in statements containing the words believes, plans, expects, anticipates, intends, est other similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized or, even if realized, that they will have the expected effects on the business or operations of Laureate. These forward-looking statements speak only as of the date on which the statements were made, and we undertake no obligation to update publicly or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against Laureate and others relating to the merger agreement;
- the inability to consummate the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;
- the failure to obtain the necessary debt financing arrangements set forth in commitment letters received in connection with the merger;
- the failure of the merger to be consummated for any other reason;
- the risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;
- the effect of the announcement of the merger on our customer relationships, operating results and business, generally; and
- the amount of the costs, fees, expenses and charges related to the merger.

In addition to the factors above, the risks detailed in our current filings with the SEC, including our most recent filings on Forms 10-K, as amended, and 10-Q could also cause actual results to differ materially from those discussed in the forward-looking statements. See Where You Can Find More Information beginning on page 116. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

THE PARTIES TO THE MERGER

Laureate

Laureate is a Maryland corporation with its headquarters in Baltimore, Maryland. Laureate provides higher education programs and services to over 243,000 students through the leading global network of licensed campus-based and online higher education institutions. Laureate s educational services are offered through three separate reportable segments: Campus Based - Latin America (Latin America), Campus Based - Europe (Europe) and Laureate Online Education. Latin America and Europe own or maintain controlling interests in eleven and ten separately licensed higher education institutions, respectively. The Latin America segment has locations in Mexico, Chile, Brazil, Peru, Ecuador, Honduras, Panama and Costa Rica. The Europe segment has locations in Spain, Switzerland, France, Cyprus and Turkey. The Laureate Online Education segment provides career-oriented degree programs through Walden University, Laureate Education Online BV and Canter and Associates, LLC.

Laureate s principal executive offices are located at 1001 Fleet Street, Baltimore, Maryland 21202, and our telephone number is (410) 843-6100. For more information about Laureate, please visit our website at www.laureate-inc.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference. Laureate s common stock is listed on the Nasdaq Global Select Market under the symbol LAUR.

Parent

Wengen Alberta, Limited Partnership, an Alberta limited partnership that was formed on January 28, 2000, has served as a holding company for investments.

Merger Sub

L Curve Sub Inc. is a Maryland corporation that was formed on January 25, 2007 solely for the purpose of completing the proposed merger. Upon the consummation of the merger, L Curve Sub Inc. will cease to exist and Laureate will continue as the surviving corporation. Merger Sub is a direct subsidiary of Parent and has not engaged in any business except as contemplated by the merger agreement.

Additional information concerning these transaction participants is set forth on Annex E to this proxy statement.

THE SPECIAL MEETING

This proxy statement is furnished in connection with the solicitation of proxies by our board of directors in connection with the special meeting of our stockholders relating to the merger.

Date, Time and Place of the Special Meeting

The special meeting is scheduled to be held as follows:

Date: , 2007

Time: ..m., local time

Place:

Proposals to be Considered at the Special Meeting

At the special meeting, you will be asked to vote on a proposal to approve the merger and the merger agreement and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger and the merger agreement. A copy of the merger agreement is attached as Annex A to this proxy statement.

Record Date

We have fixed the close of business on , 2007 as the record date for the special meeting, and only holders of record of the Company s common stock on the record date are entitled to vote at the special meeting. On the record date, there were shares of the Company s common stock outstanding and entitled to vote.

Voting Rights; Quorum; Vote Required for Approval

Each share of the Company s common stock entitles its holder to one vote on all matters properly coming before the special meeting. The presence in person or by proxy of stockholders entitled to cast a majority of the votes of all votes entitled to be cast at the meeting shall constitute a quorum for the purpose of considering both proposals. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned to solicit additional proxies.

Approval of the merger and the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of the Company s common stock. For the proposal to approve the merger and the merger agreement, you may vote FOR, AGAINST or ABSTAIN. **If you abstain, it will have the same effect as if you vote against the approval of the merger and the merger agreement**. In addition, if your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares in the absence of specific instructions. **These non-voted shares, or broker non-votes, will have the same effect as a vote against the approval of the merger and the merger agreement.** Your broker, bank or nominee will vote your shares only if you provide instructions on how to vote by following the instructions provided to you by your broker, bank or nominee.

The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of the votes cast at the special meeting. For the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies, you may vote FOR, AGAINST or ABSTAIN. **Abstentions and broker non-votes will have no effect on the vote to adjourn the special meeting, which requires the vote of a majority of the votes cast at the special meeting.**

As of , 2007, the record date, the directors and executive officers of Laureate (other than Messrs. Becker and Hoehn-Saric) held and are entitled to vote, in the aggregate, 3,327,544 shares of the Company s common stock, representing approximately [6.41%] of the outstanding shares of the

Company s common stock. In addition, the Sterling Founders and the Becker Trusts who together own [2.52%] of the outstanding shares of the Company s common stock as of , 2007, the record date, have entered into a voting agreement with Parent to vote those shares in favor of approving the merger and the merger agreement. If, in addition to the shares covered by the voting agreement, our directors and executive officers vote all of their shares in favor of approving the merger and the merger agreement, [8.93%] of the outstanding shares of the Company s common stock will have been voted for the proposal to approve the merger and the merger agreement. This means that additional holders of approximately [41.08%] of all shares entitled to vote at the special meeting would need to vote for the proposal to approve the merger and the merger agreement in order for it to be adopted. In addition, if Messrs. Becker and Hoehn-Saric were to exercise the vested portions of their respective options to purchase shares of the Company s common stock on or prior to the record date, the Sterling Founders and the Becker Trusts collectively would be entitled to vote shares of the Company s common stock representing approximately [7.13%] of the outstanding shares of the Company s common stock.

Voting and Revocation of Proxies

Stockholders of record may submit proxies by mail. Stockholders who wish to submit a proxy by mail should mark, date, sign and return the proxy card in the envelope furnished. If you hold your shares in your name as a stockholder of record, you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. Stockholders who hold shares beneficially through a nominee (such as a bank or broker) may be able to submit a proxy by mail, telephone or the Internet if those services are offered by the nominee.

Proxies received at any time before the special meeting, and not revoked or superseded before being voted, will be voted at the special meeting. Where a specification is indicated on the proxy cards, it will be voted in accordance with the specification. If you sign your proxy card without indicating your vote, your shares will be voted FOR the approval of the merger, FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

You have the right to revoke your proxy at any time before the vote taken at the special meeting:

- if you hold your shares in your name as a stockholder of record, by notifying our Secretary, Robert W. Zentz, at 1001 Fleet Street, Baltimore, Maryland 21202;
- by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);
- by submitting a later-dated proxy card; or
- if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Please do not send in your stock certificates with your proxy card.

When the merger is consummated, a separate letter of transmittal will be mailed to you that will enable you to receive the merger consideration.

No Dissenters Rights

Holders of the Company s common stock are not entitled to dissenting stockholders appraisal rights or other similar rights in connection with the merger or any of the transactions contemplated by the merger agreement. The Maryland General Corporation Law (the MGCL) does not provide for appraisal rights or other similar rights to stockholders of a corporation in connection with a merger if, on the record

date for determining stockholders entitled to vote on the matter, the shares of the corporation are listed on a national securities exchange or are designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. Laureate s common stock is listed on the Nasdaq Global Select Market, which is a national securities exchange.

Solicitation of Proxies

This proxy solicitation is being made and paid for by Laureate on behalf of its board of directors. In addition, we have retained MacKenzie Partners, Inc. to assist in the solicitation. We will pay MacKenzie Partners, Inc. approximately $50,000 plus out-of-pocket expenses for their assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of the Company s common stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses in connection therewith. In addition, we will indemnify MacKenzie Partners, Inc. against any losses arising out of that firm s proxy soliciting services on our behalf.

Parent, directly or through one or more affiliates or representatives, may, at its own cost, also make additional solicitations by mail, telephone, facsimile or other contact in connection with the merger. Parent has retained Innisfree M&A Incorporated to provide advisory services and to assist it in any solicitation efforts it may decide to make in connection with the merger. Innisfree M&A Incorporated may solicit proxies from individuals, banks, brokers, custodians, nominees, other institutional holders and other fiduciaries. Parent has agreed to reimburse Innisfree M&A Incorporated for its reasonable administrative and out-of-pocket expenses, to indemnify it against certain losses, costs and expenses, and to pay $25,000 in connection with such engagement, as well as an additional $25,000 if the merger and merger agreement are approved by Laureate s stockholders. Parent and its affiliates (in their capacity as such) are not participants in the current solicitation.

Other Business

We are not currently aware of any business to be acted upon at the special meeting other than the matters discussed in this proxy statement. Under our bylaws, business transacted at the special meeting is limited to the purposes stated in the notice of the special meeting, which is provided at the beginning of this proxy statement. If other matters do properly come before the special meeting, or at any adjournment of the special meeting, we intend that shares of the Company s common stock represented by properly submitted proxies will be voted in accordance with the recommendations of our board of directors.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, MacKenzie Partners, Inc., toll-free at (800) 322-2885 or contact Laureate in writing at our principal executive offices at 1001 Fleet Street, Baltimore, Maryland 21202, Attention: Robert W. Zentz, Secretary, or by telephone at (410) 843-8043.

