

LAUREATE EDUCATION, INC.  
Form 10-K  
March 16, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**ý** **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**

**for the fiscal year ended December 31, 2005.**

**OR**

**o** **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**

**for the transition period from            to            .**

**Commission File Number 0-22844**

**LAUREATE EDUCATION, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**52-1492296**  
(I.R.S. Employer  
Identification No.)

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**1001 Fleet Street, Baltimore, Maryland**  
(Address of principal executive offices)

**21202**  
(Zip Code)

Registrant's telephone number, including area code: **(410) 843-6100**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to the Section 12(g) of the Act:

**Common Stock, Par Value \$.01**

**Preferred Stock Purchase Rights**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes . No .

Indicated by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes . No .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes . No .



The aggregate market value of voting Common Stock held by non-affiliates of the registrant was approximately \$2,336,660,931 as of June 30, 2005.

The registrant had 49,901,220 shares of Common Stock outstanding as of March 1, 2006.

Circular 230 Notice: In accordance with Treasury Regulations which became applicable to all tax practitioners as of June 20, 2005, please note that any tax advice given herein (and in any attachments) is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information in Laureate Education, Inc.'s definitive Proxy Statement for its 2006 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than April 30, 2006, is incorporated by reference in Part III of this Form 10-K.

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Items 10, 11, 12, 13, and 14 are incorporated by reference to Laureate Education, Inc.'s definitive Proxy Statement which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, no later than April 30, 2006

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**PART I**

**Item 1. Business**

**Note Regarding Forward-Looking Statements**

*This Annual Report on Form 10-K and other materials the Company has filed or may file with the Securities and Exchange Commission, as well as information included in statements made, or to be made, by the Company's senior management contain, or will contain, forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts and can be identified by the use of words such as anticipate, goal, may, will, expect, hope, believe, intend, plan, estimate, project, should and other similar terms. Such forward-looking statements are based on the current facts and circumstances and management's current strategic plan and are subject to a number of risks and uncertainties that could significantly affect the Company's current goals and future financial condition.*

*For a comprehensive description of the types of risks and uncertainties the Company faces, see Item 1.A. Risk Factors. of this Annual Report. Please note the forward-looking statements included in this Annual Report on Form 10-K are made only as of the date of this report. The Company assumes no obligation to publicly update any forward-looking statements Investors should not unduly rely on our forward-looking statements when evaluating the information presented in the our filings and reports.*

Laureate Education, Inc. ( the Company or Laureate ), operates a leading international network of accredited campus-based and online universities and higher education institutions ( higher education institutions or schools ). Through this network, Laureate offers a broad range of career-oriented undergraduate and graduate degree programs as well as other services that create a superior higher education experience for students. Currently, Laureate enrolls over 217,000 students at its higher education institutions located throughout The Americas, Europe, and Asia.

In many countries, demand for university-level education is rising - fueled by several demographic and economic factors including a growing middle class, a rising percentage of students who participate in higher education, and the need for highly-skilled professionals in an increasingly competitive workforce. To address this growing demand, Laureate is increasing student capacity at current locations, adding new campus locations, developing new programs and curricula, and leveraging the Company's education and marketing expertise. To further strengthen its leadership in the international higher education market, Laureate will also enter into attractive new geographic markets and market segments.

The schools in Laureate's network, known as *Laureate International Universities*, are generally characterized by degree programs in a wide variety of career fields, a curriculum with an international perspective and strong academic and brand name recognition. Laureate's higher education network creates opportunities for students to access unique and specialized curricula from other institutions within Laureate's network as well as study abroad programs and other services shared among institutions in the network.

While most of Laureate's institutions have many years of successful operating history, the Company implements programs and strategies to increase the financial and operational performance of each school. Laureate's higher education institutions share content and degree programs with other schools in the network and transfer best practices, including successful marketing, recruiting, and retention programs.

Laureate believes in the social and economic importance of expanding access to higher education, thus its business is focused on addressing this global need. The Company also believes that execution of its business model, a rigorous approach to expansion, and product innovation will continue to provide valuable benefits to students as well as generate increases in revenue and operating margins.

The Company's educational services are offered through three separate business segments: Campus Based - Latin America ( Latin America ), Campus Based Europe ( Europe ) and Laureate Online Education. In Latin America, the Company owns or maintains controlling interests in eleven separately accredited higher education institutions located in Mexico, Chile, Peru, Ecuador, Panama, Costa Rica, Honduras and Brazil. In Europe, the Company owns or maintains controlling interests in ten separately accredited higher education institutions located in Spain, Switzerland, France and Cyprus. Laureate's operations in China are managed in the Europe business segment, as those operations are associated with Les Roches, Switzerland. The Laureate Online Education segment provides career-oriented degree programs to approximately 27,000

students through one accredited university - Walden E-Learning, Inc. ( *Walden* ) - and two institutions that partner with accredited universities - Laureate Online Education B.V. and Canter and Associates ( *Canter* ).

On June 30, 2003, the Company sold the principal operations comprising its K-12 educational services segments ( *K-12 segments* ), including certain investments held by Sylvan Ventures LLC ( *Ventures* ), deemed not strategic to the Company's higher education business, in a transaction more fully described in Note 3 to the consolidated financial statements. As a result, the Company changed its name from Sylvan Learning Systems, Inc. to Laureate Education, Inc. on May 17, 2004. The Company began trading under a new NASDAQ ticker symbol, LAUR, on May 18, 2004.

As part of the Company's transformation in 2003 to focus exclusively on post-secondary education, the Company sold its English Language Instruction business, Wall Street Institute ( *WSI* ), on February 28, 2005 (see Note 3 of the consolidated financial statements).

The information in this Item 1 focuses only on continuing operations of the Company.

*Campus-based*



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The Company owns and operates the leading network of private, post-secondary educational institutions outside the United States. Their program offerings address the fast-growing international demand for career-oriented education. In many international markets, public higher education institutions are unable to adequately increase capacity to address the burgeoning demand for university education. Laureate is uniquely positioned to address higher education demand by expanding campus locations, opening new campus locations, and developing innovative degree programs for traditional students and for students in new market segments, such as the working adult and technical/vocational markets.

