QUALITY DISTRIBUTION INC
Form DEF 14A
April 13, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

QUALITY DISTRIBUTION, 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14(a)-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed under Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total Fee Paid:

¨ Fee paid previously with preliminary materials.

¨ 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:

3802 Corporex Park Drive

Tampa, Florida 33619

April 13, 2005

Dear Fellow Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Quality Distribution, Inc., which will be held on Friday, May 13, 2004, beginning at 10:00 a.m., Eastern time. The meeting will be held at the Crowne Plaza Hotel, located at 1605 Broadway (at 49th Street), New York, NY 10019. The purpose of the meeting is to consider and vote upon the proposals explained in the notice and the proxy statement.

A formal notice describing the business to come before the meeting, a proxy statement, and a proxy card are enclosed. We have also enclosed our 2004 Annual Report on Form 10-K for your review, which contains detailed information concerning our financial performance and activities during 2004.

It is important that your shares be represented at the annual meeting. Whether or not you plan to attend the annual meeting in person, please vote your shares by completing, signing, and dating the enclosed proxy card, and returning it in the enclosed postage-paid envelope. If you later decide to attend the annual meeting and vote in person, or if you wish to revoke your proxy for any reason before the vote at the annual meeting, you may do so and your proxy will have no further effect.

Sincerely,

Thomas L. Finkbiner
President, Chief Executive Officer and
Chairman of the Board of Directors

3802 Corporex Park Drive

Tampa, Florida 33619

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Quality Distribution, Inc. will be held on Friday, May 13, 2005, at 10:00 a.m., Eastern time at the Crowne Plaza Hotel, located at 1605 Broadway (at 49th Street), New York, NY 10019, for the following purposes:

(1) To elect eleven directors;

(2) To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for the 2005 fiscal year;

(3) To consider and act upon a proposal to amend the Company s 2003 Stock Option Plan to (i) increase the annual allocation of shares to the Plan; and (ii) increase the maximum number of shares that may be subject to option under the Plan;

(4) To consider and act upon a proposal to amend the Company s 2003 Restricted Stock Incentive Plan to (i) increase the maximum value of grants that may be made under the Plan; and (ii) increase the maximum number of shares that may be issued under the Plan; and

(5) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business on April 7, 2005, are entitled to notice of the meeting and are entitled to vote at the meeting in person or by proxy. Only shareholders or their proxy holders are invited to attend the meeting. Street name shareholders who wish to vote in person will need to obtain a proxy from the person in whose name their shares are registered.

By Order of the Board of Directors

Robert J. Millstone
Corporate Secretary

April 13, 2005

IMPORTANT

Whether or not you expect to attend the meeting in person, we urge you to sign, date, mark and return the enclosed proxy at your earliest convenience. This will ensure the presence of a quorum at the meeting. **Promptly signing, dating, marking and returning the proxy will save the Company the expense and effort of additional solicitation.** An addressed envelope for which no postage is required if mailed in the United States is enclosed for the purpose of returning your proxy. Sending in your proxy will not prevent you from voting your shares at the meeting if you desire to do so, as your proxy is revocable at your option. Street name shareholders who wish to vote in person will need to obtain a proxy from the person in whose name their shares are registered.

PROXY STATEMENT FOR 2005 ANNUAL MEETING OF SHAREHOLDERS

You have received this proxy statement and the accompanying notice of annual meeting and proxy card as an owner of the common stock, no par value, of Quality Distribution, Inc., in connection with the solicitation of proxies by the Board of Directors (the *Board*) for use at Quality Distribution s 2005 annual meeting of shareholders.

Unless the context requires otherwise, references in this statement to *Quality Distribution*, *QDI*, the *Company*, *we*, *us*, or *our* refer to Qua Distribution, Inc. and its consolidated subsidiaries.

Your vote is very important. For this reason, the Board is requesting that you allow your common stock to be represented at the 2005 annual meeting of shareholders by the proxies named on the enclosed proxy card. We are first mailing this proxy statement and the proxy card on or about April 13, 2005.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Time and Place	May 13, 2005 10:00 a.m. Eastern Time Crowne Plaza Hotel 1605 Broadway, New York, NY 10019
Items to be Voted Upon	You will be voting on the following matters: The election of eleven directors; The ratification of the appointment of the independent registered certified public accounting firm; Amendment of the 2003 Stock Option Plan; Amendment of the 2003 Restricted Stock Incentive Plan; and Such other business as is properly brought before the meeting and at any adjournment or postponement of the meeting.
Who May Vote	You are entitled to vote your common stock if our records show that you held your shares as of the close of business on the record date, April 7, 2005. Each shareholder is entitled to one vote for each share of common stock held on that date, at which time we had 19,038,365 shares of common stock outstanding and entitled to vote. Common stock is our only issued

and outstanding class of stock.

How to Vote

You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting. If you hold shares in street name (that is, through a bank, broker or other nominee) and would like to attend the annual meeting, you will need to bring an account statement or other acceptable evidence of ownership of our common stock as of the close of business on April 7, 2005, the record date for voting. In order to vote in person at the annual meeting, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the annual meeting.

Proxy Card

If you sign, date and return your proxy card before the annual meeting, we will vote your shares as you direct. You have three choices on each matter to be voted upon. For the election of directors, you may vote for (1) all of the nominees, (2) none of the nominees, or (3) all of the nominees except those you designate. For each other item of business, you may vote FOR or AGAINST the matter, or you may ABSTAIN from voting.

If you return your signed proxy card but do not specify how you want to vote your shares, we will vote your shares:

FOR the election of all eleven nominees for director identified on pages 4 and 5;

FOR the ratification of appointment of PricewaterhouseCoopers LLP as our independent auditors;

FOR amendment of the 2003 Stock Option Plan;

FOR amendment of the 2003 Restricted Stock Incentive Plan; and

in our discretion as to other business that properly comes before the meeting or at any adjournment or postponement of the meeting.

Changing Your Vote

You can revoke your proxy at any time before it is voted at the annual meeting by:

submitting a new proxy with a later date by signing and returning a proxy card to the Company;

attending the annual meeting and voting in person; or

sending written notice of revocation addressed to our Corporate Secretary at the address of the Company.

Quorum

A quorum at the annual meeting will consist of a majority of the outstanding shares of Quality Distribution s common stock.

Votes Required

Nominees for election as a director are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. All other matters will be approved if the votes cast at a meeting at which a quorum is present favoring the matter exceed the votes cast opposing the matter, unless a greater number of affirmative votes is required for approval of that matter under our Articles of Incorporation or By-Laws or the Florida Business Corporation Act.

All votes will be tabulated by an inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes and abstentions. Under Florida corporate law, abstentions and shares referred to as *broker non-votes* (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners entitled to vote and for which the broker or nominee does not have discretionary authority to vote on a particular matter) are treated as shares of common stock that are present and entitled to vote for purposes of determining the presence of a quorum. Since abstentions and broker non-votes are not considered votes cast on a proposal and are not considered votes opposing the election of a director or other actions, abstentions and broker non-votes will have no effect on the election of directors, the

	ratification of the appointment of the independent registered certified public accounting firm, amendment of the 2003 Stock Option Plan, or amendment of the 2003 Restricted Stock Incentive Plan.
Solicitation	Quality Distribution will bear the entire cost of soliciting proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to shareholders. We have engaged The Altman Group, Inc. to assist us with the distribution of proxies (but not the solicitation thereof). We expect to pay The Altman Group, Inc. approximately $2,000 for its services. We will reimburse banks, brokerage houses, fiduciaries and custodians for their costs of forwarding solicitation materials to beneficial owners of our common stock. In addition to solicitations by mail, our directors, officers or other regular employees of the Company, without additional compensation, may solicit proxies by telephone, facsimile, e-mail or in person.

PROPOSAL 1:

ELECTION OF DIRECTORS

Our Articles of Incorporation and By-Laws provide that our Board shall comprise not fewer than one nor more than eleven directors. Vacancies on the Board may be filled only by the Board. A director elected to fill a vacancy shall hold office until the next annual meeting of shareholders and until such director s successor is elected and qualified.

Our Board is presently composed of ten members. The following is a list of our directors whose term of office expires in 2005: Thomas L. Finkbiner, Chairman, Marc E. Becker, Joshua J. Harris, Anthony R. Ignaczak, Richard B. Marchese, Donald C. Orris, Eric L. Press, Marc J. Rowan, Alan H. Schumacher, and Michael D. Weiner. The Board has determined to expand the Board to eleven seats as of the Annual Meeting. If elected at the annual meeting, each of the nominees below would serve until the 2006 annual meeting and until his successor is elected and qualified, or until such director s earlier death, disability, resignation or removal.

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the meeting. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. If any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of a substitute nominee proposed by management. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve.

Set forth below is biographical information for each person nominated. There are no family relationships among any of our directors or executive officers.

Nominees for Election for a One-Year Term Expiring at the 2006 Annual Meeting

Thomas L. Finkbiner, 52, has been employed by QDI since November 1999 as its President and Chief Executive Officer, and has been a director of QDI since March 2000. Prior to his employment by QDI, he was Vice President, Intermodal for Norfolk Southern Corporation from 1987-1999, Vice President of Marketing and Administration and Vice President of Sales for North American Van Lines (then an operating subsidiary of Norfolk Southern) from 1981-1987. Prior to these positions he held various sales and management positions with Airborne Freight Corporation and Roadway Express, Inc. from 1976-1981. Mr. Finkbiner serves as Chairman of the Board of Directors for Intermodal Transportation Institute, University of Denver. He is a director of Pacer International, Inc.

Marc E. Becker, 32, has been a director of QDI since June 1998. Mr. Becker is a partner of Apollo Management, L.P. (Apollo). He has been employed with Apollo since 1996 and has served as an officer of certain affiliates of Apollo since 1999. Prior to that time, Mr. Becker was employed by Smith Barney Inc. within its Investment Banking division. Mr. Becker serves on several boards of directors including National Financial Partners Corporation, Pacer International, Inc., UAP Holding Corp., and WMC Residco, Inc.

Robert H. Falk, 66, has been a partner in Apollo since 1992. Prior to joining Apollo, Mr. Falk was a senior partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, heading legal teams in a wide range of commercial transactions, including public and private corporate financing, leveraged acquisitions and financial restructuring. Mr. Falk serves on the board of directors of iesy Repository GmbH, a German Cable TV operator.

Robert E. Gadomski, 58, spent his career with Air Products and Chemicals, Inc., a $7 billion industrial gas and chemical company, until his retirement in 2004. From 1970 he held increasingly responsible positions, serving as Executive Vice President, Chemicals Group from 1996 to 1999, and Executive Vice President, Gases and Equipment Group, from 1999 to 2004. Mr. Gadomski is currently the Managing Director of a consulting business, Napowan Associates, LLC. He is a director of Reeb Millwork.

Joshua J. Harris, 40, has been a director of QDI since June 1998. Mr. Harris is a founding senior partner of Apollo since 1990. Prior to that time, Mr. Harris was a member of the Mergers and Acquisitions department of Drexel Burnham Lambert Incorporated. Mr. Harris is also a director of Borden Chemical, Inc., Compass Minerals Group, Inc., General Nutrition Centers, Inc., Nalco Company, Pacer International, Inc., Resolution Performance Products, Inc., and UAP Holding Corp.

Richard B. Marchese, 63, has been a director of QDI since January 1, 2004. Mr. Marchese served as Vice President Finance, Chief Financial Officer and Treasurer of Georgia Gulf Corporation from 1989 until his retirement at the end of 2003. Prior to 1989, Mr. Marchese served as the Controller of Georgia Gulf Corporation and prior to that as the Controller of the Resins Division of Georgia Pacific Corporation.

Thomas R. Miklich, 58, was Chief Financial Officer of OM Group, Inc., a specialty chemical company, from 2002 until his retirement in 2004. Prior to that he was Chief Financial Officer and General Counsel of Invacare Corporation from 1993 to 2002. He is a director of UAP Holding Corp. and Titan Technology Partners.

Donald C. Orris, 63, has been a director of QDI since 1999. Mr. Orris has been Chairman, President and Chief Executive Officer of Pacer International, Inc. since May 1999. From Pacer Logistics inception in March 1997 until May 1999 he served as Chairman, President and Chief Executive Officer of Pacer Logistics. Mr. Orris served as President of Pacer International Consulting LLC, a wholly owned subsidiary of Pacer Logistics, since September 1996. From January 1995 to September 1996, Mr. Orris served as President and Chief Operating Officer of Southern Pacific Transportation Company, and from 1990 until January 1995, he served as Executive Vice President. Mr. Orris was the President and Chief Operating Officer of American Domestic Company and American President Intermodal Company from 1982 until 1990.

Eric L. Press, 39, became a director of QDI on May 26, 2004. Mr. Press is a partner of Apollo. He has been employed with Apollo since 1998 and has served as an officer of certain affiliates of Apollo. From 1992 to 1998, Mr. Press was associated with the law firm of Wachtell, Lipton, Rosen & Katz specializing in mergers, acquisitions, restructurings and related financing transactions. From 1987 to 1989, Mr. Press was a consultant with The Boston Consulting Group.

Alan H. Schumacher, 59, became a director of QDI on May 13, 2004. From 1997 to 2000, Mr. Schumacher served in various financial positions at American National Can and American National Can Group, most recently serving as Executive Vice President and Chief Financial Officer. Mr. Schumacher is currently a member of the Federal Accounting Standards Advisory Board. He is a director of Anchor Glass Container Corporation and BlueLinx Holdings.

Michael D. Weiner, 52, has been a director of QDI since June 1998. Mr. Weiner is a partner of Apollo and has served as Vice President and General Counsel of Apollo and certain affiliates of Apollo since 1992. Prior to 1992, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius LLP, specializing in securities law, public and private financing, and corporate and commercial transactions. He is a director of Meadow Golf Group.

OUR BOARD RECOMMENDS A VOTE FOR EACH NAMED NOMINEE.

BOARD MEETINGS AND COMMITTEES

During the fiscal year ended December 31, 2004, our Board held eight meetings and acted by unanimous written consent two times. The Board has an Audit Committee, a Corporate Governance Committee, a Compensation Committee, and an Executive Committee. In addition, during 2004, the Board constituted a Special Litigation Committee. All of the directors attended 75% or more of the combined total meetings of the Board (held during the period the director served) and the committees on which they served during 2004.

We encourage, but do not require, our directors to attend annual general meetings of our stockholders. All of our directors have indicated that they expect to attend the 2005 annual meeting. Nine of ten directors attended the 2004 annual meeting.

Audit Committee

Our Board of Directors has an Audit Committee. The Audit Committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control, and legal compliance functions. The Audit Committee also oversees the audit activities of our independent registered certified public accounting firm and takes those actions it deems necessary to satisfy itself that the independent registered certified public accounting firm is independent of management.

The Audit Committee currently consists of two directors, Mr. Schumacher and Mr. Ignaczak. Mr. Ignaczak is not standing for election. This is not the result of any disagreement. If elected, Messrs. Gadomski and Miklich will be appointed to the Audit Committee and have agreed so to serve. Messrs. Gadomski, Miklich, and Schumacher are independent directors as such term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934 (*Exchange Act*) and as defined in Rule 4200(a)(15) of The Nasdaq Stock Market, Inc. s Marketplace Rules (as amended and in effect from time to time, the *Nasdaq Rules*). Our Board of Directors has determined that Mr. Schumacher, the Chair of the Audit Committee, is an audit committee financial expert as defined by Item 401(h) of Regulation S-K of the Exchange Act.

The Audit Committee met 27 times during the last fiscal year. The Board of Directors upon the recommendation of the Audit Committee has adopted a revised written Audit Committee Charter that is attached as *Appendix A* and that also can be found on our website at *www.qualitydistribution.com*. Other information contained on our website does not constitute a part of this proxy statement.

Corporate Governance Committee

Our Board of Directors has a Corporate Governance Committee. The Corporate Governance Committee identifies, evaluates and recommends potential Board and Committee members. The Corporate Governance Committee also develops and recommends to the Board governance guidelines. The members of the Corporate Governance Committee are Messrs. Harris, Becker, and Schumacher. Although it is not required due to the Company s status as a controlled company, Messrs. Harris, Becker, and Schumacher are independent directors as defined in Rule 4200(a)(15) of the Nasdaq Rules. Mr. Harris serves as Chair of the Corporate Governance Committee. The Corporate Governance Committee met six times during the last fiscal year. The Corporate Governance Committee has adopted a Corporate Governance Committee Charter that is attached as *Appendix B* and that also can be found on our website at *www.qualitydistribution.com*.

Compensation Committee

Our Board of Directors has a Compensation Committee. The Compensation Committee determines our compensation policies and forms of compensation provided to our directors and officers. The Compensation Committee also reviews and determines bonuses for our officers and other employees. In addition, the Compensation Committee reviews and determines stock-based compensation for our directors, officers, and

employees and administers our stock incentive plans. The members of the Compensation Committee are Messrs. Becker, Harris and Schumacher. Mr. Harris serves as Chair of the Compensation Committee. The Compensation Committee met ten times during the last fiscal year. The Compensation Committee has adopted a Compensation Committee Charter that is attached as *Appendix C* and that also can be found on our website at *www.qualitydistribution.com*.

Executive Committee

Our Board of Directors has an Executive Committee. The Executive Committee consults with and advises the officers of the Company in the management of its business and exercises the power and authority of the Board of Directors to direct the business and affairs of the Company in intervals between meetings of the Board, subject to certain exceptions. The members of the Executive Committee are Messrs. Harris, Becker and Marchese. Mr. Harris serves as Chairman of the Executive Committee. The Executive Committee met eight times during the last fiscal year.

Special Litigation Committee

In July 2004, the Company received a letter from a putative shareholder demanding that the Company take certain actions to remedy alleged mismanagement relating to the irregularities at the Company s subsidiary, PPI. At its meeting on October 5, 2004, the Board constituted a Special Litigation Committee to, among other things, consider the shareholder letter and determine what actions to take. The Special Litigation Committee comprises Messrs. Schumacher and Marchese. Mr. Schumacher acts as Chairman of the Committee. The Special Litigation Committee met seven times in 2004.

CONTROLLED COMPANY EXCEPTION

Quality Distribution is a controlled company as defined in Rule 4350(c)(5) of the NASDAQ Marketplace Rules because more than 50% of our voting power is held by Apollo. See Security Ownership of Certain Beneficial Owners and Management. Therefore, we are exempt from the requirements of Rule 4350(c) with respect to (1) having a majority of independent directors on our Board, (2) having the compensation of our executive officers determined by a majority of independent directors or a compensation committee composed solely of independent directors, and (3) having nominees for director selected or recommended for selection by a majority of the independent directors or a committee composed solely of independent directors.

DIRECTOR NOMINATION PROCEDURES

At present, the Corporate Governance Committee determines nominees for director. The Corporate Governance Committee does not have a policy with regard to consideration of director candidates recommended by shareholders. The Company does not believe that it is necessary or appropriate for the Corporate Governance Committee to have such a policy because the Amended and Restated By-Laws of the Company provide that directors shall be elected by a plurality of the votes cast by shares entitled to vote at a meeting in which a quorum is present, and the Company is controlled by Apollo Investment Fund III, L.P., Apollo Overseas Partners, III, L.P. and Apollo (U.K.) Partners III, L.P. who collectively own a majority of the shares of Quality Distribution.

Generally, nominees for director are identified and suggested by the members of the Board or management using their business networks. The Board has not retained any executive search firms or other third parties to identify or evaluate director candidates in the past. The Board and the

Corporate Governance Committee have not established any specific minimum qualifications that a candidate for director must meet in order to be recommended for Board membership.

SHAREHOLDER COMMUNICATIONS

The Company has a process for shareholders to communicate with the directors. For more information, please see the investor relations section of our website at *www.qualitydistribution.com*. Other information contained on our website does not constitute a part of this proxy statement.

DIRECTOR COMPENSATION

Only directors who are not members of management or employees of Apollo are compensated for their Board service. As of 2005, these directors receive a retainer of $30,000 per year plus an annual grant of $30,000 in value of restricted stock. The 2005 grant of restricted stock vests over four years if the individual remains a director. These directors are paid $1,000 per Board of Directors meeting attended and $1,000 per committee meeting attended. The chairman of each Committee receives $2,000 per Committee meeting. Telephonic meetings are paid at 50% of the standard rate.

PROPOSAL 2:

APPOINTMENT OF INDEPENDENT AUDITORS

The firm of PricewaterhouseCoopers LLP served as our independent auditors for the fiscal year ending December 31, 2004. The Audit Committee has selected PricewaterhouseCoopers LLP to serve as the Company s independent auditors for the fiscal year ending December 31, 2005. We are submitting our appointment of independent auditors for shareholder ratification at this annual meeting.

Our Charter and By-Laws do not require that our shareholders ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors. We are doing so because we believe it is a matter of good corporate practice. If our shareholders do not ratify the appointment, the Audit Committee will reconsider whether to retain PricewaterhouseCoopers LLP but may still retain them. Even if the appointment is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that a change in accountants would be in the best interests of the Company and its shareholders.

Representatives of PricewaterhouseCoopers LLP, who will be present at the annual meeting of shareholders, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

OUR BOARD RECOMMENDS A VOTE FOR THE

RATIFICATION OF THE INDEPENDENT AUDITORS.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS*

The Audit Committee reviews the Company s financial reporting process on behalf of our Board. Management is responsible for the preparation, presentation and integrity of Quality Distribution s financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. The independent auditors are responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on (i) management s assessment of the effectiveness of internal control over financial reporting, and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee met with management periodically during the year to consider the adequacy of the Company s internal controls and the objectivity of its financial reporting. The Audit Committee discussed these matters with the Company s independent auditors and with the appropriate financial personnel and internal auditors. The Audit Committee also discussed with senior management and independent auditors the process used for certifications by Quality Distribution s chief executive officer and chief financial officer, which is required by the Securities and Exchange Commission (*SEC*) for certain filings with the SEC. The Audit Committee met privately with both the independent auditors and the internal auditors, each of whom has unrestricted access to the Audit Committee.

The Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors.

During the course of 2004, management undertook the documentation, testing and evaluation of Quality Distribution s system of internal control over financial reporting and the Company s disclosure controls and procedures in response to the requirements set forth in the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and the independent registered certified public accounting firm at Audit Committee meetings either regularly scheduled or scheduled for that purpose.

Our management is required to publicly assess the effectiveness of our disclosure controls and procedures and our internal control over financial reporting in our Annual Report on Form 10-K. On November 30, 2004, the SEC issued an exemptive order providing many companies, including us, the right to a 45-day extension for the filing of management s report on our internal control and the attestation of our independent auditor regarding management s assessment. We have exercised the 45-day extension, and, therefore, the Annual Report on Form 10-K that accompanies this proxy statement does not include these reports. We are still required to disclose in the Annual Report on Form 10-K management s evaluation of our disclosure controls and procedures and identify any material weaknesses in our internal control over financial reporting that management or our auditors have already identified. We expect to file in April 2005, but after the date of this proxy statement, an amended Form 10-K that includes our management s report on our internal control, the attestation of the independent auditor regarding management s assessment, and management s evaluation of our disclosure controls and procedures, which may be affected by the final results of management s assessment of our internal control over financial reporting or by the assessment of our external auditors. That amended Form 10-K will be available on our website at *www.qualitydistribution.com* and will be sent to any shareholder upon request to our Corporate Secretary.

The Audit Committee also reviewed the report of management on the Company s internal control over financial reporting contained in Quality Distributions s Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC, as well as PricewaterhouseCoopers LLP s Report of Independent Registered Public Accounting Firm included in Quality Distribution s Annual Report on Form 10-K related to its audit of the consolidated financial statements and financial statement schedules. The Committee has considered carefully the implications of the material weaknesses reported by management in the Company s Annual Report on Form 10-K under the caption Item 9A Controls and Procedures as well as matters that are still pending.

The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standard No. 61, Communication with Audit Committees, and Public Company Accounting Oversight Board Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements. In addition, the Audit Committee has received from the independent auditors the written disclosure required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with them their independence from Quality Distribution and its management. The Audit Committee has considered whether the provision of permitted non-audit services by the independent auditor to Quality Distribution is compatible with the auditor s independence. There were no non-audit services provided by PricewaterhouseCoopers in 2004.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, inclusion in Quality Distribution s Annual Report on Form 10-K of the audited financial statements for the year ended December 31, 2004.

THE AUDIT COMMITTEE

Alan H. Schumacher**

Anthony R. Ignaczak

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* *The report of the Audit Committee is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.*

** *Mr. Schumacher did not become a member of the Audit Committee until May 13, 2004.*

FEES PAID TO INDEPENDENT AUDITORS IN 2004

Audit Fees

During the years ended December 31, 2004 and 2003, we were billed $1,903,000 and $997,000, respectively, for professional services rendered by PricewaterhouseCoopers LLP (*PwC*) for the audit of our annual financial statements and review of our financial statements included in our Forms 10-Q. The 2004 fees include, among other things, work on Sarbanes-Oxley compliance and on the Company s registration statement on Form S-4.

Audit-Related Fees

During the years ended December 31, 2004 and 2003, we were billed by PwC $0 and $22,500, respectively, for the audits of two of our benefit plans.

Tax Fees

We were billed by PwC $0 and $128,000 for the years ended December 31, 2004 and 2003, respectively, for tax compliance work performed.

All Other Fees

No other fees were billed by PwC during 2004 or 2003.

Our Audit Committee Charter requires that the Audit Committee be solely and directly responsible for the appointment, compensation, retention, valuation and oversight of the work of the independent auditors, including, but not limited to, approving fees, evaluating the scope of the audit, pre-approving all audit and non-audit services and reviewing all proposed audit adjustments.

SECURITY OWNERSHIP OF

CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2005 (based on 19,038,365 shares of common stock outstanding), by:

- each person known by us to be a beneficial owner of more than 5.0% of our outstanding common stock,
- each of our directors and nominees,
- each of our named executive officers, and
- all directors and executive officers as a group.

The amounts and percentage of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he or she has no economic interest. The number of shares of common stock outstanding used in calculating the percentage for each listed person includes the shares of common stock underlying options or warrants held by such person that are exercisable within 60 days of March 31, 2005, but excludes shares of common stock underlying options or warrants held by any other person.

Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

Name of Beneficial Owner	Shares of Common Stock	Percentage of Class
Thomas L. Finkbiner(1)(3)(12)	309,424	1.62%
Dennis R. Copeland(1)(3)(12)	38,703	*
Samuel M. Hensley(2)(3)		
Virgil T. Leslie(1)(3)(12)	51,284	*
Keith J. Margelowsky(1)(3)(12)	40,866	*
Marc E. Becker(4)(5)(12)	5,000	*
Robert H. Falk(4)(5)		
Robert E. Gadomski(1)		
Joshua J. Harris(4)(5)(12)	5,000	*
Anthony R. Ignaczak(6)(7)(12)	8,496	*
Richard B. Marchese(1)(7)(12)	10,162	*
Thomas R. Miklich(1)		

Donald C. Orris(1)(7)(12)	8,496	*
Eric L. Press(4)(5)(12)	2,500	*
Marc J. Rowan(4)(5)(12)	5,000	*
Alan H. Schumacher(1)(7)(12)	5,996	*
Michael D. Weiner(4)(5)(12)	5,000	*
All executive officers and directors as a group (15 persons)(13)	472,390	2.45%
Apollo Investment Fund III, L.P.(8)	10,535,312	55.34%
Cannell Capital LLC(9)	961,649	5.05%
Federated Investors(10)	1,133,100	5.95%
Wasatch Advisors, Inc.(11)	1,386,333	7.28%

* Less than 1.0%

(1) The business address for Messrs. Copeland, Finkbiner, Gadomski, Leslie, Marchese, Margelowsky, Miklich, Orris, and Schumacher is Quality Distribution, Inc., 3802 Corporex Park Drive, Tampa, FL 33619.

(2) Mr. Hensley resigned September 24, 2004. The address for Mr. Hensley is 5585 Rio Vista Drive, Clearwater, Florida 33760.

(3) The shares for certain of our executive officers include restricted stock granted under the 2003 Restricted Stock Incentive Plan, which has voting rights. The 2003 grants vest in equal installments over five years beginning December 31, 2004; the 2004 grants vest in equal installments over four years beginning December 31, 2005. Mr. Finkbiner has 41,176 shares from 2003 and 7,406 shares from 2004. Mr. Hensley resigned September 24, 2004 and forfeited all shares of restricted stock. Mr. Leslie has 5,589 shares from 2003, and 3,195 shares from 2004. Mr. Margelowsky has 3,353 shares from 2003, and 1,254 from 2004. Mr. Copeland has 3,353 shares from 2003, and 3,195 shares from 2004.

(4) The business address for Messrs. Becker, Falk, Harris, Press, Rowan, and Weiner is Apollo Management, L.P., 9 West 57th Street, New York, NY 10019.

(5) Messrs. Becker, Falk, Harris, Press, Rowan, and Weiner are each a partner and officer of certain affiliates of Apollo. Although each of Messrs. Becker, Falk, Harris, Press, Rowan, and Weiner may be deemed to beneficially own shares owned by Apollo, each such person disclaims beneficial ownership of any such shares.

(6) The business address for Mr. Ignaczak is Quad-C Management, Inc., 230 East High Street, Charlottesville, Virginia 22902.

(7) The shares for our independent outside directors (those not employees of the Company or Apollo) include restricted stock granted under the 2003 Restricted Stock Incentive Plan, which has voting rights. These shares were granted in January 2005. Each of Messrs. Ignaczak, Marchese, Orris, and Schumacher was granted 3,496 shares.

(8) Includes shares owned by Apollo Overseas Partners III, L.P., a Delaware limited partnership, and Apollo (U.K.) Partners III, L.P., a limited partnership organized under the laws of the United Kingdom, as well as 7,810 shares that are issuable upon exercise of QDI s warrants held by such entities. Also includes 136,521 shares owned by two other institutional investors as to which Apollo has sole voting power pursuant to the irrevocable proxy granted by such institutional investors in the Amended and Restated Common and Preferred Stock Purchase and Shareholder Agreement, dated as of August 28, 1998 thereto as amended by Amendment No. 1 dated April 2, 2002. That document provides that in no event shall the grant of the proxy be effective to the extent that the voting power of the proxy, when combined with the voting power of Apollo Investment Fund III, L.P., Apollo Overseas Partners III, L.P., or Apollo (U.K.) Partners III, L.P. would exceed 79.99% of the voting power of QDI. The address of Apollo Investment Fund III, L.P. is c/o Apollo Advisors III, L.P., Two Manhattanville Road, Purchase, New York 10577.

(9) Based solely on information obtained from a Schedule 13G filed by Cannell Capital LLC with the SEC on or about March 25, 2005, and without independent investigation of the disclosure contained therein. The business address of Cannell Capital LLC is 150 California Street, San Francisco, CA 94111. The entity has shared investment power and shared voting for all 961,649 shares. Cannell Capital LLC is an investment advisor. The report is filed jointly by Cannell Capital LLC and J. Carlo Cannell whose address is the same as Cannell Capital LLC; The Anegada Master Fund Limited, whose address is c/o Bank of Butterfield International (Cayman) Ltd., 68 Fort Street, George Town, Grand Cayman, Cayman Islands; The Cuttyhunk Fund Limited, whose address is 73 Front Street, Hamilton, Bermuda HM 12; Tonga Partners L.P., whose address is the same as Cannell Capital LLC; GS Cannell Portfolio, LLC, whose address is 701 Mount Lucas Road, CN 850, Princeton, NJ 08542; and Pleiades Investment Partners LP, whose address is 6022 West Chester Pike, Newtown Square, PA 19073.

(10) Based solely on information obtained from a Schedule 13G filed by Federated Investors, Inc. with the SEC on or about February 14, 2005, and without independent investigation of the disclosure contained therein. The business address of Federated Investors is Federated Investors Tower, Pittsburgh, PA 15222. The entity has sole investment power and sole voting for all 1,133,100 shares. The report is filed jointly by Federated Investors, Inc. and Voting Shares Irrevocable Trust; John F. Donahue; Rhodora J. Donahue; and J. Christopher Donahue. The address for the Trust and for the Donahues is the same as Federated Investors.

(11) Based solely on information obtained from a Schedule 13G filed by Wasatch Advisors, Inc. with the SEC on or about February 14, 2005 and without independent investigation of the disclosure contained therein. The business address of Wasatch Advisors, Inc. is 150 Social Hall Avenue, Salt Lake City, UT 84111. The entity has sole investment power and sole voting for all 1,386,333 shares.

(12) The shares for certain of our executive officers and directors include stock options that have vested as of March 31, 2004 or will vest within 60 days thereafter. Mr. Finkbiner has 116,000 vested options, Mr. Copeland has 21,250 vested options, Mr. Leslie has 42,500 vested options, Mr. Margelowsky has 21,250 vested options, Mr. Marchese has 6,666 vested options, each of Messrs. Harris, Weiner, Rowan, Becker, Ignaczak, and Orris has 5,000 vested options, and each of Mr. Press and Mr. Schumacher has 2,500 vested options.

(13) The shares for all executive officers and directors as a group include 95,227 shares of restricted stock and 221,416 options that have vested or will vest within 60 days.

EXECUTIVE COMPENSATION

The following table sets forth the total compensation paid by QDI for services rendered by our Chief Executive Officer, our two other most highly compensated executive officers and two former highly compensated executive officers (the *Named Executive Officers*) during the years ended December 31, 2004, 2003 and 2002. Three of our current executive officers joined the Company during 2004 and, as a result, did not earn $100,000 in salary and bonus during the year.

Summary Compensation Table

	Annual Compensation		Long-Term Awards	
Year	Salary$	Bonus$	Restricted Stock Awards ($)(1)	Securities Underlying Options (#)
2004	264,053		62,584	
2003	254,273	69,000	700,000	
2002	253,545			
2004	174,147		27,000	
2003	167,514	5,000	57,000	
2002	164,764			
2004	165,577			
2003	195,962	25,000	90,000	
2002	20,250			
2004	218,077		27,000	
2003	194,204	50,000	95,000	
2002	172,543			
2004	171,346		10,600	
2003	159,824	10,000	57,000	
2002	156,352			

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

- *Restrictions on Solicitations of Other Offers (see pag*

- The merger agreement provides that, until 11:59 p.m., New York time, on March 14, 2007 (shop period), we were permitted to initiate, solicit and encourage any acquisition proposa (including by way of providing information), enter into and maintain discussions or negoti concerning an acquisition proposal for us or otherwise cooperate with, assist or participate in, or fac any such inquiries, proposals, discussions or negotiations or the making of any acquisition propo

us, with no obligation to negotiate with P

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

- The merger agreement provides that, from and after the expiration of the go shop period, generally not permit

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

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

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

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

- by mutual written consent of Laureate, Parent and Merge

- by either Laureate or Par

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

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

- our stockholders fail to approve the merger agreement at the special stockholders meeting cal
that purpose or any adjournment th

- by Laure

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

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

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

- by Parent or Merger S

- a breach by Laureate of any representation, warranty, covenant or agreement in the m

agreement that is incapable of being cured by September 21, 2007 occurs that would give rise
failure of certain conditions to closing (unless Parent or Merger Sub is then in material breach
merger agreer

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

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

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

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

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

The Special M

See Questions and Answers About the Special Meeting and the Merger beginning on page 75 and The Spec beginning on p

Other Important Conside

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

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

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

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

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

- the merger will result in the receipt by Messrs. Becker and Hoehn-Saric of $60.50 in cash, w
interest and less any applicable withholding taxes, for each share of the Company s common sto
by them in their respective 401(k) accounts as well as the accelerated vesting and cash-out of all
Company s stock options and restricted shares held by the Company s directors and executive
(subject to certain exceptions as described under the caption Special Factors Interests of the C
Directors and Executive Officers in the Merger on pa

- Messrs. Wilson and McGuire will receive monthly compensation of between $15,000 and $4
for their service on the special committee and Mr. Pollock will be reimbursed for expenses he inc
connection with his service on the special committee. See Special Factors Interests of the C
Directors and Executive Officers in the Merger on p

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SPECIAL FAC

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

Background of the

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

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

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

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

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

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

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

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

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

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

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

committee, Mr. Wilson sent a letter to Mr. Becker that afternoon requesting that Mr. Becker withdraw his proposal and a
him that the special committee would remain in place to develop a process to receive an offer should Mr. Becker desire t
such an offer. On September 23, 2006, Mr. Becker wrote to Mr. Wilson withdrawing his proposal of September 1

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

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

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

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

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

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

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

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

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

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

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

On November 30, 2006, Morgan Stanley received a call from Goldman Sachs indicating that Mr. Becker was planning to a proposal on or before the December 11, 2006 Laureate board meeting. Based on that call, on December 4, 2006, Stanley asked Goldman Sachs to provide an update regarding the process prior to that board meeting. In respo December 6, 2006, Mr. Becker sent a letter to the board of directors proposing to acquire the Company at a price of $56 share. In his letter, Mr. Becker indicated that he anticipated financing the acquisition through $1.5 billion of debt financin million of mezzanine debt at a newly formed holding company and approximately $1.6 billion of

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

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

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

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

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

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

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

notwithstanding the fact that one of the potential investors declined to pursue the transaction given the increase i

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

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

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

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

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

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

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

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

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

After the conclusion of the meeting, the Company, Parent and Merger Sub executed the merger agreement and issued release announcing the merger and describing the go sho

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

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

The Cooperation Agr

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

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

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

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

The Special Co

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

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

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

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

- the fact that the projections of the Company s management underlying the Company s busi are predicated on continued acquisitions, which acquisitions may become more difficult to find, m be of the same caliber as acquisitions to date and may become more complex, increasingly cost more difficult to execute in future

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

- the likelihood that the Company will encounter increased competition in the key market segme Latin Am

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

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

- the possible decline in revenue growth rates in Europe and Latin America as the markets b satu

- the possible decline in the rate of growth of new student enroll

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

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

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

- the Company s recent management changes and senior management additions in Latin Ameri given the Company a management team that is highly experienced but unproven in successfully ru

the Company s Latin American operations, which may, among other things, make it more difficul
Company to make and integrate profitable acquisitions in the region in the short ter

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

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

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

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

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

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

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

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

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

- the terms and conditions of the merger agreement, incl

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

- the provision of the merger agreement allowing the board of directors or the special commi
  withdraw or change its recommendation of the merger agreement, and to terminate the m
  agreement, in certain circumstances relating to the presence of a superior pro

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

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

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

- the special committee s belief that it was adequately informed about the extent to which the i of certain directors and members of management in the merger differed from those of the Com other stockh

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

- that, to the knowledge of the special committee, the Company s stockholders, inclu Company s employees, other than the Rollover Investors and members of the Investor Group w the Company s common stock, would have no ongoing equity participation in the Company follow merger, and that such stockholders would cease to participate in the Company s future earnings or if any, or to benefit from increases, if any, in the value of the Company s common stock, and wo participate in any potential future sale of the Company to a third

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

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

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

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

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

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

- the merger agreement restrictions on the conduct of the Company s business prio

consummation of the merger, generally requiring the Company to conduct its business only
ordinary course, subject to specific limitations, which may delay or prevent the Company
undertaking business opportunities that may arise pending consummation of the m

- the risks and costs to the Company if the merger is not consummated including the divers
management and employee attention, potential employee attrition and the potential effect on busine
customer relation

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

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

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

- that Parent s obligation to consummate the merger is subject to certain conditions outsid
Company s control, including Parent obtaining debt financing and the receipt of certain respons
the DOE to the pre-acquisition review filed with that department with respect to the participat
Walden University in the DOE s Title IV student financial assistance pr

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

- that the special committee consists solely of directors who are not officers or contr
stockholders of the Company, or affiliated with Mr. Becker, any other member of the Investor Gr
any of their affi

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

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

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

- that the special committee retained and was advised by Morgan Stanley and Merrill Lyn
financial adv

- in making its decision to retain Pillsbury, the special committee considered the fact that Pillsbu
represented another special committee of the Company s board of directors in connection
Company s disposition of its K-12 assets in 2003 and determined that this prior assignment wo
impede the ability of Pillsbury to render independent legal a

- in making its decision to retain Morgan Stanley and Merrill Lynch, the special committee too account potential conflicts that Morgan Stanley and Merrill Lynch might have, and the fact that n Morgan Stanley nor Merrill Lynch has provided investment banking or other services to the Comp the last two years and determined that both Morgan Stanley and Merrill Lynch would be able to independent financial a

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

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

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

- that the special committee was involved in extensive deliberations over a period of approxi five months regarding the proposal, and was provided with access to the Company s manageme directly and in connection with the due diligence conducted by its adv

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

- that the special committee had ultimate authority to decide whether or not to proceed transaction or any alternative thereto, subject to the board of directors approval of the merger merger agreement, as required by Marylan

- that the special committee was aware that it had no obligation to recommend any transa including the proposal put forth by Mr. B

- that the terms and conditions of the merger agreement and related agreements were desig encourage a superior proposal, incl

- a 45-day go shop period to solicit alternative acquisition proposals and, under certain circu after the expiration of the go shop period, to respond to inquiries regarding acquisition propo upon payment of a termination fee, to terminate the merger agreement in order to enter in agreement for a superior pro

- an agreement from Mr. Becker to cooperate in the go shop

- an agreement from Mr. Becker to work with third-party acquirors during a transitional perio that he reaffirms his obligations under his employment agreement not to compete with them in the an alternative transaction was consumm

- provisions, during the go shop period, denying Parent and Merger Sub the right to m superior pro

- restrictions, during the go shop period, on the ability, subject to exceptions, of Parent, Me and the members of the Investor Group to retain additional financial advisors and exclusiv financing so

- restrictions, during the go shop period, on the ability, subject to exceptions, of Parent, Me
and the members of the Investor Group to seek or obtain any additional equity commitments or fina
in respect to the proposed merger and the related transaction

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

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

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

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

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

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

Our Board of Di

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

- determined that the merger agreement, the merger and the other transactions contemplated th
are advisable, fair to and in the best interests of, the unaffiliated stockholders of the Com

- exempted the merger and the other transactions contemplated by the merger agreement fro
Maryland business combination statute and any acquisition of shares of the Company s commo
pursuant to the merger and transactions contemplated by the merger agreement from the Ma
control share acquisitio

- approved various related agreement

- directed that the approval of the merger be submitted to a vote of the Company s stockhold
recommended that the stockholders approve the merger and the merger agreement and the transa
and matters contemplated th

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

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

- the unanimous determination and recommendation of the special comm

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

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

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

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

- the factors considered by the special committee, including the positive factors and potential be of the merger agreement, the risks and potentially negative factors relating to the merger agreemen the factors relating to procedural safeg

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

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

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

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

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

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

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

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

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

The purpose of any exercise by Messrs. Becker and/or Hoehn-Saric of their options (which as described below under Po the Sterling Founders, certain affiliated trusts and SCP II as to Fairness, may be deemed to be the first step in a goin transaction) would be to acquire additional shares of the Company s common stock pursuant to the terms of those o order to vote those shares in favor of the approval of the merger agreement and the merger if those shares are eligible to b at the special meeting. If Messrs. Becker and Hoehn-Saric both exercise all options held by them as of March 15, 200 aggregate ownership of the Company s common stock would increase from approximately 1.5% of the outstanding approximately 6.3% of the outstanding

Purposes and Reasons of Parent, Merger Sub and the Sp

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

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

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

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

Opinions of the Special Committee s Financial A

Opinion of Morgan Stanley & Co. Incorp

The special committee retained Morgan Stanley to provide it with financial advisory services in connection with a possib merger or other strategic business combination or a potential recapitalization or restructuring plan for Laureate. The committee selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expe reputation as an advisor to special committees in affiliate transactions. At the meeting of the Laureate board of direc January 28, 2007, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of January 28, 20 based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the considerati received by holders of shares of the Company s common stock pursuant to the merger agreement (other than the Investors and Parent and its subsidiaries) was fair from a financial point of view to such h

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

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

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

- reviewed certain publicly available financial statements and other business and financial inform of Lau
- reviewed certain internal financial statements and other financial and operating data conc Laureate prepared by the management of Lau
- reviewed certain financial projections prepared by the management of Lau
- discussed the past and current operations and financial condition and the prospects of Laureat senior executives of Lau
- reviewed the reported prices and trading activity for the Company s commo
- compared the financial performance of Laureate and the prices and trading activity of the Com common stock with that of certain other comparable publicly-traded companies and their secu
- reviewed the financial terms, to the extent publicly available, of certain comparable acqu transac
- participated in discussions and negotiations among representatives of Laureate, Parent an financial and legal adv
- reviewed the merger agreement, the equity rollover commitments, the voting agreement be Parent, Messrs. Becker and Taslitz and the Becker Trusts, the financing commitments of Pare Merger Sub (as defined in the merger agreement), substantially in the form of the drafts January 28, 2007, and certain related document
- performed such other analyses and considered such other factors as Morgan Stanley de appro

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Comparable Company Analysis. Morgan Stanley performed a comparable company analysis, which att
to provide an implied value of a company by comparing it to similar companies. Morgan S
compared certain financial information of Laureate with publicly available consensus equity re
estimates for other companies that shared similar business characteristics of Laureate. Although n

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

- Apollo
- Career Edu
- Corinthian Co
- I
- ITT Educational Se
- Strayer Edu

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

- the ratio of price to estimated earnings per share, defined as net income divided by fully d shares outstanding, for calendar years 2006, 2007 and 2008 (based on publicly available equity re estim
- the ratio of price to estimated calendar year 2007 earnings per share (based on publicly ava equity research estimates) divided by the long-term earnings per share growth rate (based on the pu available I/B/E/S mean esti
- the ratio of aggregate value, defined as market capitalization plus total debt (including mi interests) less cash and cash equivalents, to estimated calendar years 2006, 2007 and 2008 EBI defined as earnings before interest, taxes, depreciation and amortization, reflecting 100% consolid including minority interests (based on publicly available equity research estimates
- the ratio of aggregate value to estimated calendar year 2007 EBITDA (based on publicly ava equity research estimates) divided by the compounded annual growth rate of calendar years 2006 EBI

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

Aggregate Value to 2007E EBITDA	Laureate Financial Statistic ($ in millions)	Comparable Company Multiple Range		Implied Value Per Share of Laureate		Implie Transa Multip
Research Case	$ 253	8.0x	13.0x	$ 29	$53	14.
Management Base Case	$ 273	8.0x	13.0x	$ 32	$57	13.
Management Case with Acquisitions	$ 310	8.0x	13.0x	$ 38	$66	12.