Availability of Documents

The reports, opinions or appraisals referenced in this proxy statement and filed as exhibits to the Schedule 13E-3 filed with the SEC by the Company concurrently with this proxy statement will be made available for inspection and copying at the principal executive offices of the Company during its regular business hours by any interested holder of the Company s common stock.

THE MERGER AND THE MERGER AGREEMENT

(PROPOSAL NO. 1)

This section of the proxy statement describes the material terms of the merger and the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement and is incorporated into this proxy statement by reference. We urge you to read the full text of the merger agreement because it is the legal document that governs the merger. We have included this description of the merger agreement to provide you with information regarding its terms. We have not provided this description to provide you with any other factual information about us. You can find such factual information elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled Where You Can Find More Information below.

The Merger

The merger agreement provides that, as soon as reasonably practicable (but in no event, later than the second business day) after the day on which the conditions to the merger are satisfied or waived, Merger Sub, a direct subsidiary of Parent, will merge with and into us, with Laureate continuing as the surviving corporation. As a result of the merger, we will cease to be a publicly traded company and will become a direct subsidiary of Parent. Following the satisfaction or waiver of the conditions to the merger, Laureate and Merger Sub will file articles of merger with the State Department of Assessments and Taxation of Maryland. The merger will become effective at the time the articles of merger are filed with and accepted of record by the State Department of Assessments and Taxation of Maryland (or at a later time, if agreed upon by Laureate and Merger Sub and specified in the articles of merger) (the effective time).

We expect that the merger will be consummated as promptly as practicable after all conditions to the merger, including the vote of our stockholders in favor of the merger and the merger agreement and, if necessary, the expiration of the marketing period described below, have been satisfied or waived. However, if the merger is not consummated by the 15th day of a month in which all the conditions to closing have been satisfied, at the option of Merger Sub, the merger may not be consummated until the first business day of the next month. The merger is subject to the availability of financing to be arranged by Parent and Merger Sub as described under the caption Special Factors Financing of the Merger . We cannot specify when, or assure you that, all conditions to the merger will be satisfied or waived; however, we intend to consummate the merger as promptly as practicable.

We, Parent or Merger Sub may terminate the merger agreement prior to the consummation of the merger in some circumstances whether before or after the approval of the merger agreement by stockholders. You can find additional details on termination of the merger agreement under the caption Termination of the Merger Agreement.

Merger Consideration

At the effective time of the merger, unless otherwise agreed between a holder and Parent, each share of the Company s common stock (including any restricted shares) issued and outstanding immediately prior to the effective time of the merger, including shares of the Company s common stock held in the respective 401(k) accounts of each of Messrs. Becker and Hoehn-Saric, other than the shares of the Company s common stock owned by Parent immediately prior to the effective time of the merger, including shares acquired by Parent from the Rollover Investors, will automatically be canceled and will cease to exist and will be converted into the right to receive $60.50 in cash, without interest and less any applicable withholding taxes.

There are no dissenters or appraisal rights available with respect to the merger.

Treatment of Options, Restricted Shares and Performance Share Units

Except as otherwise agreed by Parent and a holder of options to acquire the Company s common stock or of unvested restricted shares, or as otherwise provided in the merger agreement, to the extent applicable, outstanding options, unvested restricted shares and performance share units will, as of the effective time of the merger, be treated as follows:

- all outstanding options to acquire the Company s common stock will be canceled and, in exchange for such cancellation, each holder will be entitled to receive from the surviving corporation promptly following the consummation of the merger a cash payment equal to the number of shares of the Company s common stock underlying the holder s option or options multiplied by the amount by which $60.50 exceeds the exercise price for each share of the Company s common stock underlying the option or options, without interest and less any applicable withholding taxes;

- each unvested Company restricted share outstanding immediately prior to the consummation of the merger will vest and become free of restrictions and will be canceled and converted into the right to receive $60.50, without interest and less any applicable withholding taxes, in the merger; and

- the performance share units and, to the extent not previously exercised, options to purchase shares of the Company s common stock held by Mr. Becker, and, to the extent not previously exercised, the options to purchase shares of the Company s common stock held by Mr. Hoehn-Saric, are expected to be cancelled in exchange for the surviving corporation establishing a new deferred compensation plan for each of them, under which plans these two individuals will have rights to receive cash payments in the future, which plans will have an aggregate initial value of approximately $126.7 million, assuming Messrs. Becker and Hoehn-Saric do not exercise any options to purchase shares of the Company s common stock prior to the consummation of the merger.

The merger agreement provides that, in connection with the consummation of the merger, specified unvested options to purchase the Company s common stock and specified unvested Company restricted shares will be canceled without payment therefor and, in lieu of making the payments described above, the surviving corporation will establish a retention bonus award plan, pursuant to which each holder of such a canceled option or restricted share will be entitled to receive a cash payment, without interest and less any applicable withholding taxes, equivalent to the amount the holder otherwise would have received for such award promptly following the consummation of the merger in respect of such canceled options and restricted shares, provided that the holder remains employed by the surviving corporation through the first (or second, for certain employees) anniversary of the consummation of the merger.

The effect of the merger on our other employee benefit plans is described below under Employee Benefits.

Payment for the Shares

Before the merger, Parent will designate a bank or trust company reasonably satisfactory to us to make payment of the merger consideration and the payments for company options as described above. Promptly after the effective time, Parent shall cause to be deposited, in trust with the paying agent, the funds appropriate to pay the merger consideration to the stockholders and the payments to holders of company options.

Upon the consummation of the merger and the settlement of transfers that occurred prior to the effective time, we will close our stock ledger. After that time, there will be no further transfer of shares of the Company s common stock.

As promptly as practicable after the effective time, the surviving corporation will send, or cause the paying agent to send, you a letter of transmittal and instructions advising you how to surrender your

certificates in exchange for the merger consideration. The paying agent will pay you your merger consideration after you have (1) surrendered your certificates to the paying agent and (2) provided to the paying agent your signed letter of transmittal and any other items specified by the letter of transmittal. Interest will not be paid or accrue in respect of the merger consideration. The surviving corporation will reduce the amount of any merger consideration paid to you by any applicable withholding taxes. YOU SHOULD NOT FORWARD YOUR STOCK CERTIFICATES TO THE PAYING AGENT WITHOUT A LETTER OF TRANSMITTAL, AND YOU SHOULD NOT RETURN YOUR STOCK CERTIFICATES WITH THE ENCLOSED PROXY.

If any cash deposited with the paying agent is not claimed within 12 months following the effective time, such cash will be returned to Parent or the surviving corporation upon demand, subject to any applicable unclaimed property laws. Any unclaimed amounts remaining immediately prior to when such amounts would escheat to or become property of any governmental authority will be returned to the surviving corporation free and clear of any prior claims or interest thereto.

If the paying agent is to pay some or all of your merger consideration to a person other than you, as the registered owner of a stock certificate, the recipient must have your certificates properly endorsed or otherwise in proper form for transfer, and you must pay any transfer or other taxes payable by reason of the transfer or establish to the paying agent s reasonable satisfaction that the taxes have been paid or are not required to be paid.

The transmittal instructions will tell you what to do if you have lost your certificate or if it has been stolen or destroyed. You will have to provide an affidavit to that fact and, if required by the paying agent or surviving corporation, post a bond in an amount that the surviving corporation or the paying agent reasonably directs as indemnity against any claim that may be made against it in respect of the certificate.

Articles of Incorporation; Bylaws; Directors and Officers of the Surviving Corporation

At the effective time, Laureate s Articles of Incorporation, as amended, as in effect immediately prior to the effective time will be the charter of the surviving corporation, until thereafter amended in accordance with their terms and applicable law. The Bylaws of Merger Sub, as in effect immediately prior to the effective time, will be the Bylaws of the surviving corporation until thereafter amended in accordance with their terms and applicable law. In addition, the directors of Merger Sub immediately prior to the effective time will become the directors of the surviving corporation and the officers of Laureate (other than those who Parent determines shall not remain as officers of the surviving corporation) will remain the officers of the surviving corporation.

Representations and Warranties

The merger agreement contains representations and warranties made by Laureate, Parent and Merger Sub to each other as of specific dates. The statements embodied in those representations and warranties were made for purposes of the merger agreement and are subject to qualifications and limitations agreed to by the parties in connection with negotiating the terms of the merger agreement. In addition, some of those representations and warranties were made as of a specific date, may be subject to a contractual standard of materiality different from that generally applicable to stockholders or may have been used for the purpose of allocating risk between the parties to the merger agreement rather than establishing matters of fact. For these reasons, you should not rely on the representations and warranties contained in the merger agreement as statements of factual information.