Laureate campuses in Latin America and Europe primarily serve 18- to 24-year-old students, but are increasingly attracting working adults and those seeking vocational and technical training. The Laureate network of schools offers an education that emphasizes career-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines, including international business, hotel management, health sciences, information technology and engineering. The Company believes its network benefits from the strong academic reputation, developed brand awareness and established operating history of each of its institutions. Each institution also has flexible, teaching-focused faculty led by an experienced local management team. In addition to expanding capacity, Laureate is developing new degree programs and creating study abroad opportunities for both traditional students and working professionals.

### *Latin America Higher Education Institution Descriptions*

The Latin America segment is composed of eleven institutions and operates in Mexico, Chile, Peru, Ecuador, Panama, Costa Rica, Honduras and Brazil. The Latin America schools enroll more than 171,000 students and offer more than 100 degree programs through 42 campuses.

The following table presents information about Laureate schools in Latin America:

Higher Education Institution	Principal Locations	Year Founded	Year Acquired	Current Ownership	No. of Campuses	Enrolled Students(1)	Average Annual Tuition(2)	Regulatory Oversight
Universidad del Valle de México	Mexico City, Mexico	1960	2000	80%	21	66,300	\$ 3,600	Mexican Secretary of Education
Universidad de Las Américas	Santiago, Chile	1988	2000	80%	7	30,400	\$ 3,400	Chilean Ministry of Education
Universidad Andrés Bello and AIEP	Santiago, Chile	1989	2003	80%	3	29,400	\$ 3,120	Chilean Ministry of Education

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Universidade Anhembi Morumbi	Sao Paulo, Brazil	1970	2005	51%	4	21,200	\$ 3,700	Brazilian Ministry of Education
Universidad Interamericana	San Jose, Costa Rica and Panama City, Panama	1986	2003	100%	2	9,700	\$ 1,400	Costa Rican and Panamanian Ministries of Education
Universidad Peruana de Ciencias Aplicadas	Lima, Peru	1994	2004	80%	2	7,400	\$ 4,500	Ministry of Education & National Assembly of Rectors
Universidad Tecnológica Centroamericana	Tegucigalpa, Honduras	1987	2005	100%	2	4,700	\$ 2,600	Association of Private Universities in Central America; Latin-American Network for University Cooperation
Universidad Latinoamericana de Ciencia y Tecnología	Panama City, Panama	1991	2004	100%	1	1,900	\$ 2,200	Panamanian Ministry of Education

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- (1) Represents enrollment on the last day of the year rounded to the nearest hundred.
- (2) Based on 2005 calendar year data in U.S. dollars rounded to the nearest hundred.

Laureate higher education institutions in Latin America provide a broad range of degrees and programs, and are well regarded by students, employers and government authorities in their respective markets:

*Universidad del Valle de México* ( UVM ) offers 45 undergraduate (9 specifically for working adults) and 25 graduate degree programs in a broad range of fields including accounting, architecture, business administration, education, engineering and law. The university is the second largest private university in Mexico in number of students and number of campuses. UVM has 21 campuses located throughout Mexico including 10 in Mexico City, four in the central region (Queretaro, San Luis Potosi, Aguascalientes and Guadalajara), four in the southern region (Tuxtla, Villahermosa, Puebla and Toluca) and three in the northern region (Hermosillo, Torreon and Saltillo).

*Universidad de Las Américas* ( UDLA ) offers 50 undergraduate degree programs focused on business administration, education, engineering, law and psychology through two institutions of higher learning. UDLA

operates 7 campuses, four in Santiago, one in Viña del Mar (central Chile), one in Concepción (southern Chile) and a satellite campus in Quito, Ecuador.

*Universidad Andrés Bello* ( UNAB ) offers 54 undergraduate and 78 graduate degree programs. With degree programs in medicine, dentistry, business administration, law, engineering, psychology, and education, UNAB ranks among the top Chilean universities for its academic quality and brand recognition among high school seniors. UNAB operates three campuses (two in Santiago and one in Viña del Mar) and a marine biology research station in Quintay.

*Academia de Idiomas y Estudios Profesionales* ( AIEP ) is a professional institute offering 42 technical and vocational programs to traditional and working-adult students at eleven locations throughout Chile. AIEP offers one- to four-year certificate and degree programs, which include technology, management, communications, art, social science, and

health science. AIEP's modular curriculum is geared toward certification of technical/vocational job skills and competencies and is designed to help working adults advance in existing careers, enter new career fields, or prepare for higher levels of university education.

*Universidade Anhembi Morumbi ( UAM )* offers more than 50 undergraduate and associate degrees and 20 graduate degrees focused on architecture, business, communication, design, engineering, health sciences, hospitality management and law. Founded in 1970, UAM is a respected institution with programs in Hospitality Management, Fashion Design and Business that are among the highest ranked in the country. UAM has four campuses located in Sao Paulo, Brazil.

*Universidad Interamericana ( UI )* offers undergraduate and graduate degree programs in business, hospitality, engineering, communications, and education through two higher education institutions, one in San Jose, Costa Rica and the other in Panama City, Panama. UI was a founding member of the Interamericana Consortium of Higher Education.

*Universidad Peruana de Ciencias Aplicadas ( UPC )* offers undergraduate and graduate programs in business, engineering, law, communications and architecture, and technical vocational programs in engineering and information technology through *Cibertec*. UPC operates two campuses in central Lima.

*Universidad Tecnológica Centroamericana ( UNITEC )* offers more than 15 undergraduate and 6 graduate degree programs in Business, Engineering, Hospitality Management, Communications and Information Technology. UNITEC is accredited by AUPRICA (Association of Private Universities in Central America) and RLCU (Latin-American Network for University Cooperation). UNITEC has campuses in Tegucigalpa and San Pedro Sula.

*Universidad Latinoamericana de Ciencia y Tecnología ( ULACIT )* offers undergraduate and graduate programs in business, engineering, law and psychology through its campus in Panama City, Panama. ULACIT was the first private university in Panama.

#### *Europe Higher Education Institution Descriptions*

The Europe segment is composed of ten institutions, and operates in Spain, Switzerland, France, and Cyprus. Laureate campuses in Europe enroll approximately 19,600 students and offer more than 75 degree programs through 9 campuses.