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common sto
than the Rollover Investors and Parent and its subsidiaries) was

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

- all U.S. cash transactions with aggregate values greater than $100 millio
- all U.S. leveraged buyout transactions with an aggregate value greater than $100 m

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

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

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common sto
than the Rollover Investors and Parent and its subsidiaries) was

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

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

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

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

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common sto
than the Rollover Investors and Parent and its subsidiaries) was

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

The following table summarizes Morgan Stanley s

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

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common sto
than the Rollover Investors and Parent and its subsidiaries) was

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

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

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

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

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

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

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common sto than the Rollover Investors and Parent and its subsidiaries) was

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

that represented a multiple of 8.5x-9.5x forecasted calendar year 2012 estimated EBITDA. Morgan Stanley added La forecasted calendar year-end 2011 cash balance and subtracted Laureate s forecasted calendar year-end 2011 debt outsta calculate Laureate s calendar year-end 2011 equity value range. Based on Laureate s assumed calendar year-end 2 value range and Morgan Stanley s assumption that financial sponsors would likely target 5-year internal rates of return c 25%, Morgan Stanley derived a range of implied values per share that a financial sponsor might be willing to pay to Laureate. These ranges are detailed

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

Morgan Stanley noted that the consideration per share to be received by holders of shares of the Company s common sto than the Rollover Investors and Parent and its subsidiaries) was

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

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

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

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

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

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

Opinion of Merrill Lynch, Pierce, Fenner and Smith Incor

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

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

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

In arriving at its opinion, Merrill Lynch, among other

- reviewed certain publicly available business and financial information relating to the Co that Merrill Lynch deemed to be rel
- reviewed certain information, including financial forecasts, relating to the business, ear cash flow, assets, liabilities and prospects of the Company furnished to Merrill Lynch by the Com
- conducted discussions with members of senior management of the Company concerni matters described in the preceding two bullet p
- reviewed the market prices and valuation multiples for the Company s common st compared them with those of certain publicly traded companies that Merrill Lynch deemed rel
- reviewed the results of operations of the Company and compared them with those of c publicly traded companies that Merrill Lynch deemed to be rel
- compared the proposed financial terms of the merger with the financial terms of certain transactions that Merrill Lynch deemed to be rel

- participated in certain discussions and negotiations among representatives of the s committee and Parent and their financial and legal adv

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

- reviewed such other financial studies and analyses and took into account such other matt Merrill Lynch deemed necessary, including its assessment of general economic, market and mo cond

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information sup otherwise made available to it, discussed with or reviewed by or for it, or that was publicly available. Merrill Lynch assume any responsibility for independently verifying such information and did not undertake any independent evalu appraisal of any of the assets or liabilities of the Company and it was not furnished with any such evaluation or appraisal, it evaluate the solvency or fair value of the Company under any state or federal laws relating to bankruptcy, insolv similar matters. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the prope facilities of the Company. With respect to the financial forecast information furnished to or discussed with Merrill Lynch Company, Merrill Lynch assumed that this information had been reasonably prepared and reflected the best currently av estimates and judgment of the Company s management as to the expected future financial performance of the Company Lynch expresses no opinion as to such financial forecast information or the assumptions on which it was based. Merril assumed that the final form of the merger agreement and related transaction documents would be substantially similar to drafts reviewe

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

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

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

The management base case projections and the management acquisitions case projections referenced below are estimate
Company s future over the fiscal years 2007 through 2011 prepared by the Company s management. The managemen
projections reflect management s estimates as to the future performance of the Company assuming the Company compl
limited unidentified acquisitions. The management acquisitions case projections reflect management s estimates of t
performance of the Company assuming significant unidentified acquisitions by the Company. These projections w
prepared with a view toward compliance with SEC published guidelines or under generally accepted accounting principle
United

Merger Consideration to be Received by Holders of the Company s Commo

Implied Premium Analysis. Merrill Lynch reviewed the average trading price of the Company s c
stock for the one-month, three-month, six-month and one-year periods ended January 4, 2007, t
trading day before the special committee authorized negotiations on the basis of the $60.50 cash
submitted by Mr. Becker. The following table reflects the implied percentage premium that the $60
cash per share merger consideration represents to these various average closing prices and to the $
closing price for Company s shares on January 4

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

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

- the transaction or enterprise value as a multiple of both 2006 and 2007 estimated ea
before interest, taxes, depreciation and amortization, or EBITDA, for the Company, which we refe
EBITDA Mul

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

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

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

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

as of January 4, 2007, enterprise values calculated based on these share prices and each company s net debt as reflec most recent publicly available balance sheet, and estimates of EBITDA, EBIT and EPS for these companies derive estimates published by selected Wall Street research a

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

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

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

Company Valuation A

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

Research Analyst Stock Price Targets. Merrill Lynch reviewed price targets for the Company s shares r published by Wall Street research analysts and observed that these price targets ranged from $53 $62.00. Merrill Lynch discounted these price targets to present value using a discount rate of based on Merrill Lynch s estimate of the equity cost of capital of the Company and observed discounted price targets ranged from $46.49 to $54.39. Merrill Lynch observed that the $60.50 per merger consideration was in excess of, and the $49.15 closing price for Company s shares on Jar 2007 was within, this range of discounted price targets for the Company s

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

companies because they engage in businesses and have operating profiles reasonably similar to those of the Compa
selected companie

- Apollo Group
- Career Education Corpor
- Corinthian Colleges
- DeVr
- ITT Educational Services
- Lincoln Educational Services Corpor
- Strayer Education, Inc
- Universal Technical Institut

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

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

- EBITDA Multiples based on 2006 and 2007 estimated EBITDA and enterprise
calculated as described a
- P/E Multiples based on 2006 and 2007 estimated EPS and the closing share price
January 25, 200
- 2006 and 2007 P/E Multiples as multiples of estimated EPS gr

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

Merrill Lynch compared the maximum, mean, median and minimum implied multiples it calculated for the com
companies to the implied multiples it calculated for the Company. The results of Merrill Lynch s comparison are reflect
followin

	2006 EBITDA Multiple	2007 EBITDA Multiple	2006 P/E Multiple	2007 P/E Multiple	2006 P/E Multiple to EPS Growth	2007 P/ Multip EPS Gr
Maximum	16.4x	13.9x	38.6x	31.4x	2.1x	2.3
Mean	11.4x	10.2x	25.8x	24.1x	1.6x	1.5
Median	10.1x	9.1x	26.3x	25.0x	1.6x	1.5
Minimum	7.2x	6.9x	16.7x	16.7x	1.1x	1.1
Company	15.0x	12.2x	24.5x	19.7x	1.07x	0.8

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

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

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

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

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

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

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

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

Analysis of Discounted Future Share Price. Merrill Lynch calculated ranges of implied share prices f Company in 2010 by applying hypothetical forward price-to-earnings multiples ranging from 17 19.0x to management s estimates of the Company s 2010 EPS as reflected in or derived fro management base case projections, (b) the management acquisitions case projections, and (c) the guidance given by management as part of its Vision for 2010 presentation. Merrill Lynch disco 2010 implied per share values to present value using a discount rate of 14.0%. The following reflects the ranges of implied present values for a share of the Company derived by Merrill Lynch on these ana

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

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

The estimates of the Company s 2010 EPS reflected in both the management base case projections and the mar acquisitions case projections assumed that the Company would be subject to a 10% tax rate in 2010. Merrill Lynch no Company management had indicated that the Company s tax rate of approximately 10% could be continued indefinitely as cash was not withdrawn from the countries in which the Company currently has operations, for example to finance sig acquisitions, to repay indebtedness or to finance cash distributions to shareholders. To the extent that the Company pursue a significant acquisition, was required to repay indebtedness or was to return cash to shareholders, according to C management the Company s effective tax rate could go up

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

	Range of Implied Present Values Per Share			
Tax Rate	**20%**		**30%**	
Management Base Case	$ 51.21	$57.24	$ 44.12	$49.3
Management Acquisitions Case	$ 60.27	$67.36	$ 51.57	$57.6

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

In performing its discounted cash flow analyses, Merrill Lynch calculated ranges of the present value as of December 3 of the estimated free cash flows of the Company over the period of 2007 through 2011 by applying discount rates rangi 12.0% 14.0% to those estimates. Merrill Lynch also calculated ranges of terminal value amounts for the Company as o of 2011 by applying multiples ranging from 10.0x to 12.0x to the estimated 2011 EBITDA of the Company. Merril calculated the present value as of December 31, 2006 of these terminal amounts by applying discount rates ranging from 14.0%. Merrill Lynch added together the ranges of December 31, 2006 values it derived for the Company s 2007-2011 e free cash flows and for the Company s 2011 terminal value amounts to derive a range of implied enterprise valu Company as of December 31

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

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

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

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

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

	Implied Equity Value per Share			
Tax Rate	**20%**		**30%**	
Management Base Case	$ 53.02	$70.18	$ 48.51	$65
Management Acquisitions Case	$ 63.59	$86.32	$ 57.74	$80

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

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

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

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

General. The summary set forth above does not purport to be a complete description of the an performed by Merrill Lynch. The preparation of a fairness opinion is a complex and analytic p involving various determinations as to the most appropriate and relevant methods of financial an and the application of those methods to the particular circumstances and is not necessarily suscept partial analysis or summary description. Merrill Lynch believes that selecting any portion of its an or of the summary set forth above, without considering the analyses as a whole, would cre incomplete view of the process underlying Merrill Lynch s opinion. Merrill Lynch u methodologies summarized above because it deemed those valuation methodologies to be the relevant and appropriate in connection with the preparation of its opinion. In arriving at its op Merrill Lynch considered the results of all its analyses and did not attribute any particular weight analysis or factor considered by it. Merrill Lynch made its determination as to fairness on the basis experience and professional judgment after considering the results of all such analyses. The an performed by Merrill Lynch include analyses based upon forecasts of future results, which results m

significantly more or less favorable than those suggested by Merrill Lynch s analyses. The anal
not purport to be appraisals or to reflect the prices at which the Company s common stock may
any time after announcement of the proposed merger. The analyses were prepared for purposes of M
Lynch providing its opin

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

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

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

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

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

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

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

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

Mr. Taslitz, Eric D. Becker, the trusts affiliated with each of Douglas L. Becker and Mr. Taslitz and SCP II did not partic the evaluation or in the deliberation process of the special committee nor did they participate in the conclusions of the committee or the board of directors of Laureate that the merger was fair to the Company s unaffiliated stockholders, nor undertake any independent evaluation of the fairness of the merger or engage financial advisors for these purposes. Non Sterling Founders, certain affiliated trusts or SCP II received advice from Laureate s or the special committee s legal c advisors as to the substantive and procedural fairness of the proposed merger. However, the Sterling Founders, certain af trusts and SCP II believe that the merger agreement and the merger are substantively and procedurally fair to the Co unaffiliated stockholders based upon the following

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

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

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

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

- the special committee consists solely of directors who are not officers or controlling stockhold Laureate, or affiliated with any of the Sterling Founders or the other members of the Investor Gro any of their affi

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

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

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

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

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

- the options represent pre-existing contractual rights of Messrs. Becker and Hoehn-Saric, whic them the right to acquire the shares of the Company s common stock underlying the options at ar subject to the terms of the c

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

- the acquisition of the shares underlying the options would be made directly from the Compar not from any stockholder of the Compan

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

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

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

Under a potential interpretation of the rules governing going private transactions, Parent, Merger Sub and the Sponso required to express their beliefs as to the fairness of the merger to our unaffiliated stockholders. Parent, Merger Sub Sponsors are making the statements included in this section solely for the purposes of complying with the requiren Rule 13e-3 and related rules under the Exchange Act. The views of Parent, Merger Sub and the Sponsors should construed as a recommendation to any stockholder as to how that stockholder should vote on the proposal to approve the and the merger agr

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

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

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

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

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

- the special committee consists solely of directors who are not officers or controlling stockhold Laureate, or affiliated with any of the Sterling Founders or any of the members of the Investor Gro any of their affi

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

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

- the merger will provide consideration to the Company s unaffiliated stockholders entirely which provides certainty of

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

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

The foregoing discussion of the information and factors considered and given weight by Parent, Merger Sub and the Spo connection with the fairness of the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all o their options to purchase shares of the Company s common stock, is not intended to be exhaustive but is believed to i material factors considered by Parent, Merger Sub and the Sponsors. Parent, Merger Sub and the Sponsors did no practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their positi the fairness of the merger. Parent, Merger Sub and the Sponsors believe that these factors provide a reasonable basis f position that they believe that the merger and, if applicable, the exercise by Mr. Becker and/or Mr. Hoehn-Saric of all o their options to purchase shares of the Company s common stock, are fair to the Company s unaffiliated sto

Purposes, Reasons and Plans for Laureate after the

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

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

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

- an extraordinary corporate transaction following consummation of the merger involving Lau corporate structure, business or management, such as a merger, reorganization or liquid
- the relocation of any material operations or sale or transfer of a material amount of ass
- any other material changes in our bus

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

Certain Effects of the

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

At the effective time of the merger, unless otherwise agreed between a holder and Parent or as provided below with re certain unvested restricted shares, for each share of the Company s common stock issued and outstanding immediatel the effective time of the merger (oth

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

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

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

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

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

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

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

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

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

(1) Based upon beneficial ownership as of December 31, 2006, excluding any options (whether or not exercisable), and Laur
book value at December 31, 2006 and net income for the year ended December 3

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

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

(4) Includes ownership by KJT G

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

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

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

Founders and certain affiliated trusts is that their new equity interests in Parent, whether directly or indirectly held, initially be and may not be registered under the federal securities laws, and such shares will be relatively illiquid wit active public trading market for such securities. Such equity interests will also be subject to contractual restrictions on the of the Sterling Founders and certain affiliated trusts to sell such

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

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

Effects on the Company if the Merger is Not Consun

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

Delisting and Deregistration of the Company s Comm

If the merger is consummated, the Company s common stock will be delisted from the Nasdaq Global Select M deregistered under the Exchan

Regulatory Ap

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

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

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

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

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

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

Financing of the M

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

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

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

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

Equity Fin

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

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

Debt Fin

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

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

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

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

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

The debt commitments, which, in the aggregate, total approximately $2.2 billion, expire on October 21, 20 documentation governing the senior secured credit facilities and the bridge facilities has not been finalized and, accordin actual terms of such facilities may differ from those described in this proxy sta

Conditions Precedent to the Debt Comm

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

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

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

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

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

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

- delivery of certain audited, unaudited and pro forma financial stater

- delivery of documentation and information mutually agreed to be required by regu authorities under applicable know your customer and anti-money laundering rules and reg including without limitation the PATRIOT Ac

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

Senior Secured Credit Fa

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

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

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

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

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

Guarantors. All obligations under the senior secured credit facilities will be guaranteed by each ex and future direct and indirect, wholly owned domestic subsidiary of Laureate (other than c immaterial subsidiaries to be agreed upon, other subsidiaries treated as unrestricted as to be decide any subsidiary that owns or operates a school) and, in the case of any obligations of additional borro by the borrower, in each case only to the extent permitted by applicable law, regulation and contra to the extent such guarantee would not result in adverse tax or accreditation consequences. guarantee (other than a domestic guarantee) is not provided at the time of consummation of the m despite the use of commercially reasonable efforts to do so, the delivery of the guarantee will no condition precedent to the availability of the senior secured credit facilities on the date on whi merger is consummated, but instead will be required to be delivered following the date on whi merger is consummated pursuant to arrangements to be agreed

Security. The obligations of the borrowers and the guarantors under the senior secured credit fac will be secured, subject to permitted liens and other agreed upon exceptions, by all the capital st the first-tier subsidiaries owned by Laureate and each guarantor of such facilities (limited, in the c foreign subsidiaries, to 66% of the voting stock of such subsidiaries) and substantially all prese

future tangible and intangible assets of Laureate and each other guarantor. If the security (othe

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

Other Terms. The senior secured credit facilities will contain customary representations and warr
and customary affirmative and negative covenants, including, among other things, restricti
indebtedness, liens, investments and acquisitions, sales of assets, mergers and consolidations, divi
and other distributions on or redemptions of stock and prepayments of certain subordinated indebte
The senior secured credit agreement will not contain any financial maintenance covenants, b
availability of certain baskets and other actions will be subject to compliance with an incurrenc
The senior secured facilities will also include customary events of default, including a change of c
d

High-Yield Debt Fin

Either Merger Sub or Laureate is expected to issue (i) $725 million in aggregate principal amount of senior unsecured no
(ii) $325 million in aggregate principal amount of senior subordinated notes. The notes will not be registered under the
States Securities Act of 1933, as amended (the Securities Act) and may not be offered in the United States absent r
under, or an applicable exemption from the registration requirements of, the Securities Act. The senior unsecured and
subordinated notes will be offered to qualified institutional buyers, as such term is defined in Rule 144A under the
Act, and to non-U.S. persons outside the United States in compliance with Regulation S under the Securit

Bridge F

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

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

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

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

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

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

Interests of the Company s Directors and Executive Officers in the

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

Interests of Messrs. Becker and Hoeh

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

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

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

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

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

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

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

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

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

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

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

Rollover

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

Equity Comm

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

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

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

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

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

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

- the sale of all or substantially all of the assets of Parent or the surviving corporation, as applica a person (or group of persons acting in conce

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

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

The term DCP Account Balance shall mean the amount equal to t

- the product of the number of Phantom Shares credited to the DCP and the les

- the Deal Pric

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

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

Grant of Incentive Profits I

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

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

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

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

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

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

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

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

Grant of Deal Profits

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

Carried I

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

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

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

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

- fourth, 100% of the distribution will be paid to SP-L III until SP-L III has received an amount to 12.5% of the applicable investment vehicle s total profits with respect to the interests in Par

- thereafter, 87.5% of the distribution will be paid to the Carry Investor and 12.5% of the distri will be paid to SP

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

Laureate Equity Compensation and Bonu

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

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

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

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

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

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

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

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

(1) Restricted Shares amount includes 166,000 performance share units. Reflects the paymen would be received if Mr. Becker were to receive the merger consideration for all equity intere holds. Mr. Becker intends to donate to charitable organizations 50,000 shares of the Company s c stock prior to the stockholder meeting and will not receive any cash compensation in connection w cancellation of those shares. Mr. Becker has agreed to reinvest and/or roll over his remaining sha the Company s common stock pursuant to the equity rollover commitments described on pages 6 of this proxy statement, with the exception of the shares of the Company s common stock attribu Mr. Becker in the 401(k) Plan, which will be canceled and converted into the right to receive $60 cash per share, without interest and less any applicable withholding taxes, as described beginn page 86 of this proxy state

New Stock Optio

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

Retention Agre

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

Agreements) with each of Raph Appadoo, William Dennis, Paula R. Singer, Robert W. Zentz, Rosemarie Mecca, D Nickel, Luis Lopez and Ricardo Berckemeyer (each an Executive). The Executive Retention Agreements prov severance payments and benefits, including payments and benefits in connection with a change of control (as defin and supersede any prior agreements the Executive entered into with the Company. Each Executive Retention Agreeme three-year term which automatically renews for additional one-year terms under certain circumstances. For purpose Executive Retention Agreements, change of control means any of the followi

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

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

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

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

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

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

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

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

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

For purposes of the Executive Retention Agreements, an Executive s employment shall be materially altered if material reduction in duties or adverse change in conditions of employment; (ii) a relocation of Executive s office in exc miles is required; (iii) there is a change in reporting relationship; or (iv) the Executive s targeted total compensation is d and upon written notice by the Executive, Laureate fails to cure such alteration within 3

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

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

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

Laureate Director Compensation Arrangements and Other I

As of March 15, 2007, our directors, other than Messrs. Becker and Hoehn-Saric, held options to purchase an aggr 193,000 shares of the Company s common stock at a weighted average exercise price of $38.75 per share. As of March Messrs. Becker and Hoehn-Saric held options to acquire 1,638,010 shares and 1,036,011 shares, respectively, of the Co common stock at weighted average exercise prices of $18.94 and $13.57, respectively. As with our employees ge outstanding options (whether exercisable or not exercisable) to purchase the Company s common stock held by our (other than Messrs. Becker and Hoehn-Saric) will be canceled and, in exchange for such cancellation, the holder will be to receive for each share of the Company s common stock underlying an option $60.50 less the exercise price (withou and less any applicable withholding taxes). Based on the number of options and other beneficially owned share Company s common stock held by the Company s directors (other than Messrs. Becker and Hoehn-Saric) as of March the aggregate cash payment that will be made to such directors upon the consummation of the merger is anticipat $187,989,867, based on a cash merger consideration of $60.50 pe

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

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

Indemnification and Ins

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

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

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

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

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

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

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

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

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

U.S. H

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

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

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

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

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

Non-U.S.

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

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United
(and, if required by an applicable income tax treaty, is attributable to a United States perm
establishment of the non-U.S. ho

- the non-U.S. holder is an individual who is present in the United States for 183 days or more
taxable year of that disposition, and certain other conditions are m

- Laureate is or has been a United States real property holding corporation for U.S. federal in
purposes and the non-U.S. holder owned more than 5% of Laureate s common stock at any time
the five years preceding the m

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

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

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

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

transactions described in this proxy statement relating to our other equity compensation and benefi

Certain Relationships Between Parent and La

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

Litigation Related to the

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

Fees and Expenses of the

We estimate that we will incur, and will be responsible for paying, transaction-related fees and expenses, consisting prim financial, legal, accounting and tax advisory fees, SEC filing fees and other related charges, totaling approximately $25,1 This amount includes the following estimated fees and ex

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

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE ME

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

Q: When and where is the special mee

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

Q: What matters will be voted on at the special mee

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

- to approve the merger and the merger agree
- to consider and vote on a proposal to grant the persons named as proxies discretionary autho vote to adjourn the special meeting, if necessary or appropriate, to permit further solicitation of addi pr

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

A: The board of directors recommends that you

- FOR the proposal to approve the merger and the merger agreem
- FOR the adjournment

Q: Who is entitled to vote at the special mee

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 date, there were approximately shares of the Company s common stock outst Approximately holders of record held such shares. Every holder of the Company s c stock is entitled to one vote for each such share the stockholder held as of the record

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

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

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

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

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

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

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

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

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

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

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

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

consideration from the surviving corporation promptly following the effective time of the merger without any action requ
the part of the

Q: Am I entitled to appraisal ri

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

Q: Who is soliciting my

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

Q: What do I need to do

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

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

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

- if you hold your shares in your name as a stockholder of record, by notifying our Secretary, E
W. Zentz, at 1001 Fleet Street, Baltimore, Maryland 2

- by attending the special meeting and voting in person (your attendance at the meeting will n
itself, revoke your proxy; you must vote in person at the mee

- by submitting a later-dated proxy ca

- if you have instructed a broker, bank or other nominee to vote your shares, by followi directions received from your broker, bank or other nominee to change those instruc

Q: Can I vote by telephone or electroni

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

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

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

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

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

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

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

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

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

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

Q: How are votes cou

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

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

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

Q: Who will count the v

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

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

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

Q: What effects will the merger have on Laur

A: Immediately after the effective time of the merger, Laureate will cease to be a publicly company and will be wholly owned by Parent. You will no longer have any interest in our earnings or growth. Following the consummation of the merger and application to the SE

registration of Laureate s common stock and its reporting obligations with respect to its commo
under the Exchange Act will be terminated. In addition, upon consummation of the pro

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

Q. What happens if the merger is not consumm

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

Q. Should I send in my stock certificates

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

Q. How can I obtain additional information about Lau

A. We will provide a copy of our Annual Report to Stockholders and/or our Annual Rep
Form 10-K, as amended, for the year ended December 31, 2006, excluding certain of its exhibi
other filings, including our reports on Form 10-Q, with the SEC without charge to any stockholde
makes a written or oral request to the Office of Investor Relations, Laureate Education, Inc., 100
Street, Baltimore, Maryland 21202; (410) 843-6394. Our Annual Report on Form 10-K, as amende
other SEC filings also may be accessed on the world wide web at http://www.sec.gov or on the In
Relations page of the Company s website at http://www.laureate-inc.com. Our website ad
provided as an inactive textual reference only. The information provided on our website is not part
proxy statement and, therefore, is not incorporated by reference. For a more detailed description
information available, please refer to Where You Can Find More Information beginning on

Q. Who can help answer my ques

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEM

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

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

In addition to the factors above, the risks detailed in our current filings with the SEC, including our most recent fi Forms 10-K, as amended, and 10-Q could also cause actual results to differ materially from those discusse forward-looking statements. See Where You Can Find More Information beginning on page 116. Many of the facto determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inheren forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, perfor achievements. The statements made in this proxy statement represent our views as of the date of this proxy statemen should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we ass obligation to update forward-looking statements or update the reasons that actual results could differ materially fro anticipated in forward-looking statements, except as required

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

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

Wengen Alberta, Limited Partnership, an Alberta limited partnership that was formed on January 28, 2000, has serv
holding company for inves

Merg

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

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

THE SPECIAL MEE

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

Date, Time and Place of the Special M

The special meeting is scheduled to be held as f

Date:

Time: **..m., loc**

Proposals to be Considered at the Special M

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

Recor

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

Voting Rights; Quorum; Vote Required for Ap

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

Approval of the merger and the merger agreement requires the affirmative vote of the holders of a majority of the outs
shares of the Company s common stock. For the proposal to approve the merger and the merger agreement, you may v
AGAINST or ABSTAIN. **If you abstain, it will have the same effect as if you vote against the approval of the merg**
the merger agreement. In addition, if your shares are held in the name of a broker, bank or other nominee, your broker,
other nominee will not be entitled to vote your shares in the absence of specific instructions. **These non-voted sha**
broker non-votes, will have the same effect as a vote against the approval of the merger and the merger agreem
broker, bank or nominee will vote your shares only if you provide instructions on how to vote by following the instr
provided to you by your broker, bank or no

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

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

Company s common stock. In addition, the Sterling Founders and the Becker Trusts who together own [2.52
outstanding shares of the Company s common stock as of , 2007, the record date, have entered into
agreement with Parent to vote those shares in favor of approving the merger and the merger agreement. If, in additio
shares covered by the voting agreement, our directors and executive officers vote all of their shares in favor of approv
merger and the merger agreement, [8.93%] of the outstanding shares of the Company s common stock will have been
the proposal to approve the merger and the merger agreement. This means that additional holders of approximately [41.0
all shares entitled to vote at the special meeting would need to vote for the proposal to approve the merger and the
agreement in order for it to be adopted. In addition, if Messrs. Becker and Hoehn-Saric were to exercise the vested por
their respective options to purchase shares of the Company s common stock on or prior to the record date, the Sterling
and the Becker Trusts collectively would be entitled to vote shares of the Company s common stock representing appro
[7.13%] of the outstanding shares of the Company s comm

Voting and Revocation of

Stockholders of record may submit proxies by mail. Stockholders who wish to submit a proxy by mail should mark, da
and return the proxy card in the envelope furnished. If you hold your shares in your name as a stockholder of record, y
vote by telephone or electronically through the Internet by following the instructions included with your prox
Stockholders who hold shares beneficially through a nominee (such as a bank or broker) may be able to submit a proxy b
telephone or the Internet if those services are offered by the no

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

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

- if you hold your shares in your name as a stockholder of record, by notifying our Secretary, E
W. Zentz, at 1001 Fleet Street, Baltimore, Maryland 2

- by attending the special meeting and voting in person (your attendance at the meeting will n
itself, revoke your proxy; you must vote in person at the mee

- by submitting a later-dated proxy ca

- if you have instructed a broker, bank or other nominee to vote your shares, by followi
directions received from your broker, bank or other nominee to change those instruc

Please do not send in your stock certificates with your prox

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

No Dissenters

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

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

Solicitation of

This proxy solicitation is being made and paid for by Laureate on behalf of its board of directors. In addition, we have r
MacKenzie Partners, Inc. to assist in the solicitation. We will pay MacKenzie Partners, Inc. approximately $50,0
out-of-pocket expenses for their assistance. Our directors, officers and employees may also solicit proxies by personal int
mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remunera
their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial ow
shares of the Company s common stock that the brokers and fiduciaries hold of record. We will reimburse them
reasonable out-of-pocket expenses in connection therewith. In addition, we will indemnify MacKenzie Partners, Inc. agai
losses arising out of that firm s proxy soliciting services on ou

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

Other B

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

Questions and Additional Infor

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of thi
statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, MacKenzie Partners, Inc., toll
(800) 322-2885 or contact Laureate in writing at our principal executive offices at 1001 Fleet Street, Baltimore, M
21202, Attention: Robert W. Zentz, Secretary, or by telephone at (410) 84

Availability of Doc

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

THE MERGER AND THE MERGER AGREE

(PROPOSAL

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

The

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

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

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

Merger Consid

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

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

Treatment of Options, Restricted Shares and Performance Shar

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

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

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

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

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

The effect of the merger on our other employee benefit plans is described below under Employe

Payment for the

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

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

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

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

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

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

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

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

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

Representations and War

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

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

- due organization, power and standing and other corporate m
- authorization, execution, delivery and enforceability of the merger agreement and r
m

- the consents Laureate is required to obtain and the regulatory filings Laureate is requi
make in connection with entry into the merger agreement and consummating the merger and r
transac

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

- capitaliz

- subsidiaries and joint ven

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

- compliance with Sarbanes-Oxley and establishment and maintenance of internal fin
co

- undisclosed liab

- the accuracy and compliance of this proxy statement and related SEC filings with appl
legal requiren

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

- the absence of litig

- tax matters, employee benefit plans and ERISA compl

- compliance with applicable

- the absence of undisclosed finder

- the receipt of opinions from our financial advisor

- anti-takeover provi

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

- due organization, power and standing and other corporate m

- authorization, execution, delivery and enforceability of the merger agreement and r
m

- the consents Parent and Merger Sub are required to obtain and the filings they are requi
make in connection with entering into the merger agreement and consummating the merger and r
transac

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

- the accuracy of the information supplied for this proxy state

- the absence of undisclosed finder

- sufficiency and effectiveness of, and no default under, the financing commitments, inc
the equity rollover commitments, and absence of undisclosed conditions with respect th

- conduct of business of Merge

- absence of undisclosed voting arrangements among investors in Parent in respect of co
acquisition proposals and superior proposa

- compliance with applicable

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

Conduct of Business Pending the

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

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

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

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

- enter into or amend any contract with any executive officer (except for certain specified cha control agreements), director or other affiliate of Laureate or any of its subsidiaries or any p beneficially owning 5% or more of Laureate s commo

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

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

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

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

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

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

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

- approve, adopt or enter into any stockholders rights plan or other anti-takeover measure u
excludes Parent, Merger Sub and any of their respective members, stockholders and affiliates fr
operation in all res

- take any action that would cause any takeover statute to apply to the merger agreement, the r
or the transactions contemplated by the merger agree

- take any action or fail to take any action which would, or would be reasonably likely to, indivi
or in the aggregate, prevent, materially delay or materially impede the ability of Laureate to consu
the merger or the other transactions contemplated by the merger agreem

- authorize, agree or commit to do any of the fore

Efforts to Consummate the M

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

- preparing and filing as promptly as practicable all documentation to effect all necessary f
consents, waivers, approvals, authorizations, permits or orders from all governmental autho
including federal and state education authorities and accrediting bodies, or other person

- in the case of Parent, enforcing any remedies available to Parent in the interim investors agre
between Parent and the members of the Investor G

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

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

Parent and Merger Sub have also agreed to use their reasonable best efforts to arrange alternative debt financing on te
less favorable, taken as a whole, to Parent and Merger Sub (as determined in Parent s reasonable judgment) th
contemplated by the financing commitments in the event any portion of such debt financing becomes unav

Parent has agreed that neither it nor any of its affiliates may award any firm or person other than Goldman Sachs and Ci
Global Markets, Inc. any financial advisory role on an exclusive basis (or until 11:59 p.m., Eastern time, on March 14, 20
additional firm or person, other than certain specified firms, on a non-exclusive basis), or engage any bank or investment
other provider of financing on an exclusive basis, in connection with the merger and the transactions contemplated by the
agreement, except that after 11:59 p.m., Eastern time, on March 14, 2007, Parent may engage one additional provider
financing and one additional financial advisor, in each case, on an exclusive basis. Until 11:59 p.m., Eastern time, on Ma
2007, and subject to limited exceptions, neither

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

Marketing

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

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

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

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

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

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

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

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

- in the event that any portion of the debt financing becomes unavailable on the terms and cond contemplated in the debt financing commitments, to use its reasonable best efforts to arrange alter financing on terms no less favorable to Parent (as determined in its reasonable judgment) as promp practi

Conditions to the M

Conditions to Each Party s Obligations. Each party s obligation to consummate the merger is subjec satisfaction or waiver of the following cond

- the merger agreement must have been approved by the affirmative vote of the holders of a ma of all outstanding shares of Laureate s commo

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

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

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

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

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

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

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

- we must deliver to Parent and Merger Sub at closing a certificate with respect to the satisfact

the foregoing conditions relating to representations, warranties, obligations, covenants and agreer

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

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

Conditions to Laureate s Obligations. Our obligation to consummate the merger is subject to the satisf or waiver of the following further cond

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

- Parent and Merger Sub must have performed in all material respects all obligations, and compl all material respects with the agreements and covenants, required to be performed by them und merger agreemen

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

Restrictions on Solicitations of Other

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

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

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

or negotia

As of such date, we had not received any acquisition pro

From and after 11:59 p.m., Eastern time, on March 14, 2007, we have agreed

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

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

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

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

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

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

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

From and after 11:59 p.m., Eastern time, on March 14, 2007, we are required to promptly (within one business day
Parent and Merger Sub in the event we receive an acquisition proposal from a person or group of related persons (oth
prior to 11:59 p.m., Eastern time, on March 29, 2007, an Excluded Party, if there had been an Excluded Party), inclu
material terms and conditions thereof and the identity of the party making the proposal, and are required to keep Par
Merger Sub apprised as to the status and any material developments, discussions and negotiations concerning the same.