The representations and warranties made by Laureate to Parent and Merger Sub include representations and warranties relating to, among other things:

- due organization, power and standing and other corporate matters;
- authorization, execution, delivery and enforceability of the merger agreement and related matters;

- the consents Laureate is required to obtain and the regulatory filings Laureate is required to make in connection with entry into the merger agreement and consummating the merger and related transactions;

- absence of conflicts with, violations of or default under organizational documents, contracts, judgments, orders, laws or regulations as a result of execution, delivery and performance of the merger agreement and consummating the merger and related transactions;

- capitalization;

- subsidiaries and joint ventures;

- the accuracy and completeness of the information contained in the reports and financial statements that Laureate has filed with the SEC, and the compliance of our SEC filings with applicable requirements of Federal securities laws;

- compliance with Sarbanes-Oxley and establishment and maintenance of internal financial controls;

- undisclosed liabilities;

- the accuracy and compliance of this proxy statement and related SEC filings with applicable legal requirements;

- the absence of certain changes or events since September 30, 2006;

- the absence of litigation;

- tax matters, employee benefit plans and ERISA compliance;

- compliance with applicable laws;

- the absence of undisclosed finder s fees;

- the receipt of opinions from our financial advisors; and

- anti-takeover provisions.

The representations and warranties made by Parent and Merger Sub to Laureate include representations and warranties relating to, among other things:

- due organization, power and standing and other corporate matters;

- authorization, execution, delivery and enforceability of the merger agreement and related matters;

- the consents Parent and Merger Sub are required to obtain and the filings they are required to make in connection with entering into the merger agreement and consummating the merger and related transactions;

- the absence of any conflict with, violation of, or default under, organizational documents, contracts, judgments, orders, laws or regulations as a result of execution, delivery and performance of the merger agreement and consummating the merger and related transactions;

- the accuracy of the information supplied for this proxy statement;
- the absence of undisclosed finder s fees;
- sufficiency and effectiveness of, and no default under, the financing commitments, including the equity rollover commitments, and absence of undisclosed conditions with respect thereto;
- conduct of business of Merger Sub;
- absence of undisclosed voting arrangements among investors in Parent in respect of company acquisition proposals and superior proposals; and
- compliance with applicable laws.

Many of Laureate s representations and warranties are qualified by a material adverse effect standard. For purposes of the merger agreement, material adverse effect for Laureate means a material adverse effect on the assets, liabilities, business, financial condition or results of operations of Laureate and our subsidiaries, taken as a whole; provided, however, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been, a material adverse effect on Laureate: (A) any fact, change, development, circumstance, event, effect or occurrence (an Effect) in general economic or political conditions or in the financial or securities markets, (B) any Effect generally affecting, or resulting from general changes or developments in, the industries in which Laureate and its subsidiaries operate, (C) any failure to meet internal or published projections, forecasts or revenue or earnings predictions for any period (provided that the underlying causes of such failures shall not be excluded), (D) any change in the price or trading volume of Laureate s common stock in and of itself (provided that the underlying causes of such changes shall not be excluded), (E) any Effect that is demonstrated to have resulted from the announcement of the merger, or the identity of Parent or any of its affiliates as the acquiror of Laureate, (F) compliance with the terms of, or the taking of any action required by, the merger agreement consented to in writing by Parent, (G) any acts of terrorism or war (other than any such acts that causes any damage or destruction to or renders unusable any facility or property of Laureate or any of our subsidiaries or that renders any of the foregoing facilities or properties inaccessible for a period of more than 20 calendar days), (H) changes in generally accepted accounting principles or their interpretation, or (I) any weather-related event (other than any such event that causes any damage or destruction to or renders unusable any facility or property of Laureate or any of its subsidiaries or that renders any of the foregoing facilities or properties inaccessible for a period of more than 20 calendar days), except, in the case of clauses (A) and (B), to the extent such Effects would be reasonably likely to have a materially disproportionate impact on the assets or liabilities, business, financial condition or results of operations of Laureate and our subsidiaries, taken as a whole, relative to other for-profit industry participants.

Conduct of Business Pending the Merger

Until the effective time, except as expressly consented to in writing by Parent (which consent shall not be unreasonably withheld), Laureate is obligated to, and to cause its subsidiaries to, conduct their respective businesses in the ordinary and usual course consistent with past practice. In addition, during this period, Laureate shall not, and shall not permit any of its subsidiaries to, do any of the following without the prior written consent of Parent (which consent shall not be unreasonably withheld or delayed):

- propose or adopt any change in our organizational or governing documents;
- merge or consolidate Laureate or any of its subsidiaries (other than the merger and other than transactions solely among us and/or our wholly owned subsidiaries that would not result in a material increase in our tax liability);
- sell, lease or otherwise dispose of a material amount of assets or securities, including by merger, consolidation, asset sale or other business combination (including formation of a joint venture) (other than the merger and other than transactions solely among us and/or its subsidiaries that would not result in a material increase in our tax liability);
- fail to comply with certain covenants, relating to indebtedness, equity securities and liens, in our existing credit facility;
- offer, place or arrange any issue of debt securities or commercial bank or other credit facilities that could be reasonably expected to compete with or impede the debt financing arranged by Parent to fund the merger and related transactions or cause the breach of any provisions of the commitments in respect thereof or cause any condition set forth in those commitments not to be satisfied;

- make any material loans, advances or capital contributions to, acquisitions or licenses of, or investments in, any other person, except for transactions solely among us and/or our wholly owned subsidiaries or as required by existing contracts or transactions that do not exceed $200,000,000 in the aggregate;

- authorize any capital expenditures in excess of $10,000,000 per project or related series of projects of $50,000,000 in the aggregate, other than expenditures necessary to maintain existing assets in good repair and expenditures contemplated by the Company s 2007 budget or carried over from the 2006 budget and approved development plans;

- enter into or amend any contract with any executive officer (except for certain specified change in control agreements), director or other affiliate of Laureate or any of its subsidiaries or any person beneficially owning 5% or more of Laureate s common stock;

- except for specified exceptions, (i) split, combine or reclassify any securities of Laureate or its subsidiaries or amend the terms of any such securities, (ii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any such securities, or (iii) grant, issue or offer to grant or issue any such securities, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire, any such securities;

- except for specified exceptions, (i) adopt, amend or terminate any benefit plan or enter into, amend or terminate any collective bargaining agreement or any employment, severance, retention, termination, indemnification, change in control or similar agreement with any current, former or retired employee, officer, consultant, independent contractor or director of Laureate or any of its material subsidiaries, (ii) take any action to accelerate the vesting or payment, or fund or in any other way secure the payment, of compensation or benefits under any Laureate benefit plan, (iii) increase in any manner the compensation or fringe benefits of any current, former or retired employee, officer, consultant, independent contractor or director of Laureate or any of its material subsidiaries by an amount in excess of $1,000,000, in the aggregate or (iv) grant any severance or termination pay to any current, former or retired employee, officer, consultant, independent contractor or director of Laureate or any of its material subsidiaries;

- settle or compromise any litigation, or release, dismiss or otherwise dispose of any claim or arbitration, other than settlements or compromises of litigation, claims or arbitration that do not exceed $10,000,000 in the aggregate and do not involve any material injunctive or other non-monetary relief or impose material restrictions on the business or operations of Laureate and other than any litigation relating to the transactions contemplated by the merger agreement;

- other than in the ordinary course of business consistent with past practice or as required by law, make or change any material tax election, or settle or compromise any material tax liability of Laureate or any of our subsidiaries, agree to an extension of the statute of limitations with respect to the assessment or determination of taxes of Laureate or its subsidiaries, file any amended tax return with respect to any material tax, enter into any closing agreement with respect to any tax or surrender any right to claim a tax refund;

- make any change in financial accounting methods or method of tax accounting, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of Laureate or its subsidiaries, except insofar as may have been required by a change in U.S. generally accepted accounting principles or law;

- adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of Laureate or any of its subsidiaries (other than the merger

and consolidations, mergers or reorganizations solely among wholly owned subsidiaries of Laureate), or a letter of intent or agreement in principle with respect thereto;

- approve, adopt or enter into any stockholders rights plan or other anti-takeover measure unless it excludes Parent, Merger Sub and any of their respective members, stockholders and affiliates from its operation in all respects;
- take any action that would cause any takeover statute to apply to the merger agreement, the merger or the transactions contemplated by the merger agreement;
- take any action or fail to take any action which would, or would be reasonably likely to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Laureate to consummate the merger or the other transactions contemplated by the merger agreement; or
- authorize, agree or commit to do any of the foregoing.