The following table presents information about Laureate schools in Europe:

Campus-based

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Higher Education Institution	Principal Locations	Year Founded	Year Acquired	Current Ownership	No. of Campuses	Enrolled Students(1)	Average Annual Tuition(2)	Regulatory Oversight
Universidad Europea de Madrid	Madrid, Spain	1995	1999	100%	2	8,000	\$ 10,100	Madrid Regional Education Authority
Cyprus College	Nicosia, Cyprus	1961	2005	45%	1	3,500	\$ 6,000(5)	Cyprus Ministry of Education
Hospitality (3) Les Roches and Glion	Bluche, Switzerland Marbella, Spain, Glion, Switzerland	1979 1995 1962	2000 2002 2002	100%	4	3,100	\$ 17,300	Swiss Government (license), Swiss Hotel Association/ NEASC (accreditation)
Institut Français de Gestion	Paris, France	1956	2004	51%	N/A	2,000(4)	\$ 3,200	Commission Nationale de la Certification Professionnelle (CPNC)
École Centrale d Electronique	Paris, France	1919	2004	70%	1	1,400	\$ 5,800	Commission des Titres d Ingenieurs

École Supérieure du Commerce Extérieur	Paris, France	1968	2001	89%	1	1,300	\$ 8,500	French Ministry of Education
IEDE, Institute for Executive Development	Madrid, Spain	1991	2004	100%	N/A	150	\$ 20,000	N/A

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- (1) Represents enrollment on the last day of the year rounded to the nearest hundred.
  - (2) Based on 2005 calendar year data in U.S. dollars rounded to the nearest hundred.
  - (3) Hospitality includes two schools Les Roches and Glion.
  - (4) Excludes approximately 12,000 short-course enrollments in the CNOF and IFG Langues subsidiaries of IFG.
  - (5) Represents average tuition for degree programs only.

Laureate higher education institutions in Europe provide a broad range of degrees and programs, and are well regarded by students, employers and government authorities in their respective markets:

*Universidad Europea de Madrid ( UEM )* offers 43 diploma, bachelor s degrees or double degree programs and 54 graduate and Ph.D. degree programs. The university includes a well-known school of health sciences and schools of architecture, economics, engineering, journalism, law and sports sciences. UEM currently hosts more than 500 students from other universities in the Laureate network through exchange programs. UEM has campuses located in Villaviciosa and downtown Madrid.

*Cyprus College* offers more than 45 undergraduate and graduate degree programs in business, computer science, education, engineering, hospitality management and social sciences. Cyprus College is accredited by the Ministry of Education and undergraduate educational programs were accredited/validated in 1995 by the National Council for Educational Awards. Cyprus College s central campus is located in Nicosia, the capital of Cyprus.

*Hospitality (Swiss Hotel Association Hotel Management School Les Roches ( Les Roches ) and Glion Institute of Higher Education ( Glion ))* offers globally recognized hospitality and hotel management programs through four institutions. Hospitality specialized programs require students to complete at least two internships prior to graduation. Les Roches was the first English-speaking hotel management school established in Switzerland. Les Roches also participates in a joint venture with a private university in Shanghai, China. In addition to the appropriate licenses in Switzerland and Spain (Swiss Hotel Association and Swiss Hotel Schools Association), Les Roches (Bluche and Marbella) and Glion are both fully accredited by the New England Association of Schools and Colleges (NEASC).

*Institut Français de Gestion* ( IFG ) offers working adult programs in business subjects. Several of its programs have the highest recognition offered by the Commission Nationale de la Certification Professionnelle, the accrediting body for working adult degree programs in France. IFG offers courses to students in Paris and nine other cities in France.

*École Centrale d Electronique* ( ECE ) offers undergraduate and graduate programs in engineering to students through its campus in central Paris. ECE, a Grande École of Engineering, was ranked in the top 10 (from more than 300 engineering schools) by the magazine *Le Point* in 2005, and was the second highest ranking private university in the survey.

*École Supérieure du Commerce Extérieur* ( ESCE ) offers a four-year undergraduate degree program in international commerce and management that features a combination of coursework and internships and is located in Paris, France. This university was the first in France to specialize in international trade. In 2004, ESCE launched its first graduate degree program (Master in International Management) with Poitiers, another university in France. In November 2004, ESCE was ranked 4<sup>th</sup> out of the top 30 French business schools by *Le Point*.

*IEDE, Institute for Executive Development* ( IEDE ) is a business school offering MBA and postgraduate graduate programs, in its main location in downtown Madrid and an International MBA partially delivered in its subsidiary sites in Shanghai, China and Santiago, Chile.

*Degree Programs and Areas of Study*

The higher education institutions in the Latin America and European segments offer more than 100 career-oriented undergraduate and graduate degree programs in a wide range of fields. The time typically required to complete a program varies by degree, with undergraduate degrees requiring four to five years on average and graduate degrees requiring an additional two to three years on average. The Company's International Rector oversees curriculum development and deployment of programs in the network in cooperation with the deans of the higher education institutions. The Company also encourages its faculty to develop new educational programs and curricula. The programs are designed to satisfy three constituencies:

*Students.* The Company believes that students choose from career-oriented schools based on the type and quality of the educational offering and career placement opportunities. The Company focuses on providing students with a solid academic foundation and the technical and practical skills necessary to pursue and excel in their careers.

*Employers.* The relationship of each of the higher education institutions with the business community plays a significant role in the placement of students and development of curriculum. Each school works with prominent members of relevant industries to evaluate and improve existing programs in order to maintain their relevance in the workplace. These employers provide critical input on the latest advancements within each field and the implications of these changes on the curriculum.

*Regulating or licensing agencies.* The degree programs of each of the higher education institutions have been approved in accordance with applicable law. For example, the Secretary of Education in Mexico has reviewed all of UVM's accredited programs and given the university degree-granting authority for those programs. The Ministries of Education in Spain, France, Costa Rica, Panama, Honduras, Cyprus, and Ecuador perform similar roles. The Company must generally work with the regulators of these higher education institutions to ensure that any new programs will be approved. In Chile, UDLA, UNAB, and AIEP have been granted full autonomy by the Ministry of Education. As a result, the Company is free to create new degree programs in Chile without additional regulatory approval. In addition, UNAB received a four-year voluntary accreditation from the Ministry of Education. In Brazil, UAM has university status which allows the institution to freely introduce new degrees within its home city, with the requirement that it inform the Ministry of Education about the new program within two years after its introduction. Les Roches and Glion (Hospitality) are licensed in Switzerland and accredited by the NEASC, one of six accrediting associations in the U.S., and must ensure that their curriculum continues to meet the standards of that association.