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

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

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

Recommendation Withdrawal/Termination in Connection with a Superior Pr

Our board of directors (acting through the special committee if such committee still exists or otherwise by a maj disinterested directors) may, at any time prior to the approval of the merger agreement by our stockholders, withdraw (or in a manner adverse to Parent or Merger Sub) its recommendation that Laureate s stockholders approve the merge merger agreement or terminate the merger agreement if it concludes in good faith that an acquisition proposal const superior proposal but, in the event such action occurs after 11:59 p.m., Eastern time, on March 14, 2007 (or after 11:5 Eastern time, on March 29, 2007 with respect to a superior proposal received from an Excluded Party, if there had Excluded Party), only after (i) giving written notice to Parent and Merger Sub at least five calendar days in advan intention to do so and contemporaneously provided a copy of the relevant proposed transaction agreements with th making such proposal and other material documents, (ii) prior to effecting such action or terminating the merger agree enter into a definitive agreement with respect to such superior proposal, we (and cause our financial and legal advis during such five-day period, negotiate with Parent and Merger Sub in good faith (to the extent Parent and Merger Sub d negotiate) to make such adjustments in the terms and conditions of the merger agreement so that such acquisition p ceases to constitute a superior proposal, and (iii) (if the merger agreement is terminated) we pay to Parent the $110 mi $55 million termination fee as described in further detail below in Termin

Termination of the Merger Agr

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

- by mutual written consent of Laureate, Parent and Merge
- by either Laureate or Par
- the merger is not consummated on or before September 21, 2007, unless the failure to consur the merger is principally the result of, or caused by, the failure of the party seeking to exercis termination right to perform or observe any of the covenants or agreements of such party set forth merger agree
- a final and unappealable restraining order, injunction or judgment prevents the consummation merger, unless a breach by the party seeking to terminate the merger agreement is the principal ca or resulted in the final and unappealable restraining order, injunction or judgm
- our stockholders fail to approve the merger agreement at the special stockholders meeting call that purpose or any adjournment th
- by Laure
- a breach by Parent or Merger Sub of any representation, warranty, covenant or agreement merger agreement that is incapable of being cured by September 21, 2007 occurs that would give the failure of certain conditions to closing (unless Laureate is then in material breach of the r agreer
- prior to obtaining stockholder approval, we terminate the merger agreement in order to enter i agreement with respect to a superior proposal and provided that concurrently with doing so we Parent the termination fee as described below; provided, however, that in the event we take such after 11:59 p.m., Eastern time, on March 14, 2007 (or after 11:59 p.m., Eastern time, on March 29 with respect to a superior proposal received from an Excluded Party, if there had been an Exc Party), we may do so only after (i) giving written notice to Parent and Merger Sub at least five ca days in advance of our intention to do so and contemporaneously provide a copy of the relevant pro transaction agreements with the party making the superior proposal, and (ii) we (and cause our fin and legal advisors to), during such five-day period, negotiate with Parent and Merger Sub in goo (to the extent Parent and Merger Sub desire to negotiate) to make such adjustments in the term conditions of the merger agreement so that such acquisition proposal ceases to constitute a su propo
- prior to 11:59 p.m., Eastern time, on March 14, 2007, Mr. Becker had breached his coope agreement with the Company in a manner that would have materially impaired the Company s a take the actions described above that the Company was permitted to take prior to that time, provide Mr. Becker had been given reasonable notice of such breach and a reasonable cure p
- by Parent or Merger S
- a breach by Laureate of any representation, warranty, covenant or agreement in the r agreement that is incapable of being cured by September 21, 2007 occurs that would give rise failure of certain conditions to closing (unless Parent or Merger Sub is then in material breach

merger agreer

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

- Laureate willfully and materially breaches in any respect adverse to Parent or Merger S obligations not to publicly propose to withdraw or modify its recommendation that the La stockholders approve the merger and the merger agreement or take any other action or make any public statement in connection with our stockholders meeting that is inconsistent with the b recommendation that the Laureate stockholders approve the merger and the merger agreement obligations to reaffirm its recommendation that our stockholders approve the merger agreem connection with certain disclosures that we may be required to make to our stockholders under l circumst

Terminatio

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

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

We must pay a termination fee at the direction of Pa

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

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

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

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

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

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

- within 12 months after such termination, we or any of our subsidiaries enter into an agreemen
respect to, or consummate, any such acquisition proposal (whether or not the same as that orig
announced or consumm

If we are obligated to pay a termination fee under the last scenario described above, any amounts we previously paid to P
expense reimbursement will be credited toward the termination fee amount payabl

Employee B

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

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

Indemnification and Ins

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

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

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

Other Cov

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

Amendment, Extension and

The parties may amend the merger agreement at any time; provided, however, that after we have obtained our stock approval of the merger, there shall be no amendment that by law requires further approval by our stockholders witho approval having been obtained. All amendments to the merger agreement must be in writing signed by us, Parent and

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

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

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

THE VOTING AGREE

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

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

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

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

NO DISSENTERS I

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

IMPORTANT INFORMATION ABOUT LAUR

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

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

Historical Selected Consolidated Financi

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

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

LAUREATE EDUCATION, INC. AND SUBSIDI
(Dollar amounts in thousands, except per shar

	Year Ended December 31,				
	2006 (1)(2)	2005 As restated (1)(2)(4)	2004 As restated (1)(2)(4)	2003 As restated (1)(2)(3)(4)	2002 As restat (1)(2)(3)(
Revenues					
Core operating segments	$ 1,145,761	$ 875,824	$ 644,821	$ 472,749	$ 336
Ventures				903	395
Total revenues	1,145,761	875,824	644,821	473,652	336,87
Costs and Expenses					
Direct Costs:					
Core operating segments	951,283	715,958	529,234	400,885	292,66
Ventures				2,122	2,592
General and administrative expense:					
Core operating segments	46,079	28,996	26,170	32,989	21,318
Ventures				1,756	4,804
Total costs and expenses	997,362	744,954	555,404	437,752	321,37
Operating income	148,399	130,870	89,417	35,900	15,496
Other income (expense)					
Interest and other income	28,336	11,789	28,179	7,003	6,905
Interest expense	(37,064)	(10,440)	(7,670)	(8,844)	(8,256
Ventures investment losses				(8,394)	(2,308
Loss on investments					(8,253
Foreign currency exchange gain (loss)	4,823	(1,503)	(957)	257	641
	(3,905)	(154)	19,552	(9,978)	(11,27
Income from continuing operations before income taxes, minority interest, equity in net income (loss) of affiliates, and cumulative effect of change in accounting principle	144,494	130,716	108,969	25,922	4,225
Income tax (expense) benefit	(24,108)	(19,667)	(6,798)	2,930	13,171
Minority interest in (income) loss of consolidated subsidiaries, net of tax:					
Ventures				487	2,058
Other	(11,420)	(24,154)	(20,476)	(15,125)	(7,074
	(11,420)	(24,154)	(20,476)	(14,638)	(5,016
Equity in net (loss) income of affiliates, net of tax:					
Ventures				(4,055)	(4,029
Other	(555)	(535)	(323)	194	309
	(555)	(535)	(323)	(3,861)	(3,720
Income from continuing operations before cumulative effect of change in accounting principle	$ 108,411	$ 86,360	$ 81,372	$ 10,353	$ 8,66
Earnings available to common shareholders:					
Income from continuing operations before cumulative effect of change in accounting principle	$ 108,411	$ 86,360	$ 81,372	$ 10,353	$ 8,66
Effect of minority put arangements	(4,214)				
Income from continuing operations before cumulative effect of change in accounting principle available to common shareholders	$ 104,197	$ 86,360	$ 81,372	$ 10,353	$ 8,66
Net Income	$ 105,623	$ 75,797	$ 61,582		
Net Income available to common shareholders	$ 101,409	$ 75,797	$ 61,582		
Income from continuing operations per common share basic	$ 2.12	$ 1.74	$ 1.76	$ 0.25	$ 0.2
Income from continuing operations per common share diluted	$ 2.04	$ 1.66	$ 1.66	$ 0.24	$ 0.2
Net Income per common share basic	$ 2.06	$ 1.53	$ 1.33		
Net Income per common share diluted	$ 1.99	$ 1.46	$ 1.26		
Income from continuing operations available to common shareholders per common share basic	$ 2.03	$ 1.74	$ 1.76		
	$ 1.96	$ 1.66	$ 1.66		

Income from continuing operations available to common shareholders per common share diluted			
Net Income available to common shareholders per common share basic	$ 1.98	$ 1.53	$ 1.33
Net Income available to common shareholders per common share diluted	$ 1.91	$ 1.46	$ 1.26

Consolidated Balance Sheet Data:					
Cash and cash equivalents and restricted cash	$ 130,589	$ 105,106	$ 106,852	$ 92,145	$ 94
Net working (deficit) capital	(173,967)	(141,518)	(77,979)	(42,221)	74,089
Current Assets	435,387	413,636			
Non-Current Assets	1,767,626	1,362,492			
Intangible assets and deferred costs, net	871,957	656,426	566,945	334,054	219,24
Net assets of discontinued operations		2,906	50,199	71,914	198,28
Total assets	2,203,013	1,776,128	1,535,395	1,154,254	973,19
Long-term debt and due to shareholders of acquired companies, including current portion, and other long-term liabilities	534,989	251,923	232,314	148,412	200,17
Current Liabilities	609,354	555,154			
Non-Current Liabilities	417,540	170,142			
Minority Interest	45,424	72,354			
Stockholders equity	1,130,695	978,478	882,182	674,162	491,07

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

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

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

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

- Effective May 1, 2002, the Company acquired an additional 20% ownership interest in Desarrollo del Conocimiento S.A. (holding company that controls and operates UDLA, for an initial cash purchase price of approximately $6.7

- Effective August 1, 2002, the Company acquired for cash all of the outstanding common stock of the Glion Group, S.A., th company of Glion, a leading hotel management school in Switzerland. The initial purchase price totaled approximately $16.9

- In November 2002, the Company completed its acquisition of substantially all the assets and certain liabilities of the Technological University (NTU) and Stratys Learning Solutions, Inc. (the holding company of NTU) for consideration of $1

(2) Effective January 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting No. 123 (revised 2004) (FAS 123R) using the modified prospective transition method and therefore has not restated results for pr During 2006 and 2005, the Company recorded non-cash stock compensation expense related to the modification of stock options. Duri the Company recorded a non-cash stock compensation expense related to the replenishment plan implementation change. These ev discussed further in Note 3 to the consolidated financial statements in the Company s Annual Report on Form 10-K, as amended, fo ended December 31, 2006 filed with the SEC on March 1, 2007. During 2003, the Company recorded a stock option modification c $21.9 million due to the sale of the K-12 Disposal Group. As a FAS 123R required disclosure in 2006, non-cash compensation ex included in the segment margins for 2006, 2005, 2004, 2003 a

(3) During 2003, the Company recorded losses on investments of $8.4 million related to the Ventures bu

The Company realized investment losses of $10.6 million in 2002. The most significant transaction giving rise to the loss was a $7.4 write-off of the Company s investment in and advances to the Frontli

(4) Effective January 1, 2006, the Company made a voluntary preferential change in its revenue recognition policies r semester-based tuition for its campus-based universities, as further described in Note 2 to the consolidated financial statements in the Co Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 filed with the SEC on March

Ratio of Earnings to Fixed C

The following presents our ratio of earnings to fixed charges for the years ended December 31, 2006 and 2005, which sh
read in conjunction with our consolidated financial statements included in our Annual Report on Form 10-K, as amended.
year ended December 31, 2006, which are incorporated herein by ref

Computation of Ratio of Earnings to Fixed C

(in millions of d

	Years Ended December 31, 2006 (Unaudited)	**2005**
Earnings:		
Income from continuing operations before income taxes, minority interest, and equity in net (loss) income of affiliates	$ 144.5	$ 13
Add (deduct):		
Fixed charges as below	38.0	11.1
Amortization of capitalized interest	0.1	0.1
Distributed income of equity investees		
Company's share of pre-tax losses of equity investees for which charges arising from guarantees included in fixed charges		
Interest capitalized	(0.3)	(0.3
Minority interest in pre-tax income of subsidiaries that have not incurred fixed charges	(11.4)	(24.2
Total earnings	$ 170.9	$ 11
Fixed Charges:		
Interest expensed and capitalized	37.4	10.7
Amortized premiums, discounts and capitalized expenses related to indebtedness	0.5	0.4
Interest within rental expense		
Total fixed charges	$ 37.9	$ 11
Ratio of earnings to fixed charges	4.51 x	10.58

Book Value Per

Our net book value per share as of December 31, 2006 was $21.99, which is substantially below the $60.50 per sha
merger consid

Projected Financial Infor

Laureate s senior management does not as a matter of course make detailed public projections as to future perfor earnings beyond the current fiscal year and is especially wary of making projections for extended earnings periods du unpredictability of the underlying assumptions and estimates. However, Laureate s senior management provide financial forecasts to the special committee, the board of directors, Morgan Stanley and Merrill Lynch in connection wi consideration of a possible transaction involving the Company. We have included a subset of these forecasts and r projections to give our stockholders access to certain nonpublic information deemed material by the special committee an of directors for purposes of considering and evaluating the merger. The inclusion of this information should not be rega an indication that the special committee, our board of directors, Morgan Stanley, Merrill Lynch, the Investor Group or an recipient of this information considered, or now considers, it to be a reliable prediction of future results. The projections s below include both the base operations of the Company on a standalone basis and upon giving effect to unidentified acqui The assumptions used in the acquisition model are set forth at the bottom of the table

Laureate advised the recipients that its internal financial forecasts, upon which the projections were based, are subje many respects. The projections reflect numerous assumptions with respect to industry performance, general business, ec market and financial conditions and other matters, all of which are difficult to predict and beyond Laureate s con projections also reflect numerous estimates and assumptions related to the business of Laureate that are inherently su significant economic, political, and competitive uncertainties, all of which are difficult to predict and many of which are Laureate s control. As a result, there can be no assurance that the projected results will be realized or that actual result be significantly higher or lower than pr

The internal financial forecasts were prepared for internal use and to assist the financial advisors to the special commit the Investor Group with their respective due diligence investigations of Laureate and not with a view toward public disclo toward complying with U.S. generally accepted accounting principles, the published guidelines of the SEC regarding pro or the guidelines established by the American Institute of Certified Public Accountants for preparation and present prospective financial information. Laureate s independent registered public accounting firm has not examined or compil the financial projections, expressed any conclusion or provided any form of assurance with respect to the financial pro and, accordingly, assumes no responsibility for them. The financial projections do not take into account any circumsta events occurring after the date they were prepared. Projections of this type are based on estimates and assumptions inherently subject to factors such as industry performance, general business, economic, regulatory, market and fi conditions, as well as changes to the business, financial condition or results of operation of Laureate, including the described under Special Note Regarding Forward-Looking Statements on page 81, which factors may cause th projections or the underlying assumptions to be inaccurate. Since the projections cover multiple years, such informatio nature becomes less reliable with each successiv

Since the date of the projections described below, Laureate has made publicly available its actual results of operations fiscal year ended December 31, 2006. You should review the Company s Annual Report on Form 10-K, as amende fiscal year ended December 31, 2006 to obtain this information. Readers of this proxy statement are cautioned not t undue reliance on the specific portions of the financial projections set forth below. No one has made or makes any represe to any stockholder regarding the information included in these projections. Laureate does not intend to update or ot revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future even in the event that any or all of the assumptions underlying the projections are shown to be i

For the foregoing reasons, as well as the bases and assumptions on which the financial projections were compiled, the in
of specific portions of the internal financial forecasts and resultant projections in this proxy statement should not be rega
an indication that such projections will be an accurate prediction of future events, and they should not be relied on a
Except as required by applicable securities laws, Laureate does not intend to update, or otherwise revise the financial proj
or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence o
events, even in the event that any or all of the assumptions are shown to be i

	2006	2007	2008	2009	2010	2011	2012	CAGR 06- 10	CAG 06
SUMMARY OF KEY ITEMS: BASE VS. ACQ									
REVENUE									
Base Operations	1,145	1,307	1,489	1,758	2,046	2,349	2,674	15.6 %	15.2
Unidentified Acquisitions		157	305	489	652	786	930	nm	nm
Total	1,145	1,464	1,794	2,247	2,699	3,135	3,604	23.9 %	21.1
EBITDA, 100%, Pre-FAS 123(1)(2)									
Base Operations	218	281	338	429	520	592	715	24.3 %	21.9
Unidentified Acquisitions		37	72	118	162	203	250	nm	nm
Total	218	318	410	547	682	795	965	33.1 %	28.2
EBITDA 100% Margin									
Base Operations	19.0 %	21.5 %	22.7 %	24.4 %	25.4 %	25.2 %	26.8 %		
Unidentified Acquisitions	nm	23.7 %	23.8 %	24.0 %	24.8 %	25.9 %	26.9 %		
Total	19.0 %	21.7 %	22.9 %	24.3 %	25.3 %	25.4 %	26.8 %		
Pro Rata EBITDA, Pre-FAS 123(2)(3)									
Base Operations	203	256	309	403	488	553	670	24.5 %	22.0
Unidentified Acquisitions		30	58	94	129	163	200	nm	nm
Total	203	285	367	497	617	716	870	32.0 %	27.4
EBIT, Pre-FAS 123 100%(2)									
Base Operations	156	204	245	317	385	466	601	25.3 %	25.2
Unidentified Acquisitions		26	50	80	109	137	169	nm	nm
Total	156	230	295	397	494	604	770	33.4 %	30.5
EBIT Margin									
Base Operations	13.6 %	15.6 %	16.5 %	18.1 %	18.8 %	19.9 %	22.5 %		
Unidentified Acquisitions	nm	16.8 %	16.4 %	16.3 %	16.8 %	17.5 %	18.1 %		
Total	13.6 %	15.7 %	16.5 %	17.7 %	18.3 %	19.3 %	21.4 %		
EPS, Post-FAS 123(2)(4)(5)									
Base Operations	2.10	2.46	3.18	4.24	5.08	6.05	7.70	24.8 %	24.2
Total, including Unidentified Acquisitions	2.10	2.60	3.55	4.21	5.70	7.28	9.29	28.4 %	28.2
EPS Growth									
Base Operations	nm	17.2 %	29.4 %	33.5 %	19.8 %	19.1 %	27.2 %		
Total, including Unidentified Acquisitions	nm	24.1 %	36.6 %	18.4 %	35.5 %	27.8 %	27.6 %		
								Total	
								07- 10	**07-**
CAPEX									
Base Operations	186	199	213	206	226	250	266	843	1,360
Unidentified Acquisitions		30	53	82	101	109	114	267	489
Total	186	229	266	289	327	359	380	1,110	1,849

(1) EBITDA, 100% refers to the consolidated EBITDA of Laureate

(2) In 2006, the Company changed its method of accounting for stock-based compensation upon the adoption of Statement of F
Accounting Standards No. 123(R), Shared-Based Payment. Pre-FAS 123 EBITDA and EBIT projections exclude the finan
expensing stock options under SFAS No. 123R. Post-FAS 123 EPS projections include the financial impact of expensing stock op
SFAS N

(3) Pro Rata EBITDA refers to Laureate s proportional share of EBITDA based on its projected percentage ownership relativ
owners of certain university op

(4) The Company formally implemented Accounting Series Release 268 (ASR 268) and EITF Issue No. 00-4 (EITF 00-4) the January 28, 2007 Board of Directors meeting. The Company has revised its projections for 2007 but has not revised its projections and beyond given the uncertainty and timing of the calls for the minority ownership put call rights. The company has estimated an EP of ($0.60) and ($0.51) for the first quarter and full ye

(5) The EPS calculations presented by the Company s senior management reflect a number of assumptions regarding the financ of repatriating to the U.S. funds generated from its foreign operations. The Company has not previously executed such a repatriation stra the actual financial impact could vary significantly from the assumptions underlying the

Market Price and Dividen

Laureate s common stock trades on the Nasdaq Global Select Market under the ticker symbol LAUR . The high ar prices for 2006 and 2005 for the Company s common stock are set out in the following table. These prices are as rep Nasdaq, and reflect inter-day price quotations, without retail mark-up, mark down or commission, and may not nec represent actual trans

	High	Low	Cas Div Dec
FISCAL YEAR ENDED DECEMBER 31, 2005			
First Quarter	$ 48.20	$ 41.83	$
Second Quarter	48.55	40.56	
Third Quarter	50.51	41.39	
Fourth Quarter	54.95	46.69	
FISCAL YEAR ENDED DECEMBER 31, 2006			
First Quarter	$ 55.22	$ 50.00	$
Second Quarter	$ 54.64	$ 42.51	
Third Quarter	$ 49.40	$ 40.52	
Fourth Quarter	$ 53.59	$ 47.48	
FISCAL YEAR ENDING DECEMBER 31, 2007			
First Quarter (through March 15, 2007)	$ 62.15	$ 48.25	$

The closing sale price of the Company s common stock on the Nasdaq Global Select Market on December 26, 2006 trading day prior to the submission by Mr. Becker of his final offer for all of Laureate s common stock of $60.50 per sh $49.56 per share. The closing sale price of the Company s common stock on the Nasdaq Global Select Market on Ja 2007, the last trading day prior to the decision by the special committee to negotiate with Mr. Becker based on his final $60.50 per share, was $49.15 per share. The $60.50 per share to be paid for each share of Company common stock in the represents a premium of approximately 23% to the closing price on January 4, 2007. The closing sale price of the Co common stock on the Nasdaq Global Select Market on January 26, 2007, the last trading day prior to the execution of the agreement and the public announcement of the merger, was $54.41 per share. The $60.50 per share to be paid for each s the Company s common stock in the merger represents a premium of approximately 11% to the closing price on Jan 2007, a premium of approximately 1% to the average closing price for the 30 trading days ended March 15, 2007, a prem approximately 11% to the average closing price for the 90 trading days ended March 15, 2007, and a premium of approx 48% to the 52-week low closing price for the 12-month period ended March 15, 2007. On , 2007, the mos practicable date before this proxy statement was printed, the closing price for the Company s common stock on th Global Select Market was $ per share. You are encouraged to obtain current market quotations for the Company s stock in connection with voting your

Security Ownership of Certain Beneficial Owners and Manag

The following table sets forth information regarding the beneficial ownership of our common stock as of March 15, 2007 otherwise not

- each person or entity that Laureate knows to beneficially own more than 5% of the Com common
- each of our current directors and executive of
- all of our directors and executive officers as a g
- Mr. Taslit

- each of the Sponsors and each person controlling such entities, together with each associa
majority-owned subsidiary thereof, in each case who beneficially owns outstanding shares
Company s commo

The percentages of shares outstanding provided in the tables are based on 51,881,859 voting shares of the Company s
stock outstanding as of March 15, 2007. Beneficial ownership is determined in accordance with the rules of the S
generally includes voting or investment power with respect to securities. Unless otherwise indicated, each person c
named in the table has sole voting and investment power, or shares voting and investment power with his or her spou
respect to all shares of stock listed as owned by that person. The number of shares shown does not include the interest of
persons in shares held by family members in their own right. Shares issuable upon the exercise of options that are exe
within 60 days of March 15, 2007 are considered outstanding for the purpose of calculating the percentage of outstanding
of the Company s common stock held by the individual, but not for the purpose of calculating the percentage of ou
shares held by any other individual. The address of each of our directors and executive officers listed below is c/o L
Education, Inc., 1001 Fleet Street, Baltimore, Maryland

Name of Beneficial Owner	Number of Shares	Percent
William Blair & Company, L.L.C.	4,949,093(1)	9.54
T. Rowe Price Mutual Funds	4,233,402(2)	8.16
Select Equity Group	3,674,130(3)	7.08
R. William Pollock	2,949,842(4)	5.69
Douglas L. Becker	1,984,916(5)	3.72
R. Christopher Hoehn-Saric	1,354,763(6)	2.56
Raph Appadoo	610,707(7)	1.17
William C. Dennis, Jr.	192,436(8)	*
Paula R. Singer	92,558(9)	*
Robert W. Zentz	93,250(10)	*
Rosemarie Mecca	91,817(11)	*
John A. Miller	87,317(12)	*
Daniel M. Nickel	56,500(13)	*
James H. McGuire	54,666(14)	*
David A. Wilson	36,666(15)	*
Richard W. Riley	32,666(16)	*
Wolf H. Hengst	26,666(17)	*
Isabel Aguilera	15,166(18)	*
All Directors and Executive Officers as a Group (15 persons)	7,679,936	13.84
Steven M. Taslitz	268,845(19)	*
Sigma Capital Associates, LLC	42,800(20)	*
Citigroup Private Equity LP	45,886(21)	*

* Less than one pe

(1) According to its Schedule 13G/A filing, as of December 31, 2006, William Blair & Com
L.L.C. (William Blair) had sole investment and sole voting power to 4,949,093 shares and
investment or voting p

(2) According to its Schedule 13D filing as of March 2, 2007, T. Rowe Price Associates, Inc.
Associates) had sole investment power to 4,233,402 shares and sole voting power with re
844,000 shares. These securities are owned by various individual and institutional investors includ
Rowe Price Mutual Funds (which owns 4,233,402 shares, representing 8.16% of the shares outstan
for which Price Associates serves as investment adviser with power to direct invest

and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, Price Assoc
deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the be
owner of such sec

(3) According to its Schedule 13D joint filing, as of February 21, 2007, Select Equity Group
Select Offshore Advisors, LLC and George S. Loening have sole investment and sole voting powe
respect to 3,674,130 shares. As the President and controlling stockholder of Select and the Mana
Select Offshore, Mr. Loening has the power to vote and to direct the voting of and the power to d
and direct the disposition of the shares of the Company s common stock owned by Select an
Offshore. Accordingly, Mr. Loening may be deemed to be the beneficial owner of 3,674,130 sha
the Company s common stock, or 7.08% of the outstanding shares of the Company s comm

(4) Represents 2,555,211 shares held indirectly through Drake Holdings Limited and 394,631
held indirectly through Drake Personnel (New Zea

(5) Includes options to purchase 1,544,260 shares of the Company s common stock, 3,065 s
the 401(k) Plan and 200,625 shares held by the Becker T

(6) Includes options to purchase 1,031,677 shares of the Company s common stock and 2,378
in the 401(k)

(7) Includes options to purchase 525,991 shares of the Company s common stock and 9,239 s
the 401(k)

(8) Includes options to purchase 137,501 shares of the Company s commo

(9) Includes options to purchase 55,125 shares of the Company s common stock and 1,020 s
the 401(k)

(10) Includes options to purchase 83,250 shares of the Company s commo

(11) Includes options to purchase 21,250 shares of the Company s commo

(12) Includes options to purchase 15,166 shares of the Company s common stock and 5,000 sha
by the John A. Miller Family Found

(13) Includes options to purchase 25,500 shares of the Company s commo

(14) Includes options to purchase 51,666 shares of the Company s commo

(15) Includes options to purchase 31,666 shares of the Company s commo

(16) Includes options to purchase 26,666 shares of the Company s commo

(17) Includes options to purchase 26,666 shares of the Company s commo

(18) Includes options to purchase 15,166 shares of the Company s commo

(19) Includes 68,845 shares held by the KJT

(20) Sigma Capital Associates, LLC, an Anguilla limited liability company, owns 40,000 shares
Company s common stock. Sigma Capital Management, LLC serves as investment adviser to
Capital Associates, LLC. Sigma Capital Management, LLC is an investment manager owned by S
Capital Management, LLC and Steven A. Cohen directly and indirectly owns all of the equity intere
S.A.C. Capital Management, LLC. A portfolio manager of Sigma Capital Management, LLC owns
shares of the Company s common stock for his personal account and an additional 100 share
Company s common stock are held in his IRA account. Further, this portfolio manager a
investment discretion over an account that holds an additional 300 shares of the Company s c
stock. Sigma Capital Management, LLC, S.A.C. Capital Management, LLC and Steven A. Cohe
disclaims beneficial ownership of any of these securities except for the 40,000 shares of common
owned directly by Sigma Capital Associates,

(21) Citigroup Inc., through its subsidiaries, affiliates and managed accounts, beneficially owned 4
shares of the Company s common stock as of March 2, 2007. Citigroup Inc. disclaims be
ownership of the securities reported herein except to the extent of their pecuniary interests th

Prior Stock Purchases an

The following table sets forth information regarding purchases of the Company s common stock by the Company s officers, affiliates and subsidiaries of the Company (other than Messrs. Becker and Hoehn-Saric), showing the dat transaction, the name of the director or executive officer, the number of shares of the Company s common stock purc such officer or director, the price paid for those shares and the sale price per share during the past 60 days. Mr. Ze Ms. Singer s purchases were pursuant to option exercises under the Company s stock incentive plans and correspondi all option shares acquired were consummated through previously arranged Rule 10b5-1 plans. Mr. Miller s acquis pursuant to the exercise of 10 six month call options purchased on August 14

Date	Name	Shares Acquired by Exercise of Stock Option	Strike Price	Sale Price
1/11/2007	Paula Singer	1,000	$13.11	$ 50.5
1/11/2007	Paula Singer	1,000	12.31	50.59
1/19/2007	Robert Zentz	3,000	17.54	52.00
1/29/2007	Robert Zentz	3,000	17.54	61.50
1/29/2007	John Miller	1,000	45.00	N/A
2/12/2007	Paula Singer	1,000	12.31	59.65
2/12/2007	Paula Singer	137	13.11	59.65
2/13/2007	Paula Singer	863	13.11	59.65
3/12/2007	Paula Singer	1,000	12.31	59.635
3/12/2007	Paula Singer	1,000	12.31	59.63

On March 15, 2007, Ms. Singer sold 1,000 shares of the Company s common stock at $59.20 per share. These sha Company s common stock were acquired on April 29, 2005 at $44.42 per share. This sale was consummated thr Singer s previously arranged Rule 10b

The following table sets forth information regarding purchases of shares of the Company s common stock by Douglas B and R. Christopher Hoehn-Saric during the past tw

Date	Name	Shares Acquired by Exercise of Stock Option	Strike Price	Sale Pri
1/3/2005	Douglas Becker	10,000	$ 4.89	$ 44
1/3/2005	Chris Hoehn-Saric	36,000	4.89	44.37
1/4/2005	Douglas Becker	7,000	7.50	44.70
1/4/2005	Chris Hoehn-Saric	5,687	4.89	44.40
1/4/2005	Chris Hoehn-Saric	3,313	7.50	44.40
1/5/2005	Chris Hoehn-Saric	13,889	7.50	45.00
1/5/2005	Douglas Becker	13,890	7.50	45.00
1/6/2005	Chris Hoehn-Saric	1,400	7.50	45.00
1/6/2005	Douglas Becker	1,400	7.50	45.00
1/10/2005	Chris Hoehn-Saric	4,711	7.50	45.00
1/10/2005	Douglas Becker	4,710	7.50	45.00
1/31/2005	Douglas Becker	28,000	7.50	44.73
2/1/2005	Chris Hoehn-Saric	65,000	7.50	44.55
2/12/2005	Douglas Becker	55,000	7.50	45.00
3/1/2005	Chris Hoehn-Saric	17,437	7.50	43.58
3/1/2005	Chris Hoehn-Saric	27,563	13.55	43.58
3/1/2005	Douglas Becker	5,750	7.50	43.58
3/1/2005	Douglas Becker	29,250	13.55	45.00
3/21/2005	Douglas Becker	2,000	13.55	44.73

4/1/2005	Chris Hoehn-Saric	45,000	13.55	42.3
4/21/2005	Chris Hoehn-Saric	20,000	13.55	45.6
5/2/2005	Chris Hoehn-Saric	15,000	13.55	44.5
3/2/2006	Chris Hoehn-Saric	30,253	13.55	52.0
3/2/2006	Douglas Becker	44,747	13.55	52.0
3/3/2006	Chris Hoehn-Saric	11,577	13.55	52.0
3/3/2006	Douglas Becker	17,123	13.55	52.0
3/6/2006	Chris Hoehn-Saric	55,409	13.55	52.9
3/6/2006	Douglas Becker	82,105	13.55	52.9
3/7/2006	Chris Hoehn-Saric	28,951	13.55	52.0
3/7/2006	Douglas Becker	42,821	13.55	52.0
3/8/2006	Chris Hoehn-Saric	1,552	13.55	52.2
3/8/2006	Douglas Becker	2,149	13.55	52.2
3/8/2006	Douglas Becker	477,305	13.55	N/A
3/8/2006	Chris Hoehn-Saric	322,695	13.55	N/A

(1) Mr. Becker transferred ownership of 200,000, 77,305 and 34 of these shares to Eric D. B Mr. Taslitz and Eric D. Becker s son, respectively; and Mr. Becker retained ownership of the re 199,966 s

(2) Mr. Hoehn-Saric retained ownership of 200,000 of these shares. He transferred the rem 122,695 shares to Mr. T

The following table sets forth information regarding acquisitions of shares of the Company s common stock by Steven M and Eric D. Becker during the past 6

Date	Name	Shares Acquired		Acquisition Price	Sale
3/8/2006	Steven M. Taslitz	200,000	(1)	52.56	N/A
3/8/2006	Eric D. Becker	200,000	(2)	52.56	N/A

(1) These shares were transferred from Douglas L. Becker and Mr. Hoehn-Saric to Mr. Tas March 8, 2006 pursuant to an existing contractual arrangement at a value of $52.56 per

(2) These shares were transferred from Douglas L. Becker to Eric D. Becker on March 8 pursuant to an existing contractual arrangement at a value of $52.56 per

In accordance with its compensation policy for non-employee directors and as previously disclosed by the Compar definitive proxy statement for its 2006 annual meeting of stockholders filed with the SEC on May 1, 2006, on January 3 each of Laureate s directors other than Messrs. Pollock and Becker were granted options to purchase 6,500 sha Company s common stock with an exercise price of $48.78 per share, the closing price of the Company s common st grant date. The options vest ratably over the 12 month period followin

Independent Registered Public Accountin

The consolidated financial statements of the Company and Company management s assessment of the effectiveness o control over financial reporting included in the Annual Report on Form 10-K, as amended, for the year ended Decem 2006, incorporated by reference in this proxy statement, have been audited by Ernst & Young LLP, an independent reg public accounting firm, as stated in their reports appearing in such Annual Report on Form 10-K, as an

ADJOURNMENT OF THE SPECIAL ME

(PROPOSAL

If, at the special meeting, the number of shares of our common stock present or represented and voting in favor of the a
of the merger and the merger agreement is insufficient to adopt that proposal under applicable law, we intend to move to
the special meeting in order to enable our board of directors to solicit additional proxies in respect of the approval of the
In that event, we will ask our stockholders to vote only upon the adjournment proposal, and not the proposal regard
merger. If the proposal to adjourn our special meeting for the purpose of soliciting additional proxies is submitte
stockholders for approval, such approval requires the affirmative vote of a majority of the votes cast on the

In this proposal, we are asking our stockholders to authorize the holder of any proxy solicited by our board of directors to
favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the special me
another time and place for the purpose of soliciting additional proxies. If the stockholders approve the adjournment propo
could adjourn the special meeting and any adjourned session of the special meeting and use the additional time t
additional proxies, including the solicitation of proxies from stockholders that have previously

The board of directors recommends that you vote FOR the adjournment of the special meeting, if necessary
additional p

OTHER MA

Other Matters for Action at the Special M

As of the date of this proxy statement, our board of directors knows of no matters that will be presented for consideratio special meeting other than as described in this proxy sta

Future Stockholder Pr

If the merger is consummated, we will not have public stockholders and there will be no public participation in an meeting of stockholders. However, if the merger is not consummated, we expect to hold a 2007 annual meeting of stock later this year. If we do hold an annual meeting in 2007, stockholders intending to present a proposal at Laureate s 200 Meeting must comply with the requirements set forth in Laureate s Bylaws. Laureate s Bylaws require, among other thi stockholder submit a written notice of intent to present such a proposal that is received by Laureate s General Counsel/C Secretary no more than 120 days and no less than 90 days prior to the date of the annual meeting or no less than following the day on which public announcement of the annual meeting is first made. Otherwise, the notice will be co untimely and Laureate will not be required to present it at the 2007 Annual Meeting, if one

Householding of Special Meeting Ma

Some banks, brokers, and other nominee record holders may be participating in the practice of householding proxy and annual reports. This means that only one copy of this notice and proxy statement may have been sent to m stockholders in your household. If you would prefer to receive separate copies of a proxy statement or annual report eith or in the future, please contact your bank, broker or other nominee. Upon written or oral request to Investor Relations Fleet Street, Baltimore, Maryland 21202, (410) 843-6934, we will provide a separate copy of the annual reports an statements. In addition, security holders sharing an address can request delivery of a single copy of annual reports o statements if you are receiving multiple copies upon written or oral request to Investor Relations at the address and tel number stated

WHERE YOU CAN FIND MORE INFORMA

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and co
document we file at the SEC s public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 2054
call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also availabl
public at the SEC s website at http://www.sec.gov. You also may obtain free copies of the documents Laureate files with
by going to the Investors Relations section of our website at www.laureate-inc.com. Our website address is prov
inactive textual reference only. The information provided on our website is not part of this proxy statement, and therefor
incorporated by ref

Statements contained in this proxy statement, or in any document incorporated in this proxy statement by reference regard
contents of any contract or other document, are not necessarily complete and each such statement is qualified in its enti
reference to that contract or other document filed as an exhibit with the SEC. The SEC allows us to incorporate by r
into this proxy statement documents we file with the SEC. This means that we can disclose important information to
referring you to those documents. The information incorporated by reference is considered to be a part of this proxy sta
and later information that we file with the SEC will update and supersede that information. We incorporate by refere
documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange A
the date of this proxy statement and before the date of the special m

Laureate Filings:	**Periods**
Annual Report on Form 10-K, as amended	Year ended December 31, 2006
Current Reports on Form 8-K	Filed January 8, 2007, January 29, 2007, February 6, 2007 March 1, 2007 and March 19, 2007

Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, in
the related exhibits, is not incorporated by reference in this proxy sta

You may request a copy of the documents incorporated by reference into this proxy statement, excluding certain exhi
writing to or telephoning us. Requests for documents should be directed to the Investor Relations, Laureate Education, Inc
Fleet Street, Baltimore, Maryland 21202; (410) 843-6394. If you would like to request documents from us, please do so
five business days before the date of the special meeting in order to receive timely delivery of those documents prio
special m

**This proxy statement does not constitute the solicitation of a proxy in any jurisdiction to or from any person to wi
from whom it is unlawful to make such proxy solicitation in that jurisdiction. You should rely only on the infor
contained or incorporated by reference in this proxy statement to vote your shares at the special meeting. We ha
authorized anyone to provide you with information that is different from what is contained in this proxy statemen
proxy statement is dated , 2007. You should not assume that the information contained in this proxy sta
is accurate as of any date other than that date, and the mailing of this proxy statement to stockholders does not
any implication to the co**

AN

EXECUTION

AGREEMENT AND PLAN OF ME

This AGREEMENT AND PLAN OF MERGER (this *Agreement*) is made and entered into as of this 28th day of 2007 by and among Laureate Education, Inc., a Maryland corporation (the *Company*), Wenger Limited Partnership, an Alberta limited partnership (*Parent*), and L Curve Sub Inc., a M corporation and a direct subsidiary of Parent (*Merg*

REC

A. The parties intend that Merger Sub be merged with and into the Company (the *Merger*), with the Company sur Merger as a wholly owned subsidiary of Parent (the *Surviving Corporation*). The name of the Surviving Corporati Laureate Educati

B. The Board of Directors of the Company, acting upon the unanimous recommendation of the Special Commit (i) determined that the Merger and this Agreement are advisable and fair to and in the best interests of the Company stockholders, (ii) approved this Agreement and (iii) resolved to recommend that stockholders of the Company appr Agr

C. The Board of Directors of Merger Sub has unanimously approved this Agr

D. Certain existing stockholders of the Company desire to contribute shares of Common Stock to Parent immediately the Effective Time in exchange for interests in

E. The Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreem connection with the Merger and also to prescribe certain conditions to the Merger, as set forth

AGREE

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements co herein, intending to be legally bound, the parties hereto agree as f

ART
DEFINI

Section 1.1 ***Definitions***. For purposes of this Agreement, the following terms have the resp meanings set forth b

Acceptable Confidentiality Agreement has the meaning set forth in Sectio

Accrediting Body means any entity or organization, whether private or quasi-private, whether foreign or domes engages in the granting or withholding of accreditation of post-secondary institutions or their educational prog accordance with standards and requirements relating to the performance, operations, financial condition and/or ac standards of such insti

Act means the Maryland General Corpor

Affiliate means, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by, or unde control with, such Person. For purposes of this definition, the term control (including the correlative terms controlling by and under common control with) means the possession, directly or indirectly, of the power to direct or cause the

management and policies of a Person, whether through the ownership of voting securities, by contract or oth

Agreement has the meaning set forth in the

Articles of Merger has the meaning set forth in Sect

Business Day means any day other than the days on which banks in New York, New York are required or authorize

Certificate has the meaning set forth in Sect

Closing has the meaning set forth in Sect

Closing Date has the meaning set forth in Sect

Code means the Internal Revenue Code of 1986, as

Common Stock means the Company s common stock, par value $.0

Company has the meaning set forth in the

Company Acquisition Proposal has the meaning set forth in Section

Company Benefit Plans means the Employee Benefit Plans (other than any multiemployer plan within the meaning Section 3(37)) and stock purchase, stock option, severance, retention, employee loan, collective bargaining, emplo change-in-control, fringe benefit, bonus, incentive, deferred compensation and all other material employee benefi agreements, programs, policies or other arrangements, whether or not subject to ERISA, whether formal or informal, written, legally binding or not, under which any Company Employee has any present or future right to benefits and v maintained or contributed to by the Company or any of its Material Subsidiaries or under which the Company or an Material Subsidiaries has any present or future l

Company Disclosure Letter has the meaning set forth in the preamble to

Company Employee means any current, former or retired employee, officer, consultant, independent contractor or dire Company or any of its Subsi

Company Equity Awards means Company Options, Company Restricted Shares, and Company Performan

Company Joint Venture means, with respect to the Company, any corporation or other entity (including partnershi liability companies and other business associations and joint ventures) in which the Company, directly or indirectly, c equity interest that does not have voting power under ordinary circumstances to elect a majority of the board of directors person performing similar functions but in which the Company has rights with respect to the management of such

Company Options means outstanding options to acquire Common Stock from the Company granted to Company E under the Company Stock Plans and, to the extent set forth in Section 1.1 of the Company Disclosure Letter, the other op acquire Common Stock from the Company set forth

Company Performance Shares means performance shares granted to Company Employees under the Company Stock vest and become issuable upon the attainment of certain performance criteria pursuant to the Company Stock Plans applicable award agreement and, to the extent set forth in Section 1.1 of the Company Disclosure Letter, the other perfo shares granted to Company Employees that vest and become issuable upon the attainment of certain performance pursuant to any applicable award agreement set forth

Company Proxy Statement means the proxy statement relating to the approval of the Merger by the Company s s prepared in accordance with applicable Law and including the information required to be included therein by Schedule

Company Restricted Shares means, as of a particular date, Common Stock granted to Company Employees under the Stock Plans that are then outstanding but at such time are subject to forfeiture conditions or other lapse restrictions purs the Company Stock Plans or any applicable restricted stock award agreements and, to the extent set forth in Section 1. Company Disclosure Letter, the other Common Stock granted to Company Employees that are then outstanding but at su are subject to forfeiture conditions or other lapse restrictions pursuant to any applicable restricted stock award agreem forth

Company SEC Reports has the meaning set forth in Sect

Company Securities has the meaning set forth in Sect

Company Stockholder Meeting has the meaning set forth in Sect

Company Stock Plans means the 1993 Employee Stock Option Plan, the 1993 Management Stock Option Plan, Management Option Plan dated March 29, 1996, the 1998 Stock Incentive Plan, the 2003 Stock Incentive Plan and th Stock Incentiv

Compensation has the meaning set forth in Sect

Confidentiality Agreements means the several confidentiality agreements listed in Section 1.1 of the Parent Disclos

Contract has the meaning set forth in S

Cooperation Agreement means the Cooperation Agreement of even date herewith between the Company

Current Employee has the meaning set forth in Sect

Current Policies has the meaning set forth in Sect

Damages has the meaning set forth in Sect

Debt Financing has the meaning set forth in S

Debt Financing Commitments has the meaning set forth in S

Disbursing Agent has the meaning set forth in Sect

Disinterested Director means a member of the Board of Directors of the Company who (i) has no direct or indirect Parent, whether as an investor or otherwise, (ii) is not a representative of any Person who has any such interest in Par (iii) is not otherwise affiliated with

DLB means Douglas

DOE means the United States Department of

DOJ has the meaning set forth in Sect

Domestic Institution means the post-secondary institution comprising a main campus and its additional locations or identified by a single Office of Post-secondary Education Identification Number by DOE, and owned and operated Company or any of its Subsi

Education Department means any nation or government or any agency, public or regulatory authority, instru
department, commission, court, arbitrator, ministry, tribunal or boar

nation or government or political subdivision thereof, in each case, whether foreign or domestic and whether n
supranational, federal, tribal, provincial, state, regional, local or municipal, having specific jurisdiction over the operati
provision of Student Financial Assistance Programs funds to or on behalf of the students of post-secondary educat
training institutions or guaranteeing student loans to students at such insti

Effective Time has the meaning set forth in Sect

Employee Benefit Plan means an employee benefit plan within the meaning of Section 3(3)