Efforts to Consummate the Merger

Subject to the terms and conditions set forth in the merger agreement, each of the parties to the merger agreement has agreed to use its reasonable best efforts to take, or cause to be taken, all actions, to file, or cause to be filed, all documents and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by the merger agreement, including:

- preparing and filing as promptly as practicable all documentation to effect all necessary filings, consents, waivers, approvals, authorizations, permits or orders from all governmental authorities, including federal and state education authorities and accrediting bodies, or other persons; and
- in the case of Parent, enforcing any remedies available to Parent in the interim investors agreement between Parent and the members of the Investor Group.

In no event, however, shall any member or other holder of interests in Parent or any affiliate of any member of or other holder of interests in Parent be required to take any action with respect to any portfolio company or agree to undertake any divestiture or restrict its conduct with regard to any business other than the business of Laureate and our subsidiaries.

Parent and Merger Sub have agreed to use their reasonable best efforts to arrange the debt financing to fund the merger and related transactions contemplated by the debt financing commitments executed in connection with the merger agreement and to cause its financing sources to fund the financing required to consummate the merger. Laureate has agreed to cooperate in connection with the financing. See Special Factors Financing of the Merger for a description of the financing arranged by Parent to fund the merger and related transactions.

Parent and Merger Sub have also agreed to use their reasonable best efforts to arrange alternative debt financing on terms not less favorable, taken as a whole, to Parent and Merger Sub (as determined in Parent s reasonable judgment) than those contemplated by the financing commitments in the event any portion of such debt financing becomes unavailable.

Parent has agreed that neither it nor any of its affiliates may award any firm or person other than Goldman Sachs and Citigroup Global Markets, Inc. any financial advisory role on an exclusive basis (or until 11:59 p.m., Eastern time, on March 14, 2007, any additional firm or person, other than certain specified firms, on a non-exclusive basis), or engage any bank or investment bank or other provider of financing on an exclusive basis, in connection with the merger and the transactions contemplated by the merger agreement, except that after 11:59 p.m., Eastern time, on March 14, 2007, Parent may engage one additional provider of debt financing and one additional financial advisor, in each case, on an exclusive basis. Until 11:59 p.m., Eastern time, on March 14, 2007, and subject to limited exceptions, neither Parent

nor any of its affiliates was permitted to seek or obtain, or engage in substantive discussions in respect of, any equity commitments or equity financing in respect of the merger or the other transactions contemplated by the merger agreement, other than certain agreed persons, sources other than persons principally involved in the private equity business (subject to a maximum aggregate equity commitment of $250,000,000) and as provided in the equity financing commitments executed in connection with the merger, or to provide any information in respect thereof to any potential investor in Parent, or any actual or potential financing sources of Parent or any of its members who had not been provided such information prior to the date of the merger agreement.

Marketing Period

Unless otherwise agreed by Parent and the Company, the parties to the merger agreement are required to consummate the merger no later than the second business day after the day on which the last of the conditions to the merger described under Conditions to the Merger below is satisfied or waived, except that if the closing would occur after the 15th day of the applicable month, at the option of Merger Sub, the closing may occur on the first business day of the following month.

In the event that all or any part of the debt financing structured as high yield financing has not been consummated, all of the closing conditions described below under Conditions to the Merger (other than, solely as a result of the failure to consummate all or any portion of such high yield financing, the closing condition that the debt financing be available to Parent) have been satisfied, and the bridge facilities contemplated by the debt financing commitments are available, Parent and Merger Sub shall use the proceeds of such bridge financing to replace the high yield financing in order that the closing may occur on the earlier to occur of the final day of the marketing period or September 21, 2007.

For purposes of the merger agreement, marketing period means the period of 20 consecutive calendar days after the date when and throughout which:

- the closing conditions referred to above, other than the availability of the debt financing to Parent, are satisfied and remain satisfied; and

- Parent has certain financial information required to be provided by the Company under the merger agreement in connection with Parent s financing of the merger.

If the marketing period would not end on or prior to August 17, 2007, the marketing period shall begin no earlier than September 2, 2007.

The purpose of the marketing period is to provide Parent and Merger Sub a reasonable and appropriate period of time during which they can market and place the permanent debt financing contemplated by the debt financing commitments for the purposes of financing the merger. Parent has agreed:

- to use reasonable best efforts to arrange the debt financing as promptly as practicable and to satisfy on a timely basis all conditions applicable to Parent in any definitive agreements entered into relating to the debt financing; and

- in the event that any portion of the debt financing becomes unavailable on the terms and conditions contemplated in the debt financing commitments, to use its reasonable best efforts to arrange alternative financing on terms no less favorable to Parent (as determined in its reasonable judgment) as promptly as practicable.

Conditions to the Merger

Conditions to Each Party s Obligations. Each party s obligation to consummate the merger is subject to the satisfaction or waiver of the following conditions:

- the merger agreement must have been approved by the affirmative vote of the holders of a majority of all outstanding shares of Laureate s common stock;

- any applicable waiting period (and any extension thereof) under the HSR Act shall have expired or been terminated without any requirement to take any action or agree to any conditions or restrictions that would be reasonably likely to have a material adverse effect on the Company; and

- no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court or agency of competent jurisdiction or other statute, law, rule, legal restraint or prohibition shall be in effect preventing the merger (provided, that prior to asserting this condition, the party asserting the condition shall have used its reasonable best efforts (in the manner contemplated by the merger agreement) to prevent the entry of any such restraint and to appeal as promptly as possible any judgment that may be entered).

Conditions to Parent s and Merger Sub s Obligations. The obligation of Parent and Merger Sub to consummate the merger is subject to the satisfaction or waiver of the following additional conditions:

- our representations and warranties with respect to our capitalization (except for certain representations given by us regarding the absence of certain obligations to provide funds to our subsidiaries or joint ventures) must be true in all material respects as of the effective time as if made at and as of the effective time;

- all other representations and warranties made by us in the merger agreement, with the exception of the representation with respect to capitalization, must be true and correct as of the effective time as if made at and as of such time (without giving effect to any qualification as to materiality or material adverse effect set forth in such representations and warranties), except where the failure to be so true and correct, individually and in the aggregate, has not had, and would not be reasonably likely to have, a material adverse effect on us; provided that any representations made by us as of a specific date need only be so true and correct (subject to such qualifications) as of the date made;

- we must have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, we are required to perform under the merger agreement at or prior to the effective time;

- since the date of the merger agreement, except for certain exceptions contemplated by or provided in the merger agreement, we shall not have, and shall not have permitted our subsidiaries to, (A) redeem, repurchase, prepay, defease, cancel, incur or otherwise acquire, or modify in any material respect the terms of, indebtedness for borrowed money or assume, guarantee or endorse or otherwise become responsible for, whether directly, contingently or otherwise, the obligations of any person, other than in the ordinary course consistent with past practice, including any borrowing under our existing credit facilities to fund working capital needs and other actions taken in the ordinary course of business consistent with past practice, (B) pledge or otherwise encumber shares of our capital stock or other voting securities or any of our subsidiaries, or (C) mortgage or pledge any of our material assets, tangible or intangible, or create, assume or suffer to exist any lien on our assets, except for certain permitted liens;

- we must deliver to Parent and Merger Sub at closing a certificate with respect to the satisfaction of the foregoing conditions relating to representations, warranties, obligations, covenants and agreements;

- the debt financing that Parent and Merger Sub have arranged shall be available for borrowing on the closing date on the terms and conditions set forth in the debt financing commitments or on terms and conditions that are no less favorable, in the aggregate, to Parent and Merger Sub, as determined in the reasonable judgment of Parent. The availability of the debt financing is subject to specified conditions, which are described under the caption Special Factors Financing of the Merger ; and

- Parent, Merger Sub, we or Walden University shall have received a written response from the DOE to the pre-acquisition review application filed with respect to Walden University and the written response shall not include (A) a statement of intention not to approve the eligibility of Walden University to participate in the DOE s Title IV student financial assistance programs, or (B) as a condition to the post-closing approval of the eligibility of Walden University to participate in the Title IV student financial assistance programs, either (i) any limitation on Walden University s ability to open new locations, add new educational programs or revise existing educational programs if such limitations, individually or in the aggregate, would reasonably be expected to cause a material adverse effect on the Company and its subsidiaries, taken as a whole, or (ii) any requirement that any partner or member of Parent or any affiliate of any partner or member of Parent assume any liability for obligations arising out of the Company s or Walden University s participation in or administration of the Title IV student financial assistance programs; provided, however, that Parent may not assert this condition if Parent and Merger Sub have not taken all commercially reasonable steps, including with respect to the structure and organization of Parent and Merger Sub, to ensure that the DOE s written response does not contain any of foregoing limitations.

Conditions to Laureate s Obligations. Our obligation to consummate the merger is subject to the satisfaction or waiver of the following further conditions:

- the representations and warranties made by Parent and Merger Sub in the merger agreement that are qualified as to materiality must be true and correct as of the effective time as if made at and as of such time and those which are not so qualified must be true and correct in all material respects as of the effective time as if made at and as of such time; provided that any representations made by Parent and Merger Sub as of a specific date need only be so true and correct as of the date made;

- Parent and Merger Sub must have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, required to be performed by them under the merger agreement; and

- Parent s and Merger Sub s delivery to us at closing of a certificate with respect to the satisfaction of the foregoing conditions relating to representations, warranties, obligations, covenants and agreements.