The campus-based network in Latin America and Europe allows the Company to share high quality curricula among its higher education institutions, thereby broadening students' educational opportunities. In recent years, UEM and Les Roches developed a new joint degree program in hospitality business management that is now offered to students at UEM. UVM now offers a sports management degree program developed at UEM, and has launched an enhanced tourism degree, using Les Roches' curriculum. In 2004, UVM and UEM launched a dual-degree program, in which graduating students receive a degree from both institutions, recognized in both countries. In 2005, UVM and Walden University launched a dual-degree program, in which students complete part of their degree online in English and receive a degree from both institutions, recognized in both countries. The Company has also launched an international resource enabling all students in the campus-based network to identify job and internship opportunities around the world, and allowing the schools' corporate partners to market their open positions to all network students.



*Tuition and Fees*

Tuition varies at each of the higher education institutions depending on the curriculum and type of program. For the full-service universities in Latin America (Mexico, Chile, Peru, Brazil, Ecuador, Costa Rica, Panama, and Honduras), average annual tuition ranges from \$1,400 to \$4,500 for the 2004-2005 academic year. In Europe, annual tuition at Universidad Europea de Madrid averages \$10,100. For the specialized higher education institutions in Europe (Hospitality, Cyprus, ESCE, IEDE, ECE and IFG), average tuition ranges from \$3,200 to \$20,000 for the 2004-2005 academic year. Tuition payment options vary by higher education institution and primarily include monthly installment payment plans and lump sum payments at the beginning of the academic year. Certain institutions offer long-term financing opportunities (see further discussion below). Historically, the Company has increased tuition as educational costs and inflation have risen. In 2005, the Company implemented average tuition increases of approximately 3.5% and 4.9% in Latin America and Europe, respectively. The Company intends to continue increasing tuition at each of the higher education institutions as market conditions warrant.

Students are generally responsible for room and board fees, transportation expenses and costs related to textbook and supply purchases required for their educational programs. At some of the higher education institutions, the Company offers these services to the student body, which helps generate incremental revenue.

Students typically self-finance their education or seek non-higher education institution sponsored financing programs. Although none of the countries in which the higher education institutions currently operate provides student loan programs similar to those in the U.S., the Company is actively working to develop a variety of financing alternatives for students. The Company has implemented pilot tuition financing programs at its Chilean universities. The Company anticipates these programs will establish a lending and collections history, which will attract third party lenders.

#### *Student Financing - Chile*

In 2004, the Company expanded its previous student financing activities at its Chilean universities in order to establish a lending and collections history in this market to attract third party lenders. The Company believes Chile's stability, both economic and political, coupled with its sophisticated banking system, reputable and reliable credit bureau, and the strong credit consciousness of its people, support the Company's decision to explore additional growth opportunities through enhanced financing.

UNAB offered its students financing on a limited basis prior to Laureate's acquisition in 2003. The program was designed as a retention tool offered to students completing their second year of studies that might not otherwise be able to continue due to financial reasons. To be eligible, students must meet certain academic and financial requirements, and provide a cosigner of the debt obligation.

UDLA's financing program also existed prior to Laureate's acquisition in 2000 and, until 2003, was offered on a limited basis to new students for their first year of studies to provide students time to obtain government or other forms of financing. In 2004, the program was redesigned and expanded to require income qualifications and credit scores, as well as a cosigner in certain cases. More importantly, students are required to secure part-time employment to the extent the university is able to provide opportunities through its employment program. UDLA has made arrangements with a number of Santiago businesses to provide flexible part-time employment to its students. As of December 31, 2005, there were approximately 4,800 students participating in the employment program.

Both the UNAB and the redesigned UDLA financing programs permit eligible students to pay 50% of their tuition in monthly installments. Provided the students remain current with their monthly payments, they are allowed to defer the remaining 50% plus interest until after graduation. As of December 31, 2005, the number of internally financed students represented 19% of total Chilean enrollment.

At December 31, 2005 and 2004, respectively, the Company has long-term tuition receivables of \$44,791 and \$15,339, net of allowances of \$9,328 and \$5,846. There have not been any significant write-offs in 2005 or 2004. Since this program is not mature, there is limited repayment history. Nevertheless, third party interest in the program is increasing as evidenced by recent inquiries from third parties regarding the acquisition of the portfolio and the sale of prior receivables to third parties. Creating a third party tuition finance solution in Latin America could create much broader access to our offerings thereby supplementing future enrollment growth.

During 2005, there has been an increased effort on the part of the private banking sector, as well as, the government to offer more financing solutions to students. At the end of 2005, the Chilean government announced plans to offer additional resources, approximately \$40.0 million, to finance post-secondary education. There were approximately 48,000 students eligible for financing of the 2006 academic year. The tuition funded for each student varies depending upon the degree studied and the university attended. The government program is in addition to others previously in place.

**Laureate Online Education**

Laureate Online Education offers undergraduate and graduate degree programs to working professionals through distance learning. Laureate Online Education institutions collectively offer degree programs in education, psychology, health and human services, management, engineering, and information technology.

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The following table presents information about Laureate's online higher education institutions, all of which are 100% owned:

Higher Education Institution	Year Founded	Year Acquired	Enrolled Students(1)	Average Annual Tuition	Accrediting Body
Walden University (3)	1970	2002	20,500	\$ 8,000	North Central Association of Colleges and Schools ( NCA )
Canter & Associates	1977	1998	4,450(2)	\$ 4,800	N/A
Laureate Online Education B.V.	2000	2004	1,800	\$ 8,000	N/A

- (1) Represents enrollment as of the last day of the year rounded to the nearest hundred.
- (2) Represents Distance Learning graduate enrollment, excludes over 31,000 non-degree students.
- (3) Includes National Technological University ( NTU ), which was merged into Walden effective January 1, 2005.

