LAUREATE EDUCATION, INC.
Form S-1/A
November 20, 2015

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As filed with the Securities and Exchange Commission on November 19, 2015

Registration No. 333-207243

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Laureate Education, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**8200**	**52-1492296**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

650 S. Exeter Street
Baltimore, Maryland 21202
(410) 843-6100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert W. Zentz, Esq.
Senior Vice President, Secretary and General Counsel
Laureate Education, Inc.
650 S. Exeter Street
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Class A common stock, par value $0.001 per share	$100,000,000	$10,070(3)

(1) Includes additional shares of Class A common stock that the underwriters have the option to purchase.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated November 19, 2015

PROSPECTUS

Shares

Class A Common Stock

Laureate Education, Inc. is offering shares of its Class A common stock. This is our initial public offering and no public market currently exists for our shares of Class A common stock. We anticipate that the initial public offering price will be between $ and $ per share.

Following this offering, we will have two classes of outstanding common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock will be identical, except with respect to voting and conversion. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to ten votes per share and will be convertible at any time into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately % of the voting power of our outstanding capital stock following this offering. After completion of this offering, Wengen Alberta, Limited Partnership, an Alberta limited partnership ("Wengen"), our controlling stockholder, will continue to control a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards. See "Security Ownership of Certain Beneficial Owners and Management." In October 2015, we redomiciled in Delaware as a public benefit corporation as a demonstration of our long-term commitment to our mission to benefit our students and society.

We intend to apply for the listing of our Class A common stock on the under the symbol "LAUR."

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 25.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See "Underwriting (Conflicts of Interest)."

We have granted the underwriters the right to purchase up to an additional shares of Class A common stock from us.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock to purchasers on , 2015.

Joint Book-Running Managers

Credit Suisse **Morgan Stanley** **Barclays**

J.P. Morgan **BMO Capital Markets** **Citigroup** **KKR** **Goldman, Sachs & Co.**

, 2015

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission (the "SEC"). Neither we nor the underwriters have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the SEC. We are offering to sell, and seeking offers to buy, our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus.

Through and including , 2015 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside of the United States, neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

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As used in this prospectus, unless otherwise stated or the context otherwise requires, references to "we," "us," "our," the "Company," "Laureate" and similar references refer collectively to Laureate Education, Inc. and its subsidiaries. Unless otherwise stated or the context requires, references to the *Laureate International Universities* network include Santa Fe University of Art and Design ("SFUAD"), which is owned by Wengen. Laureate is affiliated with SFUAD, but does not own or control it and, accordingly, SFUAD is not included in the financial results of Laureate presented throughout this prospectus.

TRADEMARKS AND TRADENAMES

LAUREATE, LAUREATE INTERNATIONAL UNIVERSITIES and the leaf symbol are trademarks of Laureate Education, Inc. in the United States and other countries. This prospectus also includes other trademarks of Laureate and trademarks of other persons, which are properties of their respective owners.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties. This prospectus also contains the results from studies by Millward Brown and TNS. We commissioned the Millward Brown study as part of our periodic evaluation of employment rates and starting salary information for our graduates. In addition, we commissioned the TNS study to evaluate the reputation of various international hospitality management schools from which employers are likely to recruit staff for luxury international hospitality management positions.

Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications, surveys and studies is reliable, we have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

PRESENTATION OF FINANCIAL INFORMATION

In this prospectus we present certain data for the 12-month period ("LTM") ended September 30, 2015. This data has been derived by summing our historical results for the year ended December 31, 2014 and our historical results for the nine months ended September 30, 2015, then subtracting our historical results for the nine months ended September 30, 2014. Our results of operations for the nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the full year.

Our consolidated financial statements included in this prospectus are presented in U.S. dollars ($) rounded to the nearest thousand, with many amounts in this prospectus rounded to the nearest tenth of a million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

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LETTER FROM DOUG BECKER

Dear Prospective Investors,

As the founder of Laureate, it is my privilege to explain the company and its beliefs, as a way of educating potential new investors to determine if we are a compatible fit. This company was founded over 25 years ago and, while the offerings, strategies and even the name of the company have changed over the years, our core beliefs remain the same. Chief among them is our belief in the power of education to transform lives, and our view that the private sector can make a positive impact in a field that traditionally has been the province of the public sector. I have been accompanied on this journey by remarkable partners, friends and co-workers, and the success and longevity of this company is a credit to their passion, commitment and many sacrifices. Many of these contributors are still with us and some are gone, but I write this letter on behalf of them all, in a shared belief that Laureate is that rare company that will outlive its many founders and make lasting contributions to the world.