Restrictions on Solicitations of Other Offers

The merger agreement provides that, until 11:59 p.m., Eastern time, on March 14, 2007, we were permitted to:

- initiate, solicit and encourage any acquisition proposal for us (including by way of providing information), provided that we shall promptly provide to Parent and Merger Sub any material non-public information concerning us or our subsidiaries that is provided to any person given such access which was not previously provided to Parent and Merger Sub; and

- enter into and maintain discussions or negotiations concerning an acquisition proposal for us or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations.

As of such date, we had not received any acquisition proposals.

From and after 11:59 p.m., Eastern time, on March 14, 2007, we have agreed not to:

- initiate, solicit or encourage (including by way of providing information) the submission of any inquiries, proposals or offers that constitute, or may reasonably be expected to lead to, any acquisition proposal for us or engage in any discussions or negotiations with respect thereto or otherwise knowingly cooperate with or knowingly assist or participate in, or knowingly facilitate any such inquiries, proposals, discussions or negotiations (including by exempting any person from any applicable state takeover statute); or

- approve or recommend, or propose to approve or recommend, any acquisition proposal for us or enter into any merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement or share exchange agreement, option agreement or other similar agreement providing for or relating to any acquisition proposal for us or enter into any agreement or agreement in principle requiring us to abandon, terminate or fail to consummate the transactions contemplated by the merger agreement or breach our obligations under the merger agreement or propose or agree to do any of the foregoing.

In addition, from and after 11:59 p.m., Eastern time, on March 14, 2007, we have agreed to cease and terminate with all persons any solicitation, encouragement, discussion or negotiations existing at such time, unless the acquisition proposal offered by such person meets the requirements in the following paragraph.

Notwithstanding the aforementioned restrictions, at any time prior to the approval of the merger agreement by our stockholders, we are permitted to engage in discussions or negotiations with, or provide any non-public information to, any party to the extent that:

- we receive from such party an acquisition proposal not solicited in violation of the prohibitions described above and which the board of directors (acting through the special committee if such committee still exists) believes in good faith to be bona fide; and

- our board of directors (acting through the special committee if such committee still exists) determines in good faith, after consultation with legal counsel and financial advisors, that the acquisition proposal constitutes or could reasonably be expected to result in a superior proposal.

In such cases, we (i) will not, and will not allow our representatives to, disclose any non-public information to such person without entering into a confidentiality and standstill agreement that contains provisions that are no less favorable in the aggregate to us than those contained in a confidentiality agreement we have entered into with an affiliate of a member of the Investor Group, and (ii) will promptly provide to Parent and Merger Sub any non-public information concerning us or our subsidiaries provided to such other person that was not previously provided to Parent and Merger Sub. We would also have been permitted, at any time prior to the approval of the merger agreement by our stockholders, to engage in discussions or negotiations with, or provide any non-public information to, any party from whom we received an acquisition proposal prior to 11:59 p.m., Eastern time, on March 14, 2007, if any party had made such an acquisition proposal, so long as the special committee believed, in its reasonable judgment, that the acquisition proposal submitted by such party (an Excluded Party) constituted or could have reasonably been expected to result in a superior proposal.

From and after 11:59 p.m., Eastern time, on March 14, 2007, we are required to promptly (within one business day) notify Parent and Merger Sub in the event we receive an acquisition proposal from a person or group of related persons (other than, prior to 11:59 p.m., Eastern time, on March 29, 2007, an Excluded Party, if there had been an Excluded Party), including the material terms and conditions thereof and the identity of the party making the proposal, and are required to keep Parent and Merger Sub apprised as to the status and any material developments, discussions and negotiations concerning the same. Without

limiting the foregoing, from and after 11:59 p.m., Eastern time, on March 14, 2007, we will promptly (within one business day) notify Parent and Merger Sub orally and in writing if we determine to begin providing information or to engage in negotiations concerning an acquisition proposal from a person or group of related persons received after 11:59 p.m., Eastern time, on March 14, 2007 (or March 29, 2007 with respect to an Excluded Party, if there had been an Excluded Party). Within 24 hours of 11:59 p.m., Eastern time, on March 14, 2007, we were required to notify Parent and Merger Sub of the number of Excluded Parties, and duly notified Parent and Merger Sub that there were no Excluded Parties.

An acquisition proposal means any inquiry, proposal or offer from any person or group of persons other than Parent, Merger Sub or their respective affiliates relating to any direct or indirect acquisition or purchase (whether in a single transaction or series of transactions) of a business or businesses that constitutes 30% or more of the net revenues, net income or assets of us and our subsidiaries, taken as a whole, or 30% or more of any class or series of our or any of our subsidiaries securities, any tender offer or exchange offer that if consummated would result in any person or group of persons beneficially owning 30% or more of any class or series of our or any of our subsidiaries securities, or any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving us (or any of our subsidiaries whose business constitutes 30% or more of our and our subsidiaries net revenues, net income or assets, taken as a whole).

A superior proposal means an acquisition proposal for us which our board of directors (acting through the special committee if such committee still exists), in good faith determines would, if consummated, result in a transaction that is more favorable from a financial point of view to the stockholders than the merger, after (i) receiving the advice of a financial advisor, (ii) taking into account the likelihood of consummation of such transaction on the terms set forth therein (as compared to the terms in the merger agreement) and (iii) taking into account all appropriate legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory or other aspects of such proposal. For purposes of the definition of superior proposal all references in the definition of acquisition proposal above to 30% or more shall be deemed to be references to a majority and the definition of acquisition proposal shall only refer to a transaction or series of transactions (i) directly involving Laureate (and not exclusively our subsidiaries) or (ii) involving a sale or transfer of all or substantially all of the assets of Laureate and our subsidiaries, taken as a whole.

Recommendation Withdrawal/Termination in Connection with a Superior Proposal

Our board of directors (acting through the special committee if such committee still exists or otherwise by a majority of disinterested directors) may, at any time prior to the approval of the merger agreement by our stockholders, withdraw (or modify in a manner adverse to Parent or Merger Sub) its recommendation that Laureate s stockholders approve the merger and the merger agreement or terminate the merger agreement if it concludes in good faith that an acquisition proposal constitutes a superior proposal but, in the event such action occurs after 11:59 p.m., Eastern time, on March 14, 2007 (or after 11:59 p.m., Eastern time, on March 29, 2007 with respect to a superior proposal received from an Excluded Party, if there had been an Excluded Party), only after (i) giving written notice to Parent and Merger Sub at least five calendar days in advance of its intention to do so and contemporaneously provided a copy of the relevant proposed transaction agreements with the party making such proposal and other material documents, (ii) prior to effecting such action or terminating the merger agreement to enter into a definitive agreement with respect to such superior proposal, we (and cause our financial and legal advisors to), during such five-day period, negotiate with Parent and Merger Sub in good faith (to the extent Parent and Merger Sub desire to negotiate) to make such adjustments in the terms and conditions of the merger agreement so that such acquisition proposal ceases to constitute a superior proposal, and (iii) (if the merger agreement is terminated) we pay to Parent the $110 million or $55 million termination fee as described in further detail below in Termination Fees.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the consummation of the merger:

- by mutual written consent of Laureate, Parent and Merger Sub;

- by either Laureate or Parent if:

- the merger is not consummated on or before September 21, 2007, unless the failure to consummate the merger is principally the result of, or caused by, the failure of the party seeking to exercise such termination right to perform or observe any of the covenants or agreements of such party set forth in the merger agreement;

- a final and unappealable restraining order, injunction or judgment prevents the consummation of the merger, unless a breach by the party seeking to terminate the merger agreement is the principal cause of or resulted in the final and unappealable restraining order, injunction or judgment; or

- our stockholders fail to approve the merger agreement at the special stockholders meeting called for that purpose or any adjournment thereof;

- by Laureate if:

- a breach by Parent or Merger Sub of any representation, warranty, covenant or agreement in the merger agreement that is incapable of being cured by September 21, 2007 occurs that would give rise to the failure of certain conditions to closing (unless Laureate is then in material breach of the merger agreement);

- prior to obtaining stockholder approval, we terminate the merger agreement in order to enter into an agreement with respect to a superior proposal and provided that concurrently with doing so we pay to Parent the termination fee as described below; provided, however, that in the event we take such action after 11:59 p.m., Eastern time, on March 14, 2007 (or after 11:59 p.m., Eastern time, on March 29, 2007 with respect to a superior proposal received from an Excluded Party, if there had been an Excluded Party), we may do so only after (i) giving written notice to Parent and Merger Sub at least five calendar days in advance of our intention to do so and contemporaneously provide a copy of the relevant proposed transaction agreements with the party making the superior proposal, and (ii) we (and cause our financial and legal advisors to), during such five-day period, negotiate with Parent and Merger Sub in good faith (to the extent Parent and Merger Sub desire to negotiate) to make such adjustments in the terms and conditions of the merger agreement so that such acquisition proposal ceases to constitute a superior proposal; or