Laureate Online Education's strategy is to expand program offerings in specific career fields and specializations that are experiencing rapid growth, undergoing major industry changes, and/or experiencing professional shortages. Each unit offers programs that present the most current academic theory and its practical application to the workplace, allowing graduates to apply their education to their occupations and successfully compete against other well-qualified professionals in the workforce.

As part of Laureate's international network of higher education institutions, Laureate Online Education is also focused on expanding student access to higher education outside the United States. The Company's online higher education institutions are assisting Laureate's campus based higher education institutions in launching distance-learning initiatives, including joint and coordinated degree programs.

*Walden University* is one of the pioneers of distance education, and has over 35 years of academic and operating history. Walden offers two undergraduate and 24 graduate degree programs in management, health and human services, psychology, engineering and technology, and education to working professionals. Bachelor's and graduate degree programs are delivered online. Ph.D. programs are delivered online with a short-term residency requirement.

*Canter & Associates*, through its partner universities, offers a graduate degree in education and thousands of individual courses for teachers. For over 25 years, Canter's mission has been to enhance the quality of teaching and learning by empowering educators with new teaching strategies. Canter's Distance Learning graduate division works with five private universities that provide primary and secondary education level educators the opportunity to earn a graduate degree in education

*Laureate Online Education B.V. (formerly KIT eLearning BV)*, based in Amsterdam, is the exclusive worldwide distance-learning partner of the University of Liverpool, and specializes in delivery of online graduate programs to working-adult students in over 126 countries. The University of Liverpool through Laureate Online Education B.V. offers graduate degree programs in business and information technology.

*Tuition and Fees*

Tuition varies at each of the higher education institutions, depending on the curriculum and type of program.

For Walden, tuition ranges from \$230 per credit hour (for bachelor's degree programs); to between \$310 and \$865 per credit hour (for the graduate degree programs); to \$4,050 per quarter (for certain Ph.D. degree programs). Walden students are currently eligible for the Department of Education's Title IV federal financial aid under the Higher Education Act of 1965. Degree programs take between two to six years to complete, with a total cost ranging from \$9,800 to \$89,000, depending on the degree.

For Canter, tuition for a typical student enrolled in one of Canter's partner universities is approximately \$8,300 paid over the five semesters, or 20-month program.

For Laureate Online Education B.V., the average online degree program generally requires two to three years to complete, with a total tuition of \$25,000.

## Marketing

*Latin America and Europe.* The Company markets its higher education institutions through professional broadcasts and targeted marketing campaigns. These campaigns reach prospective students indirectly through media advertising as well as directly by mail or one-on-one meetings. During annual enrollment periods, the Company supplements this advertising with local, regional and sometimes national campaigns on television, radio, print and the Internet. Each higher education institution is responsible for implementing its own marketing campaign, although the Company provides a forum for the network's marketing departments to share best practices.

*Laureate Online Education.* The Company markets its distance learning programs to working professionals primarily through direct mail and web advertising, as well as by direct selling to school districts, hospitals, and corporations.

## Competition

The Company faces competition in each of its business segments. The competition focuses on price, educational quality, reputation and location.

*Latin America and Europe.* The market for post-secondary education outside the U.S. is highly fragmented and marked by large numbers of local competitors. The target demographics are primarily 18- to 24-year-olds in the individual countries in which the Company competes, except for its Hospitality schools, which markets to students worldwide. The Company generally competes with both public and private higher education institutions on the basis of price, educational quality, reputation and location. Public higher education institutions tend to be less expensive, if not free, but more selective and less focused on career-oriented degree programs. The Company believes that it compares favorably with competitors because of its focus on quality, career-oriented curriculum and the efficiencies of its network. At present, the Company believes that no other company has a similar network of international higher education institutions. There are a number of other private and public higher education institutions in each of the countries where the Company owns a higher education institution. Because the concept of private, for-profit higher education institutions is fairly new in many countries, it is difficult to predict how the markets will evolve and how many competitors there will be in the future. The Company expects competition to increase as the markets mature.

*Laureate Online Education.* The postsecondary education market in the U.S. is highly fragmented and competitive, with no single institution having any significant market share. The target demographics are adult working professionals who are over 25 years old. Laureate Online Education competes with traditional public and private non-profit institutions and for-profit schools. Typically, public institutions charge lower tuitions than Laureate Online Education because they receive state subsidies, government and foundation grants, tax-deductible contributions and have access to other financial sources not available to Laureate Online Education. However, tuition at private non-profit institutions is typically higher than the average tuition rates charged by Laureate Online Education. Laureate Online Education competes with other educational institutions principally based upon the quality of its educational programs and student services.

## Campus-based

## Government Regulation

*Campus-Based Regulation and Licensing.* In response to the growing demand for post-secondary education, governments in many countries have revised their regulations to permit the establishment of private post-secondary, for-profit higher education institutions. Each country in which the Company operates now allows private investment in post-secondary education. Typically, each applicable regulatory agency oversees higher education institutions, establishes requirements for creation of higher education institutions and sets the official qualifications and standards governing higher education institution departments and degree programs. Additionally, these regulatory agencies establish prerequisites that students must satisfy in order to apply. These policies are designed to ensure that the higher education institutions have the resources and capability to provide the student body with a quality education.

*Title IV.* Walden students, mostly working professionals, finance their education through a variety of methods including self-financing, tuition reimbursement from employers, and through federal financial aid programs known as Title IV. The Higher Education Act of 1965 and related regulations govern all U.S. higher education institutions participating in Title IV programs. Walden maintains eligibility to participate in the following Title IV programs: Federal Pell Grant, Federal Work Study, Federal Family Education Loan, and Federal Parent Loan for Undergraduate Students.

For Title IV program eligibility, universities must comply with the standards and procedures set forth in the Higher Education Act of 1965 and related regulations. The U.S. Department of Education reviews all participating institutions for compliance with all applicable standards and regulations under the Higher Education Act. The institution must be certified

by the Department of Education to participate in Title IV programs, based on meeting certain standards of administrative capability and financial responsibility. In addition, an institution must be authorized by each state within which it is physically located to offer its educational programs and maintain institutional accreditations.