Employment Agreement means any employment, severance, retention, termination, indemnification, change in control
agreement between the Company or any of its Subsidiaries, on the one hand, and any current or former employe
Company or any of its Subsidiaries, on the othe

End Date has the meaning set forth in Sectio

Equity Financing has the meaning set forth in S

Equity Financing Commitments has the meaning set forth in S

Equity Rollover Commitments has the meaning set forth in S

ERISA means the Employee Retirement Income Security Act of 1974, as

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated t

Execution Date means the date on which this Agreement is executed and delivered by each of the part

Excluded Party has the meaning set forth in Sect

Financing has the meaning set forth in S

Financing Commitments has the meaning set forth in S

Five-Year Credit Agreement means the Five-Year Credit Agreement dated as of August 16, 2006 among the Comp
Subsidiary of the Company, as Borrowers, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Facility Ag
Morgan Europe Limited, as London Agent, and others, as amended by the First Amendment dated as of October 24

Foreign Institution means any post-secondary institution owned and operated by the Company or any of its Subsidia
not a Domestic Inst

FTC has the meaning set forth in Sect

GAAP means United States generally accepted accounting

Governmental Authority means any nation or government or any agency, public or regulatory authority, instru
department, commission, court, arbitrator, ministry, tribunal or board of any nation or government or political subd
thereof, in each case, whether foreign or domestic and whether national, supranational, federal, tribal, provincial, state, re
local or municipal, and any Education Department or Accrediting

HEA means the Higher Education Act of 1965, as amended, 20 U.S.C.A. §1070 et seq., and any amendments or
statutes

HSR Act means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as

Insurance Amount has the meaning set forth in Sect

Investors Agreement shall have the meaning set forth in S

Knowledge of the Company means the actual knowledge of the Persons set forth in Section 1.1 of the Company

Law means applicable statutes, common laws, rules, ordinances, regulations, codes, licensing requirements, orders, j injunctions, writs, decrees, licenses, governmental guidelines, standards or interpretations having the force of law, p rules and bylaws, in each case, of or administered by a Governmental Au

Liens means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of a respect of suc

Marketing Period has the meaning set forth in Sect

Material Adverse Effect on the Company means a material adverse effect on the assets, liabilities, business, financia or results of operations of the Company and its Subsidiaries, taken as a whole; *provided*, *however*, that in no event shal the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into acc determining whether there has been, a Material Adverse Effect on the Company: (A) any fact, change, develo circumstance, event, effect or occurrence (an *Effect*) in general economic or political conditions or in the financial or markets, (B) any Effect generally affecting, or resulting from general changes or developments in, the industries in wh Company and its Subsidiaries operate, (C) any failure to meet internal or published projections, forecasts or revenue or e predictions for any period (provided that the underlying causes of such failures shall not be excluded), (D) any chang price or trading volume of the Common Stock in and of itself (provided that the underlying causes of such changes shal excluded), (E) any Effect that is demonstrated to have resulted from the announcement of the Merger, or the identity of P any of its Affiliates as the acquiror of the Company, (F) compliance with the terms of, or the taking of any action requ this Agreement consented to in writing by Parent, (G) any acts of terrorism or war (other than any of the foregoing that any damage or destruction to or renders unusable any facility or property of the Company or any of its Subsidiaries renders any of the foregoing facilities or properties inaccessible for a period of more than 20 calendar days), (H) cha generally accepted accounting principles or the interpretation thereof, or (I) any weather-related event (other than an foregoing that causes any damage or destruction to or renders unusable any facility or property of the Company or an Subsidiaries or that renders any of the foregoing facilities or properties inaccessible for a period of more than 20 calenda except, in the case of clauses (A) and (B), to the extent such Effects referred to therein wo reasonably likely to have a materially disproportionate impact on the assets or liabilities, bus financial condition or results of operations of the Company and its Subsidiaries, taken as a w relative to other for profit industry partici

Material Subsidiary means any Subsidiary (a) the consolidated assets of which equal 2% or more of the consolidate the Company and the Subsidiaries as of September 30, 2006, or (b) the consolidated revenues of which equal 2% or mor consolidated revenues of the Company and the Subsidiaries for the four consecutive fiscal quarters ended September 30

Merger has the meaning set forth in th

Merger Consideration has the meaning set forth in Sect

Merger Shares has the meaning set forth in Sect

Merger Sub has the meaning set forth in the

Merger Sub Shares means the common stock of Merger Sub, par value $.01

New Financing Commitments has the meaning set forth in Sect

No-Shop Period Start Date has the meaning set forth in Sect

Notice Period has the meaning set forth in Sect

Other Antitrust Laws means any Law enacted by any Governmental Authority relating to antitrust matters or competition, other than the H

Parent has the meaning set forth in the

Parent Disclosure Letter has the meaning set forth in the preamble to

Parent Expenses has the meaning set forth in Sect

Parent Plan has the meaning set forth in Sect

Permits means any licenses, franchises, permits, accreditations, certificates, consents, approvals, registrations, qualif other similar authorizations of, from or by a Governmental Authority possessed by or granted to or necessary for the ow of the material assets or conduct of the business of the Company or its Subsi

Permitted Liens means (i) Liens for Taxes, assessments and governmental charges or levies not yet due and payable being contested in good faith and by appropriate proceedings; (ii) mechanics , carriers , workmen s, repairmen s, ma other Liens or security interests that secure a liquidated amount that are being contested in good faith and by app proceedings; (iii) leases, subleases and licenses (other than capital leases and leases underlying sale and leaseback transa (iv) Liens imposed by applicable Law; (v) pledges or deposits to secure obligations under workers compensation Laws legislation or to secure public or statutory obligations; (vi) pledges and deposits to secure the performance of bid contracts, leases, surety and appeal bonds, performance bonds and other obligations of a similar nature, in each cas ordinary course of business; (vii) easements, covenants and rights of way (unrecorded and of record) and other restrictions of record, and zoning, building and other similar restrictions, in each case that do not adversely affect in any respect the current use of the applicable property owned, leased, used or held for use by the Company or any of its Subsi (viii) Liens the existence of which are specifically disclosed in the notes to the consolidated financial statements of the C included in any Company SEC Report filed prior to the date of this Agreement; (ix) any other Liens that do not liquidated amount, that have been incurred or suffered in the ordinary course of business and that would not, individual the aggregate, have a material effect on the Company or the ability of Parent to obtain the Debt Financing; and (x) ar Liens set forth on Section 1.1 of the Company Disclosure

Person means any individual, corporation, company, limited liability company, partnership, association, trust, joint any other entity or organization, including any government or political subdivision or any agency or instrumentality

Post-Closing Educational Consents has the meaning set forth Sect

Pre-Closing Education Consents has the meaning set forth in Sect

Preferred Stock has the meaning set forth in Sect

Proceeding has the meaning set forth in Se

Recommendation has the meaning set forth in Sect

Recommendation Withdrawal has the meaning set forth in Sect

Replacement Policies has the meaning set forth in Sect

Representatives has the meaning set forth in Sect

Requisite Stockholder Vote has the meaning set forth in Sect

Restraint has the meaning set forth in Sect

Rollover Entities has the meaning set forth in S

Schedule 13E-3 means a Rule 13e-3 Transaction Statement on Schedule 13E-3 relating to the Merger and the other tr contemplated

SDAT means the Maryland State Department of Assessments and T

SEC means the United States Securities and Exchange Co

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations promulgated t

Special Committee means a committee of the Company s Board of Directors, the members of which are not affiliated or Merger Sub and are not members of the Company s management, formed on September 8, 2006 for the reasons set fo resolution establishing such com

Specified SEC Reports means the Company s (i) Annual Report on Form 10-K, as amended, filed on March 23, 200 Statement on Schedule 14A, filed on May 1, 2006. (iii) Quarterly Reports on Form 10-Q, filed on May 10, 2006, August and November 3, 2006, and (iv) Current Reports on Form 8-K filed after March 23, 2006 and prior to the date Agr

ST means Steve

Sterling means Fund Management Serv

Sterling Confidentiality Agreement has the meaning set forth in Se

Student Financial Assistance Programs means the Title IV Programs and any other program authorized by the administered by the DOE, as well as any other student assistance grant or loan programs or other government-sponsored assistance pr

Subsidiary , with respect to any Person, means any other Person of which the first Person owns, directly or indirectly or other ownership interests having voting power to elect a majority of the board of directors or other persons performing functions (or, if there are no such voting interests, 50% or more of the equity interests of the second

Subsidiary Securities has the meaning set forth in Sect

Substantial Control has the meaning set forth in Secti

Superior Proposal has the meaning set forth in Section

Surviving Corporation has the meaning set forth in th

Takeover Statute has the meaning set forth in Se

Tax means (i) all U.S. Federal, state, local, foreign and other taxes (including withholding taxes), fees and other gov charges of any kind or nature whatsoever, together with any interest, penalties or additions imposed with respect thereto, liability for payment of amounts described in clause (i) whether as a result of transferee liability or joint and several liab being a member of an affiliated, consolidated, combined or unitary group for any period, and (iii) any liability for the pay amounts described in clause (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or ar

express or implied agreement to pay or indemnify any other

Tax Return means any return, declaration, report, statement, information statement or other document filed or req
filed with respect to Taxes, including any amendments or supplements to any of the for

Termination Fee means $110,000,000 except in the event that any third party has made a bona fide Company A
Proposal on or before the No-Shop Period Start Date, which Company Acquisition Proposal the Board of Director
Company (acting through the Special Committee, if such committee still exists, or otherwise by resolution of a majori
Disinterested Directors) determined in good faith pursuant to Section 7.4(b), and after consultation with its financial ar
advisors, constituted or could have reasonably been expected to result in, a Superior Proposal, and this Agreement is ter
by the Company pursuant to Section 9.1(c)(ii) in order to enter into a definitive agreement with respect to a Co
Acquisition Proposal with such third party in which case Termination Fee shall mean $55,0

Title IV Programs means the programs of student financial assistance authorized by Title IV o

Voting Agreement has the meaning set forth in Sect

Section 1.2 ***Terms Generally.*** The definitions in Section 1.1 shall apply equally to both the singul
plural forms of the terms defined. Whenever the context may require, any pronoun shall inclu
corresponding masculine, feminine and neuter forms. The words include , includes and incl
deemed to be followed by the phrase without limitation , unless the context expressly provides o
All references herein to Sections, paragraphs, subparagraphs, clauses, Exhibits or Schedules sh
deemed references to Sections, paragraphs, subparagraphs or clauses of, or Exhibits or Schedules
Agreement, unless the context requires otherwise. Unless otherwise expressly defined, terms defi
this Agreement have the same meanings when used in any Exhibit or Schedule hereto, includi
Company Disclosure Letter. Unless otherwise specified, the words herein , hereof , hereto
and other words of similar import refer to this Agreement as a whole (including the Schedul
Exhibits) and not to any particular provision of this Agreement. The term or is not exclusive.
extent in the phrase to the extent shall mean the degree to which a subject or other thing
such phrase shall not mean simply if . The phrase date hereof or date of this Agreement s
to refer to January 28, 2007. Any Contract, instrument or Law defined or referred to herein or
Contract or instrument that is referred to herein means such Contract, instrument or Law as from t
time amended, modified or supplemented, including (in the case of Contracts or instruments) by
or consent and (in the case of Laws) by succession of comparable successor Laws and reference
attachments thereto and instruments incorporated therein. References to a Person are also to its per
successors and as

ARTI
THE ME

Section 2.1 ***The M***

(a) At the Effective Time, in accordance with the Act, and upon the terms and subject to the conditions set forth
Agreement, Merger Sub shall be merged with and into the Company, at which time the separate existence of Merger Su
cease and the Company shall survive the Merger as a subsidiary of

(b) Subject to the provisions of this Agreement, on the Closing Date, the Company and Merger Sub shall file articles of
(the *Articles of Merger*) meeting the requirements of the Act for acceptance of record by the SDAT. The Merger sha
effective at such time as the Articles of Merger are filed with and accepted of record by the SDAT, or at such later tim
Company and Merger S

agree and specify in the Articles of Merger (such time as the Merger becomes effective, the *Effecti*

(c) The Merger shall have the effects set forth in this Agreement and the applicable provisions of the Act. Without limi generality of the foregoing, and subject thereto, from and after the Effective Time, all property, rights, privileges, imm powers, franchises, licenses and authority of the Company and Merger Sub shall vest in the Surviving Corporation, and al liabilities, obligations, restrictions and duties of each of the Company and Merger Sub shall become the debts, lia obligations, restrictions and duties of the Surviving Corp

(d) The closing of the Merger (the *Closing*) shall take place (i) at the offices of Simpson Thacher & Bartlett LLP New York, New York, as soon as reasonably practicable (but in any event, no later than the second Business Day) after on which the last condition to the Merger set forth in Article VIII is satisfied or validly waived (other than those conditi by their nature cannot be satisfied until the Closing Date, but subject to the satisfaction or valid waiver of such con (provided, that if all the conditions set forth in Article VIII shall not have been satisfied or validly waived on such day, t Closing shall take place on the first Business Day on which all such conditions shall have been or can be satisfied or sha been validly waived) or (ii) at such other place and time or on such other date as the Company and Parent may agree in (the actual date of the Closing, the *Closing Date*). Notwithstanding the foregoing, in the event the Closin have occurred as provided in this Section 2.1(d) but the date on which the Closing would have oc is after the fifteenth (15th) day of the applicable month, at the option of Merger Sub, the Closin occur on the first Business Day of the subsequent m

Section 2.2 ***Conversion of Securities.*** At the Effective Time, pursuant to this Agreement and by vi the Merger and without any action on the part of the Company, Parent, Merger Sub or the hol Common

(a) Each share of Common Stock owned by Parent immediately prior to the Effective Time (including Common Stock a by Parent immediately prior to the Effective Time pursuant to the Equity Rollover Commitments), if any, shall be cance retired and shall cease to exist, and no payment or distribution shall be made or delivered with respect thereto. Each s Common Stock held by any wholly owned Subsidiary of Parent or of the Company immediately prior to the Effective Tim remain outstanding following the Effectiv

(b) Each Merger Sub Share issued and outstanding immediately prior to the Effective Time shall be converted into and one newly issued, fully paid and non-assessable share of common stock, par value $.01 per share, of the Surviving Corp

(c) Each share of Common Stock (including any Company Restricted Shares) issued and outstanding immediately prio Effective Time (other than shares of Common Stock to be canceled or remain outstanding pursuant to Section automatically shall be canceled and converted into the right to receive $60.50 in cash, without interest (the *Consideration*), payable to the holder thereof upon surrender of the certificate formerly representing such share of Stock (a *Certificate*) in the manner provided in Section 2.3. Such shares of Common Stock (including any Company Shares), other than those canceled or remaining outstanding pursuant to Section 2.2(a), sometimes are referred to herei *Merge*

(d) No dissenters or appraisal rights shall be available with respect to the Merger or the other transactions contemplate

(e) If between the date of this Agreement and the Effective Time the number of shares of outstanding Common changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassif recapitalization, split-up, combination, exchange o

or the like, other than pursuant to the Merger, the amount of Merger Consideration payable per share of Common Stock
correspondingly a

(f) For the avoidance of doubt, the parties acknowledge and agree that the contribution of shares of Common Stock (in
Company Restricted Shares, if any) to Parent pursuant to the Equity Rollover Commitments shall be deemed t
immediately prior to the Effective Time and prior to any other above-describe

(g) The Company Equity Awards outstanding immediately prior to the Effective Time shall be treated as prov
Sect

Section 2.3 **Payment of Cash for Merger S**

(a) Prior to the Closing Date, Parent shall designate a bank or trust company that is reasonably satisfactory to the Com
serve as the disbursing agent for the Merger Consideration and payments in respect of the Company Options, unless
agent is designated as provided in Section 2.4(a) (the *Disbursing Agent*). Promptly after the Effective Time, Parent wi
be deposited with the Disbursing Agent cash in the aggregate amount sufficient to pay the Merger Consideration in respe
Merger Shares outstanding immediately prior to the Effective Time plus any cash necessary to pay for Company Opti
Company Performance Shares outstanding immediately prior to the Effective Time pursuant to Section 2.4. Pending distr
of the cash deposited with the Disbursing Agent, such cash shall be held in trust for the benefit of the holders of Merger
Company Options and Company Performance Shares outstanding immediately prior to the Effective Time and shall not
for any other purposes; *provided*, *however*, that Parent may direct the Disbursing Agent to invest such cash in (i) obliga
or guaranteed by the United States of America or any agency or instrumentality thereof, (ii) money market accounts, cert
of deposit, bank repurchase agreement or banker s acceptances of, or demand deposits with, commercial banks
combined capital and surplus of at least $500,000,000, or (iii) commercial paper obligations rated P-1 or A-1 or b
Standard & Poor s Corporation or Moody s Investor Services, Inc. Any profit or loss resulting from, or interest and oth
produced by, such investments shall be for the account of

(b) As promptly as practicable after the Effective Time, the Surviving Corporation shall send, or cause the Disbursing A
send, to each record holder of Merger Shares as of immediately prior to the Effective Time a letter of transmittal and instr
for exchanging their Merger Shares for the Merger Consideration payable therefor. The letter of transmittal will be in cus
form and will specify that delivery of Certificates will be effected, and risk of loss and title will pass, only upon deliver
Certificates to the Disbursing Agent. Upon surrender of such Certificate or Certificates to the Disbursing Agent togethe
properly completed and duly executed letter of transmittal and any other documentation that the Disbursing Age
reasonably require, the record holder thereof shall be entitled to receive the Merger Consideration payable in exchange th
without interest. Until so surrendered and exchanged, each such Certificate shall, after the Effective Time, be dee
represent only the right to receive the Merger Consideration, and until such surrender and exchange, no cash shall be pai
holder of such outstanding Certificate in respect

(c) If payment is to be made to a Person other than the registered holder of the Merger Shares formerly represented
Certificate or Certificates surrendered in exchange therefor, it shall be a condition to such payment that the Certif
Certificates so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the Person req
such payment shall pay to the Disbursing Agent any applicable stock transfer taxes required as a result of such paym
Person other than the registered holder of such Merger Shares or establish to the satisfaction of the Disbursing Agent th
stock transfer taxes have been paid or are not p

(d) After the Effective Time, there shall be no further transfers on the stock transfer books of the Company of the sh
Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certific
presented to the Surviving Corporation, Parent or the Disbursing Agent, such shares shall be canceled and exchanged
consideration provided for, and in accordance with the procedures set forth, in this Ar

(e) If any cash deposited with the Disbursing Agent remains unclaimed twelve months after the Effective Time, such ca
be returned to Parent or the Surviving Corporation upon demand, and any holder who has not surrendered such
Certificates for the Merger Consideration payable in respect thereof prior to that time shall thereafter look only to the Su
Corporation for payment of the Merger Consideration. Notwithstanding the foregoing, none of Parent, Merger S
Company, the Surviving Corporation or the Disbursing Agent shall be liable to any holder of Certificates for an amount p
public official pursuant to any applicable unclaimed property laws. Any amounts remaining unclaimed by holders of Cert
as of a date immediately prior to such time that such amounts would otherwise escheat to or become property
Governmental Authority shall, to the extent permitted by applicable Law, become the property of the Surviving Corpora
such date, free and clear of any claims or interest of any Person previously entitled

(f) No dividends or other distributions with respect to capital stock of the Surviving Corporation with a record date a
Effective Time shall be paid to the holder of any unsurrendered Cer

(g) Except as provided in Section 2.2(a), from and after the Effective Time, the holders of shares of Common Stock outs
immediately prior to the Effective Time shall cease to have any rights with respect to such Common Stock, other than t
to receive the Merger Consideration as provided in this Agre

(h) In the event that any Certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the
claiming such Certificate to be lost, stolen or destroyed, in addition to the posting by such holder of any bond in such rea
amount as the Surviving Corporation or the Disbursing Agent may direct as indemnity against any claim that may b
against the Surviving Corporation or the Disbursing Agent with respect to such Certificate, the Disbursing Agent will
exchange for such lost, stolen or destroyed Certificate the Merger Consideration in respect thereof entitled to be r
pursuant to this Agre

(i) Parent, Surviving Corporation and the Disbursing Agent shall be entitled to deduct and withhold from the
Consideration otherwise payable hereunder any amounts required to be deducted and withheld under any applicable Ta
To the extent any amounts are so withheld, such withheld amounts shall be treated for all purposes as having been pai
holder from whose Merger Consideration the amounts were so deducted and w

Section 2.4 ***Treatment of Company Equity Aw***

(a) As of the Effective Time, except as otherwise agreed by Parent and a holder of Company Options with respect
holder s Company Options or as otherwise provided in this Agreement, each Company Option which is outstanding imm
prior to the Effective Time (whether vested or unvested, exercisable or not exercisable) will be canceled and extinguished
Company, and the holder thereof will be entitled to receive from the Surviving Corporation in consideration f
cancellation promptly following the Effective Time an amount in cash equal to the product of (i) the number of sh
Common Stock subject to such Company Option multiplied by (ii) the excess, if any, of (x) the Merger Considerati
(y) the exercise price per share of such Company Option, without interest and less any amounts required to be deduc
withheld under any applicable Law. In the event that the per share exercise price of any Company Option is equal to or
than the Merger Consideration, such Company Option shall be canceled without payment therefor and have no further
eff

payments with respect to canceled Company Options shall be made by the Disbursing Agent (or such other agent rea acceptable to Parent as the Company shall designate prior to the Effective Time) as promptly as reasonably practicable a Effective Time from funds deposited by or at the direction of the Surviving Corporation to pay such amounts in accordan Sect

(b) As of the Effective Time, except as otherwise agreed by Parent and a holder of unvested Company Restricted Shar otherwise provided in this Agreement, with respect to such holder s unvested Company Restricted Shares, each Company Restricted Share outstanding immediately prior to the Effective Time shall vest and become free of restrictio the Effective Time and shall, as of the Effective Time, be canceled and converted into the right to receive the Consideration in accordance with Section 2.2, without interest and less any amounts required to be deducted and withhel any applicab

(c) At the Effective Time, except as otherwise agreed by Parent and a holder of Company Performance Shares with re such holder s Company Performance Shares, each Company Performance Share which, in each case, is outstanding imm prior to the Effective Time (whether vested or unvested) shall be canceled by the Company and the holder thereof entitled to receive promptly following the Effective Time from the Surviving Corporation, in consideration for such cance an amount equal to the product of (i) the Merger Consideration, multiplied by (ii) the total number of shares of Commo subject to such Company Performance Share, without interest and less any amounts required to be deducted and withhel any applicab

(d) Those certain unvested Company Options and Company Restricted Shares set forth in Section 2.4(d) of the Co Disclosure Letter shall, in lieu of becoming vested and canceled in exchange for the applicable payments described in S 2.4(a) and 2.4(b) above, respectively, be canceled in exchange for the payment in cash of a retention bonus, subject to vesting requirements, all as described in Section 2.4(d) of the Company Disclosure

(e) Prior to the Effective Time, the Company will adopt such resolutions and will take such other actions as may be rea required to effectuate the actions contemplated by this Section 2.4, without paying any consideration or incurring any obligations on behalf of the Company or the Surviving Corp

(f) Parent, the Surviving Corporation and the Disbursing Agent (or such other agent reasonably acceptable to the Com Parent shall designate prior to the Effective Time) shall be entitled to deduct and withhold from any amounts to be pai this Section 2.4 in respect of Company Options and Company Performance Shares amounts required to be deduc withheld under any applicable Tax Law. To the extent any amounts are so withheld, such withheld amounts shall be tre all purposes as having been paid to the holder of Company Options and Company Performance Shares from whose payn respect of Company Options and Company Performance Shares the amounts were so deducted and w

ARTIC

THE SURVIVING CORPOR

Section 3.1 ***Articles of Incorporation.*** The Articles of Incorporation, as amended, of the Company be the articles of incorporation of the Surviving Corporation until thereafter amended in accordanc the terms thereof and as provided by applicable

Section 3.2 ***Bylaws.*** The Bylaws, as in effect immediately prior to the Effective Time, of Merge shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with the thereof and as provided by applicable

Section 3.3 ***Directors and Officers.*** From and after the Effective Time, (i) the directors of Merger S the Effective Time shall be the directors of the Surviving Corporation and (ii) the officers Company at the Effective Time (other than those who Parent determines shall not remain as offic the Surviving Corporation) shall be the officers of the Surviving Corporation, in each case unti respective successors are duly elected or appointed and qualified in accordance with applicable

ARTIC

REPRESENTATIONS AND WARRANTIES OF THE COM

Except (x) as set forth in the corresponding sections or subsections of the disclosure letter delivered to Parent and Merger the Company on the date hereof (the *Company Disclosure Letter*) (it being understood that any information se particular section or subsection of the Company Disclosure Letter shall be deemed to be disclosed in each other se subsection thereof to which the relevance of such information is reasonably apparent) or (y) as may be disclosed in the Sp SEC Reports, the Company hereby represents and warrants to Parent and Merger S

Section 4.1 ***Corporate Existence and Power.*** Each of the Company and its Material Subsidiaries i organized, validly existing and in good standing under the laws of its jurisdiction (with resp jurisdictions that recognize the concept of good standing). Each of the Company, its Subsidiaries a the Knowledge of the Company, the Company Joint Ventures has all corporate or similar powe authority required to own, lease and operate its respective properties and to carry on its business a conducted. Each of the Company, its Material Subsidiaries and, to the Knowledge of the Compar Company Joint Ventures, is duly licensed or qualified to do business in each jurisdiction in whi nature of the business conducted by it or the character or location of the properties and assets ow leased by it makes such qualification necessary, except where the failure to be so licensed or qu has not had, and would not be reasonably likely to have, individually or in the aggregate, a M Adverse Effect on the Company. Neither the Company nor any Material Subsidiary nor, Knowledge of the Company, any Company Joint Venture, is in violation of its organizatio governing documents in any material re

Section 4.2 ***Corporate Authoriz***

(a) The Company has full corporate power and authority to execute and deliver this Agreement and to consummate the and the other transactions contemplated hereby and to perform each of its obligations hereunder. The execution, deliv performance by the Company of this Agreement and the consummation by the Company of the Merger and th transactions contemplated hereby have been duly and validly authorized by the Board of Directors of the Company. Ex the approval, at a meeting of Company stockholders called for such purpose, of this Agreement by the affirmative vot holders (present at such meeting in person or by proxy) of a majority of the shares of Company Common Stock outstand *Requisite Stockholder Vote*), no other corporate proceedings on the part of the Company are necessary to ap Agreement or to consummate the Merger or the other transactions contemplated hereby. The Board of Director Company, acting upon the unanimous recommendation of the Special Committee, at a duly held meeting has (i) determi the Merger and this Agreement are advisable and fair to and in the best interests of the Company and its stockh (ii) approved the Merger, the execution, delivery and performance of this Agreement and the consummation of the trans contemplated hereby, (iii) approved the execution, delivery and performance of the Voting Agreement, dated as of the Ex Date, among the Company (to the extent provided therein), Parent, DLB, ST and the other parties thereto (the *Agreement*), and (iv) resolved to recommend that the Company stockholders approve this Agreement and directed matter be submitted for consideration of the stockholders of the Company at the Company Stockholder M

(b) This Agreement has been duly and validly executed and delivered by the Company and, assuming the due ar execution and delivery of this Agreement by Parent and Merger Sub, constitutes a legal, valid and binding agreemer Company enforceable against the Company in accordance with its terms, except as such enforceability may be lim bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors rights gene general equitable pri

Section 4.3 ***Governmental Authorization***. The execution, delivery and performance by the Comp this Agreement and the consumption of the Merger by the Company do not require any co approval, authorization or permit of, action by, filing with or notification to any Governmental Auth other than (i) the filing and acceptance for record of the Articles of Merger with the S (ii) compliance with the applicable requirements of the HSR Act or the applicable Other Antitrust of jurisdictions other than the United States specified in Section 4.3(ii) of the Company Disc Letter; (iii) compliance with the applicable requirements of the Exchange Act including the filing Company Proxy Statement and the Schedule 13E-3; (iv) compliance with the rules and regulations Nasdaq Global Select Market; (v) compliance with any applicable foreign or state securities or Blu laws; (vi) any such consent, approval, authorization, permit, action, filing or notification required fr to any Education Department, Accrediting Body or DOE (as specified in Section 4.3(vi) of the Cor Disclosure Letter); and (vii) any such consent, approval, authorization, permit, action, fil notification the failure of which to make or obtain would not (A) be reasonably likely to individually or in the aggregate, a Material Adverse Effect on the Company or (B) prevent or mat delay the consummation of the Merger or the Company s ability to observe and perform its obligations here

Section 4.4 ***Non-Contravention.*** The execution, delivery and performance by the Company Agreement and the Voting Agreement and the consummation by the Company of the Merger a other transactions contemplated hereby and thereby do not and will not (i) contravene or conflict w organizational or governing documents of the Company or any of its Material Subsidiaries or Cor Joint Ventures; (ii) assuming compliance with the matters referenced in Section 4.3 and the receipt Requisite Stockholder Vote, contravene or conflict with or constitute a violation of any provision Law binding upon or applicable to the Company or any of its Subsidiaries or Company Joint Ventu any of their respective properties or assets; (iii) require the consent, approval or authorization notice to or filing with any third party with respect to, result in any breach or violation of or const default (or an event which with notice or lapse of time or both would become a default) or result loss of benefit under, or give rise to any right of termination, cancellation, amendment or accelerat any right or obligation of the Company or any of its Subsidiaries, or result in the creation of any L any of the properties or assets of the Company or its Subsidiaries under any loan or credit agree note, bond, mortgage, indenture, contract, agreement, lease, license, Permit or other instrum obligation (each, a *Contract*) to which the Company or any of its Subsidiaries is a party or by v Company or any of its Subsidiaries or its or any of their respective properties or assets are bound, in the case of clauses (ii) and (iii) above, which would not (A) be reasonably likely to have, indivi or in the aggregate, a Material Adverse Effect on the Company or (B) prevent or materially del consummation of the Merger or the Company s ability to observe and perform its material obli here

Section 4.5 ***Capitaliz***

(a) The authorized share capital of the Company is 100,000,000 shares, divided into 90,000,000 shares of Common St 10,000,000 shares of preferred stock, par value $0.01per share (the *Preferred Stock*). As of the Execution Date, (i) 51,855,444 shares of Common Stock issued and outstanding (including 420,313 outstanding Company Restricted Shar no shares of Preferred Stock issued and outstanding, (ii) outstanding Company Options to purchase an aggregate of 5,2 shares of Common Stock, with a weighted average exercise price of $24.44 per share, and (iii) 166,000 shares of Commo

subject to outstanding Company Performance Shares. Section 4.5 of the Co

Disclosure Letter sets forth, as of the Execution Date, the number of shares of (i) Common Stock issuable upon exe outstanding Company Options, (ii) Company Performance Shares and (iii) Company Restricted Stock, in each case under each Company Stock Plan or otherwise, including, as applicable, the per share exercise price, the date of grant, the commencement date and the vesting schedule thereof. All outstanding shares of Common Stock are duly authorized, issued, fully paid and non-assessable, and are not subject to and were not issued in violation of any preemptive or simila purchase option, call or right of first refusal or simila

(b) Except as set forth in Section 4.5(a), there are no outstanding (i) shares of capital stock or other voting securitie Company; (ii) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital s voting securities of the Company; (iii) Company Options, Company Performance Shares or other rights or options to from the Company, or obligations of the Company to issue, any shares of capital stock, voting securities or securities con into or exchangeable for shares of capital stock or voting securities of the Company; or (iv) equity equivalent interest ownership or earnings of the Company or other similar rights in respect of the Company (the items in clauses (i) (iv) collectively, *Company Securities*). There are no outstanding obligations of the Company or any Subsidiary to r redeem or otherwise acquire any Company Securities. There are no preemptive rights of any kind which obligate the Co or any of its Subsidiaries to issue or deliver any Company Securities. There are no stockholder agreements, voting trusts agreements or understandings to which the Company or any of its Subsidiaries is a party or by which it is bound relatin voting or registration of any shares of capital stock of the Company or preemptive rights with respect thereto. Non Subsidiaries of the Company own any Commor

(c) Other than the issuance of Common Stock upon exercise of Company Options or the settlement of Company Perfo Shares from September 30, 2006 to the date of this Agreement, the Company has not declared or paid any divi distribution in respect of any Company Securities, and neither the Company nor any Subsidiary of the Company has issu or repurchased any Company Securities, and their respective Boards of Directors have not authorized any of the for

(d) Neither the Company nor any of the Subsidiaries has entered into any commitment, arrangement or agreemen otherwise obligated, to contribute capital, loan money or otherwise provide funds or make additional investments Subsidiary of the Company, Company Joint Venture or any other Person, other than intercompar

(e) No bonds, debentures, notes or other indebtedness having the right to vote on any matters on which Company stock may vote are outst

Section 4.6 ***Company Subsidiaries and Joint Ventures.*** (a) Section 4.6(a) of the Company Disc Letter sets forth all Material Subsidiaries of the Company and Company Joint Ventures. All interests of any Material Subsidiary of the Company held by the Company or any other Subsidiary Company are validly issued, fully paid and non-assessable (to the extent such concepts are appli and were not issued in violation of any preemptive or similar rights, purchase option, call, or right refusal or similar rights. All such equity interests in Material Subsidiaries held by the Company Subsidiary of the Company are free and clear of any Liens or any other limitations or restrictions o equity interests (including any limitation or restriction on the right to vote, pledge or sell or oth dispose of such equity interests) other than Permitted Liens. All equity interests of the Company Ventures held by the Company or any Subsidiary of the Company are free and clear of any Liens than Permitted

(b) There have not been reserved for issuance, and there are no outstanding (i) securities of the Company or any of its M Subsidiaries convertible into or exchangeable for shares of capital stock or voting securities of any Material Subsidiar Company; (ii) rights or options to acquire from the Company or its Material Subsidiaries, or obligations of the Compar Material Subsidiaries to issue, any shares of capital stock, voting securities or securities convertible into or exchange shares of capital stock or voting securities of any Material Subsidiary of the Company; or (iii) equity equivalent interest ownership or earnings of any Material Subsidiary of the Company or other similar rights in respect of any Material Subsi the Company (the items in clauses (i) through (iii) collectively, *Subsidiary Securities*). There are no outstanding obl the Company or any Material Subsidiary to repurchase, redeem or otherwise acquire any Subsidiary Securities. There preemptive rights of any kind which obligate the Company or any of its Subsidiaries to issue or deliver any Sub Securities. There are no stockholder agreements, voting trusts or other agreements or understandings to which the Com any of its Subsidiaries is a party or by which it is bound relating to the voting or registration of any shares of capital stock Subsidiary of the Company or preemptive rights with respect

Section 4.7 ***Reports and Financial Stater***

(a) The Company has filed all forms, reports, statements, certifications and other documents (including all e amendments and supplements thereto) required to be filed by it with the SEC since January 1, 2004 (all such forms, statements, certificates and other documents filed with or furnished to the SEC since January 1, 2004, with any amen thereto, collectively, the *Company SEC Reports*), each of which, including any financial statements or schedule therein, as finally amended prior to the date hereof, has complied as to form in all material respects with the app requirements of the Securities Act and Exchange Act as of the date filed with the SEC. None of the Company s Subsi required to file periodic reports with the SEC. None of the Company SEC Reports contained, when filed with the SEC amended prior to the date of this Agreement, as of the date of such amendment, any untrue statement of a materia omitted to state a material fact required to be stated or incorporated by reference therein or necessary in order to m statements therein, in the light of the circumstances under which they were made, not misleading. As of the date Agreement, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respec Company SEC Reports. To the Knowledge of the Company, none of the Company SEC Reports is the subject of ongoi review, outstanding SEC comment or outstanding SEC invest

(b) Each of the consolidated financial statements of the Company and its Subsidiaries included (or incorporated by ref in the Company SEC Reports (including the related notes and schedules, where applicable) fairly present (subject, in the the unaudited statements, to normal year-end auditing adjustments, none of which are expected to be material in n amount), in all material respects, the results of the consolidated operations and changes in stockholders equity and ca and consolidated financial position of the Company and its Subsidiaries for the respective fiscal periods or as of the res dates therein set forth. Each of such consolidated financial statements (including the related notes and schedules applicable) complied, as of the date of filing, in all material respects with applicable accounting requirements and v published rules and regulations of the SEC applicable thereto and each of such financial statements (including the relate and schedules, where applicable) were prepared in accordance with GAAP (except, in the case of unaudited statem permitted by the rules and regulations of the SEC) consistently applied during the periods involved, except in each indicated in such statements or in the notes

Section 4.8 ***Sarbanes-Oxley Compliance; Internal Co***

The Company has made all certifications and statements required by Sections 302 and 906 of the Sarbanes-Oxley Act o as amended, and the related rules and regulations promulgated the

with respect to the Company s filings pursuant to the Exchange Act. The Company has established and maintains d
controls and procedures (as defined in Rule 13a-15 under the Exchange Act) designed to ensure that material infor
relating to the Company, including its Subsidiaries, is made known on a timely basis to the individuals responsible
preparation of the Company s filings with the SEC and other public disclosure documents. Except as would not reasc
expected to have a Material Adverse Effect on the Company, (a) the Company has established and maintains a system of
accounting control over financial reporting sufficient to comply with all legal and accounting requirements applicabl
Company, (b) the Company has disclosed, based on its most recent evaluation of internal controls, to the Company s aud
its audit committee, (i) any significant deficiencies and material weaknesses in the design or operation of its internal acc
controls which are reasonably likely to materially and adversely affect the Company s ability to record, process, summa
report financial information, and (ii) any fraud known to the Company that involves management or other employees who
significant role in internal controls, and (c) the Company has not received any complaint, allegation, assertion, or c
writing regarding the accounting practices, procedures, methodologies, or methods of the Company or its internal acc
controls over financial reporting, including any such complaint, allegation, assertion, or claim that the Company has eng
questionable accounting or auditing pr

Section 4.9 ***Undisclosed Liabilities.*** Except (i) for those liabilities that are fully reflected or res
against on the consolidated balance sheet of the Company and its consolidated Subsidiaries inclu
the most recent consolidated financial statements of the Company included in the Company s Q
Report on Form 10-Q for the fiscal quarter ended September 30, 2006, (ii) for liabilities incurred
ordinary course of business consistent with past practice since September 30, 2006, which a
material taken as a whole, (iii) for liabilities that have been discharged or paid in full prior to th
hereof in the ordinary course of business consistent with past practice or (iv) for liabilities that wou
reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect
Company, neither the Company nor any of its Subsidiaries has incurred any liability of any
whatsoever (whether absolute, accrued or contingent or otherwise and whether due or to become

Section 4.10 ***Disclosure Documents.*** The Schedule 13E-3 and the Company Proxy Statement will
the date it is filed with the SEC (in the case of the Schedule 13E-3), at the date it is first ma
stockholders of the Company (in the case of the Company Proxy Statement) or at the time
Company Stockholder Meeting (other than as to information supplied in writing by Parent or Merg
or any of their Affiliates (other than the Company and its Subsidiaries), expressly for inclusion there
to which no representation is made), contain any untrue statement of a material fact or omit to sta
material fact required to be stated therein or necessary in order to make the statements therein, in li
the circumstances under which they are made, not misleading. The Company will cause the Cor
Proxy Statement, the Schedule 13E-3 and all related SEC filings to comply as to form in all m
respects with the requirements of the Exchange Act applicable thereto and any other applicable Law
the date of such

Section 4.11 ***Absence of Certain Changes or Events.*** Since September 30, 2006, (i) no ch
circumstance, event or effect has occurred which has had or would be reasonably likely to
individually or in the aggregate, a Material Adverse Effect on the Company and (ii) the Company a
Subsidiaries and, to the Knowledge of the Company, the Company Joint Ventures, have carried o
respective businesses in all material respects in the ordinary course of bus

Section 4.12 ***Litigation.*** Except as publicly disclosed in the Company SEC Reports filed with or furn
to the SEC prior to the date hereof, neither the Company nor any of its Subsidiaries is a party to an
there are no pending or, to the Knowledge of the Company, threatened, legal, administrative, arbi
other material proceedings, claims, actions or governmental or regulatory investigations (a *Proc*
of any nature against the Company or any of its Subsidiaries, except for any Proceeding which h

or would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Company. the Company nor any of its Subsidiaries or any of their businesses or properties are subject to or bound by any injunction judgment, decree or regulatory restriction of any Governmental Authority specifically imposed upon the Company, ar Subsidiaries or their respective properties or assets, except for any injunction, order, judgment, decree or regulatory res which (i) has not had or would not be reasonably likely to have, individually or in the aggregate, a Material Adverse E the Company or (ii) would not prevent or materially delay the consummation of the Merger or the Company s ability to and perform its obligations her

Section 4.13 ***Taxes.*** Except as have not had or would not be reasonably likely to have, individually the aggregate, a Material Adverse Effect on the Com

(a) all Tax Returns required to be filed by the Company or any of its Subsidiaries have been properly prepared and timel and all such Tax Returns (including information provided therewith or with respect thereto) are true, correct and co

(b) the Company and its Subsidiaries have fully and timely paid all Taxes (whether or not shown to be due on the Tax referred to in Section 4.13(a)) other than Taxes that are not yet due and payable or that are being contested in good appropriate proceedings and for which adequate reserves have been established in the applicable financial statem accordance with GAAP if such reserves are required under

(c) no audit or other proceeding by any taxing authority is pending or, to the Knowledge of the Company, threatened in against the Company or any of its Subsi

(d) there are no Tax sharing agreements (or similar agreements) to which the Company or any of its Subsidiaries is a par by which the Company or any of its Subsidiaries is bound (other than agreements exclusively between or among the Co and its Subsidiari

(e) neither the Company nor any of its Subsidiaries has engaged in any reportable transaction under Section 6011 of th and the regulations ther