Sixteen years ago, we entered the field of international higher education with the acquisition of Universidad Europea de Madrid in Spain, and this became our testbed for innovation as we developed our ideas for new ways to manage universities and to improve outcomes for students. The company was built upon the idea that our main purpose was to prepare our students for success in their careers and lives. And we also believed that this was a much more valuable contribution if it could be done at scale. There are many barriers that inhibit participation in higher education and we committed ourselves to overcoming these barriers in order to expand access. This requires us to educate students at an affordable price, and in fact our tuition typically is far below the actual per-student cost to society of public institutions, which are heavily subsidized by government. Expanding access also requires us to accept more students compared to elite institutions, and to demonstrate that many of our students graduate and succeed in career and life.

From the very beginning, we wanted to create an international network of universities that would give our students a unique multicultural experience and better preparation for success in an increasingly globalized workforce. So we searched for other compatible acquisitions of, or partnerships with, universities in other countries, initially in Spanish-speaking markets but eventually across many languages and cultures. In the process, we forged the largest and most powerful network of universities of its kind, with 88 institutions that today serve more than one million students. Many of these universities are owned or controlled by Laureate, but we also manage institutions that we do not own. In addition, we provide services under contract to governments and to prestigious public and non-profit universities, which demonstrates our quality and value. We believe that providing these types of services will become an increasingly important part of our business model.

Accountability for results has been a critical factor in our success, and to accomplish this we have brought together best practices from the fields of higher education and business management. As a company, we understand the needs of the private sector, which will ultimately employ most of our graduates. So we build deep linkages with employers to ensure that our curriculum reflects the latest requirements and that our students graduate with the skills to succeed. But we are not just a company. We are a company of educators. Our academic leaders ensure that we have great teachers in the classroom, teaching in effective ways and with the right curriculum, and with a human connection to each of our students. They ensure that we understand the needs and requirements of regulators in the many countries that we serve, helping achieve the goals of increasing participation while assuring quality. Their efforts allow us to deliver great, measurable outcomes for our students, the majority of whom are outside the United States.

We recognize the enormous importance that society places on education as a public good or even a civil right, and we respect the role that government plays in ensuring quality and access to education. As a leader in this field, we are required to operate with the highest integrity and the deepest commitment to social responsibility. This has always caused us to have a culture that combines the "head" of a business enterprise scalable, efficient and accountable for measurable results with the

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"heart" of a non-profit organization dedicated to improving lives and benefitting society. We reconcile these two concepts by delivering measurable results for our students, recognizing that when our students succeed, countries prosper and societies benefit. This means that we have always asked our stockholders and employees to recognize our commitment to put the needs of our students first.

I believe that balancing the needs of our constituents has been instrumental to our success and longevity, allowing us to grow even in challenging economic times. For a long time, we didn't have an easy way to explain the idea of a for-profit company with such a deep commitment to benefitting society. So we took notice when in 2010 the first state in the U.S. passed legislation creating the concept of a Public Benefit Corporation, a new type of for-profit corporation with an expressed commitment to creating a material positive impact on society. We watched this concept carefully as it swept the nation, with 30 states and the District of Columbia now having passed legislation to allow for this new class of corporation, which commits itself to high standards of corporate purpose, accountability and transparency. This includes Delaware, the state that we have selected as our new domicile and which has the most up-to-date Public Benefit Corporation law. But to me, the Public Benefit Corporation concept could be an empty promise if companies do not measure themselves against an objective third-party standard. We have chosen to be assessed by B Lab, the pioneering non-profit organization behind this powerful movement, whose process is the standard in this field. We believe that we are by far the largest company to become a Public Benefit Corporation and that, following our IPO, we likely will be the first publicly traded Public Benefit Corporation.

Which brings me to the topic of our initial public offering. Many of you may know that Laureate was previously a publicly traded company, from 1993 until we went private in 2007. So we understand the advantages and challenges associated with being public. We went private with the intention of accomplishing some very specific objectives and, having achieved these goals, we believe it is time for us to re-establish ourselves as a publicly traded company. Being public brings the highest level of transparency, and will enable us to more easily raise capital to support our mission which, at its core, is about expanding access to higher education through greater scale. We want to best ensure that we always have capital to grow and bring the benefits of our education programs to more students. We recognize that some investors in public companies are highly focused on short-term results, and we hope that it is very clear to them that this is not our approach. With the benefit of a long-term view, we will balance the needs of stockholders with the needs of students, employees and the communities in which we operate, and we believe that this approach will deliver the best results for our investors. We plan to seek out and engage with investors who see the benefit of this approach, and who want to be a part of an enduring, mission-driven company that we believe has strong prospects for long-term growth and the opportunity to help millions of people change their lives through education. We use the expression *Here For Good* to explain our commitment to thinking and acting for the long-term, and providing a significant benefit to society.