Walden is one of only 24 participants qualified in the Distance Education Demonstration Program. This program, authorized by Congress in the 1998 reauthorization of the Higher Education Act of 1965, is designed to test the quality and Title IV eligibility of expanded distance education programs currently restricted under the original Act. Sixteen participants, including Walden, received waivers of provisions that prohibit Title IV eligibility at distance learning institutions.

Walden is subject to announced and unannounced compliance reviews as well as annual and periodic audits by various state and federal government agencies and accrediting agencies. Material provisions of Title IV regulations that may impact eligibility include:

Standards of financial responsibility

Change in ownership or control

Student loan defaults

Changes in federal and state regulations and laws

Compensation of university representatives

Administrative capacity

Eligibility and certification

Accreditation

Changes in Title IV participation requirements, elimination or reduction in federal funding of Title IV programs, or loss of Title IV program eligibility, could reduce the ability of certain Walden students to finance their education, thereby leading to lower student enrollment. In 2005, approximately 39% of total Laureate Online Education students, which represents 5% of students at all Laureate schools, obtain financing under Title IV programs. The elimination or reduction of Title IV programs could have an adverse impact on the Company.

### **Intellectual Property**

The Company currently owns the registered trademark for the word "Laureate". The Company has registered applications with the U.S. Patent and Trademark Office, as well as with the applicable Trademark agencies within the specific countries where the Company operates, for the marks "Laureate International Universities", "Laureate Online International" and "Laureate Online Education". In addition, Laureate has the rights to tradenames, logos, and other intellectual property specific to most of its higher education institutions, in the countries in which those institutions operate.



## **Employees**

As of December 31, 2005, the Company had approximately 22,800 employees, including approximately 11,000 classified as full-time and approximately 11,800 classified as part-time. Most of the Company's part-time employees are academic teaching staff. The Company's employees at UEM and UVM, as well as a portion of IFG, are covered by labor agreements. The UEM agreement has been negotiated by a national union with a committee representing all of the private, for-profit universities in the country and is due to be revised in 2006. The IFG agreement governs certain labor conditions, such as vacation and salary levels. The agreement has no defined expiration but can be nullified by either party. It is reviewed annually. Substantially all of the faculty at UVM is represented by a union. The economic provisions of the labor agreement at UVM were revised in 2005 without any substantial changes, and will be reviewed again in 2007. The agreements govern salaries, benefits and working conditions for all union members at the higher education institutions. The Company considers itself to be in good standing with these unions and with all of its employees.

## **Effect of Environmental Laws**

The Company believes it is in compliance with all applicable environmental laws, in all material respects. The Company does not expect future compliance with environmental laws to have a material effect on the business.

**Available Information**

The Company's Internet Address is [www.laureate-inc.com](http://www.laureate-inc.com). The Company makes available, free of charge through its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act soon after they are electronically filed with the SEC. In addition, the Company's earnings conference calls and presentations to the financial community are web cast live via the Company's website. In addition to visiting the Company's website, you may read and copy public reports the Company files with or furnishes to the SEC at the SEC's Public Reference Room at 100 F. Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains the Company's reports, proxy and information statements, and other information that the Company files electronically with the SEC at [www.sec.gov](http://www.sec.gov).

**Item 1A. Risk Factors**

The reader should carefully consider the risks and uncertainties described below and all other information contained in this Annual Report on Form 10-K. In order to help the reader assess the major risks in Laureate Education, Inc.'s business, the Company has identified many, but not all, of these risks. For an enterprise as large and complex as the Company, a wide range of factors could materially affect future developments and performance. In addition to the factors affecting specific business operations identified in connection with the description of these operations and the financial results of these operations elsewhere in this report, the most significant factors affecting the Company's operations include the following:

*The Company's global operations pose complex management, foreign currency, legal, tax and economic risks, which may be difficult to adequately address.*

Most of the Company's operations are outside the U.S. As a result, the Company faces risks that are inherent in international operations. These risks include:

currency fluctuations, possible devaluations, inflation and hyper-inflation;

price controls or restrictions on exchange of foreign currencies;

potential economic and political instability in the countries in which we operate;

expropriation of assets by local governments;

key political elections in Brazil, and Mexico;

multiple and possibly overlapping and conflicting tax laws;

compliance with the regulatory environment; and

acts of terrorism and war, epidemics and natural disasters.

There are other factors that are important to the Company's success, growth, and profitability that require competent management, planning, and reporting. Failure to execute them effectively and efficiently could adversely affect the Company's operations, profitability, and ability to grow:

enrollment and revenue;

student satisfaction as measured by academic and professional success;

competitive pricing; and

control of costs, including labor and facilities.

The Company plans to continue to grow the business globally by acquiring or establishing private universities in countries where the Company does not currently operate. The Company's success in growing the business profitably will depend on the ability to anticipate and effectively manage these and other risks related to operating in various countries.

*The Company's reported revenues and earnings may be negatively affected by currency exchange rates.*

The Company reports revenues, costs and earnings in U.S. dollars. Exchange rates between the U.S. dollar and the local currency in the countries where the Company operates universities are likely to fluctuate from period to period. Because consolidated financial results are reported in U.S. dollars, the Company is subject to the risk of translation losses for reporting purposes. When the U.S. dollar appreciates against the applicable local currency in any reporting period, the actual earnings generated by the Company's business in that country are diminished in the translation.

In each of the past five years, operations outside the U.S. accounted for a significant portion of the Company's revenues. To the extent that foreign revenue and expense transactions are not denominated in the local currency and/or to the extent foreign earnings are reinvested in a currency other than their functional currency, the Company is also subject to the risk of transaction loss. The Company occasionally enters into foreign exchange forward contracts to reduce the earnings impact of non-functional currency dominated non-trade receivables. The primary business objective of the activity is to protect the U.S. dollar value of the Company's assets and future cash flows with respect to exchange rate fluctuations.

Given the volatility of exchange rates, there is no assurance that the Company will be able to effectively manage currency transaction and/or translation risks. Therefore, volatility in currency exchange rates may have a material effect on financial condition or results of operations.