Section 4.14 ***E***

(a) Section 4.14(a) of the Company Disclosure Letter contains a true and complete list of each Employee Benefit Plan than any multiemployer plan within the meaning of ERISA Section 3(37)) and stock purchase, stock option, sev retention, employee loan, collective bargaining, employment, change-in-control, fringe benefit, bonus, incentive, c compensation and all other material employee benefit plans, agreements, programs, policies or other arrangements, wh not subject to ERISA, whether formal or informal, oral or written, legally binding or not, under which any Company Em has any present or future right to benefits and which is maintained or contributed to by the Company or any of its U.S. M Subsidiaries or under which the Company or any of its U.S. Material Subsidiaries has any present or future liabilit Company Benefit Plan has been operated, funded and administered in compliance with its terms, the terms of any app collective bargaining agreement and with all applicable requirements of Law, including ERISA and the Code, except as not subject the Company or any of its Subsidiaries to any liability that has had or would be reasonably likely t individually or in the aggregate, a Material Adverse Effect on the Company. Except as has not had and would not be rea likely to have, individually or in the aggregate, a Material Adverse Effect on the Company, none of the Company, ar Subsidiaries, any officer of the Company or any of its Subsidiaries or any Company Benefit Plan that is subject to ERISA the Knowledge of the Company, any trust created thereunder or any trustee or administrator thereof, has engaged in a non prohibited transaction (as such term is defined in Section 406 of ERISA and Section 4975 of the Code). Except as h and would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Comp accumulated funding deficiency (as such term is

Section 302 of ERISA and Section 412 of the Code (whether or not waived)) has occurred with respect to any Company

(b) Except as has not had and would not be reasonably likely to have, individually or in the aggregate, a Material A Effect on the Company, no event has occurred and no condition exists that would subject the Company or its Subsidiaries directly or by reason of their affiliation with any member of their Controlled Group (defined as any organization member of a controlled group of organizations within the meaning of Sections 414(b), (c), (m) or (o) of the Code), to a fine, lien, penalty or other liability imposed by ERISA, the Code or other applicable laws, rules and regu

(c) Except in the ordinary course of business or as required by applicable Law, since September 30, 2006, there has amendment to any Company Benefit Plan that would increase materially the expense to the Company or any of its Subs of maintaining such plan above the level of the expense incurred by the Company or its Subsidiaries therefor for the mos fiscal year. Except as contemplated by this Agreement, the execution of this Agreement and the consummatio transactions contemplated hereby will not (either alone or together with any other related event) (i) result in any payment by the Company or any of its Material Subsidiaries to any Company Employee of any money or other propert any Company Benefit Plan or Company Stock Plan or (ii) result in the accelerated vesting or funding through a otherwise of a material amount of compensation or benefits under any Company Benefit Plan or Company Stock (iii) result in payments under any Company Benefit Plan which would not be deductible under Section 280G of th

Section 4.15 ***Compliance With***

(a) The Company and each of its Subsidiaries is, and at all times has been, in compliance with all Laws applicabl Company, its Subsidiaries and their respective businesses and activities, except for such noncompliance that has not h would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Co

(b) The Company and each Subsidiary of the Company has and maintains in full force and effect, and is in compliance Permits and all orders from Governmental Authorities necessary for the Company and each Subsidiary to carry respective businesses as currently conducted and currently proposed to be conducted, except as has not had, and would reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Co

(c) The Domestic Institution is and, since July 1, 2003, has been, duly qualified as, and in material compliance with th definition of, a proprietary institution of higher e

(d) The Domestic Institution has not derived more than ninety percent (90%) of its revenues from Title IV Program fu determined in accordance with DOE s 90/10 Rule as codified at 34 C.F.R. §600.5(a)(8), for any fiscal year repo required by the DOE ended on or after July

(e) Neither the Company, nor any person or entity that exercises Substantial Control over the Company, any of its Subs or the Domestic Institution (as the term Substantial Control is used in 34 C.F.R. §668.174(b) and (c)) (*Substantial* member of such person s family (as the term family is defined in 34 C.F.R. §600.21(f)), alone or together, (A) exercised Substantial Control over an institution other than the Domestic Institution or over a third-party servicer (as that defined in 34 C.F.R. §668.2) that owes a liability for a violation of a Title IV Program or other HEA program requirem (B) owes a liability for a Title IV Program or other HEA program violation. At no time has the Company, any of its Subsi or the Domestic Institution, nor any person or entity that exercises Substantial Control over any of them, filed for bankruptcy or had entered against it an order for relief in bankruptcy. None of the Company, any of its Subsidiaries Domestic Institution, nor any person or entity that exercises Substantial Control over any of them, has pled guilty to, nolo contendere to, or has been found guilty of a crime involving the acquisition, use, or expend

funds under the Title IV Programs or has been judicially determined to have committed fraud involving funds under the T
Programs. To the Knowledge of the Company, neither the Company, nor any of its Subsidiaries, or the Domestic Ins
currently employs any individual or entity in a capacity that involves the administration or receipt of funds under the T
Programs, or contracted with any institution or third-party servicer, which has been terminated under the Title IV Prograr
reason involving the acquisition, use, or expenditure of federal, state or local government funds, or has been convicted of
pled nolo contendere or guilty to, a crime involving the acquisition, use or expenditure of federal, state, or local gove
funds, or has been administratively or judicially determined to have committed fraud or any other material violation
involving federal, state, or local governmen

(f) As of the date hereof, to the Knowledge of the Company, there exist no facts or circumstances attributable to the Co
or any Affiliate of the Company that would reasonably be expected to cause the DOE to refuse to deliver a written respo
would satisfy the condition set forth in Section 8.2(d) of this Agreement. As of the date hereof, to the Knowledg
Company, neither the Company nor any Affiliate of the Company has been or is subject to any actions, suits, proce
investigations, audits, program reviews or claims that would reasonably be expected to prevent or delay the issuance by th
of a written response that would satisfy the condition set forth in Section 8.2(d) of this Agre

Section 4.16 ***Finders Fees.*** No agent, broker, investment banker, financial advisor or other f
person except Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner &
Incorporated is or will be entitled to any broker s or finder s fee or any other similar commission
connection with any of the transactions contemplated by this Agreement. The Company has provi
Parent a complete and correct copy of any Contract between the Company and Morgan Stanley
Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated, relating to any such

Section 4.17 ***Opinion of Financial Advisors.*** Each of Morgan Stanley & Co. Incorporated and M
Lynch, Pierce, Fenner & Smith Incorporated has delivered to the Special Committee an opinion
effect that, as of the Execution Date, the consideration to be received by holders of Common Stock
than any holder who will contribute Common Stock to Parent) in the Merger is fair, from a fin
point of view, to such ho

Section 4.18 ***Anti-Takeover Provisions.*** The Board of Directors of the Company has taken all nec
action so that any takeover, anti-takeover, moratorium, fair price , control share or other
enacted under any Law applicable to the Company (each, a *Takeover Statute*) do not, and will n
to this Agreement, the Merger or the other transactions contemplated hereby. The Company do
have any stockholder rights plan in

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REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGE

Except as set forth in the corresponding sections or subsections of the disclosure letter delivered to the Company by Par
Merger Sub on the date hereof (the *Parent Disclosure Letter*) (it being understood that any information set forth in a
section or subsection of the Parent Disclosure Letter shall be deemed to be disclosed in each other section or subsection
to which the relevance of such information is reasonably apparent), Parent and Merger Sub hereby jointly and se
represent and warrant to the Compa

Section 5.1 ***Corporate Existence and Power.*** Parent is a limited partnership duly organized, v
existing and in good standing under the laws of the Province of Alberta and has all requisite pow
authority to execute and deliver this Agreement and to consummate the Merger and the other transa
contemplated hereby and to perform each of its obligations hereunder. Merger Sub is a corporatio
organized, validly existing and in good standing under the laws of the State of Maryland and

corporate power and authority required to execute and deliver this Agreement and to consummate the Merger and th
transactions contemplated hereby and to perform each of its obligations her

Section 5.2 ***Corporate Authorization.*** The execution, delivery and performance by Merger Sub
Agreement and the consummation by Merger Sub of the Merger and the other transactions contem
hereby have been duly and validly authorized by the Board of Directors of Merger Sub. Except f
approval of this Agreement by Parent, as the sole stockholder of Merger Sub (which shall have oc
prior to the Effective Time), no other corporate proceedings other than those previously ta
conducted on the part of Parent or Merger Sub are necessary to approve this Agreemen
consummate the other transactions contemplated hereby. This Agreement has been duly and v
executed and delivered by Parent and Merger Sub and, assuming the due and valid executio
delivery of the Agreement by the Company, constitutes a legal, valid and binding agreement of
and Merger Sub, respectively, enforceable against Parent and Merger Sub in accordance with its
except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganizat
similar Laws affecting the enforcement of creditors rights generally and general equitable pri

Section 5.3 ***Governmental Authorization.*** The execution, delivery and performance by Parent and M
Sub of this Agreement and the consummation by Parent and Merger Sub of the Merger and
transactions contemplated by this Agreement do not require any consent, approval, authorizat
permit of, action by, filing with or notification to any Governmental Authority on the part of Par
Merger Sub, other than (i) the filing and acceptance for record of the Articles of Merger with the S
(ii) compliance with the applicable requirements of the HSR Act or the applicable Other Antitrust
of jurisdictions other than the United States; (iii) compliance with the applicable requirements
Exchange Act including the filing of the Schedule 13E-3; (iv) compliance with any applicable fore
state securities or Blue Sky laws; (v) filings required as a result of facts or circumstances
attributable to the Company, its Subsidiaries, a direct or indirect change of control thereof
operation of their businesses; (vi) any such consent, approval, authorization, permit, action, fil
notification required from or to any Education Department, Accrediting Body or DOE (as speci
Section 5.3(vi) of the Parent Disclosure Letter) and (vii) any such consent, approval, authoriz
permit, action, filing or notification the failure of which to make or obtain would not be reasonably
to adversely effect in any material respect, or prevent or materially delay, the consummation
Merger or Parent s or Merger Sub s ability to observe and perform its material obligations h

Section 5.4 ***Non-Contravention.*** The execution, delivery and performance by Parent and Merger S
this Agreement and the consummation by Parent and Merger Sub of the Merger and the
transactions contemplated hereby do not and will not (i) contravene or conflict with the organizatio
governing documents of Parent or Merger Sub, (ii) assuming compliance with the items speci
Section 5.3, contravene, conflict with or constitute a violation of any provision of any Law binding
or applicable to Parent or Merger Sub or any of their respective properties or assets, or (iii) requ
consent, approval or authorization of, or notice to or filing with any third party with respect to, re
any breach or violation of or constitute a default (or an event which with notice or lapse of time o
would become a default), or give rise to any right of termination, cancellation, amendm
acceleration of any right or obligation of Parent or Merger Sub or to a loss of any material ben
which Parent or Merger Sub is entitled under any Co

Section 5.5 ***Disclosure Documents.*** None of the information supplied or to be supplied by Par
Merger Sub or any of their Affiliates (other than the Company and its Subsidiaries) specifica
inclusion in the Company Proxy Statement or Schedule 13E-3 will, at the date it is filed with the S
the case of the Schedule 13E-3), at the date it is first mailed to stockholders of the Company (in th

of the Company Proxy Statement), or at the time of the Company Stockholder Meeting, conta
untrue statement of a material fact or omit to state any material fact required to be stated ther
necess

order to make the statements therein, in light of the circumstances under which they are made, not misl

Section 5.6 ***Finders Fees.*** No agent, broker, investment banker, financial advisor or other firm or I except Goldman, Sachs & Co. and Citigroup is or will be entitled to any broker s or finder s f other similar commission or fee in connection with any of the transactions contemplated b Agreement in the event the Merger is not consumm

Section 5.7 ***Financing.*** Parent has delivered to the Company true and complete copies of (i) th commitment letters dated as of the Execution Date from Goldman Sachs Credit Partners L. Citigroup Global Markets Inc. (collectively, the *Debt Financing Commitments*), pursuant to v lenders party thereto committed, subject to the terms thereof, to lend the amounts set forth therei *Debt Financing*), and (ii) the equity commitment letters, dated as of the Execution Date, from ea Persons listed in Section 5.7 of the Parent Disclosure Letter (the *Equity Financing Commitme* together with the Debt Financing Commitments, the *Financing Commitments*), pursuant to wl parties have committed, subject to the terms thereof, to invest the cash amounts set forth therei *Equity Financing* and together with the Debt Financing, the *Financing*). Prior to the Exe (i) none of the Financing Commitments has been amended or modified, and (ii) the resp commitments contained in the Financing Commitments have not been withdrawn or rescinded respect. As of the Execution Date, the Financing Commitments are in full force and effect and are valid and binding obligations of Parent and to the knowledge of Parent, the other parties thereto. the Execution Date, assuming the accuracy of the Company s representations and warranties co herein, neither Parent, Merger Sub nor any direct investor in Parent has any knowledge that any eve occurred which, with or without notice, lapse of time or both, would constitute a default or breach part of Parent, Merger Sub or any direct investor in Parent under any term or condition of the Fina Commitments or otherwise be reasonably likely to result in any portion of the Financing contem thereby to be unavailable. The only conditions precedent to the obligations of the lenders and Persons committing pursuant to the Financing Commitments to make the Financing available to Par its Affiliates are those contemplated by the terms of the Financing Commitments. As of the Exe Date, assuming the accuracy of the Company s representations and warranties contained herein, Parent, Merger Sub nor any of the direct investors in Parent has any reason to believe that it v unable to satisfy on a timely basis any term or condition to be satisfied by it and contained Financing Commitments. Parent, Merger Sub and their respective Affiliates have fully paid any a commitment fees or other fees required by the terms of the Financing Commitments to be paid before the Execution Date. Subject to the terms and conditions of the Financing Commitments ar Agreement and assuming the accuracy of the Company s representations and warranties contained the proceeds from the Financing constitute all of the financing required to be provided by Parent f consummation of the Merger upon the terms set forth in this Agreement and other transa contemplated by this Agree

Section 5.8 ***Equity Rollover Commitments.*** Parent has delivered to the Company true and complete of the equity rollover letters (the *Equity Rollover Commitments*), dated as of the Execution D each of the Persons listed in Section 5.8 of the Parent Disclosure Letter (the *Rollover Entities*), to which such parties have committed to contribute to Parent that number of shares of Common Sto forth in such letters for shares of membership interests of Parent immediately prior to the Effective As of the Execution Date, the Equity Rollover Commitments are in full force and effect and are valid and binding obligations of Parent and the other parties thereto. The only conditions precedent obligations of each of the Rollover Entities under the Equity Rollover Commitments are contemplated by the terms of the Equity Rollover Commitments. As of the Execution Date, assumi accuracy of the Company s representations and warranties contained herein, neither Parent, Mer

nor any direct investor in Parent has any knowledge that any event has occurred which, with or w

notice, lapse of time or both, would constitute a default or breach under any term or condition of the Equity R
Commitments or otherwise be reasonably likely to result in any portion of the commitments contemplated thereb
unavailable. As of the Execution Date, assuming the accuracy of the Company s representations and warranties containe
neither Parent, Merger Sub nor any direct investor in Parent has any reason to believe that any of the Rollover Entities
unable to satisfy on a timely basis any term or condition to be satisfied by it and contained in the Equity Rollover Commi

Section 5.9 ***Merger Sub.*** Merger Sub has been formed solely for the purpose of engaging
transactions contemplated hereby and prior to the Effective Time will have engaged in no other bu
activities and will have incurred no liabilities or obligations other than in connection w
transactions contemplated hereby, including in connection with arranging the Financing. As
Execution Date, there were 100 shares of common stock of Merger Sub outstanding, representi
only shares of Merger Sub outstanding and entitled to vote on the M

Section 5.10 ***Voting Arrangements.*** Other than the Voting Agreement and as set forth in Section 5
the Parent Disclosure Letter, no direct or indirect equity investor in Parent or Merger Sub,
Affiliate thereof (other than the Company or any of its Subsidiaries), is subject to any voting t
other agreement, arrangement or restriction with respect to the voting of any Common Stock it
beneficially (determined for the purposes of this paragraph as set forth in Rule 13d-3 promulgated
the Exchange Act) or of record in respect of the Merger or any transaction involving a Co
Acquisition Proposal or Superior Proposal or any other transactions contemplated hereby or th

Section 5.11 **Compliance with Laws; Education Consents.** (a) None of Parent or Merger Sub n
person or entity that exercises Substantial Control over Parent or Merger Sub, or member of such p
family (as the term family is defined in 34 C.F.R. §600.21(f)), alone or together, (A) ex
exercised Substantial Control over any institution or over a third-party servicer (as that term is defi
34 C.F.R. §668.2) that owes a liability for a violation of a Title IV Program or other HEA pr
requirement, or (B) owes a liability for a Title IV Program or other HEA program violation. At n
has Parent, Merger Sub, or any Affiliate of Parent or Merger Sub, or any person or entity that exe
Substantial Control over any of them (other than portfolio companies or portfolio investments), fi
relief in bankruptcy or had entered against it an order for relief in bankruptcy. None of Parent or M
Sub, or any person or entity that exercises Substantial Control over any of them, has pled guilty t
pled nolo contendere to, or has been found guilty of a crime involving the acquisition, use, or exper
of funds under the Title IV Programs or has been judicially determined to have committed
involving funds under the Title IV Programs. To the knowledge of Parent and Merger Sub, neither
nor Merger Sub currently employs any individual or entity in a capacity that involves the administ
or receipt of funds under the Title IV Programs, or contracted with any institution or third-party se
which has been terminated under the Title IV Programs for a reason involving the acquisition, u
expenditure of federal, state or local government funds, or has been convicted of, or has ple
contendere or guilty to, a crime involving the acquisition, use or expenditure of federal, state, o
government funds, or has been administratively or judicially determined to have committed fraud
other material violation of law involving federal, state, or local government

(b) As of the date hereof, to the knowledge of Parent and Merger Sub, there exist no facts or circumstances attribu
Parent or Merger Sub, to any Person in which Parent or Merger Sub has an interest, or to any Affiliate of Parent or Mer
(other than portfolio companies or portfolio investments), that would reasonably be expected to cause the DOE to r
deliver a written response that would satisfy the condition set forth in Section 8.2(d) of this Agreement. As of the date he
the knowledge of Parent and Merger Sub, none of Parent, Merger Sub, any Person in which Parent or Merger Sub
interest, or any Affiliate of Parent or Merger Sub (other than portfolio companies or portfolio investments), has be
subject to any actions, suits, proceedings, investigations, audits, p

reviews or claims that would reasonably be expected to prevent or delay the issuance by the DOE of a written respo
would satisfy the condition set forth in Section 8.2(d) of this Agr

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CONDUCT OF BUSINESS PENDING THE ME

Section 6.1 ***Conduct of the Company and Subsidiaries.*** Except for matters (x) set forth in Section
the Company Disclosure Letter or as otherwise contemplated by or specifically provided
Agreement, or (y) consented to in writing by Parent (which consent shall not be unreasonably with
from the date hereof until the Effective Time, the Company shall, and shall cause its Subsidiar
conduct their respective businesses in the ordinary and usual course consistent with past pra
Without limiting the generality of the foregoing, and except for matters set forth in Section 6.1
Company Disclosure Letter or as otherwise contemplated by or specifically provided in this Agree
without the prior written consent of Parent (which consent shall not be unreasonably withh
delayed), the Company shall not, and shall not permit its Subsidiar

(a) propose or adopt any change in its organizational or governing docu

(b) merge or consolidate the Company or any of its Subsidiaries with any Person, other than the Merger and other th
transactions solely among the Company and/or its wholly owned Subsidiaries that would not result in a material increas
Tax liability of the Company or its Subsi

(c) sell, lease or otherwise dispose of a material amount of assets or securities, including by merger, consolidation, asset
other business combination (including formation of a joint venture), other than such transactions solely among the Co
and/or its Subsidiaries that would not result in a material increase in the Tax liability of the Company or its Subsi

(d) fail to comply with Section 6.01 (captioned Indebtedness; Certain Equity Securities) of the Five-Year Credit Agree
in effect on the date

(e) offer, place or arrange any issue of debt securities or commercial bank or other credit facilities that could be rea
expected to compete with or impede the Debt Financing or cause the breach of any provisions of the Debt Fi
Commitments or cause any condition set forth in the Debt Financing Commitments not to be sa

(f) make any material loans, advances or capital contributions to, acquisitions or licenses of, or investments in, an
Person, except for (i) transactions solely among the Company and/or wholly owned Subsidiaries of the Company, o
required by existing contracts or transactions that do not exceed $200 million in the agg

(g) authorize any capital expenditures in excess of $10,000,000 per project or related series of projects in excess of $50,0
in the aggregate, other than expenditures necessary to maintain existing assets in good repair and expenditures contempl
the Company s 2007 budget or carried over from the 2006 budget and approved development plans, as delivered to Par
to the date

(h) fail to comply with Section 6.02 (captioned Liens) of the Five-Year Credit Agreement as in effect on the date

(i) enter into or amend any Contract with any executive officer (except for the amendments described in Section 6.
Company Disclosure Letter with respect to the change of control agreements listed therein) director or other Affiliat
Company or any of its Subsidiaries or any Person beneficially owning 5% or more of the Commor

(j) split, combine or reclassify any Company Securities or Subsidiary Securities or amend the terms of any Company Se or Subsidiary Securities, (ii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or pro any combination thereof) in respect of Company Securities or Subsidiary Securities other than a dividend or distributi Subsidiary of the Company in the ordinary course of business, (iii) grant, issue or offer to grant or issue any Company Se or Subsidiary Securities, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acqu Company Securities or Subsidiary Securities, other than in connection with (A) the exercise of Company Options, withholding of Company Securities to satisfy tax obligations with respect to Company Equity Awards, (C) the acquisitio Company of Company Securities in connection with the forfeiture of Company Equity Awards, (D) the acquisitio Company of Company Securities in connection with the net exercise of Company Options in accordance with the terms and (E) the issuance of Company Securities as required to comply with any Company Benefit Plan or Employment Agr as in effect on the date of this Agreement; provided, however, that clauses (B) through (D) shall only be permitted to th the applicable Company Stock Plan or related award agreements provide therefor at the date

(k) except (i) as required pursuant to existing written agreements or any Company Benefit Plan, Employment Agree collective bargaining agreement in effect on the date hereof, (ii) as effected in the ordinary course of business or (iii) as r by applicable Law (including Section 409A of the Code), (A) adopt, amend or terminate any Company Benefit Plan into, amend or terminate any collective bargaining agreement or any Employment Agreement with any Company Em except for entry into Employment Agreements in the ordinary course of business consistent with past practice with perso are not executive officers or directors to the extent necessary to replace a departing employee or fill an existing v (B) take any action to accelerate the vesting or payment, or fund or in any other way secure the payment, of compens benefits under any Company Benefit Plan, (C) increase in any manner the compensation or fringe benefits of any C Employee by an amount in excess of $1,000,000 in the aggregate outside of the ordinary course of business, or (D) gr severance or termination pay to any Company Em

(l) settle or compromise any litigation, or release, dismiss or otherwise dispose of any claim or arbitration, oth settlements or compromises of litigation, claims or arbitration that do not exceed $10,000,000 in the aggregate and involve any material injunctive or other non-monetary relief or impose material restrictions on the business or operation Company and other than any litigation relating to the transactions contemplated by this Agr

(m) other than in the ordinary course of business consistent with past practice or except to the extent required by Law, change any material Tax election, or settle or compromise any material Tax liability of the Company or any of its Subsi agree to an extension of the statute of limitations with respect to the assessment or determination of Taxes of the Com any of its Subsidiaries, file any amended Tax Return with respect to any material Tax, enter into any closing agreeme respect to any Tax or surrender any right to claim a Tax

(n) make any change in financial accounting methods or method of Tax accounting, principles or practices materially a the reported consolidated assets, liabilities or results of operations of the Company and its Subsidiaries, except insofar have been required by a change in GAAP

(o) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization reorganization of the Company or any of its Subsidiaries (other than the Merger and consolidations, mergers or reorgani solely among wholly owned Subsidiaries of the Company), or a letter of intent or agreement in principle with respect

(p) (i) approve, adopt or enter into any stockholders rights plan or other anti-takeover measure unless it exclude Merger Sub, and any of their respective members, stockholders and A

from its operation in all respects; or (ii) take any action that would cause any Takeover Statute to apply to this Agreem
Merger or the other transactions contemplated

(q) take any action or fail to take any action which would, or would be reasonably likely to, individually or in the agg
prevent, materially delay or materially impede the ability of the Company to consummate the Merger or the other trans
contemplated by this Agreen

(r) authorize, agree or commit to do any of the for

Section 6.2 ***Conduct of Parent and Merger Sub.*** Each of Parent and Merger Sub agrees that, fro
date hereof to the Effective Time, unless otherwise contemplated herein, it shall not (i) take any
(including by way of amendment to the Investors Agreement dated as of the Execution Date a
Parent and the investors named therein (the *Investors Agreement*)) that is intended to or would
any of the conditions to effecting the Merger set forth in Sections 8.1 and 8.3 becoming incapa
being satisfied; or (ii) take any action or fail to take any action which would, or would be reaso
likely to, individually or in the aggregate, prevent, materially delay or materially impede the abi
Parent and Merger Sub to consummate the Merger or the other transactions contemplated b
Agreement. Parent has provided to the Company a summary of the material provisions of the Inv
Agreement relating to Approvals and Remedies to the extent such provisions relate to the co
of the Merger and the obtaining of Equity Financing in connection ther

Section 6.3 ***No Control of Other Party s Business.*** Nothing contained in this Agreement is inten
give Parent, directly or indirectly, the right to control or direct the Company s or its Subs
operations prior to the Effective Time, and nothing contained in this Agreement is intended to gi
Company, directly or indirectly, the right to control or direct Parent s or its Subsidiaries operatio
to the Effective Time, each of Parent and the Company shall exercise, consistent with the term
conditions of this Agreement, complete control and supervision over its and its Subsidiaries resp
opera

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ADDITIONAL AGREEM

Section 7.1 ***Stockholder Meeting; Proxy Ma***

(a) The Company shall (i) take all action necessary to duly call, give notice of, convene and hold a meeting of its stock
(the *Company Stockholder Meeting*) for the purpose of obtaining the approval of this Agreement by the Company sto
in accordance with applicable Law and as provided in this Agreement as promptly as reasonably practicable after t
confirms that it has no further comments on the Company Proxy Statement or the Schedule 13E-3, (ii) use reasona
efforts to solicit the approval of this Agreement by the Company stockholders, and (iii) except to the extent that the B
Directors of the Company (acting upon the recommendation of the Special Committee, if such committee still exists) sha
withdrawn or modified its approval or recommendation of this Agreement as permitted by Section 7.4, include in the Co
Proxy Statement the recommendation of the Board of Directors of the Company that the stockholders of the Company a
this Agreement (the *Recomme*

(b) In connection with the Company Stockholder Meeting, the Company will (i) as promptly as reasonably practicable
the Company Proxy Statement and the Schedule 13E-3 and file, (in the case of the Schedule 13E-3, jointly with Par
Merger Sub) the Company Proxy Statement and the Schedule 13E-3 with the SEC as promptly as reasonably practicable
any event within 21 Business Days following the date of this Agreement, (ii) respond as promptly as reasonably practi
any comments received from the SEC with respect to such filings and provide copies of such comments to Parent and
Sub promptly upon receipt and copies of proposed responses to Parent and Merger Sub a reasonable time prior to filing t
meaningful comment, (iii) as promptly as rea

practicable prepare and file (after Parent and Merger Sub have had a reasonable opportunity to review and comment
amendments or supplements necessary to be filed in response to any SEC comments or as required by Law, (iv
reasonable best efforts to have the SEC confirm that it has no further comments on the Company Proxy Statemer
Schedule 13E-3 and will thereafter mail to its stockholders as promptly as reasonably practicable the Company Proxy Sta
and all other customary proxy or other materials for meetings such as the Company Stockholder Meeting (provided th
Company shall be under no obligation to mail the Company Proxy Statement to its stockholders p
the No-Shop Period Start Date), (v) to the extent required by applicable Law, as promptly as reaso
practicable prepare, file and distribute to the Company stockholders any supplement or amendment
Company Proxy Statement and the Schedule 13E-3 if any event shall occur which requires such ac
any time prior to the Company Stockholder Meeting, and (vi) otherwise use reasonable best eff
comply with all requirements of Law applicable to the Company Stockholder Meeting and the M
Parent and Merger Sub shall cooperate with the Company in connection with the preparation
Company Proxy Statement and the preparation and filing of the Schedule 13E-3, including pro
furnishing the Company upon request with any and all information as may be required to be set fo
the Company Proxy Statement and the Schedule 13E-3 under applicable Law. The Company will p
Parent and Merger Sub a reasonable opportunity to review and comment upon the Company
Statement and the Schedule 13E-3, or any amendments or supplements thereto, prior to maili
Company Proxy Statement to its stockholders and filing the Schedule 13E-3 with the

(c) If, at any time prior to the Effective Time, any information relating to the Company, Parent or Merger Sub or any
respective Affiliates should be discovered by the Company, Parent or Merger Sub which should be set forth in an amend
supplement to the Company Proxy Statement or Schedule 13E-3, as applicable, so that the Company Proxy State
Schedule 13E-3, as applicable, shall not contain any untrue statement of a material fact or omit to state any material fact r
to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which t
made, not misleading, the party that discovers such information shall promptly notify the other parties and, to the extent r
by applicable Law, the Company shall disseminate an appropriate amendment thereof or supplement thereto describi
information to the Company s stoc

(d) In connection with the filing of the Company Proxy Statement, the Company and Merger Sub will coop
(i) concurrently with the preparation and filing of the Company Proxy Statement, jointly prepare and file with the S
Schedule 13E-3 relating to the Merger and the other transactions contemplated hereby and furnish to each other all infor
concerning such party as may be reasonably requested in connection with the preparation of the Schedule 13E-3, (ii) res
promptly as reasonably practicable to any comments received from the SEC with respect to such filings and will cons
each other prior to providing such response, (iii) as promptly as reasonably practicable after consulting with each other,
and file any amendments or supplements necessary to be filed in response to any SEC comments or as required b
(iv) have cleared by the SEC the Schedule 13E-3 and (v) to the extent required by applicable Law, as promptly as rea
practicable prepare, file and distribute to the stockholders of the Company any supplement or amendment to the Schedul
if any event shall occur which requires such action at any time prior to the Company Stockholders M

Section 7.2 ***Reasonable Best Efforts.*** (a) Subject to the terms and conditions of this Agreement
party will use its reasonable best efforts to take, or cause to be taken, all actions, to file, or cause
filed, all documents and to do, or cause to be done, all things necessary, proper or advisa
consummate the transactions contemplated by this Agreement, including preparing and filing as pro
as practicable all documentation to effect all necessary filings, consents, waivers, appr
authorizations, Permits or orders from all Governmental Authorities or other Persons and, in the c
Parent, using reasonable best efforts to enforce any remedies available to Parent in the Inv
Agreement. In furtherance and not in limitation of the foregoing, each party hereto agrees to ma
appropriate filing of a Notificatio

Report Form pursuant to the HSR Act with respect to the transactions contemplated by this Agreement as pron
practicable after the date hereof (and in any event within 21 Business Days) and to make, or cause to be made, the fili
authorizations required under the Other Antitrust Laws of jurisdictions other than the United States and under applicab
with respect to the DOE and any other applicable Education Departments and Accrediting Bodies as promptly as rea
practicable after the date hereof and to supply as promptly as reasonably practicable any additional information and docu
material that may be requested pursuant to the HSR Act, the Other Antitrust Laws of jurisdictions other than the United S
other applicable Law with respect to the DOE and any other applicable Education Departments and Accrediting Bodies
its reasonable best efforts to take or cause to be taken all other actions necessary, proper or advisable consistent w
Section 7.2 to cause the expiration or termination of the applicable waiting periods, or receipt of required authorizat
applicable, under the HSR Act or the Other Antitrust Laws of jurisdictions other than the United States as soon as prac
provided that in no event shall any member or other holder of interests in Parent, or any Affiliate of any member of Pa
required to take any action with respect to any portfolio company or agree to undertake any divestiture or restrict its
with regard to any business other than the business of the Company and its Subsidiaries. Without limiting the forego
parties shall request and shall use reasonable best efforts to obtain early termination of the waiting period under the H

(b) Each of Parent and Merger Sub, on the one hand, and the Company, on the other hand, shall, in connection with the
referenced in Section 7.2(a) to obtain all requisite approvals and authorizations for the transactions contemplated
Agreement, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any f
submission and in connection with any investigation or other inquiry, including any proceeding initiated by a privat
(ii) keep the other party reasonably informed of any communication received by such party from, or given by such party
Federal Trade Commission (the *FTC*), the Antitrust Division of the Department of Justice (the *DOJ*), the DOE
Governmental Authority and of any communication received or given in connection with any proceeding by a private p
each case regarding any of the transactions contemplated hereby; and (iii) permit the other party to review any commun
given by it to, and consult with each other in advance of any meeting or conference with, the FTC, the DOJ, the DOE
other Governmental Authority or, in connection with any proceeding by a private party, with any other person, and to the
permitted by the FTC, the DOJ, the DOE or such other applicable Governmental Authority or other person, give the oth
the opportunity to attend and participate in such meetings and confe

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 7.2(a) and (b), if any objecti
asserted with respect to the transactions contemplated hereby under any Law or if any suit is instituted (or threatene
instituted) by the FTC, the DOJ or any other applicable Governmental Authority or any private party challenging an
transactions contemplated hereby as violative of any Law or which would otherwise prevent, materially impede or ma
delay the consummation of the transactions contemplated hereby, each of Parent, Merger Sub and the Company shal
reasonable best efforts to resolve any such objections or suits so as to permit consummation of the transactions contempl
this Agreement, including in order to resolve such objections or suits which, in any case if not resolved, would reason
expected to prevent, materially impede or materially delay the consummation of the Merger or the other trans
contemplated hereby, including selling, holding separate or otherwise disposing of or conducting its business in a manne
would resolve such objections or suits or agreeing to sell, hold separate or otherwise dispose of or conduct its busin
manner which would resolve such objections or suits or permitting the sale, holding separate or other disposition of, ar
assets or the assets of its Subsidiaries or the conducting its business in a manner which would resolve such objections or s
long as such actions, individually or in the aggregate, do not have, and would not be reasonably likely to have, a M
Adverse Effec

Company; *provided*, *however*, that the Company may expressly condition any such sale, holding separate or other dispo
any agreement to take any such action or to conduct its business in any manner, upon consummation of the Merger and th
transactions contemplated hereby; and *provided*, *further*, *however*, that in no event shall any member or other holder of i
in Parent, or any Affiliate of any member of Parent, be required to take any action with respect to any portfolio com
agree to undertake any divestiture or restrict its conduct with regard to any business other than the business of the Compa
its Subsidiaries. Without excluding other possibilities, the transactions contemplated by this Agreement shall be deem
materially delayed if unresolved objections or suits delay or would reasonably be expected to delay the consummatio
transactions contemplated hereby beyond the En

(d) Subject to the obligations under Section 7.2(c), in the event that any administrative or judicial action or proce
instituted (or threatened to be instituted) by a Governmental Authority or private party challenging the Merger or an
transaction contemplated by this Agreement, or any other agreement contemplated hereby, each of Parent, Merger Sub
Company shall cooperate in all respects with each other and use its respective reasonable best efforts to contest and re
such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or othe
whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummatio
transactions contemplated by this Agre

(e) The Company and each of its Subsidiaries and Parent will cooperate with each other and will take all comm
reasonable steps, and proceed diligently and in good faith (i) to submit a pre-acquisition review application for the D
Institution with the DOE within twenty-one (21) Business Days of the date of this Agreement and (ii) promptly to sub
make other applications, notices and submissions with the DOE and other Education Departments and Accrediting Bodie
must be filed prior to the Closing in order for the Company to obtain (a) all Education Department and Accreditin
approvals and permits which must be obtained prior to the Closing in order for the Surviving Corporation to ope
Domestic Institution and Foreign Institutions as they are currently operated and for the Domestic Institution and
Institutions to participate in all of the Student Financial Assistance Programs, including the Title IV Programs, u
ownership of the Surviving Corporation (collectively, the *Pre-Closing Education Consents*, identified
Section 7.2(e)(i) of the Company Disclosure Letter), and (b) all Education Department and Accrediting Body approv
permits which must be obtained after the Closing in order for the Surviving Corporation to operate the Domestic Institut
Foreign Institutions as they are currently operated and for the Domestic Institution and Foreign Institutions to participate
the Student Financial Assistance Programs, including the Title IV Programs, under the ownership of the Surviving Corp
(collectively, the *Post-Closing Education Consents*, identified as such in Section 7.2(e)(ii) of the Company Disclosu
provided, however, that the Company (including any of its Subsidiaries) shall not file any application, notice or other sub
to the DOE, any Education Department or any Accrediting Body without providing Parent a reasonable opportunity to
such application, notice or other submission and without obtaining the consent of Parent (which consent shal
unreasonably withheld or delayed); provided, further, however, that the Company shall be solely responsible for the sub
of all such applications, notices and submissions, subject only to the right of Parent and Merger Sub to review and co
such applications, notices and submissions as provided for in this Section 7.2(e). Parent and Merger Sub will
commercially reasonable steps, including with respect to the structure and organization of Parent and Merger Sub, to ens
any response from the DOE to the DOE pre-acquisition approval does not contain any of the conditions set
Section

(f) Notwithstanding anything to the contrary in this Agreement, in connection with obtaining any approval or consent fr
Person with respect to the Merger, (i) without the prior written consent of Parent (which shall not be unreasonably with
delayed), none of the Company or an

Subsidiaries shall pay or commit to pay to such Person whose approval or consent is being solicited any cash
consideration, make any commitment or incur any liability or other obligation due to such Person, other than s
Governmental application, filing or registration fees, and (ii) no party or its Affiliates shall be required to pay or commi
to such Person whose approval or consent is being solicited any cash or other consideration, make any commitment or
any liability or other obligation (provided, however, that such party shall give the other parties hereto the opportunity t
such pay

Section 7.3 ***Access to Information.*** (a) Subject to applicable Law, the Company will provide an
cause its Subsidiaries and its and their respective Representatives to provide Parent and Merger Su
their respective authorized Representatives, during normal business hours and upon reasonable ad
notice (i) such access to the offices, properties, books and records of the Company and such Subsi
(so long as such access does not unreasonably interfere with the operations of the Company) as Par
Merger Sub reasonably may request and (ii) all documents that Parent or Merger Sub reasonabl
request. Notwithstanding the foregoing, Parent, Merger Sub and their Representatives shall no
access to any books, records, documents and other information (i) to the extent that such books, re
documents or other information are subject to the terms of a confidentiality agreement with a third
(provided that the Company shall use its reasonable best efforts to obtain waivers under such agree
or implement requisite procedures to enable reasonable access without violating such agreement),
the extent that the disclosure thereof would result in the loss of attorney-client privilege, (iii) to the
required by applicable Law (provided that the Company shall use its reasonable best efforts to enab
provision of reasonable access without violating such law) or (iv) to the extent relating to pricing or
matters that are highly sensitive if the exchange of such books, records, documents or other inform
(or portions thereof), as reasonably determined by the Company s counsel, would be reasonably l
result in antitrust difficulties for the Company (or any of its Affiliates). The parties will make appro
substitute arrangements under circumstances in which the restrictions of the preceding sentence
All information exchanged pursuant to this Section 7.3(a) shall be subject to the Confiden
Agreements and the Sterling Confidentiality Agree

(b) No investigation by any of the parties or their respective Representatives shall affect the representations or warranties
other set forth

Section 7.4 ***Solicit***

(a) Notwithstanding any other provision of this Agreement to the contrary, during the period beginning on the date
Agreement and continuing until 11:59 p.m., Eastern Time on March 14, 2007 (the *No-Shop Period Start Date*), the
and its Subsidiaries and their respective officers, directors, employees, consultants, agents, advisors, affiliates ar
representatives (*Representatives*) shall have the right (acting under the direction of the Special Committee) to: (i) initi
and encourage, whether publicly or otherwise, Company Acquisition Proposals (as hereinafter defined), including by
providing access to non-public information pursuant to (but only pursuant to) one or more Acceptable Confide
Agreements (as hereinafter defined); *provided* that the Company shall promptly provide to Parent and Merger Sub any n
non-public information concerning the Company or its Subsidiaries that is provided to any Person given such access wh
not previously provided to Parent and Merger Sub; and (ii) enter into and maintain discussions or negotiations with re
Company Acquisition Proposals or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, pro
discussions or negotiations or the making of any Company Acquisition Pr

(b) Subject to Section 7.4(c), from the No-Shop Period Start Date until the Effective Time or, if e
the termination of this Agreement in accordance with Article IX, none of the Company, the Com
Subsidiaries nor any of their respective Representatives shall, directly or indirectly, (A) initiate, sol
encourage (including by way of providing information) the submission of any inquiries, pro

or offers that constitute or may reasonably be expected to lead to, any Company Acquisition Proposal or engage discussions or negotiations with respect thereto or otherwise knowingly cooperate with or knowingly assist or participat knowingly facilitate any such inquiries, proposals, discussions or negotiations (including by exempting any Person fr applicable Takeover Statute), or (B) approve or recommend, or propose to approve or recommend, a Company Acq Proposal or enter into any merger agreement, letter of intent, agreement in principle, share purchase agreement, asset p agreement or share exchange agreement, option agreement or other similar agreement providing for or relating to a Co Acquisition Proposal or enter into any agreement or agreement in principle requiring the Company to abandon, terminat to consummate the transactions contemplated hereby or breach its obligations hereunder or propose or agree to do an foregoing. Subject to Section 7.4(c) and except with respect to any Company Acquisition Pr received prior to the No-Shop Period Start Date with respect to which the requireme Section 7.4(c) have been satisfied as of the No-Shop Period Start Date (an *Excluded Party*) (that any Excluded Party shall cease to be an Excluded Party for all purposes under this Agreem such time as the Company Acquisition Proposal made by such party fails, in the reasonable judgm the Special Committee, to satisfy the requirements of Section 7.4(c)), on the No-Shop Period Start the Company shall immediately cease and cause to be terminated any solicitation, encourage discussion or negotiation with any Persons conducted theretofore by the Company, its Subsidia any Representatives with respect to any Company Acquisition Proposal and shall use its (and will its Representatives to use their) reasonable best efforts to require the other parties thereto to pro return or destroy in accordance with the terms of such agreement any confidential information prev furnished by the Company, the Company s Subsidiaries or their respective Representatives ther Within 24 hours of the No-Shop Period Start Date, the Company shall notify Parent of the num Excluded P