Looking ahead, I can't think of a more exciting time for our company. The world embraces the power and importance of education and is seeking new ideas and technologies to deliver better education to more people at an affordable cost. We believe we are uniquely positioned to meet this need through our unparalleled scale and resources, and our growing capacity to provide our intellectual property and services to other universities and governments.

Sincerely yours,

Douglas L. Becker
Founder, Chairman and
Chief Executive Officer

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider before making your investment decision. Before investing in our Class A common stock, you should carefully read this entire prospectus, including the information presented under the section entitled "Risk Factors" and the financial statements and notes thereto included elsewhere in this prospectus.

LAUREATE EDUCATION, INC.

Our Mission

Laureate is an international community of universities that encourages learning without boundaries. Our purpose is to offer higher education with a unique multicultural perspective, and prepare our students for exciting careers and life-long achievement. We believe that when our students succeed, countries prosper and societies benefit.

Our Beliefs

We are a mission-driven company with a long-term perspective, committed to addressing the needs of our students and preparing them for their future endeavors. We are intensely focused on providing our students with the highest quality education resulting in strong employment opportunities. In addition to delivering superior outcomes for our students, we remain highly focused on delivering social returns to all of our constituents, especially the local communities we serve. Key decisions affecting each institution are made by local management and faculty, taking into account the needs of the students, prospective employers, surrounding communities and regulators. We believe our dedication to these constituencies has enabled our institutions to become trusted brands in their local markets, and has enabled Laureate to become a trusted name in global higher education.

Our Business

We are the largest global network of degree-granting higher education institutions, with more than one million students enrolled at our 88 institutions in 28 countries on more than 200 campuses, which we collectively refer to as the *Laureate International Universities* network. We participate in the global higher education market, which is estimated to account for revenues of approximately $1.5 trillion in 2015, according to GSV Advisors ("GSV"). We believe the global higher education market presents an attractive long-term opportunity, primarily because of the large and growing imbalance between the supply and demand for quality higher education around the world. Advanced education opportunities drive higher earnings potential, and we believe the projected growth in the middle class population worldwide and limited government resources dedicated to higher education create substantial opportunities for high-quality private institutions to meet this growing and unmet demand. Our outcomes-driven strategy is focused on enabling millions of students globally to prosper and thrive in the dynamic and evolving knowledge economy.

In 1999, we made our first investment in higher education and, since that time, we have developed into the global leader in higher education. As of September 30, 2015, our global network of 88 institutions comprised 72 institutions we owned or controlled, and an additional 16 institutions that we managed or with which we had other relationships. Our institutions are recognized for their high-quality academics. For example, we own and operate Universidad del Valle de México ("UVM Mexico"), the largest private university in Mexico, which in 2015 was ranked fourth among all public and private higher education institutions in the country by *Guía Universitaria*, an annual publication of *Reader's Digest*. Our track record for delivering high-quality outcomes to our students, while stressing affordability and accessibility, has been a key reason for our long record of success, including 15 consecutive years of enrollment growth. We have generated compound annual growth rates

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("CAGRs") in total enrollment and revenues of 11.9% and 11.7%, respectively, from 2009 through September 30, 2015. For the LTM ended September 30, 2015, we generated total revenues of $4,470.4 million, approximately 80% of which was from private pay sources, operating income of $332.9 million, net loss of $252.1 million and Adjusted EBITDA of $803.9 million. For a reconciliation of Adjusted EBITDA to net loss, see "Prospectus Summary Summary Historical Consolidated Financial and Other Data."