***Because the valuation of an acquired university's goodwill and indefinite lived intangibles may not accurately reflect its value, an impairment would lead the Company to write off all, or a portion, of goodwill and indefinite lived intangibles, which may adversely affect the financial condition and results of operations.***

Upon acquisition of an university, the Company typically allocates a significant portion of the purchase price to goodwill and other intangibles. Identified intangible assets other than goodwill and indefinite-lived intangible assets are generally amortized over periods of two to seven years following their purchase. In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, the Company is required to test at least annually for impairment of this goodwill and indefinite lived intangibles. The Company cannot assure the reader that the valuation of an acquired university's goodwill and indefinite lived intangibles will prove to reflect its true value. If it does not, the Company would be required to write off the difference between the fair value and the book value of the impaired asset. This charge could have a material adverse effect on financial condition and results of operations of the Company.

***If the Company does not effectively manage growth, the business and results of operation may be adversely affected.***

The Company has rapidly expanded the business over the past five years through the acquisition of additional universities and intends to continue to do so. The Company intends to establish new universities in certain markets. Planned growth will require the Company to add management personnel and upgrade the financial and management systems and controls. There is no assurance that the Company will be able to maintain or accelerate current growth rate, effectively manage expanding operations, integrate new universities or achieve planned growth on a timely or profitable basis. If revenue growth is less than projected, the costs incurred for these additions and upgrades may cause the Company's profitability to decline from current levels. This could have a material adverse effect on the business, financial condition and results of operations of the Company.

***The Company may not be able to identify, acquire and integrate additional private universities, which could adversely affect the growth and profitability of the Company.***

The Company expects to continue to rely on acquisitions as a key element of growth strategy, primarily in markets where the Company does not currently have a university. There is no assurance that the Company will be able to identify suitable acquisition candidates or that the Company will be able to acquire any of the acquisition candidates on favorable terms. In addition, in many countries, the approval of a regulatory agency is needed to acquire or operate a university, which the Company may not be able to obtain. Furthermore, there is no assurance that any acquired university can be successfully integrated into the Company's operations or be operated profitably. Acquisitions involve a number of risks, including:

diversion of management's time and resources;

adverse short-term effects on reported operating results;

cultural issues related to acquisition of family-run universities in countries around the world;

integration of acquired universities' operations, including reporting systems and internal controls; and

loss of key employees of the acquired business.

If the Company cannot make acquisitions or make fewer acquisitions than planned, or if the acquisitions are not managed successfully, business growth and results of operations of the Company will be adversely affected.

*The Company may not be able to successfully establish new universities, which could adversely affect growth and profitability.*

The Company has primarily grown through initial acquisitions. As part of the growth strategy, the Company intends to establish new universities in some markets where there are no suitable acquisition targets. The Company has never successfully established a new university and there is no assurance that it can be done successfully or profitably. Establishing new universities poses unique challenges and will require the Company to make investments in management, capital expenditures, marketing expenses and other resources that are different, and in many cases greater, than those made to acquire and then operate an existing university. To open a new university, the Company will also be required to obtain

appropriate governmental approvals. If the Company is unable to successfully establish new universities, the Company's growth and profitability may be adversely affected.

***The Company may need to raise additional capital in the future, which may not be available. The raising of additional capital may dilute the reader's ownership interest.***

The Company may need to raise additional funds through the public or private sale of debt or equity securities in order to acquire or establish universities, develop new campuses, support a larger business or respond to competitive pressures. Any additional capital raised through the sale of equity securities is likely to dilute the ownership interest of the reader. There is no assurance that any additional financing needed will be available on terms favorable to the Company, or at all.

***The minority owners of universities may disagree with the way the Company operates them or plans to expand them, which could adversely affect the Company's business and results of operations.***

Although the Company controls all of its universities, the Company shares ownership of a few universities with minority stockholders. The Company currently does not have the right to buy out all of these minority interests. Minority stockholders may make conflict of interest claims in the future. For example, if the Company acquired another university in a country in which it operates, the Company could face claims of a conflict of interest from the minority owners of the university already owned in that country. The minority owners also could assert that the business decisions of the Company at the other university adversely affected the value of their investment. Disagreements with the minority owners may distract management and may adversely affect the Company's business, results of operations and financial condition.

***If the Company cannot maintain student enrollments in its universities, the results of operations may be adversely affected.***

The Company's strategy for growth and profitability depends, in part, upon maintaining and, subsequently, increasing student enrollments in its universities. Attrition rates are often due to factors outside the Company's control. Many students face financial, personal or family constraints that require them to drop out of school. They also are affected by economic and social factors prevalent in their countries. If the Company is unable to control the rate of student attrition, the overall enrollment levels are likely to decline. Also, to attract more students, the Company must develop and implement marketing and student recruitment programs, which may not succeed. If the Company cannot maintain and, subsequently, increase student enrollments, the Company's results of operations and profitability may be adversely affected.

***The Company's universities are subject to uncertain and varying regulations, and any changes to these regulations may adversely affect the business and results of operations.***

Post-secondary education is regulated to varying degrees and in different ways in each of the countries where the Company has a university. In general, the Company's universities must have licenses from governmental authorities as well as maintain, or improve current accreditation status. These licenses and accreditations must be renewed periodically, usually after an evaluation of the university by governmental authorities. Although unlikely, these periodic evaluations could result in restrictions, downgrade, or withdrawal of licenses or accreditation. Once licensed, most of the universities will need approvals for new campuses or to add new degree programs. Also, in Mexico and Chile, for-profit universities are not specifically allowed by applicable law. In order to efficiently transfer funds out of the universities in these countries, the Company has

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entered into management agreements with the university. Under these agreements, the management company would be paid for providing services to the university. There is no assurance that the governments would continue to permit this type of arrangement at all or would not require the Company to revise the amounts charged for the services provided.

All of these regulations are subject to change without notice. Moreover, regulatory agencies may single the Company's universities out for special treatment because they are owned and controlled by a U.S. corporation. The ability to operate universities profitably may be adversely affected by any changes in generally applicable regulations or how they are applied to the Company.

The laws of the countries where the Company owns universities and expects to acquire universities in the future must permit both private universities and foreign ownership of them. For political, economic or other reasons, a country could decide to change its laws to prohibit private universities or foreign ownership of private universities. If this change occurred, the Company could be forced to sell a university, and the sale price could be lower than the fair value of the university. Therefore, a forced sale could adversely impact the Company's business, results of operations and financial condition.