(c) Notwithstanding anything to the contrary contained in Section 7.4(b), if at any time following the No-Shop Peri Date and prior to obtaining the Requisite Stockholder Vote, (i) the Company has received a written Company Acq Proposal from a third party that the Board of Directors of the Company (acting through the Special Committee, committee still exists, or otherwise by resolution of a majority of its Disinterested Directors) believes in good faith to fide and (ii) the Board of Directors of the Company (acting through the Special Committee, if such committee still e otherwise by resolution of a majority of its Disinterested Directors) determines in good faith, after consultation independent financial advisors and outside counsel, that such Company Acquisition Proposal constitutes or could reason expected to result in a Superior Proposal, then the Company may (A) furnish information with respect to the Company Subsidiaries to the Person making such Company Acquisition Proposal and (B) participate in discussions or negotiatio the Person making such Company Acquisition Proposal regarding such Company Acquisition Proposal; *provided*, Company (x) will not, and will not allow Company Representatives to, disclose any non-public information to such without entering into an Acceptable Confidentiality Agreement, and (y) will promptly provide to Parent and Merger S material non-public information concerning the Company or its Subsidiaries provided to such other Person which previously provided to Parent and Merger Sub. Notwithstanding anything to the contrary contained in Section 7.4(b) Section 7.4(c), the Company shall be permitted prior to obtaining the Requisite Stockholder Vote to take the actions desc clauses (A) and (B) above with respect to any Excluded Party. From and after the No-Shop Period Start Date, the Compa promptly (within one Business Day) notify Parent and Merger Sub in the event it receives a Company Acquisition Propos a Person or group of related Persons (other than, prior to the 15th calendar day following the No-Shop Perio Date, an Excluded Party), including the material terms and conditions thereof and the identity party making such proposal or inquiry, and shall keep Parent and Merger Sub reasonably apprise the status and any material developments, discussions and negotiations concerning the same. W limiting the foregoing, from and after the No-Shop Period Start Date, the Company shall pro (within one Business Day) notify Parent and Merger Sub

and in writing if it determines to begin providing information or to engage in negotiations concerning a Company Acq
Proposal received on or after the No-Shop Period Start Date from a Person or group of related Persons (other than, prio
15th calendar day following the No-Shop Period Start Date, an Excluded P

(d) Subject to Section 7.4(e), neither the Board of Directors of the Company nor any committee thereof shall dir
indirectly (i) withdraw or modify in a manner adverse to Parent or Merger Sub, or publicly propose to withdraw or mod
manner adverse to Parent or Merger Sub, the Recommendation or (ii) take any other action or make any other public sta
in connection with the Company Stockholder Meeting inconsistent with such Recommendation. None of the Board of D
of the Company, any committee thereof or the Company itself, shall agree with any Person (other than an Excluded Par
respect to the period prior to the 15th calendar day following the No-Shop Period Start Date) to limit or
give prior notice to Parent and Merger Sub of its intention to effect a Recommendation Withdrawa
terminate this Agreement in light of a Superior Pro

(e) Notwithstanding anything in this Agreement to the contrary, if, at any time prior to obtaining the Requisite Stoc
Vote, the Company receives a Company Acquisition Proposal which the Board of Directors of the Company (acting th
the Special Committee, if such committee still exists, or otherwise by resolution of a majority
Disinterested Directors) concludes in good faith constitutes a Superior Proposal, the Board of Dir
of the Company (acting through the Special Committee, if such committee still exists, or otherw
resolution of a majority of its Disinterested Directors) may withdraw or modify its Recommendatio
manner adverse to Parent and Merger Sub (*Recommendation Withdrawal*); *provided*, *howeve*
Board of Directors of the Company (acting through the Special Committee, if such committee still
or otherwise by resolution of a majority of its Disinterested Directors) may not effect a Recommen
Withdrawal pursuant to this Section 7.4(e) unless: (i) if such action is taken from and after the No
Period Start Date (or with respect to an Excluded Party, from and after the 15th calendar day foll
the No-Shop Period Start Date), the Company has provided prior written notice to Parent and M
Sub, at least five calendar days in advance (the *Notice Period*), of its intention t
Recommendation Withdrawal in response to such Superior Proposal, which notice shall speci
material terms and conditions of any such Superior Proposal (including the identity of the party m
such Superior Proposal), and has contemporaneously provided a copy of the relevant pro
transaction agreements with the party making such Superior Proposal and other material document
(ii) if such action is taken from and after the No-Shop Period Start Date (or with respect to an Exc
Party, from and after the 15th calendar day following the No-Shop Period Start Date), prior to eff
such Recommendation Withdrawal, the Company has, and has caused its financial and legal advis
during the Notice Period, negotiate with Parent and Merger Sub in good faith (to the extent Pare
Merger Sub desire to negotiate) to make such adjustments in the terms and conditions of this Agre
so that such Company Acquisition Proposal ceases to constitute a Superior Proposal. In the event
material revisions to the applicable Superior Proposal, the Company shall be required to deliver
written notice to Parent and Merger Sub and to comply with the requirements of this Section 7.4(e
respect to such new written notice (to the extent so required), except that the Notice Period sh
reduced to three Business

(f) Nothing contained in this Section 7.4 or elsewhere in this Agreement shall prohibit the Company from (i) tak
disclosing to its stockholders a position contemplated by Rule 14d-9 and 14e-2(a) promulgated under the Exchange
(ii) making any disclosure to the Company s stockholders if, in the good faith judgment of the Board of Directors
through the Special Committee, if such committee still exists, or otherwise by resolution of a majo
its Disinterested Directors), after receipt of advice from its outside legal counsel, failure so to di
would be inconsistent with disclosure requirements under applicable Law; *provided*, any such disc
made pursuant to clause (i) or (ii) (other than a stop, look and listen letter or similar communi
th

contemplated by Rule 14d-9(f) under the Exchange Act) shall be deemed to be a Recommendation Withdrawal unless the
of Directors of the Company (acting through the Special Committee, if such committee still exists) exp
reaffirms in such disclosure its recommendation in favor of the approval of this Agree

(g) The Company agrees that any violations of the restrictions set forth in this Section 7.4 by any Representativ
Company or any of its Subsidiaries, shall be deemed to be a breach of this Section 7.4 by the Co

(h) As used in this Agreement, th

(i) *Acceptable Confidentiality Agreement* means a confidentiality and standstill agreement that contains provisions
no less favorable in the aggregate to the Company than those contained in the Sterling Confidentiality Agreement, *pr*
however, that an Acceptable Confidentiality Agreement may include provisions that are less favorable in the aggregat
Company than those contained in the Sterling Confidentiality Agreement, so long as the Company offers to am
Confidentiality Agreements and the Sterling Confidentiality Agreement concurrently with execution of such Acc
Confidentiality Agreement to include substantially similar provisions for the benefit of the parties

(ii) *Company Acquisition Proposal* means any inquiry, proposal or offer from any Person or group of Persons oth
Parent, Merger Sub or their respective Affiliates relating to any direct or indirect acquisition or purchase (whether in
transaction or a series of transactions) of a business or businesses that constitutes 30% or more of the net revenues, net inc
assets of the Company and its Subsidiaries, taken as a whole, or 30% or more of any class or series of Company Secu
Subsidiary Securities, any tender offer or exchange offer that if consummated would result in any Person or group of
beneficially owning 30% or more of any class or series of Company Securities or Subsidiary Securities, or any
reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or
transaction involving the Company (or any Subsidiary or Subsidiaries of the Company whose business or bus
constitute(s) 30% or more of the net revenues, net income or assets of the Company and its Subsidiaries, taken as a

(iii) *Superior Proposal* means a Company Acquisition Proposal, which was not obtained in violation of this Section
which the Board of Directors of the Company (acting through the Special Committee, if such committee still exists, or ot
by resolution of a majority of its Disinterested Directors) in good faith determines, would, if consummated, res
transaction that is more favorable from a financial point of view to the stockholders of the Company (in their capac
stockholders) than the transactions contemplated hereby (x) after receiving the advice of its financial advisor (who sh
nationally recognized investment banking firm), (y) after taking into account the likelihood of consummation of such tran
on the terms set forth therein (as compared to the terms herein) and (z) after taking into account all appropriate legal (
advice of outside counsel), financial (including the financing terms of any such proposal), regulatory or other aspects
proposal; *provided* that for purposes of the definition of *Superior Proposal*, the references to 30% or more in the
Company Acquisition Proposal shall be deemed to be references to a majority and the definition of Company A
Proposal shall only refer to a transaction or series of transactions (i) directly involving the Company (and not exclusi
Subsidiaries) or (ii) involving a sale or transfer of all or substantially all of the assets of the Company and its Subsidiarie
as a

Section 7.5 ***Director and Officer Lia***

(a) From and after the Effective Time, the Surviving Corporation shall to the greatest extent permitted by Law indemn hold harmless and comply with all of the Company s and its respective Subsidiaries obligations to indemnify and hol (including any obligations to advance funds for expenses) (i) the present and former officers and directors thereof agai and all costs or expenses (including reasonable attorneys fees and expenses), judgments, fines, losses, claims, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proce investigation, whether civil, criminal, administrative or investigative (*Damages*), arising out of, relating to or in conne any acts or omissions occurring or alleged to occur prior to or at the Effective Time to the extent provided under the Co or such Subsidiaries respective organizational and governing documents or agreements in effect on the date hereof, incl approval of this Agreement, the Merger or the other transactions contemplated by this Agreement or arising out of or pe to the transactions contemplated by this Agreement; and (ii) such persons against any and all Damages arising out o omissions in connection with such persons serving as an officer, director or other fiduciary in any entity if such service the request or for the benefit of the Company or any of its Subsidiaries. For a period of six years after the Effective Ti Surviving Corporation shall cause to be maintained in effect the current policies of officers and directors liability maintained on the date hereof by the Company and its respective Subsidiaries (the *Current Policies*); *provided*, *howev* Surviving Corporation may, and in the event of the cancellation or termination of such policies shall, substitute therefor with reputable and financially sound carriers providing at least the same coverage and amount and containing te conditions that are no less favorable to the covered persons (the *Replacement Policies*) in respect of claims arising fr events that existed or occurred prior to or at the Effective Time under the Current Policies; *provided*, *further*, *however*, th event will the Surviving Corporation be required to expend annually in excess of 300% of the annual premium currently the Company under the Current Policies (the *Insurance Amount*) (in which event, the Surviving Corporation sha much comparable insurance as available for the Insurance Amount); *provided*, *further*, *however*, that in lieu of the fo insurance coverage, Parent may direct the Company to purchase tail insurance coverage that provides coverage no less than the coverage described above, *provided* that the Company shall not be required to pay any amounts in respect coverage prior to the

(b) This Section 7.5 shall survive the consummation of the Merger and is intended to be for the benefit of, and enforceable by, present or former directors or officers of the Company or its Subsidiaries, their respective heirs and p representatives and shall be binding on the Surviving Corporation and its successors and assigns. In the event that the Su Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the contin surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all its pr and assets to any person (including by dissolution), then, and in each such case, Parent shall cause proper provision to b so that the successors and assigns of the Surviving Corporation assume and honor the obligations set forth in this Sect

(c) The agreements and covenants contained herein shall not be deemed to be exclusive of any other rights to which a present or former director or officer is entitled, whether pursuant to Law, contract or otherwise. Nothing in this Agree intended to, shall be construed to or shall release, waive or impair any rights to directors and officers insurance claims policy that is or has been in existence with respect to the Company or any of its Subsidiaries or their respective officers, d and employees, it being understood and agreed that the indemnification provided for in this Section 7.5 is not prior substitution for any such claims under any such p

Section 7.6 ***Takeover Statutes.*** The parties shall use their respective reasonable best efforts (i) to ta action necessary so that no Takeover Statute is or becomes applicable to the Merger or any of the

transactions contemplated by this Agreement and (ii) if any such Takeover Statute is or becomes applicable to an
foregoing, to take all action necessary so that the Merger and the other transactions contemplated by this Agreement
consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to minimize the e
such Takeover Statute on the Merger and the other transactions contemplated by this Agr

Section 7.7 ***Public Announcements.*** Except with respect to any Recommendation Withdrawal
action taken by the Company or its Board of Directors pursuant to, and in accordance with, Sectio
so long as this Agreement is in effect, the parties will consult with each other before issuing any
release or making any public statement with respect to this Agreement or the transactions contem
hereby and, except for any press release or public statement as may be required by applicable Law
process or any listing agreement with the Nasdaq Global Select Market, will not issue any such
release or make any such public statement without the consent of the other parties (no
unreasonably withheld or del

Section 7.8 ***Employee M***

(a) Without limiting any additional rights that any Company Employee employed by the Company or any of its Subsidi
the Effective Time (*Current Employee*) may have under any Company Benefit Plan, Employment Agreement or
bargaining agreement, Parent shall cause the Surviving Corporation and each of its Subsidiaries, for the period commer
the Effective Time and ending on the first anniversary thereof, to maintain for each Current Employee (i) base salary or
wage rate, target cash bonus opportunities under annual programs and commissions, but excluding equity and equity equi
(collectively, *Compensation*), that in the aggregate is no less favorable than, and (ii) severance, pension and welfare be
in the aggregate are no less favorable than, in the case of the foregoing clauses (i) and (ii), the Compensation and
maintained for and provided to such Current Employee immediately prior to the Effective Time; *provided*, *however*, that,
to the obligations set forth in this Section 7.8, nothing herein shall (A) prevent the amendment or termination of any Co
Benefit Plans in accordance with their respective terms, or (B) interfere with the Surviving Corporation s right or obli
make such changes as are necessary to conform with applicable Law. Nothing in this Section 7.8 shall limit the right of
the Surviving Corporation or any of their Subsidiaries to terminate the employment of any Current Employee at any ti
manner consistent with any applicable contractual obligations and any applicable employee benefit plans. The provision
Section 7.8(a) are in addition to any effect Section 7.8(c) may have on Compensation and b

(b) As of and after the Effective Time, Parent will, or will cause the Surviving Corporation to, give each Current Emplo
credit for purposes of eligibility to participate and vesting (but not for benefit accrual purposes, except for purposes of v
and severance) under any Employee Benefit Plans and any other employee compensation and incentive plans, benefit (in
vacation) plans, programs, policies and arrangements, in each case maintained for the benefit of Current Employees as
after the Effective Time by Parent, its Subsidiaries or the Surviving Corporation (each, a *Parent Plan*) for su
Employee s service prior to the Effective Time with the Company and its Subsidiaries and their predecessor entities, to
extent such service is recognized by the Company or its Subsidiaries immediately prior to the Effective Time excep
extent such credit would result in an unintended duplication of benefits. With respect to each Parent Plan that is a welfar
plan (as defined in Section 3(1) of ERISA), Parent or its Subsidiaries shall (i) cause there to be waived any pre
condition or eligibility limitations or exclusions and actively-at-work requirements with respect to the Current Employ
their eligible dependents to the extent waived under any Company Benefit Plan and (ii) give effect, for the year in wh
Closing occurs, for purposes of satisfying any deductible and maximum out-of-pocket limitations, to the extent credite
any Company Benefit Plan, to claims incurred and amounts paid by, and amounts reimbursed to, Current Employees a
eligible dependents under similar plans maintained by the Company and its Subsidiaries in which such Current Employ
their eligible dependents participated immediately prior to the Effectiv

(c) From and after the Effective Time, Parent will cause the Surviving Corporation and all of their Subsidiaries to assu honor, in accordance with their respective terms, (i) each employment, change in control, severance and termination plan or agreement of or between the Company or any of its Subsidiaries, on the one hand, and any officer, director or empl that company, on the other hand and (ii) each deferred compensation and bonus plan, program or agreement in the case of the foregoing clauses (i) and (ii), to the extent listed on Section 7.8 of the Company Disclosure Letter and legally bin the Company or any of its Subsidiaries, with appropriate adjustments to reflect the effects of the

(d) During the period commencing on the date of this Agreement and ending on the Effective Time, the Company shal reasonable best efforts to cause the Compensation Committee of the Board of Directors of the Company to amend the Co 2006 Executive Annual Incentive Plan to delete Section 8 of su

(e) The provisions of this Section 7.8 are for the sole benefit of the parties to this Agreement and nothing herein, expre implied, is intended or shall be construed to confer upon or give to any person (including for the avoidance of do Company Employees), other than the parties hereto and their respective permitted successors and assigns, any legal or e or other rights or remedies (with respect to the matters provided for in this Section 7.8) under or by reason of any prov this Agreement nor shall any provision of this Section 7.8 constitute an amendment or modification of any of the Co Benefi

Section 7.9 ***Financing.*** (a) Prior to the Effective Time, the Company shall provide, and shall ca Subsidiaries to, and shall use its reasonable best efforts to cause their respective Representa including legal and accounting, to, provide all cooperation reasonably requested by Parent in conn with the Financing and the other transactions contemplated by this Agreement, including (i) partici in a reasonable number of meetings, presentations, road shows, due diligence sessions and session rating agencies, (ii) assisting with the preparation of materials for rating agency presentations, of documents, private placement memoranda, bank information memoranda, prospectuses and s documents required in connection with the Financing, (iii) executing and delivering any pledg security documents, currency or interest hedging arrangements other definitive financing docume other certificates, legal opinions or documents as may be reasonably requested by Parent (inclu certificate of the chief financial officer of the Company or any Subsidiary with respect to sol matters, customary authorization letters included in such syndication memoranda containing cust representations regarding the information about the Company and its Subsidiaries included i memoranda, and consents of accountants for use of their reports in any materials relating to the Financing) or otherwise reasonably facilitating the pledging of collateral, in each case effective after the Effective Time, (iv) furnishing Parent and its Financing sources as promptly as practicab in any event no later than 25 Business Days prior to the End Date with financial and other per information regarding the Company as may be reasonably requested by Parent, including all fin statements and financial data of the type required by Regulation S-X and Regulation S-K und Securities Act and of type and form customarily included in private placements under Rule 144A Securities Act, including audits thereof to the extent so required, to consummate the offering o securities contemplated by the Debt Financing Commitments at the time in the Company s fiscal y such offering will be made, (v) using reasonable best efforts to obtain accountants comfort let legal opinions as reasonably requested by Parent, (vi) using its commercially reasonable eff provide monthly financial statements (excluding footnotes) within 25 days of the end of each month to the Closing Date, (vii) taking all actions reasonably necessary to (A) permit the prospective l involved in the Financing to evaluate the Company s current assets, cash management and acc systems, policies and procedures relating thereto for the purpose of establishing collateral arrange and (B) effective on or after the Effective Time, establish bank and other accounts and blocked ac agreements and lock box arrangeme

connection with the foregoing, (viii) taking all other corporate actions reasonably necessary to permit the consummatio
Debt Financing and to permit the proceeds thereof to be made available to the Company (it being understood that (A
greatest extent practicable, the actions contemplated by this Section 7.9(a)(viii) shall not be required to be tak
immediately prior to the Closing and that prior to the taking of such actions, any current member of the Board of Directo
resign and (B) if such member of the Board of Directors resigns, the failure of any such director to take any such action s
constitute a failure to satisfy a condition to Closing) and (ix) entering into one or more credit or other agreements o
satisfactory to Parent in connection with the Debt Financing immediately prior to the Effective Time. Parent shall, pr
upon request by the Company, reimburse, or cause its Affiliates to reimburse, the Company for all reasonable and docu
out-of-pocket costs incurred by the Company or its Subsidiaries in connection with such cooperation and shall indemn
hold harmless the Company, its Subsidiaries and their respective Representatives for and against any and all losses suf
incurred by them in connection with the arrangement of the Debt Financing and any information utilized in connection th
(other than information provided by the Company or the Subsidiaries). The Company hereby consents to the use of its
Subsidiaries logos in connection with the Debt Financing, provided that such logos are used solely in a manner t
intended to nor reasonably likely to harm or disparage the Company or the reputation or goodwill of the Company and its
All non-public or otherwise confidential information regarding the Company obtained by Parent, Merger Sub
Representatives pursuant to this Section 7.9(a) shall be kept confidential in accordance with the Confidentiality Agre
except for such information contained in any offering memoranda referred to above and consented to by the Compan
consent not to be unreasonably withheld or de

(b) Each of Parent and Merger Sub shall use its reasonable best efforts to arrange the Debt Financing as promptly as prac
on the terms and conditions described in the Debt Financing Commitments, including using reasonable best ef
(i) negotiate definitive agreements with respect thereto and (ii) to satisfy on a timely basis all conditions applicable to P
Merger Sub in such definitive agreements that are within its control. Subject to the satisfaction (or waiver by Parent
conditions set forth in Sections 8.1 and 8.2, each of Parent and Merger Sub shall use its reasonable best efforts to ca
lenders and the other Persons providing such Financing to fund the Financing required to consummate the Merger on or
the End Date (including by taking enforcement action to cause such lenders and other Persons providing such Financing
such Financing). Notwithstanding the foregoing, in the event that (a) all or any portion of the Debt Financing structured
yield financing has not been consummated, (b) all closing conditions contained in Article VIII (other than, solely as a r
the failure to consummate all or any portion of such high yield financing, those contained in Section 8.2(c)) shall ha
satisfied or waived and (c) the bridge facilities contemplated by the Debt Financing Commitments are available on the ter
conditions described in the Debt Financing Commitments, then Parent and Merger Sub shall cause the proceeds of such
financing, subject to the availability thereof, to be used to replace such high yield financing no later than the final da
Marketing Period or, if earlier, the End Date. For purposes of this Agreement, *Marketing Period* shall mean the pe
consecutive calendar days after the date the conditions set forth in clauses (a), (b) and (c) of the immediately preceding s
are satisfied and during which period (x) such conditions remain satisfied and (y) all of the information described in
(iv) of the first sentence of Section 7.9(a) is and remains available; provided, that if the Marketing Period has not ende
prior to August 17, 2007, the Marketing Period shall commence no earlier than September 2, 2007. In the event any po
the Financing becomes unavailable on the terms and conditions contemplated in the Financing Commitments, each of Par
Merger Sub shall use its reasonable best efforts to arrange to obtain alternative financing from alternative sources on te
less favorable, taken as a whole, to Parent and Merger Sub (as determined in the reasonable judgment of Parent) as prom
practicable following the occurrence of such event. Parent and Merger Sub shall keep the Company reasonably app
material developments relating to the Fin

(c) Neither Parent nor Merger Sub shall agree to any amendments or modifications to, or grant any waivers of, any cond other material provision under the Financing Commitments without the consent of the Company if such amen modifications or waivers would impose new or additional conditions or otherwise amend, modify or waive any of the co to the receipt of the Financing in a manner that would be reasonably likely to cause any material delay in the satisfactio conditions set forth in Article VIII. Notwithstanding anything in this Agreement to the contrary, one or more Debt Fi Commitments may be superseded at the option of Parent and Merger Sub after the Execution Date but prior to the E Time by new debt financing commitments (the *New Financing Commitments*) which replace existing Debt Commitments; *provided*, that the terms of the New Financing Commitments shall not (A) impose new or additional condi the receipt of the Financing as set forth in the Debt Financing Commitments in any material respect or (B) be reasonabl to cause any material delay in the satisfaction of the conditions set forth in Article VIII. In such event, the term *F Commitments* as used herein shall be deemed to include the Financing Commitments that are not so superseded at th question and the New Financing Commitments to the extent then in

(d) In no event shall Parent or any of its Affiliates (which for purposes of this Section 7.9(d) shall be deemed to inclu direct or indirect investor or potential investor in Parent, or any of Parent s or any such investor s financing sources o financing sources or other Representatives) (i) award any agent, broker, investment banker, financial advisor or other Person except Goldman, Sachs & Co. and Citigroup any financial advisory role on an exclusive basis (or until the N Period Start Date, any additional firm or Person, other than J.P. Morgan Securities Inc. and/or Credit Suisse, on a non-ex basis), or (ii) engage any bank or investment bank or other provider of financing on an exclusive basis (or otherwise o that could reasonably be expected to prevent such provider from providing or seeking to provide financing to any third connection with a transaction relating to the Company or its Subsidiaries), provided that this clause (ii) shall not preven or any of its Affiliates from engaging (x) appropriate Affiliates of J.P. Morgan Securities Inc. and/or Credit Suisse as a p of debt financing on a non-exclusive basis, or (y) any of the potential providers of mezzanine financing set Section 7.9(d) of the Parent Disclosure Letter, in such capacity and on a non-exclusive basis, in the case of clauses (i) an connection with the Merger or the other transactions contemplated hereby, *provided*, *however*, that following the N Period Start Date, Parent may engage one additional provider of debt financing and one additional financial advisor, case, on an exclusive basis, and such other financial advisors and providers of financing, on a non-exclusive basis, as dete by Parent. Until the No-Shop Period Start Date, neither Parent nor any of its Affiliates shall seek or obtain, or en substantive discussions in respect of, any equity commitments or equity financing in respect of the Merger or any of th transactions contemplated hereby, or provide any information in respect thereof to any potential investor in Parent, o Parent s or any such investor s financing sources or potential financing sources or other Representatives who hav provided any such information prior to the Execution Date, other than (A) as set forth in the Equity Financing Commitm in effect on the date hereof, (B) the Persons listed in Section 7.9(d) of the Parent Disclosure Letter and (C) sources oth Persons principally involved in the private equity business, subject in the case of this clause (C) to a maximum aggregate commitment of $250,0

Section 7.10 ***Confidentiality Agreements.*** Parent acknowledges on behalf of its Affiliates an investor in Parent party to any Confidentiality Agreement or the confidentiality agreement September 12, 2006, between Sterling and the Company (the *Sterling Confidentiality Agreeme* such Affiliates and investors continue to be bound by such Confidentiality Agreements (includi standstill provisions therein), and the parties hereto acknowledge and agree that this Agreement in any manner modify or limit the Company s or such Affiliate s rights under such agreements, ex each of the Confidentiality Agreements and the Sterling Confidentiality Agreement shall be deemed amended to allow (x) the taking of any action permitted by this Agreement, including the formatio

(within the meaning of Section 13(d)(3) of the Exchange Act) with such equity financing sources as are perm
Section 7.9, the acquisition by each member of any such group of beneficial ownership of securities of the Company hel
other group members, and the making of any necessary filings with respect to the formation of, and beneficial owne
voting securities of the Company by the members of, such a group and (y) to permit Parent, Merger Sub and their res
Affiliates to make solicitations of proxies to vote (as such terms are used in Regulation 14A promulgated under
Act) in favor of the approval of the

Section 7.11 ***Management.*** In no event shall Parent or any of its Affiliates (which for purposes
Section shall be deemed to include each direct investor in Parent) enter into any arrangements th
effective prior to the Closing with any member of the Company s management or any other C
Employee on terms that expressly prohibit or restrict such member of management or such Co
Employee from discussing, negotiating or entering into any arrangements with any third pa
connection with a transaction relating to the Company or its Subsidiaries or seek to do so. Paren
cause its Affiliates to comply with the foregoing cov

Section 7.12 **Resignation of Directors.** Prior to the Effective Time, the Company will cause each M
of its Board of Directors to execute and deliver a letter, which will not be revoked or amended p
the Effective Time, effectuating his or her resignation as a director of the Company eff
immediately prior to the Effective

Section 7.13 **Notice of Current Events.** From and after the date of this Agreement until the Eff
Time, the Company and Parent shall promptly notify each other orally and in writing of
occurrence, or non-occurrence, of any event that, individually or in the aggregate, would reasona
expected to cause any condition to the obligations of any party to effect the Merger and the
transactions contemplated by this Agreement not to be satisfied or (ii) the failure of such party to c
with or satisfy any covenant, condition or agreement to be complied with or satisfied by it pursu
this Agreement which, individually or in the aggregate, would reasonably be expected to result
condition to the obligations of any party to effect the Merger and the other transactions contempla
this Agreement not to be satisfied; provided, however, that the delivery of any notice pursuant
Section 7.13 shall not cure any breach of any representation or warranty requiring disclosure o
matter prior to the date of this Agreement or otherwise limit or affect the remedies available hereun
the party receiving such

Section 7.14 **Section 16 Matters.** Prior to the Effective Time, the Company shall take all necessary
to approve in advance in accordance with the procedures set forth in Rule 16b-3 promulgated unc
Exchange Act and the Skadden, Arps, Slate, Meagher & Flom LLP SEC No-Action Letter (Janua
1999) any dispositions of Company Common Stock (including derivative securities with resp
Company Common Stock) resulting from the transactions contemplated by this Agreement b
officer or director of the Company who is subject to Section 16 of the Exchange Act with resp
equity securities of the Company such that such disposition will be exempt under Rule
promulgated under the Exchang

ARTICL
CONDITIONS TO THE ME

Section 8.1 ***Conditions to the Obligations of Each Party.*** The obligations of the Company, Pare
Merger Sub to consummate the Merger are subject to the satisfaction of the following cond

(a) *Stockholder Approval.* This Agreement shall have been approved by the Requisite Stockholde

(b) *Regulatory Approval.* Any applicable waiting period under the HSR Act (and any extension thereof) relating to the
shall have expired or been terminated, without any requirement to t

action, or agree to take any action, or agree to any conditions or restrictions in connection with obtaining the forego
would be reasonably likely to have a Material Adverse Effect on the Co

(c) *No Injunctions or Restraints; Illegality.* No temporary restraining order, preliminary or permanent injunction
judgment or order issued by any court or agency of competent jurisdiction or other Law (each, a *Restraint*) shall b
which prohibits, restrains or renders illegal the consummation of the Merger (provided, that prior to asserting this condit
party asserting this condition shall have used its reasonable best efforts (in the manner contemplated by Section 7.2) to
the entry of any such Restraint and to appeal as promptly as possible any judgment that may be e

Section 8.2 ***Conditions to the Obligations of Parent and Merge***

The obligations of Parent and Merger Sub to consummate the Merger are subject to the satisfaction or valid waive
following further con

(a) *Representations and Warranties.* Subject to the preamble to Article IV, the representations and warranties (i) set
Section 4.5 (other than Section 4.5(d)) shall be true and correct in all material respects as of the Effective Time as if mad
as of such time and (ii) set forth in Article IV, other than those to which clause (i) above applies, shall be true and
(without giving effect to any qualification as to materiality or Material Adverse Effect set forth therein, but, to avo
giving effect to the term Material Subsidiary) as of the Effective Time as if made at and as of such time, except in
this clause (ii) where the failure to be so true and correct, individually and in the aggregate, has not had, and would
reasonably likely to have, a Material Adverse Effect on the Company, *provided* in the case of each of clauses (i) and
representations made as of a specific date shall be required to be so true and correct subject to such qualifications as of su
only. Parent and Merger Sub shall have received a certificate signed by a senior officer of the Company attestin
for

(b) *Performance of Obligations of the Co*

(i) The Company shall have performed in all material respects all obligations, and complied in all material respects
agreements and covenants, required to be performed by or complied with by it hereunder, and satisfied in all material
the condition set forth in Section 8.2(b)(ii) below. Parent and Merger Sub shall have received a certificate signed by
officer of the Company attesting to the for

(ii) Except as set forth in Section 8.2(b) of the Company Disclosure Letter or as otherwise contemplated by or spec
provided in this Agreement, since the date of this Agreement, the Company shall not have, and shall not have perm
Subsidiaries to: (A) redeem, repurchase, prepay, defease, cancel, incur or otherwise acquire, or modify in any material
the terms of, indebtedness for borrowed money or assume, guarantee or endorse or otherwise become responsible for,
directly, contingently or otherwise, the obligations of any Person, other than the incurrence, assumption, repayment or gu
of indebtedness in the ordinary course consistent with past practice, including any borrowings under the existing credit f
of the Company and its Subsidiaries to fund working capital needs, and such other actions taken in the ordinary co
business consistent with past practice; (B) pledge or otherwise encumber shares of capital stock or other voting securitie
Company or any of its Subsidiaries; or (C) mortgage or pledge any of its material assets, tangible or intangible, or create,
or suffer to exist any Lien thereupon (other than Permitted

(c) *Financing*. The Debt Financing shall be available for borrowing on the Closing Date on the terms and conditions set
the Debt Financing Commitments, or upon terms and conditions that are no less favorable, in the aggregate, to Par
Merger Sub (as determined in the reasonable judgment of

(d) Education Consents. Parent, Merger Sub, the Company or the Domestic Institution shal
received a written response from the DOE to the pre-acquisition review application filed with resp
the Domestic Institution and such written response shall not include (A) a statement of intention
approve the post-Closing eligibility of the Domestic Institution to participate in the Title IV Progra
(B) as a condition of the post-Closing approval of the eligibility of the Domestic Institution to parti
in the Title IV Programs (i) any limitation on the Domestic Institution s ability to open new locatio
new educational programs or revise existing educational programs if such limitations, individuall
the aggregate, would reasonably be expected to cause a Material Adverse Effect on the Compa
(ii) any requirement that any partner or member of Parent or any Affiliate of any such partner or m
assume any liability for obligations arising out of the Company s or the Domestic Inst
participation in or administration of the Title IV Programs (provided that Parent may not asse
condition if the failure of such condition to be satisfied results from Parent s failure to comply
obligations under the last sentence of Section 7

Section 8.3 ***Conditions to the Obligations of the Company.*** The obligation of the Comp
consummate the Merger is subject to the satisfaction or valid waiver of the following further cond

(a) *Representations and Warranties.* Subject to the preamble to Article V, the representations and warranties of Par
Merger Sub contained in this Agreement that are qualified as to materiality shall be true and correct as of the Effective
if made at and as of such time and those which are not so qualified shall be true and correct in all material respects a
Effective Time as if made at and as of such time, *provided* that representations made as of a specific date shall be requir
true as of such date only. The Company shall have received a certificate signed by a senior officer of Parent and Mer
attesting to the for

(b) *Performance of Obligations of Parent and Merger Sub.* Each of Parent and Merger Sub shall have performed in all
respects all obligations, and complied in all material respects with the agreements and covenants, required to be performe
complied with by it hereunder. The Company shall have received a certificate signed by a senior officer of Parent and
Sub attesting to the for

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TERMINA

Section 9.1 ***Termination.*** This Agreement may be terminated and the Merger may be abandoned
time prior to the Effective Time (notwithstanding any prior approval of this Agreement
stockholders of the Com

(a) by mutual written consent of the Company, on the one hand, and Parent and Merger Sub, on the othe

(b) by either the Company or

(i) if the Effective Time shall not have occurred on or before September 21, 2007 (the *End Date*) unless the fai
Effective Time to occur by such date is principally the result of, or caused by, the failure of the party seeking to exerci
termination right to perform or observe any of the covenants or agreements of such party set forth in this Agre

(ii) if any Restraint having the effect set forth in Section 8.1(c) shall be in effect and shall have become fi
nonappealable; *provided*, *however*, that the right to terminate this Agreement pursuant to this Section 9.1(b)(ii) shal
available to any party whose breach of any provision of this Agreement is the principal cause of or resulted in the applic
imposition of such Restr

(iii) if at the Company Stockholder Meeting or any adjournment thereof at which this Agreement has been voted up
Company stockholders fail to approve this Agreement by the Requisite Stockholde

(c) by the Co

(i) if a breach of any representation, warranty, covenant or agreement on the part of Parent or Merger Sub set forth
Agreement shall have occurred which would cause any of the conditions set forth in Section 8.2(c) or Sections 8.3(a) or
to be satisfied, and such breach is incapable of being cured by the End Date; *provided*, *however*, that the Company is not
material breach of this Agre

(ii) at any time after the date of this Agreement and prior to obtaining the Requisite Stockholder Vote, the Company rec
Company Acquisition Proposal and the Board of Directors (acting through the Special Committee if such committee stil
or otherwise by resolution of a majority of its Disinterested Directors) shall have concluded in good faith that such Co
Acquisition Proposal constitutes a Superior Proposal; *provided*, *however*, that the Company shall not terminate this Agr
pursuant to the foregoing clause unless: (A) the Company, if such action is taken from or after the No-Shop Period Start D
with respect to an Excluded Party, from and after the 15th calendar day following the No-Shop Period Start
shall also have complied with the proviso to the first sentence of Section 7.4(e), reading, for purpo
this Section 9.1(c)(ii), the proviso to the first sentence of Section 7.4(e) as if the words
Recommendation Withdrawal were replaced with the words terminate this Agreement pu
Section 9.1(c)(ii) and clause (ii) of the proviso to Section 7.4(e) as if the words effec
Recommendation Withdrawal were replaced with the words terminating this Agreement pu
Section 9.1(c)(ii), (B) the Company concurrently pays the Termination Fee payable pur
Section 9.2(a); and (C) the Board of Directors of the Company concurrently approves, and the Cor
concurrently enters into, a definitive agreement with respect to such Superior Propo

(iii) at any time prior to the No-Shop Period Start Date, the Cooperation Agreement is breached in a manner that ma
impairs the Company s ability to take the actions described in Section 7.4(a) of this Agreement, and the breaching party
given reasonable notice of such breach and a reasonable opportunity to cure such breach prior to the No-Shop Period Sta

(d) by Parent or Merg

(i) if a breach of any representation, warranty, covenant or agreement on the part of the Company set forth in this Agr
shall have occurred which would cause any of the conditions set forth in Section 8.2(a) or (b) not to be satisfied, and such
is incapable of being cured by the End Date; *provided*, *however*, that neither Parent nor Merger Sub is then in material br
this Agre

(ii) prior to the obtaining of the Requisite Stockholder Vote, if the Board of Directors of the Company or any committee
(A) shall have effected a Recommendation Withdrawal, been deemed to have effected a Recommendation Withdrawal p
to Section 7.4(f) or publicly proposed to effect a Recommendation Withdrawal, or (B) shall have approved or recomme
the stockholders of the Company a Company Acquisition Proposal other than the Merger, or shall have resolved or p
announced its intent to effect the forego

(iii) the Company shall have willfully and materially breached the first sentence of Section 7.4(d) or the pro
Section 7.4(f) in any respect adverse to Parent and Merg

Section 9.2 ***Termination Awards.*** (a) In the event that this Agreement is terminated by the Co pursuant to Section 9.1(c)(ii) or by Parent or Merger Sub pursuant to Section 9.1(d)(ii) Section 9.1(d)(iii), then the Company shall pay as directed by Parent in writing the Termination Fee prior to the time of termination in the case of a termination pursuant to Section 9.1.(c)(ii) or as pro as possible (but in any event within four Business Days) following termination of this Agreement case of a termination pursuant to Section 9.1(d)(ii)(B) or Section 9.1(

(b) In the event that this Agreement is terminated by Parent or Merger Sub pursuant to Section 9.1(d)(ii)(A) and, at a after the date of this Agreement and prior to the event giving rise to Parent s or Merger Sub s right to terminate this under Section 9.1(d)(ii)(A), a Company Acquisition Proposal shall have been publicly announced or otherwise communi made known to any executive officer or director of the Company (or any person shall have publicly annou communicated or made known a bona fide intention, whether or not conditional, to make a Company Acquisition Proposa the Company shall pay as directed by Parent in writing the Termination Fee as promptly as possible (but in any event wit Business Days) following termination of this Agr

(c) In the event that this Agreement is terminated by Parent or Merger Sub, on one hand, or the Company, on the oth pursuant to Section 9.1(b)(iii) (or could have been terminated under such section) under circumstances in which the obl under the Voting Agreement to vote in favor of the Merger Agreement have been satisfied in all material respects, and time after the date of this Agreement and prior to the Company Stockholder Meeting, a Company Acquisition Propos have been publicly announced or otherwise communicated or made known to any executive officer or director of the C (or any person shall have publicly announced, or communicated or made known a bona fide intention, whethe conditional, to make a Company Acquisition Proposal) prior to the Company Stockholder Meeting, and, if within 12 after such termination, the Company or any of its Subsidiaries enters into a definitive agreement with respe consummates, any Company Acquisition Proposal (whether or not the same as that originally announced or consummate the Company shall pay as directed by Parent in writing the Termination Fee, less the amount of any Parent Expenses pre paid to Parent by the Company, on the date of such execution or consummation (*provided* that solely for purpose Section 9.2(c), the term Company Acquisition Proposal shall have the meaning set forth in the definition of Acquisition Proposal contained in Section 7.4 except that all references to 30% shall be deemed to be references t

(d) In the event that this Agreement is terminated by Parent or Merger Sub, on one hand, or the Company, on the oth pursuant to Section 9.1(b)(iii) (or could have been terminated under such section) under circumstances in whic obligations under the Voting Agreement to vote in favor of the Merger Agreement have been satisfied in all material and (ii) the Termination Fee is not then payable pursuant to this Section 9.2, then the Company shall pay as directed by P writing as promptly as possible (but in any event within four Business Days) following receipt of an invoice therefo Parent s and Merger Sub s actual and reasonably documented out-of-pocket fees and expenses (including reasonable and expenses) actually incurred by Parent, Merger Sub and their respective Affiliates on or prior to the termination Agreement in connection with the transactions contemplated by this Agreement, which amount shall not be grea $15,000,000 (*Parent Expenses*); *provided* that the existence of circumstances which could require the Termi subsequently to become payable pursuant to Section 9.2(c) shall not relieve the Company of its obligations to pay the Expenses pursuant to this Section 9.2(d); and *provided, further* that the payment by the Company of Parent Expenses pur this Section 9.2(d) shall not relieve the Company of any subsequent obligation to pay the Termination Fee pur Section 9.2(c) except to the extent indicated in such Section

