LAUREATE EDUCATION, INC.
Form PRER14A
April 17, 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. 1)

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

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 17).* 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 10 and The Special Meeting beginning on page 18.

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 29.

- *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 29.

- *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 18 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 73);

- 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 73;

- 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 39.

- *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 68. 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 67).* 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 83), 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 83), 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 82.

- *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.

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.

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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.

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 Securities and Exchange Commission (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 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 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 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 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.

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.

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.

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 SEC filings, 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;

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- 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