*The Company is subject to a number of risks and uncertainties relating to U.S. and foreign income taxes, any of which could have a material adverse impact on the Company.*

The Company has not recorded any deferred tax liabilities for undistributed foreign earnings because the Company plans to permanently reinvest these earnings outside the U.S. If circumstances change and some or all of these undistributed foreign earnings are remitted to the U.S., the Company will be required to recognize deferred tax liabilities on those amounts. For more information, see Critical Accounting Policies and Estimates. In addition, in February 2006, the Company received two notices from the Internal Revenue Service ( Service ) with respect to its tax returns for prior periods. One notice related to a break-up fee received by the Company in its attempted acquisition of NEC. The Company can provide no assurance as to the outcome of these claims. For more information, see Note 13 Income Taxes to the Company's Consolidated Financial Statements. In addition, there are several other income tax audits in progress. No assurance can be given as to the eventual outcome of these audits.

*If the Company is unable to attract and retain highly qualified personnel, it will not be able to compete effectively and will not be able to grow its business.*

The Company's success and ability to grow depends on the ability to hire and retain large numbers of talented people. The Company depends on its executive officers and other members of its management team, as well as the management and faculties at each of its universities. There is no assurance that the Company will be able to retain its existing key personnel or that it will be able to attract, assimilate and retain the additional personnel needed to support the business. If the Company cannot, it may not be able to grow its business as planned, and the Company may not be able to operate its existing business effectively. This could have a material adverse effect on the business, financial condition and results of operations of the Company.

*The post-secondary education market is very competitive, and the Company may not be able to compete effectively.*

The post-secondary education markets outside the United States are very competitive and dynamic. The Company's universities compete with traditional public and private two-year and four-year universities and other proprietary schools, including those that offer distance-learning programs. In each of the countries where the Company operates a private university, its primary competitors are other private universities, some of which are larger, more widely known and have better reputations than the Company's universities. Some of the Company's competitors in both the public and private sectors have substantially greater financial and other resources than the Company has. Other competitors may include large, well-capitalized companies who may pursue a strategy similar to the Company's of acquiring or establishing for-profit universities. Also, some of the smaller private universities in a country may decide to consolidate, thereby creating a larger or better-capitalized competitor with enhanced abilities to compete with the Company for students.

Any of these large, well-capitalized competitors may make it more difficult or impossible for the Company to acquire universities as part of its growth strategy. They may also be able to charge lower tuitions or attract more students, which would adversely affect the Company's growth and the profitability of its competing university. The Company expects competition to increase as the markets mature. This may create greater pricing or operating pressure on the Company, which could have an adverse effect on its universities' enrollments, revenues and profit margins.

#### **Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

The Company leases 66% of the square footage in its facilities worldwide and owns the other 34%.

The Company's headquarters consist of three leased facilities in Baltimore, Maryland, used primarily for office space. The Laureate Online Education segment has offices with the Company's headquarters location in Baltimore and leases four additional facilities in Los Angeles, California; Minneapolis, Minnesota; Tempe, Arizona; and Amsterdam, Netherlands.

The Company's campus-based segments lease various sites, primarily in Mexico, Central America, South America and Europe. The campus-based segments lease 14 UVM sites, 14 UNAB and AIEP sites, 13 IFG sites, 6 UDLA sites, 4 UAM sites, 3 UEM sites, 3 ECE sites, 2 UI sites, 2 UNITEC, and one site each at ESCE, Les Roches, Marbella, Glion, IEDE,

Cyprus, China, ULACIT, and UPC.

The Company's owned facilities consist of academic buildings and dormitories on the campuses of UVM, UDLA, UPC, Glion, Les Roches, and UEM. Some of the academic buildings and dormitories at UEM, Les Roches, Glion and UDLA are subject to mortgages.

The Company monitors the capacity of its higher education institutions on a regular basis and makes decisions to expand capacity based on existing facilities and enrollments.

### Item 3. Legal Proceedings

The Company is not currently a party to any litigation that management believes to be material as of December 31, 2005.

### Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of 2005.

## PART II.

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

a) The Company's Common Stock trades on the NASDAQ National Market under the ticker symbol LAUR. The high and low trade prices for 2005 and 2004 for the Company's common stock are set out in the following table. These prices are as reported by NASDAQ, and reflect inter-day price quotations, without retail mark-up, mark down or commission, and may not necessarily represent actual transactions.

2005	High	Low
4th Quarter	\$ 54.95	\$ 46.69
3rd Quarter	\$ 50.51	\$ 41.39
2nd Quarter	\$ 48.55	\$ 40.56
1st Quarter	\$ 48.20	\$ 41.83

2004	High	Low
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4th Quarter	\$	44.96	\$	34.80
3rd Quarter	\$	39.24	\$	30.50
2nd Quarter	\$	40.21	\$	33.64
1st Quarter	\$	35.34	\$	28.38

No dividends were declared on the Company's common stock during 2005 and 2004, and the Company does not anticipate paying dividends in the foreseeable future.

The number of registered shareholders of record as of February 28, 2006 was 673.

b) None.

c) No shares of common stock were repurchased during the fourth quarter of 2005.

**Item 6. Selected Consolidated Financial Data**

The selected consolidated financial data for the years ended December 31, 2005, 2004, 2003, 2002, and 2001 have been derived from the Company's consolidated financial statements. The financial data should be read in conjunction with the consolidated financial statements and notes thereto.

The Company consummated several significant purchase business combinations in the five-year period ended December 31, 2005. These business combinations affect the comparability of the amounts presented. Additionally, the accompanying financial data presents the continuing operations of the Company, and excludes the results of operations of several businesses that were sold during the periods presented. Note 3 to the consolidated financial statements describes the operations that were discontinued in 2005, 2004, and 2003.

**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**

**Consolidated Statements of Operations Data**

*(Dollar amounts in thousands, except per share data)*

	<b>Year Ended December 31,</b>				
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(1)(2)</b>	<b>(1)(2)(5)</b>	<b>(1)(2)(3)(5)</b>	<b>(1)(3)(5)</b>	<b>(1)(3)(4)</b>
<b>Revenues</b>					
Core operating segments	\$ 875,376	\$ 646,931	\$ 471,903	\$	