(e) Any amount that becomes payable pursuant to Section 9.2(a), 9.2(b), 9.2(c) or 9.2(d) shall be paid by wire tra immediately available funds to an account designated by the recipient of such a

(f) The Company, on one hand, and Parent and Merger Sub, on the other hand, acknowledge that the agreements conta this Section 9.2 are an integral part of the transactions contemplated by this Agreement, that without these agreem Company, Parent and Merger Sub would not have entered into this Agreement, and that any amounts payable pursuan Section 9.2 do not constitute a penalty. If any amounts due pursuant to this Section 9.2 are not paid within the time specified in this Section 9.2, the party that fails to make such payment shall pay the costs and expenses (including rea legal fees and expenses) incurred by the recipient party in connection with any action, including the filing of any lawsui to collect payment of such amounts, together with interest on such unpaid amounts at the prime lending rate prevailing such period as published in The Wall Street Journal, calculated on a daily basis from the date such amounts were requir paid until the date of actual pa

Section 9.3 **Effect of Termination.** If this Agreement is terminated pursuant to Section 9. Agreement shall forthwith become null and void and there shall be no liability or obligation on th of the Company, Parent, Merger Sub or their respective Subsidiaries or Affiliates hereunder, e (i) Sections 7.3(a)(last sentence), 7.10, 7.11, 9.2, 9.3, 10.1, 10.3, 10.6, 10.11 and 10.13 will survi termination hereof and (ii) with respect to any liabilities for Damages incurred or suffered as a re the willful and material breach by any other party of any of its representations, warranties, covena other agreements set forth in this Agree

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MISCELLAN

Section 10.1 ***Notices.*** All notices, requests and other communications to any part hereunder shal writing (including facsimile or similar writing) and shall be

if to Parent or Merger

Wengen Alberta, Limited Part
9 West 57th Street, Suite
New York, New York
Attention: Brian C
Fax: (212) 750

with copies (which shall not constitute no

Simpson Thacher & Bartl
425 Lexington
New York, New York
Attention: David J.
Fax: (212) 45

if to the Comp

Laureate Educati
1001 Flee
Baltimore, Maryland 2120
Attention: General C
Fax: (410) 84

with copies (which shall not constitute no

DLA Piper U
6225 Smith
Baltimore, Maryland 2120
Attention: R. W. Sr
Fax: (410) 58

if to the Special Committee of the Board of Directors of the Comp

Laureate Educati
1001 Flee
Baltimore, Maryland 2120
Attention: Chairman of the Special Co
Fax: (410) 84

with a copy (which shall not constitute no

Pillsbury Winthrop Shaw Pittm
2300 N Stre
Washington, DC
Attention: Robert B. F
Thomas
Fax: (202) 66

or such other address or facsimile number as such party may hereafter specify by notice to the other parties hereto. Ea
notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitte
facsimile number specified above and electronic confirmation of transmission is received or (ii) if given by any other
when delivered at the address specified in this Sectio

Section 10.2 ***Survival of Representations and Warranties.*** None of the representations, warra
covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agre
shall survive the Effective Time, except for those covenants and agreements contained herein and t
which by their terms apply in whole or in part after the Effective Time and then only to such e

Section 10.3 ***Expenses.*** Except as otherwise expressly provided in Sections 7.9 and 9.2, all cos
expenses incurred in connection with this Agreement shall be paid by the party incurring such e
ex

Section 10.4 ***Amendment.*** This Agreement may be amended by the parties hereto by action taken by
behalf of their respective Boards of Directors (in the case of the Company, acting through the S
Committee, if such committee still exists, or otherwise by resolution of a majority of its Disinte
Directors) at any time prior to the Effective Time, whether before or after approval of this Agreem
the Company stockholders; *provided*, *however*, that, after approval of this Agreement by the Co
stockholders, no amendment may be made which under applicable Maryland Law requires the f

approval of the stockholders of the Company without such further approval. This Agreement may not be amended excep
instrument in writing signed by the parties

Section 10.5 ***Waiver.*** At any time prior to the Effective Time, any party hereto may (i) extend the ti
the performance of any of the obligations or other acts of the other parties hereto, (ii) wai
inaccuracies in the representations and warranties contained herein or in any document del
pursuant hereto and (iii) subject to the requirements of applicable Law, waive compliance with any
agreements or conditions for the benefit of such party contained herein, *provided*, that for so long
Special Committee exists, the Company may not take any such action unless previously authori
the Special Committee, or otherwise such action shall be taken by resolution of a majority
Disinterested Directors. Any such extension or waiver shall be valid if set forth in an instrum
writing signed by the party or parties to be bound thereby. The failure of any party to assert any rig
remedies shall not constitute a waiver of such rights or rem

Section 10.6 ***Successors and Assigns.*** The provisions of this Agreement shall be binding upon and
to the benefit of the parties hereto and their respective successors and assigns, provided that no part
assign, delegate or otherwise transfer any of its rights or obligations under this Agreement witho
consent of the other parties hereto (and any purported assignment without such consent shall be vo
without effect), except that Parent may assign all or any of its rights and obligations hereunder
direct or indirect wholly owned Subsidiary of Parent; *provided*, *however*, that no such assignmen
relieve the assigning party of its obligations hereunder. Notwithstanding the foregoing, Parent may
its rights and obligations to any entity identified by Parent (or cause Parent to be removed as a pa
this Agreement, in which case Merger Sub and the Company shall be the only parties to this Agre
and Merger Sub shall assume the obligations of Parent hereunder) on or prior to the 21st Busines
from the date hereof (or thereafter, subject to Section 10.4, if required to comply with the last sente
Section 7.2(e)); provided (i) that the identity of any assignee of Parent will not materially imp
ability of the Company to satisfy the condition in Section 8.2(d), (ii) any assignee of Parent (or if
is removed as a party to this Agreement, Merger Sub) has beneficial equity ownership consisten
that of Parent and (iii) any such assignment does not adversely affect the validity or enforceability
Financing Commitments; and provided, further, that any such assignment or removal shall relieve
of its obligations hereunder. The parties shall cooperate in good faith to modify the terms
Agreement to reflect such assignment or re

Section 10.7 ***Governing Law.*** This Agreement shall be governed by and construed in accordance wi
laws of the State of Mar

Section 10.8 ***Counterparts; Effectiveness; Third Party Beneficiaries.*** This Agreement may be exe
by facsimile signatures and in any number of counterparts, each of which shall be an original, w
same effect as if the signatures thereto and hereto were upon the same instrument. This Agreemen
become effective only when actually signed by each party hereto and each such party has re
counterparts hereof signed by all of the other parties hereto. No provision of this Agreement is int
to or shall confer upon any Person other than the parties hereto any rights or remedies hereunder o
respect hereto, except as otherwise expressly provided in Section 7.5. Notwithstanding the immed
preceding sentence, following the Effective Time the provisions of Article II shall be enforcea
holders of Common Stock or Company Equity A

Section 10.9 ***Severability.*** If any term or other provision of this Agreement is invalid, illegal or inca
of being enforced by virtue of any Law, or due to any public policy, all other conditions and prov
of this Agreement shall nevertheless remain in full force and effect so long as the economic o

substance of the transactions contemplated hereby is not affected in any manner materially adverse
party. Upon such determination that any term or other provision is invalid, illegal or incapable of
enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effe
original

of the parties as closely as possible in an acceptable manner so that the transactions contemplated hereby are fulfille
extent p

Section 10.10 ***Entire Agreement.*** This Agreement, together with the Company Disclosure Lett
Cooperation Agreement and the Voting Agreement, constitute the entire agreement of the parties
with respect to its subject matter and supersedes all oral or written prior or contemporaneous agree
and understandings among the parties with respect to such subject matter. None of the parties sh
liable or bound to any other party in any manner by any representations, warranties or covenants re
to such subject matter hereof except as specifically set forth herein, in the Company Disclosure
the Cooperation Agreement or the Voting Agree

Section 10.11 ***Jurisd***

(a) Each party irrevocably submits to the jurisdiction of (i) any Maryland State court, and (ii) any Federal court of the
States sitting in the State of Maryland, solely for the purposes of any suit, action or other proceeding between any of the
hereto arising out of this Agreement or any transaction contemplated hereby. Each party agrees to commence any suit, a
proceeding relating hereto either in any Federal court of the United States sitting in the State of Maryland or, if such suit
or other proceeding may not be brought in such court for reasons of subject matter jurisdiction, in any Maryland Stat
Each party irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or pro
between any of the parties hereto arising out of this Agreement or any transaction contemplated hereby in (i) any Marylan
court, and (ii) any Federal court of the United States sitting in the State of Maryland, and hereby further irrevoca
unconditionally waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brough
such court has been brought in an inconvenient forum. Each party further irrevocably consents to the service of proces
any of the aforementioned courts in any such suit, action or other proceeding by the mailing of copies thereof by register
to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of
of such registered mail; provided that nothing in this Section 10.11 shall affect the right of any party to serve legal proces
other manner permitted by law. The consent to jurisdiction set forth in this Section 10.11 shall not constitute a general co
service of process in the State of Maryland and shall have no effect for any purpose except as provided in this Section 10.
parties agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced
jurisdictions by suit on the judgment or in any other manner provided

(b) EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY
UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THERE
EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH
MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISIN
OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREE
EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORN
ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY W
NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH
UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH PARTY MAKE
WAIVER VOLUNTARILY AND (IV) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEME
AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION

Section 10.12 ***Authorship.*** The parties agree that the terms and language of this Agreement were the
of negotiations between the parties and their respective advisors and, as a result, there shall

presumption that any ambiguities in this Agreement shall be resolved against any party. Any controversy over construc
this Agreement shall be decided without regard to events of authorship or nego

Section 10.13 ***Remedies.*** Notwithstanding any other provision of this Agreement (including Secti
and Section 9.3), the parties hereto agree that irreparable damage would occur, damages wo
difficult to determine and would be an insufficient remedy and no other adequate remedy would e
law or in equity, in each case in the event that any of the provisions of this Agreement we
performed in accordance with their specific terms or were otherwise breached (or any party
threatens such a breach). It is accordingly agreed that in the event of a breach or threatened breach
Agreement, the other parties hereto shall be entitled to an injunction or injunctions to prevent breac
this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition
other remedy to which they are entitled at law or in equity. Each party hereto irrevocably waiv
defenses based on adequacy of any other remedy, whether at law or in equity, that might be asserte
bar to the remedy of specific performance of any of the terms or provisions hereof or injunctive re
any action brought therefor by any other party h

[signature page f

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective aut
signatories as of the day and year first written

LAUREATE EDUCATION, INC.
By: /s/ Robert W. Zentz
Name: Robert W. Zentz
Title: Senior Vice President
WENGEN ALBERTA, LIMITED PARTNERSHIP
By: /s/ Brian F. Carroll
Name: Brian F. Carroll
Title: Member
L CURVE SUB INC.
By: /s/ Henry Kravis
Name: Henry Kravis
Title: President

A

VOTING AGREE

VOTING AGREEMENT, dated as of January 28, 2007 (this ***Agreement***), by and among Wengen Alberta, Limited P a limited partnership organized under the laws of Alberta (***Parent***), Douglas Becker, Steven Taslitz, The Irrevocabl IDGT and Irrevocable Grantor Retained Annuity Trust No. 11 (each, a ***Stockholder*** and collectively, the ***Stockh*** solely for the purposes of Section 5.2 hereof, Laureate Education, Inc., a Maryland corporation (the ***Co***

W I T N E S S

WHEREAS, concurrently with the execution of this Agreement, Parent, L Curve Sub Inc., a Maryland corporatio subsidiary of Parent, and the Company are entering into an Agreement and Plan of Merger, dated as of the date he amended, supplemented, restated or otherwise modified from time to time, the ***Merger Agreement***) pursuant to whi other things, the Company and L Curve Sub Inc. will merge (the ***Merger***) and, except as otherwise provided in t Agreement, each outstanding share of common stock, par value $0.01 per share, of the Company (the ***Common Stock*** converted into the right to receive the merger consideration specified

WHEREAS, as a condition and inducement to Parent entering into the Merger Agreement, Parent has required Stockholders agree, and the Stockholders have agreed, to enter into this Agreement and abide by the covenants and obli with respect to the Covered Shares (as hereinafter defined) set forth

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agre herein contained, and intending to be legally bound hereby, the parties hereto agree as f

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1.1 *Defined Terms*. The following capitalized terms, as used in this Agreement, shall ha meanings set forth below. Capitalized terms used but not otherwise defined herein shall ha meanings ascribed thereto in the Merger Agree

Beneficial Ownership by a Person of any securities includes ownership by any Person who, directly or indirectly, th contract, arrangement, understanding, relationship or otherwise, has or shares (i) voting power which includes the power or to direct the voting of, such security; and/or (ii) investment power which includes the power to dispose, or to di disposition, of such security; and shall otherwise be interpreted in accordance with the term beneficial ownership as Rule 13d-3 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as an *provided* that for purposes of determining Beneficial Ownership, a Person shall be deemed to be the Beneficial Owne securities which may be acquired by such Person pursuant to any agreement, arrangement or understanding or upon the e of conversion rights, exchange rights, warrants or options, or otherwise (irrespective of whether the right to acqui securities is exercisable immediately or only after the passage of time, including the passage of time in excess of 60 d satisfaction of any conditions, the occurrence of any event or any combination of the foregoing). The terms ***Beneficia*** and ***Beneficially Owned*** shall have a correlative

Covered Shares means, with respect to each Stockholder, such Stockholder s Existing Shares, together with a Common Stock or other voting capital stock of the Company and any securities convertible into or exercisable or excha for shares of Common Stock or other voting capit

of the Company, in each case that such Stockholder acquires Beneficial Ownership of on or after the date

Encumbrance means any security interest, pledge, mortgage, lien (statutory or other), charge, option to purchase, lea right to acquire any interest or any claim, restriction, covenant, title defect, hypothecation, assignment, deposit arrange other encumbrance of any kind or any preference, priority or other security agreement or preferential arrangement of any nature whatsoever (including any conditional sale or other title retention agre

Existing Shares means, with respect to each Stockholder, the shares of Common Stock Beneficially Owned and record by such Stock

Person means any individual, corporation, limited liability company, limited or general partnership, joint venture, a joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or ar entity, or any Group comprised of two or more of the for

Representatives means the officers, directors, employees, agents, advisors and Affiliates o

Transfer means, directly or indirectly, to sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of (by testamentary disposition, by operation of law or otherwise), either voluntarily or involuntarily, or to enter into any c option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, Encumbrance, hypoth or similar disposition of (by merger, by testamentary disposition, by operation of law or othe

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2.1 *Agreement to Vote*. Each Stockholder hereby agrees that during the term of this Agreement, Company Stockholder Meeting or any other meeting of the stockholders of the Company, ho called, including any adjournment or postponement thereof, or in connection with any written cons the stockholders of the Company, such Stockholder shall, in each case to the fullest extent tha Stockholder s Covered Shares are entitled to vote thereon or consent

(a) appear at each such meeting or otherwise cause such Stockholder s Covered Shares to be cast in accordance applicable procedures relating thereto so as to ensure that they are duly counted as present thereat for purposes of calcu quoru

(b) vote (or cause to be voted), in person or by proxy, or deliver (or cause to be delivered) a written consent coverin such Stockholder s Covered Shares (i) in favor of the adoption of the Merger Agreement and any other action re requested by Parent in furtherance thereof; (ii) against any action, proposal, transaction or agreement that would reason expected to result in a breach in any respect of any covenant, representation or warranty or any other obligation or agree the Company contained in the Merger Agreement, or of any Stockholder contained in this Agreement; and (iii) agai Company Acquisition Proposal or any other action, agreement or transaction that is intended, or could reasonably be ex to materially impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other trans contemplated by the Merger Agreement or this Agreement or the performance by such Stockholder of its obligations un Agreement, including, without limitation: (A) any extraordinary corporate transaction, such as a merger, consolidation business combination involving the Company or its Subsidiaries (other than the Merger); (B) a sale, lease or trans material amount of assets of the Company or any of its Subsidiaries or a reorganization, recapitalization or liquidatio Company or any of its Subsidiaries; (C) an election of new members to the board of directors of the Company, oth nominees to the board of directors of the Co

who are serving as directors of the Company on the date of this Agreement; (D) any material change in the present capita
or dividend policy of the Company or any amendment or other change to the Company s articles of incorporation o
except if approved by Parent; or (E) any other material change in the Company s corporate structure or

2.2 *No Inconsistent Agreements*. Each Stockholder hereby covenants and agrees that, except f
Agreement, such Stockholder (a) has not entered into, and shall not enter into at any time whi
Agreement remains in effect, any voting agreement or voting trust with respect to such Stockh
Covered Shares and (b) has not granted, and shall not grant at any time while this Agreement rema
effect, a proxy, consent or power of attorney with respect to such Stockholder s Covered

ARTIC

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOL

3.1 *Representations and Warranties of the Stockholders*. Each Stockholder hereby represen
warrants to Parent as fo

(a) Organization; Authorization; Validity of Agreement; Necessary Action. Such Stockholder h
legal capacity and all requisite power and authority to enter into this Agreement, to perfo
obligations hereunder and to consummate the transactions contemplated hereby. This Agreeme
been duly executed and delivered by each Stockholder and, assuming this Agreement constitutes a
and binding obligation of Parent, constitutes a valid and binding obligation of such Stockh
enforceable against it in accordance with its terms, except as enforcement may be limited by g
principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insol
and similar laws affecting creditors rights and remedies ge

(b) Ownership. Such Stockholder s Existing Shares are, and all of such Stockholder s Covere
owned from the date hereof through and on the Closing Date will be, Beneficially Owned and ow
record by such Stockholder. Such Stockholder has good and marketable title to such Stockh
Existing Shares, free and clear of any Encumbrances. As of the date hereof, such Stockholder s E
Shares constitute all of the shares of Common Stock Beneficially Owned or owned of record by
Stockholder. Such Stockholder has and will have at all times through the Closing Date sole voting p
sole power of disposition, sole power to issue instructions with respect to the matters set fo
Article II hereof, and sole power to agree to all of the matters set forth in this Agreement, in eac
with respect to all of such Stockholder s Existing Shares and with respect to all of the Covered
owned by such Stockholder at all times through the Closing

ARTIC

OTHER COVEN

4.1 *Prohibition on Transfers, Other Actions.* Except as provided for in such Stockholder s
Rollover Commitment Letter dated the date hereof, each Stockholder hereby agrees not to (i) Tr
any of such Stockholder s Covered Shares or any interest therein, (ii) enter into any agr
arrangement or understanding with any Person, or take any other action, that violates or conflicts w
would reasonably be expected to violate or conflict with, or result in or give rise to a violation
conflict with, such Stockholder s representations, warranties, covenants and obligations un
Agreement, or (iii) take any action that could restrict or otherwise affect such Stockholder s legal
authority and right to comply with and perform such Stockholder s covenants and obligations un
Agree

4.2 *Stock Dividends, etc.* In the event of a stock split, stock dividend or distribution, or any change
Common Stock by reason of any split-up, reverse stock split, recapitalization, combin
reclassification, exchange of shares or the like, the terms Existing Shares and Covered Shar

deemed to refer to and include such shares as well as all such stock dividends and distributions and any securities into w
for which any or all of such shares may be changed or exchanged or which are received in such tran

4.3 *Further Assurances*. From time to time, at Parent s request and without further considerati
Stockholder shall execute and deliver such additional documents and take all such further action a
be necessary or desirable to effect the actions and consummate the transactions contemplated b
Agree

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MISCELLAN

5.1 *Termination.* This Agreement shall terminate and be of no further force or effect upon the ear
occur of (i) the Closing and (ii) the date of termination of the Merger Agreement in accordance w
terms. Nothing in this Section 5.1 shall relieve or otherwise limit any party of liability for willful b
of this Agree

5.2 *Stop Transfer Order*. In furtherance of this Agreement, each Stockholder hereby authoriz
instructs the Company to instruct its transfer agent to enter a stop transfer order with respect to all o
Stockholder s Covered Shares. The Company agrees that as promptly as practicable after the date
Agreement it shall give such stop transfer instructions to the transfer agent for the Common

5.3 *No Ownership Interest*. Nothing contained in this Agreement shall be deemed to vest in Pare
direct or indirect ownership or incidence of ownership of or with respect to any Covered Share
rights, ownership and economic benefits of and relating to the Covered Shares shall remain vested
belong to the applicable Stockholder, and Parent shall have no authority to direct any Stockholder
voting or disposition of any of the Covered Shares, except as otherwise provided h

5.4 *Notices*. All notices and other communications hereunder shall be in writing and shall be de
given if delivered personally, telecopied (upon telephonic confirmation of receipt), on the first Bu
Day following the date of dispatch if delivered by a recognized next day courier service or on the
Business Day following the date of mailing if delivered by registered or certified mail, return r
requested, post prepaid. All notices hereunder shall be delivered as set forth below, or pursuant t
other instructions as may be designated in writing by the party to receive such n

(a) if to Pa

Wengen Alberta, Limited Part
9 West 57th Street, Suite
New York, New York
Attention: Brian C
Fax: (212) 750

with a c

Simpson Thacher & Bartl
425 Lexington
New York, New York
Fax: (212) 45
Attention: David J.

(b) if to the Company (for purposes of Section

Laureate Educati
1001 Flee
Baltimore, Maryland 2120
Attention: Chairman of the Special Co
Fax: (410) 84

with a c

Pillsbury Winthrop Shaw Pittm
2300 N Stre
Washington, DC
Attention: Robert B. F
Thomas
Fax: (202) 66

(c) if to any Stockholder, then at the address set forth below its name on Schedule 1

5.5 *Interpretation*. The words hereof, herein and hereunder and words of similar impo this Agreement shall refer to this Agreement as a whole and not to any particular provision Agreement, and Section references are to this Agreement unless otherwise specified. Whenev words include, includes or including are used in this Agreement, they shall be deemed to the words without limitation. The meanings given to terms defined herein shall be equally app both the singular and plural forms of such terms. The headings contained in this Agreement a reference purposes only and shall not affect in any way the meaning or interpretation of this Agre

5.6 *Counterparts*. This Agreement may be executed by facsimile and in counterparts, all of whic be considered one and the same agreement and shall become effective when counterparts hav signed by each of the parties and delivered to the other parties, it being understood that all partie not sign the same count

5.7 *Entire Agreement*. This Agreement and, to the extent referenced herein, the Merger Agre together with the several agreements and other documents and instruments referred to herein or the annexed hereto or thereto, constitute the entire agreement, and supersede all prior agreemen understandings, both written and oral, among the parties with respect to the subject matter h

5.8 *Governing Law; Consent to Jurisdiction; Waiver of Jury*

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland withou effect to the principles of conflicts of law. Each party irrevocably submits to the jurisdiction of (i) any Maryland State co (ii) any Federal court of the United States sitting in the State of Maryland, solely for the purposes of any suit, action proceeding between any of the parties hereto arising out of this Agreement or any transaction contemplated hereby. Eac agrees to commence any suit, action or proceeding relating hereto either in any Federal court of the United States sittin State of Maryland or, if such suit, action or other proceeding may not be brought in such court for reasons of subjec jurisdiction, in any Maryland State court. Each party irrevocably and unconditionally waives any objection to the la venue of any suit, action or proceeding between any of the parties hereto arising out of this Agreement or any tra contemplated hereby in (i) any Maryland State court, and (ii) any Federal court of the United States sitting in the Maryland, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court t such suit, action or proceeding brought in any such court has been brought in an incon

forum. Each party further irrevocably consents to the service of process out of any of the aforementioned courts in any su
action or other proceeding by the mailing of copies thereof by registered mail to such party at its address set forth
Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail; provid
nothing in this Section 5.8 shall affect the right of any party to serve legal process in any other manner permitted by la
consent to jurisdiction set forth in this Section 5.8 shall not constitute a general consent to service of process in the
Maryland and shall have no effect for any purpose except as provided in this Section 5.8. The parties agree that a final ju
in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judg
in any other manner provided

(b) Each of the parties irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any
rights to trial by jury in connection with any suit, action or other proceeding between any of the parties hereto arising ou
Agreement or any transaction contemplated

5.9 *Amendment; Waiver.* This Agreement may not be amended except by an instrument in w
signed by Parent and, to the extent such amendment relates to a Stockholder, such Stockholder, *pro*
that any amendment to Section 5.2 shall also require the consent of the Company. Each party may
any right of such party hereunder by an instrument in writing signed by such party and delive
Parent and the applicable Stockhol

5.10 *Remedies*. (a) Each party hereto acknowledges that monetary damages would not be an ade
remedy in the event that any covenant or agreement in this Agreement is not performed in accor
with its terms, and it is therefore agreed that, in addition to and without limiting any other rem
right it may have, the non-breaching party will have the right to an injunction, temporary restr
order or other equitable relief in any court of competent jurisdiction enjoining any such breac
enforcing specifically the terms and provisions hereof. Each party hereto agrees not to oppo
granting of such relief in the event a court determines that such a breach has occurred, and to waiv
requirement for the securing or posting of any bond in connection with such re

(b) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in
shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party s
preclude the simultaneous or later exercise of any other such right, power or remedy by suc

5.11 *Severability*. Any term or provision of this Agreement which is determined by a co
competent jurisdiction to be invalid or unenforceable in any jurisdiction shall, as to that jurisdicti
ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenfor
the remaining terms and provisions of this Agreement or affecting the validity or enforceability of
the terms or provisions of this Agreement in any other jurisdiction, and if any provision
Agreement is determined to be so broad as to be unenforceable, the provision shall be interpreted
only so broad as is enforceable, in all cases so long as neither the economic nor legal substance
transactions contemplated hereby is affected in any manner materially adverse to any party
stockholders. Upon any such determination, the parties shall negotiate in good faith in an effort to
upon a suitable and equitable substitute provision to effect the original intent of the p

5.12 *Successors and Assigns; Third Party Beneficiaries*. Neither this Agreement nor any of the rig
obligations of any party under this Agreement shall be assigned, in whole or in part (by operation
or otherwise), by any party without the prior written consent of Parent and the Stockholders, excep
without such prior written consent, Parent may assign this Agreement to any Person to which it a
any of its rights or obligations under the Merger Agreement. Subject to the foregoing, this Agre
shall bind and inure to the benefit of and be enforceable by the parties hereto and their resp
successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to con
any

other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or lia
under or by reason of this Agre

[Remainder of this page intentionally left

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed (where applicable, by their res
officers or other authorized Person thereunto duly authorized) as of the date first written

WENGEN ALBERTA, LIMITED PARTNERSHIP

BY:	WENGEN INVESTMENTS LIMITED, as General Partner
By:	/s/ Jonathan Smidt
Name:	Jonathan Smidt
Title:	Director

DOUGLAS BECKER

/s/ Douglas Becker

STEVEN TASLITZ

/s/ Steven Taslitz

LAUREATE EDUCATION, INC.
(solely for purposes of Section 5.2)

By:	/s/ Robert W. Zentz
Name:	Robert W. Zentz
Title:	Senior Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed (where applicable, by their res
officers or other authorized Person thereunto duly authorized) as of the date first written

THE IRREVOCABLE BBHT II IDGT
By: /s/ Marianne Schmitt Hellauer
Name: Marianne Schmitt Hellauer
Title: Trustee
IRREVOCABLE GRANTOR RETAINED ANNUITY TRUST NO. 11
By: /s/ Marianne Schmitt Hellauer
Name: Marianne Schmitt Hellauer
Title: Trustee

Sch

STOCKHOL

Name
Douglas Becker Address for Notices: 1033 Skokie Boulevard, Suite 600 Northbrook, IL 60062
Steven Taslitz Address for Notices: 1033 Skokie Boulevard, Suite 600 Northbrook, IL 60062
The Irrevocable BBHT II IDGT Address for Notices: 1033 Skokie Boulevard, Suite 600 Northbrook, IL 60062
Irrevocable Grantor Retained Annuity Trust No.11
Address for Notices:
1033 Skokie Boulevard, Suite 600
Northbrook, IL 60062

AN

January 2

Special Committe

Board of D

Laureate Educati

1001 Flee

Baltimore, MD

Members of the Special Committee of the

We understand that Laureate Education, Inc. (the Company), Wengen Alberta, Limited Partnership (Parent) and Inc., a direct subsidiary of Parent (Merger Sub) propose to enter into an Agreement and Plan of Merger, substantially i of the draft dated January 28, 2007 (the Merger Agreement), which provides, among other things, for the merger (the Merger Sub with and into the Company. Pursuant to the Merger, the Company will become a direct subsidiary of Par each outstanding share of common stock, par value $0.01 per share (the Company Common Stock) of the Company, those shares held in treasury, or held by Parent or any wholly owned subsidiary of Parent or the Company, will be conver the right to receive $60.50 per share in cash. We note that certain holders of shares of the Company Common Stock (colle the Rollover Investors) will contribute their shares of the Company Common Stock to Parent in exchange fo membership interests of Parent pursuant to their Equity Rollover Commitments (as defined in the Merger Agre immediately prior to the effective time of the Merger. The terms and conditions of the Merger are more fully set fort Merger Agreement. We also note that the Rollover Investors and Parent intend to enter into a voting agreement (the Agreement) in connection with the

You have asked for our opinion as to whether the consideration to be received by the holders of shares of the Company C Stock pursuant to the Merger Agreement other than the Rollover Investors and Parent and its subsidiaries is fair from a fi point of view to such h

For purposes of the opinion set forth herein, w

i) reviewed certain publicly available financial statements and other business and fin information of the Com

ii) reviewed certain internal financial statements and other financial and operating data conc the Company prepared by the management of the Com

iii) reviewed certain financial projections prepared by the management of the Com

iv) discussed the past and current operations and financial condition and the prospects Company with senior executives of the Com

v) reviewed the reported prices and trading activity for the Company Common

vi) compared the financial performance of the Company and the prices and trading activity
Company Common Stock with that of certain other comparable publicly-traded companies an
secu

vii) reviewed the financial terms, to the extent publicly available, of certain comparable acqu
transac

viii) participated in discussions and negotiations among representatives of the Company, Parent an
financial and legal adv

ix) reviewed the Merger Agreement, the Equity Rollover Commitments, the Voting Agreeme
Financing Commitments of Parent and Merger Sub (as defined in the Merger Agreement), substa
in the form of the drafts dated January 28, 2007, and certain related document

x) performed such other analyses and considered such other factors as we have de
appro

We have assumed and relied upon without independent verification the accuracy and completeness of the information s
or otherwise made available to us for the purposes of this opinion. With respect to the financial projections, we have a
that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of th
financial performance of the Company. We have also assumed that the Merger will be consummated in accordance w
terms set forth in the Merger Agreement without any waiver, amendment or delay of any terms or conditions including,
other things, that Parent will obtain financing for the Merger in accordance with the terms set forth in the Fi
Commitments and that the transactions contemplated by the Equity Rollover Commitments will be consummated in acc
with their terms. We have assumed that in connection with the receipt of all the necessary governmental, regulatory c
approvals and consents required for the Merger, no delays, limitations, conditions or restrictions will be imposed tha
have a material adverse effect on the contemplated benefits expected to be derived in the Merger. We are not legal
regulatory advisors and have relied upon, without independent verification, the assessment of the Company and its legal
regulatory advisors with respect to such m

This opinion does not address the fairness of any consideration to be received by the Rollover Investors or Parent
subsidiaries pursuant to the Merger Agreement or the Equity Rollover Commitments, the relative merits of the Me
compared to the alternative transactions or strategies that might be available to the Company, or the underlying business d
of the Company to enter into the Merger. We have not made any independent valuation or appraisal of the assets or liabi
the Company, nor have we been furnished with any such appraisals. Our opinion is necessarily based on financial, eco
market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events oc
after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any oblig
update, revise or reaffirm this o

In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respec
acquisition, business combination or other extraordinary transaction, involving the Company, nor did we negotiate with
the parties, other than Parent, which expressed interest to Morgan Stanley in the possible acquisition of the Company or
of its constituent bus

We have acted as financial advisor to the Special Committee of the Board of Directors of the Company in connection w
transaction and will receive a fee for our services, a substantial portion of which is contingent upon rendering of this
opinion. Morgan Stanley, its affiliates, directors or officers, including individuals working with the Company in connecti
this transaction, may have committed and may commit in the future to invest in private equity funds managed by affil
Parent. In the ordinary course of our trading, brokerage, investment management and financing activities, Morgan Stanle
affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for our own accoun
accounts of customers, in debt or equity securities or senior loans of the Company, affiliates of Parent or any other com
any currency or commodity that may be involved in this tran

It is understood that this letter is for the information of the Special Committee of the Board of Directors of the Compa
may not be used for any other purpose without our prior written consent, except that a copy of this opinion may be incl
its entirety in any filing the Company is required to make with the Securities and Exchange Commission in connection w
transaction if such inclusion is required by applicable law. In addition, Morgan Stanley expresses no opinion or recomme
as to how the stockholders of the Company should vote at the stockholders meeting to be held in connection with the

Based on and subject to the foregoing, we are of the opinion on the date hereof that the consideration to be received
holders of shares of the Company Common Stock pursuant to the Merger Agreement other than the Rollover Invest
Parent and its subsidiaries is fair from a financial point of view to such h

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By: /s/ Richard S. Brail
Richard S. Brail Managing Director

AN

January 2

Special Committee of the Board of D
Laureate Educati
1001 Flee
Baltimore, Maryland

Members of the Special Committee of the Board of Di

Laureate Education, Inc. (the Company), Wengen Alberta, Limited Partnership (the Acquiror) and L Curve Sub formed, direct subsidiary of the Acquiror (the Acquisition Sub), propose to enter into that certain Agreement a Merger, to be dated as of January 28, 2007 (the Agreement), pursuant to which Acquisition Sub would be merged wi the Company in a merger (the Merger) in which each outstanding share of common stock, par value $0.01 per sh Company (the Company Shares) (other than Company Shares held by the Acquiror or any subsidiary of the immediately prior to the effective time of the Merger, including any Company Shares contributed to the Acquiro Acquiror Investors (as defined below)) would be converted into the right to receive $60.50 per share in cash (the Consid We understand that, in connection with the Merger, Douglas L. Becker (DLB), Steven Taslitz (ST) and othe entities (collectively, the Acquiror Investors) will contribute Common Shares to, or otherwise invest in, the

You have asked us whether, in our opinion, the Consideration to be received by the holders of the Company Shares purs the Merger Agreement is fair from a financial point of view to such holders, other than the Acquiror, the Acquiror Invest their respective af

In arriving at the opinion set forth below, we have, among other

(1) Reviewed certain publicly available business and financial information relating to the Cor that we deemed to be rel

(2) Reviewed certain information, including financial forecasts, relating to the business, earnings flow, assets, liabilities and prospects of the Company furnished to us by the Com

(3) Conducted discussions with members of senior management and representatives of the Cor concerning the matters described in clauses 1 and 2 a

(4) Reviewed the market prices and valuation multiples for the Company Shares and compared with those of certain publicly traded companies that we deemed to be rel

(5) Reviewed the results of operations of the Company and compared them with those of c publicly traded companies that we deemed to be rel

(6) Compared the proposed financial terms of the Merger with the financial terms of certain transactions that we deemed to be rel

(7) Participated in certain discussions and negotiations among representatives of the S Committee of the Board of Directors and the Acquiror and their financial and legal adv

(8) Reviewed drafts as of January 28, 2007 of the Agreement, a Cooperation Agreement betwe Company and DLB, a Voting Agreement between the Acquiror, DLB, ST and certain related equity rollover commitment letters to be provided by DLB, ST and certain related trusts to the Acq equity financing commitments to be provided by certain equity investors to the Acquiror and c related documents (collectively, the Transaction Documents) and a debt financing commitme dated January 28, 2007, to the Acquisition Sub executed by certain lender

(9) Reviewed such other financial studies and analyses and took into account such other matters deemed necessary, including our assessment of general economic, market and monetary cond

In preparing our opinion, we have assumed and relied on the accuracy and completeness of all information supplied or ot made available to us, discussed with or reviewed by or for us, or publicly available, and we have not assumed any respon for independently verifying such information or undertaken an independent evaluation or appraisal of any of the a liabilities of the Company or been furnished with any such evaluation or appraisal, nor have we evaluated the solvency value of the Company under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, v not assumed any obligation to conduct any physical inspection of the properties or facilities of the Company. With respec financial forecast information furnished to or discussed with us by the Company, we have assumed that they ha reasonably prepared and reflect the best currently available estimates and judgment of the Company s management expected future financial performance of the Company. We have also assumed that the final forms of the Tran Documents will be substantially similar to the last drafts reviewed

Our opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and information made available to us as of, the date

In connection with the preparation of this opinion, we have not been authorized by the Company, the Special Committe Board of Directors or the Board of Directors to solicit, nor have we solicited (but we note that we may be so authoriz period of time following execution of the Agreement, subject to the terms, conditions, and procedures set forth t third-party indications of interest for the acquisition of all or any part of the Co

We are acting as financial advisor to the Special Committee of the Board of Directors of the Company in connection w Merger and will receive a fee from the Company for our services, two-thirds of which is payable upon completion of diligence and our rendering an opinion, and the remaining portion of which is contingent upon the consummation of the M We may receive an additional fee from the Company, payable at the sole discretion of the Special Committee of the B Directors, upon consummation of the Merger. In addition, the Company has agreed to indemnify us for certain liabilities out of our engagement. In the ordinary course of our business, we may actively trade the Company Shares for our own a and for the accounts of customers and, accordingly, may at any time hold a long or short position in such sec

This opinion is for the use and benefit of the Special Committee of the Board of Directors of the Company. Our opinion d address the merits of the underlying decision by the Company to engage in the Merger and does not cons recommendation to any shareholder as to how such shareholder should vote on the proposed Merger or any matter thereto. In addition, you have not asked us to address, and this opinion does not address, the fairness to, or an consideration of, the holders

class of securities, creditors or other constituencies of the Company, other than the holders of the Company

On the basis of and subject to the foregoing, we are of the opinion that, as of the date hereof, the Consideration to be rece
the holders of the Company Shares pursuant to the Agreement is fair from a financial point of view to the holders of such
other than the Acquiror, the Acquiror Investors and their respective af

Very truly yours,
/s/ MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

AN

Information Relating to Laureate Directors and Executive Officers, the Sponsors, the S
Founders and certain trusts affiliated with the Sterling Fo

The following information sets forth the names, ages, titles of our directors and executive officers, their present p occupation and their business experience during the past five years. During the last five years, none of Laureate, its ex officers or directors has been (i) convicted in a criminal proceeding (excluding traffic violations and similar misdemea (ii) a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or sett that resulted in a judgment, decree or final order enjoining such person from future violations of, or prohibiting activities to, federal or state securities laws, or a finding of any violation of federal or state securities laws. With the excep Ms. Aguilera, who is a citizen of Spain, Mr. Appadoo, who is a citizen of the United Kingdom, and Mr. Pollock, who is a of Canada, all of the directors and executive officers listed below are U.S. citizens. The business address of each dir officer listed below is c/o Laureate Education, Inc., 1001 Fleet Street, Baltimore, Maryland, 21202; (410) 84

Laureate Educati

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

Isabel A
Director Sin

Ms. Aguilera has been Managing Director of Google, Inc. for Spain and Portugal since January 2006. From May 2002 July 2005, Ms. Aguilera was the Chief Operating Officer of NH Hoteles. For five years prior to that, Ms. Aguilera wa Executive Officer and Director of Dell Computer Corporation for Spain, Italy and Portugal. Ms. Aguilera also ser director and member of the Executive Committee for Indra Sistemas in

R. William
Director Sin

Mr. Pollock serves as Chairman of the Board of Drake Holdings Limited, a company that owns interests in various bus throughout the world, and has served in that capacity for more than the past five years. Mr. Pollock is also a dir DiscoverWare Inc. in

Wolf H.
Director Sinc

Mr. Hengst was President of Worldwide Hotel Operations for Four Seasons Hotels and Resorts from 1998 until his retire
Decembe

Douglas L.
Director Sinc

Mr. Becker has been Chairman and Chief Executive Officer of Laureate since February 2000. From April 19
February 2000, served as the Company s President and Co-Chief Executive

James H. M
Director Sinc

Mr. McGuire has served as President of NJK Holding Company sinc

Richard W
Director Sinc

Mr. Riley is currently a senior partner with the law firm of Nelson Mullins Riley & Scarborough, L.L.P. and has been a
at this firm for the past five years. From 1993 until 2001, Mr. Riley served as U.S. Secretary of Education. Mr. Ri
Governor of South Carolina from 1979 throug

R. Christopher Hoeh
Director Sinc

Mr. Hoehn-Saric assumed the position of Chief Executive Officer and a Director of Educate, Inc. in June 200
February 2000 to June 2003, Mr. Hoehn-Saric was the Chairman and Chief Executive Officer of Sylvan Ventures, L
affiliate of La

John A.
Director Sinc

Mr. Miller is the President and Chief Executive Officer of North American Corporation of Illinois. Mr. Miller has served
capacity for more than the past five years. Mr. Miller is also a director of Atlantic Premium Brands, Inc. and Sally
Holdings (previously Alberto Culver Cor

David A.
Director Sinc

Mr. Wilson has been President and Chief Executive Officer of the Graduate Management Admission Council, a not-fo
education association which provides the GMAT (Graduate Management Admission Test), sinc

Raph Ap

Mr. Appadoo has served as President of Laureate and President of Laureate s Campus-Based Europe division since Ju
From February 2000 through May 2003, Mr. Appadoo served as President and Chief Executive Officer of Sylvan Intern
Universities, Inc., a predecessor to Laureate s Campus-Based Europe

William C. Den

Mr. Dennis has served as President of Laureate s Campus-Based Latin America division since June 2003. From Octob
when Mr. Dennis joined the Company, through May 2003, he served as Chief Operating Officer and Chief Financial Of
Laureate s campus-based op

Rosemarie

Ms. Mecca joined Laureate on October 1, 2005 as its Executive Vice President and Chief Financial Office
September 2001 to September 2005, Ms. Mecca served as Executive Vice President, Chief Financial Officer an
Information Officer of the Shell Chemicals com

Daniel M.