- prior to 11:59 p.m., Eastern time, on March 14, 2007, Mr. Becker had breached his cooperation agreement with the Company in a manner that would have materially impaired the Company s ability to take the actions described above that the Company was permitted to take prior to that time, provided that Mr. Becker had been given reasonable notice of such breach and a reasonable cure period;

- by Parent or Merger Sub if:

- a breach by Laureate of any representation, warranty, covenant or agreement in the merger agreement that is incapable of being cured by September 21, 2007 occurs that would give rise to the failure of certain conditions to closing (unless Parent or Merger Sub is then in material breach of the merger agreement);

- prior to obtaining stockholder approval of the merger agreement, our board of directors or any committee of our board of directors withdraws or modifies (or is deemed to withdraw or modify) its recommendation of that our stockholders approve the merger agreement in a manner adverse to Parent or Merger Sub, or publicly proposed to do so, or approves or recommends a company acquisition proposal other than the merger to our stockholders, or publicly announces its intent to do so; or

- Laureate willfully and materially breaches in any respect adverse to Parent or Merger Sub its obligations not to publicly propose to withdraw or modify its recommendation that the Laureate stockholders approve the merger and the merger agreement or take any other action or make any other public statement in connection with our stockholders meeting that is inconsistent with the board s recommendation that the Laureate stockholders approve the merger and the merger agreement, or its obligations to reaffirm its recommendation that our stockholders approve the merger agreement in connection with certain disclosures that we may be required to make to our stockholders under limited circumstances.

Termination Fees

We have agreed to reimburse Parent s and Merger Sub s actual and reasonably documented out-of-pocket fees and expenses, up to a limit of $15 million, if either the Company or Parent or Merger Sub terminates the merger agreement because of the failure to receive Company stockholder approval at the special meeting or any adjournment thereof.

If we terminate the merger agreement, or the merger agreement is terminated by Parent or Merger Sub, under the conditions described in further detail below, we must pay a termination fee of $110 million at the direction of Parent. The termination fee would have been $55 million had such termination arisen as a result of a superior proposal submitted by a party with whom we began negotiations or who submitted an acquisition proposal prior to 11:59 p.m., Eastern time, on March 14, 2007, and the merger agreement had been terminated in order to enter into a definitive agreement with respect to such acquisition proposal.

We must pay a termination fee at the direction of Parent if:

- we terminate the merger agreement, prior to the stockholders meeting, because we receive an acquisition proposal which we determine to be a superior proposal, but, unless we had terminated the merger agreement prior to 11:59 p.m., Eastern time, on March 14, 2007 (or 11:59 p.m., Eastern time, on March 29, 2007, in the event the superior proposal is from an Excluded Party, if there had been an Excluded Party), only after we have provided notice to Parent regarding the superior proposal, contemporaneously provided a copy of the relevant proposed transaction agreements with the party making the superior proposal and other material documents and provided Parent with at least a five calendar day period, during which time we must negotiate in good faith with Parent, to enable Parent to make an offer that results in the other acquisition proposal no longer being a superior proposal;

- Parent or Merger Sub terminates the merger agreement because (i) our board of directors or any committee of our board of directors withdraws (or modifies or qualifies in a manner adverse to Parent or Merger Sub), or publicly proposes to withdraw (or modify or qualify in a manner adverse to Parent or Merger Sub), its recommendation that our stockholders approve the merger or takes any other action or any other public statement in connection with the special meeting inconsistent with such recommendation or (ii) our board of directors or any committee of our board of directors shall have approved or recommended to our stockholders an acquisition proposal for us other than the merger contemplated by the merger agreement, or shall have resolved to effect the foregoing;

- Parent or Merger Sub terminates the merger agreement because (i) our board of directors or any committee of our board of directors withdraws or modifies (or is deemed to withdraw or modify) in

a manner adverse to Parent or Merger Sub its recommendation that our stockholders approve the merger agreement, or publicly proposes to do so, and an acquisition proposal has been publicly announced or publicly made known to any executive officer or director of the Company (or any person has publicly announced or communicated or made known a bona fide intention, whether or not conditional, to make an acquisition proposal; or

- we, on the one hand, or Parent or Merger Sub, on the other hand, terminate the merger agreement because our stockholders, at the special meeting or at any adjournment thereof at which the merger agreement is voted on, fail to approve the merger and the merger agreement; and

- prior to the stockholders meeting, an acquisition proposal involving the purchase of a business or businesses that constitutes 50% or more of the net revenues, net income or assets of Laureate and our subsidiaries, taken as a whole, or 50% or more of any class of our securities has been publicly announced or publicly made known to any executive officer or director of the Company; and;

- within 12 months after such termination, we or any of our subsidiaries enter into an agreement with respect to, or consummate, any such acquisition proposal (whether or not the same as that originally announced or consummated).

If we are obligated to pay a termination fee under the last scenario described above, any amounts we previously paid to Parent as expense reimbursement will be credited toward the termination fee amount payable by us.

Employee Benefits

Parent has agreed to cause the surviving corporation and each of its subsidiaries to maintain, for a period commencing at the effective time and ending on the first anniversary thereof, for each employee employed by Laureate or any of its subsidiaries at the effective time, compensation and employee benefits that, in the aggregate, are no less favorable than those provided immediately prior to the effective time. Parent has agreed to recognize the service of such employees with Laureate and our subsidiaries prior to the consummation of the merger for purposes of eligibility to participate and vesting with respect to any benefit plan, program or arrangement maintained by Parent or the surviving corporation, with the exception of benefit accruals (except for vacation and severance, if applicable) except to the extent such credit would result in an unintended duplication of benefits, and to waive all limitations as to pre-existing conditions or eligibility limitations to the extent waived under any such plan maintained by Laureate and give effect, for the applicable plan year in which the closing occurs, in determining any deductible and maximum out-of-pocket limitations, to claims incurred and amounts paid by, and amounts reimbursed to, employees under similar plans maintained by us and our subsidiaries (to the extent credited under such plan) immediately prior to the effective time.

Parent also has agreed to cause the surviving corporation and its subsidiaries to assume and honor, in accordance with their respective terms, each employment, change in control, severance and termination plan, policy or agreement between us or any of our subsidiaries and any of our officers, directors or employees, and each deferred compensation and bonus plan, program or agreement, with appropriate adjustments to reflect the effects of the merger.

Indemnification and Insurance

From and after the effective time, the surviving corporation shall to the greatest extent permitted by law indemnify and hold harmless (and comply with all of the Company s and its subsidiaries existing obligations to indemnify and hold harmless and to advance funds for expenses) (i) the present and former officers and directors of the Company and its subsidiaries against any and all costs or expenses (including

reasonable attorneys fees and expenses), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative (Damages), arising out of, relating to or in connection with any acts or omissions occurring or alleged to occur prior to or at the effective time, including, without limitation, the approval of the merger agreement, the merger or the other transactions contemplated by the merger agreement or arising out of or pertaining to the transactions contemplated by the merger agreement; and (ii) such persons against any and all Damages arising out of acts or omissions in connection with such persons serving as an officer, director or other fiduciary in any entity if such service was at the request or for the benefit of the Company or any of our subsidiaries.

For a period of six years after the effective time, the surviving corporation shall cause to be maintained in effect the current policies of officers and directors liability insurance maintained on the date of the merger agreement by the Company and our subsidiaries. Alternatively, the surviving corporation may substitute policies with reputable and financially sound carriers providing at least the same coverage and amount and containing terms and conditions that are no less favorable to the covered person in respect of claims arising from facts or events that existed or occurred before the effective time; provided, however, that in no event shall the surviving corporation be required to expend annually in excess of 300% of the annual premium currently paid by the Company under the current policies (the Insurance Amount); provided, however, that if the premium of such insurance coverage exceeds the Insurance Amount, the Company shall be obligated to obtain, and the surviving corporation shall be obligated to maintain, a policy with the greatest coverage available for a cost not exceeding the Insurance Amount. In lieu of the foregoing coverage, Parent may direct the surviving corporation to purchase tail insurance coverage that provides coverage no less favorable than the coverage described above.

Other Covenants

The merger agreement contains other covenants, including covenants relating to calling of the stockholders meeting to approve the merger and the merger agreement, this proxy statement, access to information and public announcements.

Amendment, Extension and Waiver

The parties may amend the merger agreement at any time; provided, however, that after we have obtained our stockholders approval of the merger, there shall be no amendment that by law requires further approval by our stockholders without such approval having been obtained. All amendments to the merger agreement must be in writing signed by us, Parent and Merger Sub.