Since being taken private in August 2007, we have undertaken several initiatives to continually improve the quality of our programs and outcomes for our students, while expanding our scale and geographic presence, and strengthening our organization and management team. From 2007 to September 30, 2015, we have expanded into 11 new countries, added over 100 campuses worldwide and grown enrollment from approximately 300,000 to more than one million students with a combination of strong organic revenue growth of 11.4% (average annual revenue growth from 2007 to 2014 excluding acquisitions) and the successful integration of 41 strategic acquisitions. Key to this growth were expansions into Brazil, where we owned 13 institutions with a combined enrollment of approximately 265,000 students, and expansions into Asia, the Middle East and Africa, where we owned or controlled 22 institutions with a combined enrollment of approximately 83,000 students, in each case as of September 30, 2015. Further, we have made significant capital investments and continue to make operational improvements in technology and human resources, including key management hires, and are developing scalable back-office operations to support the *Laureate International Universities* network, including implementing a vertically integrated information technology, finance, accounting and human resources organization that, among other things, are designed to enhance our analytical capabilities. Finally, over the past several years, we have invested heavily in technology-enabled solutions to enhance the student experience, increase penetration of our hybrid offerings and optimize efficiency throughout our network. We believe these investments have created an intellectual property advantage that has further differentiated our offerings from local market competitors.

The *Laureate International Universities* network enables us to educate our students locally, while connecting them to an international community with a global perspective. Our students can take advantage of shared curricula, optional international programs and services, including English language instruction, dual-degree and study abroad programs and other benefits offered by other institutions in our network. We believe that the benefits of the network translate into better career opportunities and higher earnings potential for our graduates.

The institutions in the *Laureate International Universities* network offer a broad range of undergraduate and graduate degrees through campus-based, online and hybrid programs. As of September 30, 2015, 93% of our students attended traditional, campus-based institutions offering multi-year degrees, similar to leading private and public higher education institutions in the United States and Europe. In addition, as of September 30, 2015, approximately two thirds of our students were enrolled in programs of four or more years in duration. Our programs are designed with a distinct emphasis on applied, professional-oriented content for growing career fields and are focused on specific academic disciplines, or verticals, that we believe demonstrate strong employment opportunities and provide high earnings potential for our students, including:

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Across these academic disciplines, we continually and proactively adapt our curriculum to the needs of the market, including emphasizing the core STEM (science, technology, engineering and math) and business disciplines. We believe the STEM and business disciplines present attractive areas of study to students, especially in developing countries where there exists a strong and ongoing focus to develop and retain professionally trained individuals. In the last five years, we have more than doubled our enrollment of students pursuing degrees in Business & Management, Medicine & Health Sciences and Engineering & Information Technology, our three largest disciplines. We believe the work of our graduates in these disciplines creates a positive impact on the communities we serve and strengthens our institutions' reputations within their respective markets.

Across the world, we operate institutions that address regional, national and local supply and demand imbalances in higher education. As the global leader in higher education, we believe we are uniquely positioned to effectively deliver high-quality education across different brands and tuition levels in the markets in which we operate. In many developing markets, traditional higher education students (defined as 18-24 year olds) have historically been served by public universities, which have limited capacity and are often underfunded, resulting in an inability to meet growing student demands and employer requirements. Our institutions in these markets offer traditional higher education students a private education alternative, often with multiple brands and price points in each market, with innovative programs and strong career-driven outcomes. In many of these same markets, non-traditional students such as working adults and distance learners have limited options for pursuing higher education. Through targeted programs and multiple teaching modalities, we are able to serve the differentiated needs of this unique demographic. Our flexible approach across geographies allows Laureate to access a broader addressable market of students by efficiently tailoring institutions to meet the needs of a particular geography and student population.

We have four reporting segments, which are summarized in the table below. We group our institutions by geography in Latin America ("LatAm"), Europe ("Europe") and Asia, Middle East and Africa ("AMEA") for reporting purposes. Our Global Products and Services segment ("GPS") includes institutions that have products and services that span the *Laureate International Universities* network and attract students from across geographic boundaries, including our fully online universities.

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The following information for our operating segments is presented as of September 30, 2015, except where otherwise indicated:

	LatAm	Europe	AMEA	GPS	Total
Countries	8	7	7	8	28*
Institutions	30	21	22	15	88
Enrollments (rounded to nearest thousand)	809,000	53,000	83,000	81,000	1,026,000
LTM ended September 30, 2015 Revenues ($ in millions)	$ 2,556.9	$ 465.8	$ 423.5	$ 1,038.8	$ 4,470.4
% Contribution to LTM ended September 30, 2015 Revenues	57%	10%	10%	23%	100%

* Our AMEA and GPS segments both have institutions located in China and our Europe and GPS segments both have institutions located in Spain. The total reflects the elimination of this duplication.

The elimination of inter-segment revenues and amounts related to Corporate, which total $14.6 million, is not separately presented.