Mr. Nickel joined Laureate in January 2005 as its Executive Vice President and Director-Corporate Operations. For mo
five years prior to serving in this capacity, Mr. Nickel served as Senior Vice President of Motoro

Paula R.

Ms. Singer has been President and Chief Executive Officer of Laureate s On-Line Education division since Ju

Robert W

Mr. Zentz has served as Senior Vice President and General Counsel of Laureate since joining the Company i

Wengen Alberta, Limited Partn

Wengen Alberta, Limited Partnership is an Alberta limited partnership that was formed on January 28, 2000. It has serv
holding company for investments. The principal office address of Wengen Alberta, Limited Partnership is c/o Kohlberg
Roberts & Co. L.P., 9 West 57th Street, Suite 4200, New York, New York 10019. The telephone number at the principa
is 212-750-8300. Wengen Investments Limited is the general partner of Wengen Alberta, Limited Partn

Wengen Investments L

Wengen Investments Limited is a company formed under the laws of the Cayman Islands, and was admitted as the sole
partner of Wengen Alberta, Limited Partnership effective January 31, 2000. It has served as the general partner of W
Alberta, Limited Partnership and has not conduc

operating business. The registered office of Wengen Investments Limited is Ugland House, P.O. Box 309, George Town
Cayman, Cayman Islands, British West

The names and material occupations, positions, offices or employment during the past five years of each director, ex
officer and each member of Wengen Investments Limited that holds (together with its affiliates) ten percent (10%) or
the equity interests of, or will have the right, following the closing, to designate a director of, Wengen Investments Lim
set forth

Brian F. Carroll, Director. Refer to KKR 2006 Limite

William Janetschek Director and Secretary. William Janetschek has served since 1997 as the Chief Fi
Officer of Kohlberg Kravis Roberts & Co. L.P., the current business address of which is 9 Wes
Street, Suite 4200, New York, New York 10019. Mr. Janetschek is a United States c

Jonathan Smidt Director. Jonathan Smidt has served since 2000 as an executive of Kohlberg Kravis R
& Co. L.P., the current business address of which is 9 West 57th Street, Suite 4200, New York
York 10019. Mr. Smidt is a citizen of South A

Perry Golkin, Assistant Secretary. Refer to KKR 2006 Limite

Douglas Becker, member. Refer to Directors and Executive Office

Steven Taslitz, member. Refer to Steven Taslitz and the KJT Gift Tru

KKR 2006 Limited, member. Refer to KKR 2006 Limite

S.A.C. Capital Management, LLC, member. Refer to S.A.C. Capital Management, LL

Bregal Europe Co-Investment L.P., member. Refer to Bregal Europe Co-Investment L.

Citigroup Private Equity LP, member. Refer to Citigroup Private Equity L

Snow Phipps & Guggenheim, LLC, member. Refer to SPG Partners, LL

Sterling Capital Partners II, L.P., member. Refer to Sterling Partners II, L.

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excludin
violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters th
dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person fro
violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal
securiti

L Curve S

L Curve Sub Inc. is a Maryland corporation that was formed on January 25, 2007 solely for the purpose of comple
merger. Upon the completion of the merger, L Curve Sub Inc. will cease to exist and Laureate will continue as the su
corporation. L Curve Sub Inc. is a direct subsidiary of Parent and has not engaged in any business except as contemplate
merger agreement. The principal office address of L Curve Sub Inc. is c/o Kohlberg Kravis Roberts & Co. L.P., 9 W
Street, Suite 4200, New York, New York 10019. The telephone number at the principal office is 212-75

The names and material occupations, positions offices or employment during the past five years of the current executive
and directors of L Curve Sub Inc. are set forth

Henry R. Kravis, President. Refer to KKR 2006 Limite

William Janetschek, Director, Vice President and Chief Financial Officer. Refer to Wengen Investments
a

Brian F. Carroll, Director, Vice President and Chief Operating Officer. Refer to KKR 2006 Limite

Jonathan Smidt Director, Vice President and Secretary. Refer to Wengen Investments Limi

Douglas Becker Vice President. Refer to Directors and Executive Office

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excluding
violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters th
dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from
violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal
securiti

KKR 2006 L

KKR 2006 Limited, a Cayman Islands exempted company, is principally engaged in the business of serving as the
partner of KKR Associates 2006 (Overseas), Limited Partnership. The directors of KKR 2006 Limited are also ma
members of KKR & Co. L.L.C., a Delaware limited liability company that is the general partner of Kohlberg Kravis Ro
Co. L.P., a Delaware limited partnership (KKR). KKR is a private investment firm which provides management servic
2006 Fund (Overseas), Limited Partnership pursuant to the terms of a management agreement. The management o
business and affairs is carried out by KKR & Co. L.L.C. and its 25 m

The business address of KKR 2006 Limited is 9 West 57th Street, New York, NY

The names and material occupations, positions, offices or employment during the past five years of each member of KKR
L.L.C., the general partner of KKR, are set forth

Henry R. Kravis serves as a managing member of KKR & Co. L.L.C. and has held this position since
Mr. Kravis is a citizen of the United S

George R. Roberts serves as a managing member of KKR & Co. L.L.C. and has held this position
1996. Mr. Roberts is a citizen of the United S

Paul E. Raether serves as a member of KKR & Co. L.L.C. and has held this position since
Mr. Raether is a citizen of the United S

Michael W. Michelson serves as a member of KKR & Co. L.L.C. and has held this position since
Mr. Michelson is a citizen of the United S

James H. Greene serves as a member of KKR & Co. L.L.C. and has held this position since
Mr. Greene is a citizen of the United S

Perry Golkin serves as a member of KKR & Co. L.L.C. and has held this position since 1996. Mr. Go
a citizen of the United S

Johannes Huth serves as a member of KKR & Co. L.L.C. and has held this position since 2000. Mr. H
a citizen of Ger

Alexander Navab serves as a member of KKR & Co. L.L.C. and has held this position since 2001.
1993 until 2001, Mr. Navab was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Nava
citizen of the United S

Todd A. Fisher serves as a member of KKR & Co. L.L.C. and has held this position since 2001. From
until 2001, Mr. Fisher was an executive of Kohlberg Kravis Roberts & Co. Ltd. Mr. Fisher is a citi
the United S

Jacques Garaïalde serves as a member of KKR & Co. L.L.C. and has held this position since 2004. P
that, Mr. Garaïalde was an executive at The Carlyle Group. Mr. Garaïalde is a citizen of F

Marc S. Lipschultz serves as a member of KKR & Co. L.L.C. and has held this position since 2004.
1995 until 2004, Mr. Lipschultz was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Lips
is a citizen of the United S

Reinhard Gorenflos serves as a member of KKR & Co. L.L.C. and has held this position since 2005.
2002 until 2005, Mr. Gorenflos was an executive of Kohlberg Kravis Roberts & Co. Ltd. Prior to
Mr. Gorenflos served as an executive of Aral. Mr. Gorenflos is a citizen of Ger

Michael M. Calbert serves as a member of KKR & Co. L.L.C. and has held this position since 2005.
2000 until 2005, Mr. Calbert was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Calbe
citizen of the United S

Scott C. Nuttall serves as a member of KKR & Co. L.L.C. and has held this position since 2005. From
until 2005, Mr. Nuttall was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Nuttall is a c
of the United S

Joseph Y. Bae serves as a member of KKR & Co. L.L.C. and has held this position since 2006. From
until 2006, Mr. Bae was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Bae is a citizen
United S

Brian F. Carroll serves as a member of KKR & Co. L.L.C. and has held this position since 2006.
1997 until 2006, Mr. Carroll was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Carro
citizen of the United S

Adam H. Clammer serves as a member of KKR & Co. L.L.C. and has held this position since 2006.
1997 until 2006, Mr. Clammer was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Clam
a citizen of the United S

Frederick M. Goltz serves as a member of KKR & Co. L.L.C. and has held this position since 2006.
1996 until 2006, Mr. Goltz was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Gol
citizen of the United S

Oliver Haarmann serves as a member of KKR & Co. L.L.C. and has held this position since 2006.
1999 until 2006, Mr. Haarmann was an executive of Kohlberg Kravis Roberts & Co. Ltd. Mr. Haa
is a citizen of Ger

Dominic P. Murphy serves as a member of KKR & Co. L.L.C. and has held this position since 2006.
2005 until 2006, Mr. Murphy was an executive of Kohlberg Kravis Roberts & Co. Ltd. Prior t
Mr. Murphy was an executive at Cinven. Mr. Murphy is a citizen of the United Kin

John L. Pfeffer serves as a member of KKR & Co. L.L.C. and has held this position since 2006. From
until 2006, Mr. Pfeffer was an executive of Kohlberg Kravis Roberts & Co. Ltd. Mr. Pfeffer is a
of the United

John K. Saer, Jr. serves as a member of KKR & Co. L.L.C. and has held this position since 2006. 2001 until 2006, Mr. Saer was an executive of Kohlberg Kravis Roberts & Co. L.P. Mr. Saer is a c of the United S

Clive Hollick serves as a member of KKR & Co. L.L.C. and has held this position since 2006. From until 2006, Mr. Hollick was an executive of Kohlberg Kravis Roberts & Co. Ltd. Prior t Mr. Hollick was an executive at United Business Media. Mr. Hollick is a citizen of the United Kin

David Liu serves as a member of KKR & Co. L.L.C. and has held this position since 2006. From until 2006, Mr. Liu was an executive at Morgan Stanley Private Equity Asia. Mr. Liu is a citizen of

Ming Lu serves as a member of KKR & Co. L.L.C. and has held this position since 2006. From 199 2006, Mr. Lu was an executive at CCMP Capital Asia (formerly JP Morgan Partners Asia). Mr. L citizen of Hong

The current business address of each such member is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New New York 10019, except as follows: (i) the current business address of Messrs. Roberts, Michelson, Greene, Calbert, C and Goltz is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, California 94025; current business address of Messrs. Huth, Fisher, Garaïalde, Gorenflos, Haarmann, Murphy, Pfeffer and Hollick is c/o K Kravis Roberts & Co. Ltd., Stirling Square, 7 Carlton Gardens, London, SW1Y 5AD, England and (iii) the current b address of Messrs. Bae, Liu and Lu is c/o KKR Asia Limited, 25/F AIG Tower, 1 Connaught Road, Central, Hong

During the last five years, none of the persons or entities described above has been (i) convicted in a criminal proc (excluding traffic violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (ex matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoi person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any v of federal or state securiti

S.A.C. Capital Managemen

S.A.C. Capital Management, LLC (SAC Capital Management) is a Delaware limited liability company engaged in th of private investment management and making investments. The members of SAC Capital Management are S.A.C. Management, Inc. and Steven A. Cohen. S.A.C. Capital Management, Inc. is a Delaware corporation and is principally e in the business of serving as a member of SAC Capital Manag

The business address of each of S.A.C. Capital Management, LLC and S.A.C. Capital Management, Inc. is 540 M Avenue, New York, New York

Steven A. Cohen directly and indirectly, through S.A.C. Capital Management, Inc., owns all of the equity interests Capital Management. Mr. Cohen is Chief Executive Officer of S.A.C. Capital Advisors, LLC, a Delaware limited company engaged in the business of private investment management, and has held that position for the last five ye Cohen is a citizen of the United States. The business address of Steven A. Cohen is 72 Cummings Point Road, St Connecticut

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excluding violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters th dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal securiti

Bregal Europe Co-Investme

Bregal Europe Co-Investment L.P. (Bregal Europe) is a Scottish limited partnership engaged in the business of mak equity and other types of inves

Bregal General Partner Jersey Limited (Bregal GP) is the general partner of Bregal Europe. Bregal GP is a Jerse Islands private limited company, the principal business of which is acting as general partner of Bregal Europe and primarily engaged in the business of making private equity and other types of inves

Bregal Jersey Limited (Bregal Jersey) is the sole member of Bregal GP. Bregal Jersey is a Jersey, Channel Islan limited company, whose sole member is COFRA Holding AG. Bregal Jersey is engaged in the business of making private and other types of investments through affiliated p

COFRA Holding AG (Cofra) is a Swiss holding company for a group of companies located in Europe, N Latin America, and Asia whose activities include retail, real estate, private equity investmen financial ser

The business address of Bregal Europe is Saltire Court, 20 Castle Street, Edinburgh, Scotland EH1 2ET. The business of each of Bregal GP and Bregal Jersey is 3rd Floor, Britannic House, 9 Hope Street, St. Helier, Jersey JE2 The business address of Cofra is Grafenauweg 10, CH-6301, Zug, Switze

The names and material occupations, positions, offices or employment during the past five years of each manageme member and supervisory board member of Cofra, are set forth

Stanislaus H.M. Brenninkmeijer has served as the Chief Executive Officer and a member of the super board of Cofra since 2003. He previously served as Chairman of COFRA Latin America from 1 2002. Mr. Brenninkmeijer is a citizen of the Nether

Gerrit Jan M. Pieters has served as CFO and a member of the supervisory board of Cofra September 2001. Mr. Pieters is a citizen of the Nether

Joannes A.P. Brenninkmeijer has served as a member of the supervisory board of Cofra since 200 previously served as President of American Retail Group, Inc. from 1999 to 2003. Mr. Brenninkme a citizen of the Nether

Wolter R.J.M. Brenninkmeijer has served as a member of the supervisory board of Cofra since 2004. served as Director of Bregal Europe Investments London Limited since 2003, and he previously as President of Agora Business Centers from 2000 to 2003. Mr. Brenninkmeijer is a citizen Nether

Richard Hayden has served as a member of the supervisory board of Cofra since 2003. He has ser Chairman of GSC Partners Europe Ltd. since 2000. Mr. Hayden is a citizen of the United

Vernon Sankey has served as a member of the supervisory board of Cofra since 2001. He has ser Chairman of Photo-Me International since 2000, Chairman of The Really Effective Develo Company since 2000, Director of Taylor Woodrow since 2004, and Chairman of Thompson

since 2000. He previously served as Deputy Chairman of Beltpacker PLC from 2001 to 2004, and as Chairman of Gal Group Ltd. from 2000 to 2003. Mr. Sankey is a citizen of the United Ki

H. Andrew S. Vellani has served as the Chief Legal Officer of Cofra since 2002. He previously ser Group Legal Director for Scottish & Newcastle PLC from 1986 to 2002. Mr. Vellani is a citizen United Kin

Erik A.M. Brenninkmeijer has served as President of the supervisory board of Cofra since Mr. Brenninkmeijer is a citizen of the Nether

Aart Overbosch has served as Counsel to the Supervisory Board of Cofra since 2003. He previously as Chief Tax Officer of Cofra from 2001 to 2003. Mr. Overbosch is a citizen of the Nether

The current business address of each individual set forth above is as follows: for Mr. Pieters, Mr. E. Brennink Mr. Overbosch, Mr. Vellani, Mr. S. Brenninkmeijer, and Mr. J. Brenninkmeijer, Graufenauweg 10, CH-6301, Zug, Switz for Mr. W. Brenninkmeijer, Standbrook House, 4th Floor, 2-5 Old Bond Street, London, UK W1S 4P Mr. Hayden, 68 Pall Mall, London, UK SW1Y 5ES; and for Mr. Sankey, The Cherubs, Parsonage Farnham Common, Buckinghamshire, UK SL2

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excluding violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters th dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal securiti

Citigroup Private Equ

Citigroup Private Equity LP (CPE LP), a Delaware limited partnership, is principally engaged, directly and indirect subsidiaries or affiliated companies or both, in the business of investing in equity, debt, derivatives and other securi assets. Citigroup Alternative Investments LLC (CAI LLC), a Delaware limited liability company, is the general partn LP and is principally engaged, directly and indirectly through subsidiaries or affiliated companies or both, in the bus investing in equity, debt, derivatives and other securities and assets. Citigroup Investments Inc. (CII), organized und of Delaware, is the sole member of CAI and is principally engaged, directly and indirectly through subsidiaries or af companies or both, in the business of investing in equity, debt, derivatives and other securities and assets. CII is wholly-owned by Citigro

Citigroup Inc., organized under the laws of Delaware, which wholly owns CII, is a diversified holding company that pr through its subsidiaries, a broad range of financial services to consumer and corporate customers wor

The names and material occupations, positions, offices or employment during the last five years of each officer and dir Citigroup Inc. are set forth

C. Michael Armstrong serves as a Director of Citigroup Inc. and has held his position as Direc Citigroup Inc. (or its predecessor) since 1989. Mr. Armstrong is the Chairman of the Board of Trust Johns Hopkins Medicine, Health Systems and Hospital and has held this position since Mr. Armstrong also serves as Retired Chairman of Hughes, AT&T and Comcast Corporation a held this position since 2004. Mr. Armstrong served as the Chairman of Comcast Corporation from to 2004. Mr. Armstrong is a citizen of the United S

Alain J.P. Belda serves as a Director of Citigroup Inc. and has held his position since 1997. Mr. Bel held the position of Chairman of Alcoa Inc. since 2001 and has held the position of Chief Exe Officer of Alcoa Inc. since 1999. Mr. Belda is a citizen of Brazil and

George David serves as a Director of Citigroup Inc. and has held his position since 2002. Mr. David
Chairman and Chief Executive Officer of United Technologies Corporation and has held such pos
since 1997 and 1994, respectively. Mr. David is a citizen of the United S

Kenneth T. Derr serves as a Director of Citigroup Inc. and has held his position as Director of Citigrou
(or its predecessor) since 1987. Mr. Derr is the Chairman, retired, of Chevron Corporation and ha
this position since 2001. Mr. Derr is a citizen of the United S

John M. Deutch serves as a Director of Citigroup Inc. and has held his position as Director of Citigrou
(or its predecessor) since 1996. Mr. Deutch is an Institute Professor at Massachusetts Instit
Technology and has held this position since 1990. Mr. Deutch is a citizen of the United S

Roberto Hernandez Ramirez serves as a Director of Citigroup Inc. and has held his position since
Mr. Hernandez is the Chairman of the Board of Banco National de Mexico and has held this po
since 1991. Mr. Hernandez is a citizen of M

Dr. Klaus Kleinfeld serves as a Director of Citigroup Inc. and has held his position since 2005. Mr. Kle
is the President and Chief Executive Officer of Siemens AG and has held this position since
Mr. Kleinfeld also serves on the Member Managing Board of Siemens AG and has held this po
since 2002. Mr. Kleinfeld was Deputy Chairman of the Managing Board and Executive Vice Presid
Siemens AG from 2004 to 2005 and President and Chief Executive Officer of Siemens Corpo
(USA) from 2002 to 2003. Mr. Kleinfeld is a citizen of Ger

Andrew N. Liveris serves as a Director of Citigroup Inc. and has held his position since 2005. Mr. Liv
the Chairman, Chief Executive Officer and President of The Dow Chemical Company and has he
position since 2006. Mr. Liveris was President and Chief Executive Officer from 2004 to 2006 an
President and Chief Operating Officer from 2003 to 2004 of The Dow Chemical Company. From 2
2003 Mr. Liveris served as President of the Performance Chemicals Business Group of The
Chemical Company. Mr. Liveris is a citizen of Aus

Anne Mulcahy serves as a Director of Citigroup Inc. and has held her position since 2004. Ms. Mulcal
held the position of Chairman since 2002 and has served as Chief Executive Officer since 2001 of
Corporation. Ms. Mulcahy is a citizen of the United S

Richard D. Parsons serves as a Director of Citigroup Inc. and has held his position as Director of Citi
Inc. (or its predecessor) since 1996. Mr. Parsons is Chairman and Chief Executive Officer of
Warner Inc. and has held such positions since 2003 and 2002, respectively. Mr. Parsons is a citizen
United S

Charles Prince serves as a Director and Executive Officer of Citigroup Inc. and has held his posit
Director since 2003. Mr. Prince is Chairman and Chief Executive Office of Citigroup Inc., a
served as Chairman since 2006 and Chief Executive Officer since 2003. Mr. Prince was the Cha
and Chief Executive Officer of Citigroup s Global Corporate and Investment Bank from 2002 t
Mr. Prince is a citizen of the United S

Dr. Judith Rodin serves as a Director of Citigroup Inc. and has held her position since 2004. Dr. Ro
President of the Rockefeller Foundation and has held this position since 2005. Dr. Rodin is also Pre
Emerita of the University of Pennsylvania and she has held this position since 2004. Dr. Rodin ser
President of the University of Pennsylvania from 1994 to 2004. Dr. Rodin is a citizen of the U

Robert E. Rubin serves as a Director and Executive Officer of Citigroup Inc. and has held his posit
Director since 1999. Mr. Rubin is also Chairman of the Executive Committee of Citigroup Inc. a
held this position since 1999. Mr. Rubin is a citizen of the United

Franklin A. Thomas serves as a Director of Citigroup Inc. and has held his position as Director of Citi Inc. (or its predecessor) since 1970. Mr. Thomas is a consultant at The Study Group and has he position since 1996. Mr. Thomas is a citizen of the United S

Ajay Banga serves as Chairman and Chief Executive Officer of Citigroup s Global Co Group International and has held this position since 2005. Mr. Banga served as Executive Vice P of the Global Consumer Group and President of Retail Banking North America from 2002 to Mr. Banga is a citizen of

Sir Winfried F. W. Bischoff serves as Chairman of Citigroup Europe and has held this position since Mr. Bischoff is a citizen of the United Kingdom and Ger

David C. Bushnell serves as Senior Risk Officer of Citigroup Inc. and has held this position since Mr. Bushnell is a citizen of the United S

Gary Crittenden serves as Chief Financial Officer of Citigroup, Inc. and has held this position since Mr. Crittenden served as Executive Vice President and Chief Financial Officer at the American E Company from 2000 to 2007. Mr. Crittenden also served as the head of Global Network Services American Express Company from 2005 to 2007. Mr. Crittenden is a citizen of the United S

Robert Druskin serves as Chief Operating Officer and Member of the Office of the Chairman of Citi Inc. and has held this position since 2006. Mr. Druskin served as President and Chief Executive O from 2003 to 2006 and President and Chief Operating Officer from 2002 to 2003 of Citi Corporate & Investment Banking. Mr. Druskin is a citizen of the United S

Steven J. Freiberg serves as Chairman and Chief Executive Officer of Global Consumer Group America and has held this position since 2005. Mr. Freiberg served as Chairman and CEO of Citi from 2000 to 2005. Mr. Freiberg is a citizen of the United S

John G. Gerspach serves as Controller and Chief Accounting Officer of Citigroup Inc. and has he position since 2005. Mr. Gerspach served as Chief Financial Officer and Chief Administ Officer Latin America and held various positions in the Global Consumer Group and the Corporate Investment Banking Group from 1990 to 2005. Mr. Gerspach is a citizen of the United S

Michael S. Helfer serves as General Counsel and Corporate Secretary of Citigroup Inc. and has he position since 2003. Mr. Helfer served as Executive Vice President for Corporate Strategy of Natio from 2000-2002. Mr. Helfer is a citizen of the United S

Lewis B. Kaden serves as Vice Chairman and Chief Administrative Officer of Citigroup Inc. and ha this position since 2005. Mr. Kaden was a Partner at Davis Polk & Wardwell from 1984 to Mr. Kaden is a citizen of the United S

Michael Klein serves as Co-President for Citi Markets & Banking and Vice Chairman of Ci International PLC and has held these positions since 2007. Mr. Klein also serves as Chief Exe Officer of Global Banking and has held this position since 2004. Mr. Klein served as Chief Exe Officer of the Global Corporate and Investment Bank for Europe, the Middle East and Africa (E for Citigroup Inc. from 2003 to 2004 and served as Chief Executive Officer of the Citigroup Cor and Investment Banking, Europe, and Co-Head of Global Investment Banking for Salomon Barney, a member of Citigroup, from 2000 to 2003. Mr. Klein is a citizen of the United S

Sallie L. Krawcheck serves as Chairman and Chief Executive Officer of Citi Global Wealth Manageme
has held this position since 2007. Ms. Krawcheck also serves as a Director of Citibank N.A. and Ci
Holdings Inc. and has held these positions since 2005. Ms. Krawcheck served as Chief Financial C
and Head of Strategy of Citigroup Inc. from 2004 until 2007. Ms. Krawcheck served as Chairma
Chief Executive Officer of Smith Barney from 2002 to 2004. Ms. Krawcheck is a citizen of the U
S

Thomas G. Maheras serves as Co-President for Citi Markets & Banking and has held this position
2007. Mr. Maheras served as Chief Executive Officer of Global Capital Markets within Citig
Corporate and Investment Banking Group from 2004 to 2007 and served as the Head of Global
Income along with various other positions within Citigroup Inc. from 1984 to 2004. Mr. Maher
citizen of the United S

Manual Medina-Mora serves as Chairman and Chief Executive Officer of Citigroup Latin Ameri
Mexico and has held this position since 2004. Mr. Medina-Mora also serves as Chief Executive C
of Banamex for Citigroup Inc. and has held this position since 2001. Mr. Medina-Mora is a citi
M

William R. Rhodes serves as Senior Vice Chairman and Senior International Officer of Citigroup In
has held these positions since 2002. Mr. Rhodes also serves as Chairman, Chief Executive Offic
President of Citicorp Holdings Inc. and Citibank, N.A. and has held these positions since
Mr. Rhodes is a citizen of the United S

Stephen R. Volk serves as Vice Chairman of Citigroup Inc. and has held this position since 2005. Mr
served as the Chairman of Credit Suisse First Boston from 2001 to 2004. Mr. Volk is a citizen
United S

The address for each of Citigroup Inc. and the Executive Officers and Directors of Citigroup Inc. is 399 Park Avenu
York, NY 10022, except as follows: (i) the current business address of Sir Winfried F. W. Bischoff is Citi
Europe, 33 Canada Square,Canary Wharf, London E14 5LB, United Kingdom, (ii) the current bu
address of Sallie L. Krawcheck is Citi Global Wealth Management, 787 Seventh Avenue, New
New York, 10019, (iii) the current business address of Michael Klein and Thomas G. Maheras
Markets & Banking, 388 Greenwich Street, 39th Floor, New York, New York, 10013, and (i
current business address of Manuel Medina-Mora is Act. Roberto Medellin 800, Edifico Sur. 5 pis
Sta Fe/C.P. 01210, Mexico, D.F. The address for each of the CCP II Funds, CGI, CPE LP, CGI PE
LLC and CII is 731 Lexington Avenue, New York, NY 10022; (212) 559

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excluding
violations or similar misdemeanors) or (ii) except as described immediately below, a party to any judicial or admini
proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree
order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities la
finding of any violation of federal or state securiti

From time to time Citigroup Inc., which holds an indirect interest in the Citigroup Global Markets Inc. (CGMI), a
affiliated entities, are the subjects of inquiries and investigations conducted by federal or state regulatory agencies. Ci
Inc. and its affiliated entities routinely cooperate with such investigations. As a public company, Citigroup Inc. files p
reports with the Securities and Exchange Commission (SEC) as required by the Securities Exchange Act of 1934 whi
current descriptions of material regulatory proceedings and investigations concerning Citigroup Inc. and certain af
entities. Copies of Citigroup Inc. s periodic reports are on file with the SEC. The following are summaries of certain per
recently concluded regulatory matters involving Citigroup Inc. and/or an affiliated entity within the past five

R

On April 28, 2003, CGMI, an affiliated entity, and a number of other broker/dealers announced final agreements with th
the National Association of Securities Dealers (NASD), the New York Stock Exchange (NYSE) and the New Y
General (as lead state among the 50 states, the District of Columbia and Puerto Rico) to resolve on a civil basis all
outstanding investigations into their research and IPO allocation and distribution practices. The NASD, NYSE a
settlemen

become final. The SEC settlement asserted that CGMI violated federal and state antifraud securities laws and certain rule
NASD and NYSE in connection with certain of its practices relating to research, IPO allocation, the safeguarding of
nonpublic information, and the maintenance of certain of its books and records. As required by the settlements, CG
entered into separate settlement agreements with 48 states and various U.S. territories and is in settlement negotiations
remaining 2 states. CGMI reached these final settlement agreements without admitting or denying any wrongdoing or l
The settlements do not establish wrongdoing or liability for purposes of any other proc

In addition, with respect to issues raised by the SEC, the NASD and the NYSE about CGMI s and other firms emai
practices, CGMI and several other broker/dealers and the SEC, the NASD and the NYSE entered into a settlement agree
December 2002. CGMI agreed to pay a penalty in the amount of $1.65 million and did not admit to any alleg
wron

Enron and

On July 28, 2003, Citigroup Inc., CGMI and certain of their affiliates entered into final settlement agreements with the S
Operations Clearing Corporation (OCC), the Federal Reserve Bank of New York (Federal Reserve) and the Manh
Attorney s Office that resolve on a civil basis their investigations into CGMI s structured finance work for Enron (and,
of the SEC, with Dynegy). CGMI paid a total of $120 million under the SEC settlement and $25.5 million under the Ma
District Attorney settlement. The agreements with the OCC and the Federal Reserve involve the development and refine
compliance procedures related to structured finance activities and risk management. CGMI reached these settlements
admitting or denying any wrongdoing or liability, and the settlements do not establish wrongdoing or liability for purp
any other proc

Mutua

In 2003, several issues in the mutual fund industry have come under the scrutiny of federal and state regulators. CG
received subpoenas and other requests for information from various government regulators regarding market timing, fin
fees, sales practices and other mutual fund issues in connection with various investigations. CGMI is cooperating with
reviews. CGMI has entered into a settlement with the SEC with respect to revenue sharing and sales of classes of funds
and certain affiliates have also been named in several class action litigations arising out of alleged violations of federal se
laws and comm

Rhode

In August 2003, in connection with certain alleged violations of the Rhode Island Securities Ace, and without admi
denying any findings or violations, CGMI consented to the State of Rhode Island Department of Business Regulation s
desist order from further violations of the Rhode Island Uniform Securities Act and agreed to pay an administrativ
$

Transfer

On May 31, 2005, CGMI completed its settlement with the SEC resolving an investigation by the SEC into matters rel
arrangements between certain Smith Barney mutual funds, an affiliated transfer agent, and an un-affiliated sub-transfe
Under the settlement, CGMI paid a total of $208.1 million. The settlement, in which CGMI neither admitted nor
wrongdoing or liability, asserts fraud charges resulting from failure to disclose aspects of the transfer agent arrangement

E

On March 23, 2005, the SEC issued an administrative cease-and-desist order against CGMI, which CGMI consented to admitting or denying the findings therein. The SEC s order asserts that CGMI failed to disclose certain material facts r its revenue sharing program and it failed to inform its customers when recommending Class B mutual fund shares th shares were subject to higher annual fees and that those fees could have a negative impact on the customers investmen The SEC s order asserts that the foregoing conduct violated Section 17(a)(2) of the Securities Act of 1933 (the Secu and Rule 10b-10 of the Securities Exchange Act of 1934 (the Exchange Act). The SEC s order requires CGMI to ceas from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Rule under the Exchan

On December 3, 2002, the SEC issued an administrative cease-and-desist order memorializing a settlement that entered into, without admitting or denying the findings therein, regarding its failure to retain e-mail communi during the period 1999 to at least 2001 in the manner and for the retention period required under Section 17(a Rule 17a-4 promulgated thereunder, of the Exchan

Fails to

The NYSE alleged that during the period from January 3, 2005 through July 13, 2005, CGMI violated Rule 203(Regulation SHO by failing to accurately account for its fails to deliver in threshold securities at registered clearing num was further alleged that CGMI violated NYSE Rule 342 by failing to provide for appropriate procedures of supervis control, and establish a separate system of follow-up and review to determine if it accurately accounted for its fails to de threshold securities at registered clearing agencies and that it and its customers were in compliance with Rule Regulation M. Without admitting or denying the allegations, on July 24, 2006, CGMI consented to a censure and a $2

Ass

On February 26, 2003, a Final Order was entered approving the settlement by Citigroup Inc. and the Federal Trade Com (FTC), whereby Citigroup Inc. agreed to pay $215 million to settle claims against Associates First Capital Corporati Associates Corporation of North America, which alleged that such entities had engaged in deceptive and abusive practices over a five-year period from December 1, 1995 through November 30, 2000. Citigroup Inc. acquired those ent November 30

Euro Zone Government Bond

On June 28, 2005, the U.K. Financial Services Authority (FSA) cited Citigroup Inc. for breaches of FSA Principle 2 (a conduct its business with skill, care and diligence) and FSA Principle 3 (a firm must take reasonable care to organize and its affairs responsibly and effectively). Citigroup Inc. agreed to pay $7.29 million to the FSA and relinquish $18.15 mi profits generated by the trade to th

A

In May 2006, the SEC alleged that fourteen investment banking firms, including Citigroup Inc., violated Section 17(a)(2 Securities Act, by engaging in one or more practices relating to auctions of auction rate securities during the perio January 1, 2003 through June 30, 2004 as describe

cease-and-desist order entered by the SEC. As part of a multi-firm settlement, Citigroup Inc. submitted an Offer of Set
which was accepted by the SEC on May 31, 2006. Without admitting or denying the allegations, Citigroup Inc. consen
censure and cease-and-desist order and a payment of a $1.5 million civil monetary p

SPG Partner

SPG Partners, LLC (SPG Partners) is a Delaware limited liability company and private investment firm whic
management services to Snow, Phipps & Guggenheim, L.P. (SPG LP), Snow, Phipps & Guggenheim (Offshore),
Offshore), Snow, Phipps & Guggenheim (B), L.P. (SPG B), Snow, Phipps & Guggenheim (RPV), L.P. (SPG RPV
Co-Investment, L.P. (SPG Co and together with SPG LP, SPG Offshore, SPG B and SPG RPV, the SPG Funds
Phipps & Guggenheim, LLC (SP

SPG LP is a Delaware limited partnership engaged in the business of making private equity inves

SPG Offshore is a Cayman Islands exempted limited partnership engaged in the business of making private equity inves

SPG B is a Delaware limited partnership engaged in the business of making private equity inves

SPG RPV is a Delaware limited partnership engaged in the business of making private equity inves

SPG Co is a Delaware limited partnership engaged in the business of making private equity inves

SPG LLC is a Delaware limited liability company formed for the purpose of investing in Wengen Investments L

SPG GP is the general partner of each of the SPG Funds. SPG GP is a Delaware limited liability company engage
business of acting as general partner to persons engaged in the business of making private equity inves

The business address of each of the SPG Funds, SPG LLC and SPG GP is c/o SPG Partners, LLC, 667 Madison Avenu
Floor, New York, NY

The name and material positions held during the past five years of the managing member of SPG GP are as f

Ian K. Snow is the managing member of SPG GP, LLC and a U.S. citizen. Mr. Snow became the CEO and Partner
Partners, LLC upon its inception in April 2005. Prior to that Mr. Snow was employed by Ripplewood Holdings, LLC
inception in 1995 and he became a Managing Director in Januar

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excluding
violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters th
dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from
violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal
securiti

Sterling Capital Partners

Sterling Capital Partners II, L.P. is a Delaware limited partnership that (directly and indirectly through subsidiaries or af companies or both) is principally engaged in the business of investing in equity securities. SC Partners II, L.P., a De limited partnership, is the sole general partner of Sterling Capital Partners II, L.P. Sterling Capital Partners II, LLC, a De limited liability company, is the sole general partner of SC Partners II, L.P. The principal address of each Reporting Entit Fund Management Services, LLC, 1033 Skokie Boulevard, Suite 600, Northbrook, Illinois

Douglas L. Becker is a manager of Sterling Capital Partners II, LLC. He is a citizen of the U.S.A. Additional informatio forth above under Directors and Executiv

Rudolf Christopher Hoehn-Saric is a manager of Sterling Capital Partners II, LLC. He is a citizen of the U Additional information is set forth above under Directors and Executive

Steven M. Taslitz is a manager and Senior Managing Director of Sterling Capital Partners II, LLC. He is a citizen of the Additional information is set forth below under Steven Taslitz and the KJT

Michael G. Bronfein is a manager and senior managing director of Sterling Capital Partners II, LLC. His present p occupation is Senior Managing Director of Sterling Partners, a position he has held since 1999. He is a citizen of the

Merrick M. Elfman is a manager and Senior Managing Director of Sterling Capital Partners II, LLC. His present p occupation is Senior Managing Director of Sterling Partners, a position he has held since 1983. He is a citizen of the

Eric D. Becker is a manager of Sterling Capital Partners II, LLC. His present principal occupation is Senior Managing D of Sterling Partners, a position he has held since 1983. He is a citizen of the

Jeffery R. Schechter is the Chief Financial Officer of Sterling Capital Partners, LLC and Sterling Capital Partners II, LL present principal occupation is Chief Financial Officer of Sterling Partners, a position he has held since 2006. From 2006, he was Chief Financial Officer of Grotech Capital Group, a private equity firm. He is a citizen of the

During the last five years, no person or entity described above has been (i) convicted in a criminal proceeding (excluding violations or similar misdemeanors) or (ii) a party to any judicial or administrative proceeding (except for matters th dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal securiti

Steven M. Taslitz and the KJT Gif

Steven M. Taslitz is a manager and Senior Managing Director of Sterling Capital Partners II, LLC and a co-trustee of t
Gift Trust, pursuant to which he has voting and dispositive power over the shares of the Company s common stock held
trust. Steven M. Taslitz is a citizen of the U.S.A. and his principal occupation is Senior Managing Director of Sterling Par
private equity firm, a position he has held sinc

Bruce Goldman is a co-trustee of the KJT Gift Trust and has voting and dispositive power over the shares of the Co
common stock held by such trust. Bruce Goldman is a citizen of the U.S.A. and a partner at Cat In Hat Trading, which p
he has held for the last five

During the last five years, no person or entity described above has been convicted in a criminal proceeding (excluding
violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of com
jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future vio
of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect

Becker

Irrevocable BBHT II IDGT and Irrevocable Grantor Retained Annuity Trust N

Marianne Schmitt Hellauer is the trustee of the Irrevocable BBHT II IDGT and Irrevocable Grantor Retained Annuity Tr
11 and has voting and dispositive power over the shares of the Company s common stock held by such trusts. Marianne
Hellauer is a citizen of the U.S.A. and a partner at the law firm of DLA Piper US LLP, 6225 Smith Avenue, Baltimo
21209-3600, which position she has held for the last five

During the last five years, Marianne Schmitt Hellauer has not been convicted in a criminal proceeding (excluding
violations or similar misdemeanors) and has not been a party to a civil proceeding of a judicial or administrative
competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining
violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violati
respect to suc

PRELIMINARY COPY

VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern time the day before the cut-off date or meetin date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by Laureate Education, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards annual reports electronically via e-mail or the Internet. To sign up for electronic deliv please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronicall future years.

VOTE BY PHONE 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we hav provided or return it to Laureate Education, Inc., c/o ADP, 51 Mercedes Way, Edgew NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

LAUED1

KEEP THIS PORTIO YOUR REC

DETACH AND RE THIS PORTION

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

LAUREATE EDUCATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. THE BOARD OF DIREC RECOMMENDS A VOTE FOR THE APPROVAL OF PROPOSAL NO. 1 AND FOR THE APP PROPOSAL NO. 2. YOUR SHARES WILL BE VOTED AS SPECIFIED BELOW. IF NO SPECIFICATION IS M THIS PROXY WILL BE VOTED FOR PROPOSAL NO. 1 AND FOR PROPO

Vote on Proposals		For	Against	A
1.	Proposal to approve the merger between Laureate Education, Inc. (Laureate) and L Curve Sub Inc. (Merger Sub), a direct subsidiary of Wengen Alberta, Limited Partnership, substantially on the terms set forth in the Agreement and Plan of Merger, dated as of January 28, 2007 (the Merger Agreement), among Laureate, Curve Sub Inc. and Wengen Alberta, Limited Partnership, attached to the proxy statement as Annex A, as more fully described in the accompanying proxy statement, and the Merger Agreement.	o	o	

2.	Proposal to grant discretionary authority to each of the proxy holders to adjourn the special meeting to another time or place for the purpose of soliciting additional proxies.	o	o
3.	In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournments or postponements thereof.		

For comments, please check this box and write them on the back where indicated. o

Please indicate if you plan to attend this meeting. o Yes o No

This proxy is solicited on behalf of the Board of Directors of Laurea Education, Inc. for the Special Meeting of Stockholders on , 2

The undersigned hereby (1) acknowledges receipt of the Notice of Special Meeting of Stockholders of Laureate Educati (Laureate) to be held at , on , 2007 beginning at .m., local time in , and (2 and , and each of them, attorney, agent and proxy of the undersigned, with full p substitution to vote all shares of common stock of Laureate that the undersigned would be entitled to cast if personally pr the meeting and at any adjournment(s) or postponement(s)

The Board of Directors recommends a vote FOR the proposal to approve the merger between Laureate and L Curve direct subsidiary of Wengen Alberta, Limited Partnership, substantially on the terms set forth in the Agreement and Merger dated January 28, 2007 (the Merger Agreement), among Laureate, Curve Sub Inc. and Wengen Albert Partnership, and the Merger Agre

The undersigned hereby revokes any proxy heretofore given to vote or act with respect to the common stock of Laure hereby ratifies and confirms all that the proxies, their substitutes, or any of them may lawfully do by virtue hereof. I more of the proxies named shall be present in person or by substitute at the meeting or at any adjournment(s) or postpone thereof, the proxies so present and voting, either in person or by substitute, shall exercise all of the powers hereby given. date, sign exactly as your name appears on the form and promptly mail this proxy in the enclosed envelope. No po re

Signature

Signature

Date: , 2007

Please date this proxy and sign your name exactly as it appears on this form. Whe there is more than one owner, each should sign. When signing as an attorney, administrator, executor, guardian, or trustee, please add your title as such. If exec a corporation, the proxy should be signed by a duly authorized officer. If a partne please sign in partnership name by an authorized person.