At any time before the effective time, each of the parties to the merger agreement may, by written instrument:

- extend the time for the performance of any of the obligations or other acts of the other parties;
- waive any inaccuracies in the representations and warranties of the other parties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or
- subject to the requirements of applicable law, waive compliance with any of the agreements or conditions contained in the merger agreement.

So long as the special committee exists, the Company may not agree to any such amendment, extension or waiver unless authorized by the special committee or, if the special committee no longer exists, by a majority of our disinterested directors.

THE VOTING AGREEMENT

This section of the proxy statement describes the material terms of the voting agreement but does not purport to describe all of the terms of the voting agreement. The following summary is qualified in its entirety by reference to the complete text of the voting agreement, which is attached as Annex B to this proxy statement and is incorporated into this proxy statement by reference.

Concurrently with entering into the merger agreement, on January 28, 2007, we entered into an agreement with Parent, Douglas L. Becker, Steven M. Taslitz and the Becker Trusts, which we refer to as the voting agreement. Subsequently, Mr. Hoehn-Saric and Eric D. Becker joined the voting agreement. Pursuant to the voting agreement, the Sterling Founders and the Becker Trusts have agreed, among other things, to vote or deliver a written consent covering all shares subject to the voting agreement (i) in favor of the adoption of the merger agreement, (ii) against any action, proposal, transaction or agreement that would reasonably be expected to result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of Laureate contained in the merger agreement, or of any of the Sterling Founders and the Becker Trusts contained in the voting agreement, and (iii) against any proposals for the acquisition of Laureate or any other action, agreement or transaction that is intended, or could reasonably be expected, to materially impede, interfere with, delay, postpone, discourage or adversely affect the merger or any of the other transactions contemplated by the merger agreement or the voting agreement or the performance by any of the Sterling Founders or the Becker Trusts of their respective obligations under the voting agreement, including: (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving Laureate or our subsidiaries (other than the merger); (B) a sale, lease or transfer of a material amount of assets of Laureate or any of its subsidiaries or a reorganization, recapitalization or liquidation of Laureate or any of our subsidiaries; (C) an election of new members to the board of directors of Laureate, other than nominees to the board of directors of Laureate who are serving as directors on the date of the voting agreement; (D) any material change in the present capitalization or dividend policy of Laureate or any amendment or other change to its articles of incorporation or bylaws, except if approved by Parent or (E) any other material change in the corporate structure or business of Laureate. The voting agreement shall terminate upon the earlier to occur of (i) the consummation of the merger and (ii) the date of termination of the merger agreement in accordance with its terms.

Each of the Sterling Founders and the Becker Trusts have agreed, except as provided for in such stockholder s equity rollover commitment letter, not to transfer any of the shares subject to the voting agreement or any interest in those shares.

As of the date of this proxy statement, the shares owned by the Sterling Founders and the Becker Trusts that are subject to the voting agreement represent approximately [2.52%] of our outstanding common stock.

NO DISSENTERS RIGHTS

Holders of the Company s common stock are not entitled to dissenting stockholders appraisal rights or other similar rights in connection with the merger or any of the transactions contemplated by the merger agreement. The MGCL does not provide for appraisal rights or other similar rights to stockholders of a corporation in connection with a merger if the shares of the corporation are listed on a national securities exchange or are designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. on the record date for determining stockholders entitled to vote on the merger. Our common stock is listed on the Nasdaq Global Select Market, which is a national securities exchange.

IMPORTANT INFORMATION ABOUT LAUREATE

Laureate is a Maryland corporation headquartered in Baltimore, Maryland. Laureate provides higher education programs and services to over 243,000 students through the leading global network of licensed campus-based and online higher education institutions. Laureate s educational services are offered through three separate reportable segments: Campus Based - Latin America (Latin America), Campus Based - Europe (Europe) and Laureate Online Education. Latin America and Europe own or maintain controlling interests in eleven and ten separately licensed higher education institutions, respectively. The Latin America segment has locations in Mexico, Chile, Brazil, Peru, Ecuador, Honduras, Panama, and Costa Rica. The Europe segment has locations in Spain, Switzerland, France, Cyprus and Turkey. The Laureate Online Education segment provides career-oriented degree programs through Walden University, Laureate Education Online BV and Canter and Associates, LLC.

For more information about Laureate, please visit our website at www.laurate-inc.com. Laureate s website is provided as an inactive textual reference only. Information contained on our website is not incorporated by reference into, and does not constitute any part of, this proxy statement. Laureate is listed on the Nasdaq Global Select Market under the symbol LAUR.

Historical Selected Consolidated Financial Data

The selected consolidated financial data for the years ended December 31, 2006, 2005, 2004, 2003, and 2002 have been derived from the Company s consolidated financial statements. The financial data should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company s Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March 1, 2007.

The Company consummated several significant purchase business combinations in the five-year period ended December 31, 2006. These business combinations affect the comparability of the amounts presented. The Company also restated its 2005 through 2002 financial statements due to a voluntary change in revenue recognition. Refer to Note 2 to the Company s consolidated financial statements contained in the Company s Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March 1, 2007 for further discussion. Additionally, the accompanying financial data presents the continuing operations of the Company, and excludes the results of operations of several businesses that were sold during the periods presented. Note 4 to the Company s consolidated financial statements contained in the Company s Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March 1, 2007 describes the operations that were discontinued.

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
(Dollar amounts in thousands, except per share data)

	Year Ended December 31, 2006 (1)(2)	2005 As restated (1)(2)(4)	2004 As restated (1)(2)(4)	2003 As restated (1)(2)(3)(4)	2002 As restated (1)(2)(3)(4)
Revenues					
Core operating segments	$ 1,145,761	$ 875,824	$ 644,821	$ 472,749	$ 336,480
Ventures				903	395
Total revenues	1,145,761	875,824	644,821	473,652	336,875
Costs and Expenses					
Direct Costs:					
Core operating segments	951,283	715,958	529,234	400,885	292,665
Ventures				2,122	2,592
General and administrative expense:					
Core operating segments	46,079	28,996	26,170	32,989	21,318
Ventures				1,756	4,804
Total costs and expenses	997,362	744,954	555,404	437,752	321,379
Operating income	148,399	130,870	89,417	35,900	15,496
Other income (expense)					
Interest and other income	28,336	11,789	28,179	7,003	6,905
Interest expense	(37,064)	(10,440)	(7,670)	(8,844)	(8,256)
Ventures investment losses				(8,394)	(2,308)
Loss on investments					(8,253)
Foreign currency exchange gain (loss)	4,823	(1,503)	(957)	257	641
	(3,905)	(154)	19,552	(9,978)	(11,271)
Income from continuing operations before income taxes, minority interest, equity in net income (loss) of affiliates, and cumulative effect of change in accounting principle	144,494	130,716	108,969	25,922	4,225
Income tax (expense) benefit	(24,108)	(19,667)	(6,798)	2,930	13,171
Minority interest in (income) loss of consolidated subsidiaries, net of tax:					
Ventures				487	2,058
Other	(11,420)	(24,154)	(20,476)	(15,125)	(7,074)
	(11,420)	(24,154)	(20,476)	(14,638)	(5,016)
Equity in net (loss) income of affiliates, net of tax:					
Ventures				(4,055)	(4,029)
Other	(555)	(535)	(323)	194	309
	(555)	(535)	(323)	(3,861)	(3,720)
Income from continuing operations before cumulative effect of change in accounting principle	$ 108,411	$ 86,360	$ 81,372	$ 10,353	$ 8,660
Earnings available to common shareholders:					
Income from continuing operations before cumulative effect of change in accounting principle	$ 108,411	$ 86,360	$ 81,372	$ 10,353	$ 8,660
Effect of minority put arangements	(4,214)				
Income from continuing operations before cumulative effect of change in accounting principle available to common shareholders	$ 104,197	$ 86,360	$ 81,372	$ 10,353	$ 8,660
Net Income	$ 105,623	$ 75,797	$ 61,582		
Net Income available to common shareholders	$ 101,409	$ 75,797	$ 61,582		
Income from continuing operations per common share basic	$ 2.12	$ 1.74	$ 1.76	$ 0.25	$ 0.22
Income from continuing operations per common share diluted	$ 2.04	$ 1.66	$ 1.66	$ 0.24	$ 0.22
Net Income per common share basic	$ 2.06	$ 1.53	$ 1.33		
Net Income per common share diluted	$ 1.99	$ 1.46	$ 1.26		
Income from continuing operations available to common shareholders per common share basic	$ 2.03	$ 1.74	$ 1.76		
Income from continuing operations available to common shareholders per common share diluted	$ 1.96	$ 1.66	$ 1.66		
Net Income available to common shareholders per common share basic	$ 1.98	$ 1.53	$ 1.33		
Net Income available to common shareholders per common share diluted	$ 1.91	$ 1.46	$ 1.26		

104

Consolidated Balance Sheet Data:					
Cash and cash equivalents and restricted cash	$ 130,589	$ 105,106	$ 106,852	$ 92,145	$ 94,068
Net working (deficit) capital	(173,967)	(141,518)	(77,979)	(42,221)	74,089
Current Assets	435,387	413,636			
Non-Current Assets	1,767,626	1,362,492			
Intangible assets and deferred costs, net	871,957	656,426	566,945	334,054	219,247
Net assets of discontinued operations		2,906	50,199	71,914	198,281
Total assets	2,203,013	1,776,128	1,535,395	1,154,254	973,193
Long-term debt and due to shareholders of acquired companies, including current portion, and other long-term liabilities	534,989	251,923	232,314	148,412	200,175
Current Liabilities	609,354	555,154			
Non-Current Liabilities	417,540	170,142			
Minority Interest	45,424	72,354			
Stockholders equity	1,130,695	978,478	882,182	674,162	491,076

(1) During 2006, 2005, and 2004, the Company completed significant acquisitions as discussed further in Note 5 to the consolidated financial statements in the Company s Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March 1, 2007.

The following acquisitions were completed during 2003 and 2002 and the Company s results of continuing operations include the results of the acquired companies beginning on the effective date of the acquisition.

- Effective May 30, 2003, the Company acquired an 80% interest in UNAB, a comprehensive university located in Chile, and AIEP a technical/vocational institute located in Chile, from local Chilean investors for a cash purchase price of approximately $37.8 million.

- On March 1, 2002, the Company acquired for cash of $6.7 million all of the outstanding common stock of Hedleton, B.V., which owns all of the capital stock of Escuela Superior De Alta Gestion De Hotel, S.A., a private for-profit university located in Marbella, Spain.

- Effective May 1, 2002, the Company acquired an additional 20% ownership interest in Desarrollo del Conocimiento S.A. (Decon), a holding company that controls and operates UDLA, for an initial cash purchase price of approximately $6.7 million.

- Effective August 1, 2002, the Company acquired for cash all of the outstanding common stock of the Glion Group, S.A., the parent company of Glion, a leading hotel management school in Switzerland. The initial purchase price totaled approximately $16.9 million.

- In November 2002, the Company completed its acquisition of substantially all the assets and certain liabilities of the National Technological University (NTU) and Stratys Learning Solutions, Inc. (the holding company of NTU) for consideration of $15.4 million.

(2) Effective January 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standard No. 123 (revised 2004) (FAS 123R) using the modified prospective transition method and therefore has not restated results for prior periods. During 2006 and 2005, the Company recorded non-cash stock compensation expense related to the modification of stock options. During 2004, the Company recorded a non-cash stock compensation expense related to the replenishment plan implementation change. These events are discussed further in Note 3 to the consolidated financial statements in the Company s Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March 1, 2007. During 2003, the Company recorded a stock option modification charge of $21.9 million due to the sale of the K-12 Disposal Group. As a FAS 123R required disclosure in 2006, non-cash compensation expense is included in the segment margins for 2006, 2005, 2004, 2003 and 2002.

(3) During 2003, the Company recorded losses on investments of $8.4 million related to the Ventures businesses.

The Company realized investment losses of $10.6 million in 2002. The most significant transaction giving rise to the loss was a $7.4 million write-off of the Company s investment in and advances to the Frontline Group.

(4) Effective January 1, 2006, the Company made a voluntary preferential change in its revenue recognition policies regarding semester-based tuition for its campus-based universities, as further described in Note 2 to the consolidated financial statements in the Company s Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March 1, 2007.

Ratio of Earnings to Fixed Charges

The following presents our ratio of earnings to fixed charges for the years ended December 31, 2006 and 2005, which should be read in conjunction with our consolidated financial statements included in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006, which are incorporated herein by reference.

Computation of Ratio of Earnings to Fixed Charges

(in millions of dollars)

	Years Ended December 31, 2006 (Unaudited)	**2005**
Earnings:		
Income from continuing operations before income taxes, minority interest, and equity in net (loss) income of affiliates	$ 144.5	$ 130.7
Add (deduct):		
Fixed charges as below	38.0	11.1
Amortization of capitalized interest	0.1	0.1
Distributed income of equity investees		
Company's share of pre-tax losses of equity investees for which charges arising from guarantees included in fixed charges		
Interest capitalized	(0.3)	(0.3)
Minority interest in pre-tax income of subsidiaries that have not incurred fixed charges	(11.4)	(24.2)
Total earnings	$ 170.9	$ 117.4
Fixed Charges:		
Interest expensed and capitalized	37.4	10.7
Amortized premiums, discounts and capitalized expenses related to indebtedness	0.5	0.4
Interest within rental expense		
Total fixed charges	$ 37.9	$ 11.1
Ratio of earnings to fixed charges	4.51 x	10.58 x

Book Value Per Share

Our net book value per share as of December 31, 2006 was $21.99, which is substantially below the $60.50 per share cash merger consideration.

Projected Financial Information

Laureate s senior management does not as a matter of course make detailed public projections as to future performance or earnings beyond the current fiscal year and is especially wary of making projections for extended earnings periods due to the unpredictability of the underlying assumptions and estimates. However, Laureate s senior management provided internal financial forecasts to the special committee, the board of directors, Morgan Stanley and Merrill Lynch in connection with their consideration of a possible transaction involving the Company. We have included a subset of these forecasts and resultant projections to give our stockholders access to certain nonpublic information deemed material by the special committee and board of directors for purposes of considering and evaluating the merger. The inclusion of this information should not be regarded as an indication that the special committee, our board of directors, Morgan Stanley, Merrill Lynch, the Investor Group or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results. The projections set forth below include both the base operations of the Company on a standalone basis and upon giving effect to unidentified acquisitions. The assumptions used in the acquisition model are set forth at the bottom of the table below.

Laureate advised the recipients that its internal financial forecasts, upon which the projections were based, are subjective in many respects. The projections reflect numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict and beyond Laureate s control. The projections also reflect numerous estimates and assumptions related to the business of Laureate that are inherently subject to significant economic, political, and competitive uncertainties, all of which are difficult to predict and many of which are beyond Laureate s control. As a result, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected.

The internal financial forecasts were prepared for internal use and to assist the financial advisors to the special committee and the Investor Group with their respective due diligence investigations of Laureate and not with a view toward public disclosure or toward complying with U.S. generally accepted accounting principles, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Laureate s independent registered public accounting firm has not examined or compiled any of the financial projections, expressed any conclusion or provided any form of assurance with respect to the financial projections and, accordingly, assumes no responsibility for them. The financial projections do not take into account any circumstances or events occurring after the date they were prepared. Projections of this type are based on estimates and assumptions that are inherently subject to factors such as industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operation of Laureate, including the factors described under Special Note Regarding Forward-Looking Statements on page 81, which factors may cause the financial projections or the underlying assumptions to be inaccurate. Since the projections cover multiple years, such information by its nature becomes less reliable with each successive year.

Since the date of the projections described below, Laureate has made publicly available its actual results of operations for the fiscal year ended December 31, 2006. You should review the Company s Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2006 to obtain this information. Readers of this proxy statement are cautioned not to place undue reliance on the specific portions of the financial projections set forth below. No one has made or makes any representation to any stockholder regarding the information included in these projections. Laureate does not intend to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.

For the foregoing reasons, as well as the bases and assumptions on which the financial projections were compiled, the inclusion of specific portions of the internal financial forecasts and resultant projections in this proxy statement should not be regarded as an indication that such projections will be an accurate prediction of future events, and they should not be relied on as such. Except as required by applicable securities laws, Laureate does not intend to update, or otherwise revise the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

	2006	2007	2008	2009	2010	2011	2012	CAGR 06-10	CAGR 06-12
SUMMARY OF KEY ITEMS: BASE VS. ACQ									
REVENUE									
Base Operations	1,145	1,307	1,489	1,758	2,046	2,349	2,674	15.6%	15.2%
Unidentified Acquisitions		157	305	489	652	786	930	nm	nm
Total	1,145	1,464	1,794	2,247	2,699	3,135	3,604	23.9%	21.1%
EBITDA, 100%, Pre-FAS 123(1)(2)									
Base Operations	218	281	338	429	520	592	715	24.3%	21.9%
Unidentified Acquisitions		37	72	118	162	203	250	nm	nm
Total	218	318	410	547	682	795	965	33.1%	28.2%
EBITDA 100% Margin									
Base Operations	19.0%	21.5%	22.7%	24.4%	25.4%	25.2%	26.8%		
Unidentified Acquisitions	nm	23.7%	23.8%	24.0%	24.8%	25.9%	26.9%		
Total	19.0%	21.7%	22.9%	24.3%	25.3%	25.4%	26.8%		
Pro Rata EBITDA, Pre-FAS 123(2)(3)									
Base Operations	203	256	309	403	488	553	670	24.5%	22.0%
Unidentified Acquisitions		30	58	94	129	163	200	nm	nm
Total	203	285	367	497	617	716	870	32.0%	27.4%
EBIT, Pre-FAS 123 100%(2)									
Base Operations	156	204	245	317	385	466			