Our Industry

We are the leader in the global market for higher education, which is characterized by a significant imbalance between supply and demand, especially in developing economies. In many countries, demand for higher education is large and growing. GSV estimates that higher education institutions will account for total revenues of approximately $1.5 trillion globally in 2015, with the higher education market expected to grow by approximately 5% per annum through 2020. Global growth in higher education is being fueled by several demographic and economic factors, including a growing middle class, global growth in services and technology-related industries and recognition of the significant personal and economic benefits gained by graduates of higher education institutions. At the same time, many governments have limited resources to devote to higher education, resulting in a diminished ability by the public sector to meet growing demand, and creating opportunities for private education providers to enter these markets and deliver high-quality education. As a result, the private sector plays a large and growing role in higher education globally. While the *Laureate International Universities* network is the largest global network of degree-granting higher education institutions in the world, as of September 30, 2015, our total enrollment of more than one million students represented only 0.5% of worldwide higher education students.

Large, Growing and Underpenetrated Population of Qualified Higher Education Students. According to the United Nations Educational, Scientific and Cultural Organization ("UNESCO"), 198.6 million students worldwide were enrolled in higher education institutions in 2013, nearly double the 99.7 million students enrolled in 2000, and approximately 90% of those students were enrolled at institutions outside of the United States as of 2013. In many countries, including throughout Latin America, Asia and other developing regions, there is growing demand for higher education based on favorable demographics, increasing secondary completion rates and increasing higher education participation rates, resulting in continued growth in higher education enrollments. While global participation rates have increased for traditional higher education students (defined as 18-24 year olds), the market for higher education is still significantly underpenetrated, particularly in developing countries. Given the low penetration rates, many governments in developing countries have a stated goal of increasing the number of students participating in higher education. For example, Mexico's participation rate increased from approximately 16% to approximately 22% from 2003 to 2013, and the Mexican government has set a goal of increasing the number of students enrolled in higher education by 17% over the next four years. Other developing countries with large addressable markets are similarly underpenetrated as evidenced by the following participation rates for 2013: Brazil (31%), China (22%) and India (19%), all of which are well below rates of developed countries such as the United States and Spain, which in 2013 had participation rates of approximately 63% and approximately 60%, respectively.

Strong Economic Incentives for Higher Education. According to the Brookings Institution, approximately 1.8 billion people in the world composed the middle class in 2009, a number that is expected to more than double by 2030 to almost five billion people. We believe that members of this large and growing group seek advanced education opportunities for themselves and their children in recognition of the vast differential in earnings potential with and without higher education. According to data from the Organization for Economic Co-operation and Development ("OECD"), in certain European markets in which we operate, the earnings from employment for an adult completing higher education were approximately 59% higher than those of an adult with just an upper secondary education, while in the United States the differential was approximately 74%. This income gap is even more pronounced in many developing countries around the world, including a differential of approximately 160% in Chile and approximately 147% in Brazil. OECD statistics also show that overall employment rates are greater for individuals completing higher education than for those who have not completed upper secondary education. In addition, we believe as economies around the world are increasingly based on the services sector, they will require significant investment in human capital, advanced education and specialized training to produce knowledgeable professionals. We believe the cumulative impact of favorable demographic and socio-economic trends, coupled with the superior earnings potential of higher education graduates, will continue to expand the market for private higher education.

Increasing Role of the Private Sector in Higher Education. In many of our markets, the private sector plays a meaningful role in higher education, bridging supply and demand imbalances created by a lack of capacity at public universities. In addition to capacity limitations, we believe that limited public resources, and the corresponding policy reforms to make higher education systems less dependent on the financial and operational support of local governments, have resulted in increased enrollments in private institutions relative to public institutions.

According to the OECD, from 2003 to 2012, the number of students enrolled in private institutions grew from approximately 26% to approximately 30% of total enrollments within OECD countries. For example, Brazil and Chile rely heavily upon private institutions to deliver quality higher education to students, with approximately 71% and approximately 84%, respectively, of higher education students in these countries enrolled in private institutions in 2012.

The decrease in government funding to public higher education institutions in recent years has served to spur the growth of private institutions, as tuitions have been increasingly funded by private sources. On average, OECD countries experienced a decrease in public funding from approximately 75% of total funding in 2000 to approximately 69% in 2011. For example, Mexico experienced a decrease in public funding as a percentage of total funding of approximately 12% during the same period. We believe these trends have increased demand for competitive private institutions as public institutions are unable to meet the demand of students and families around the world, especially in developing markets.

Greater Accessibility to Higher Education through Online and Hybrid Offerings. Improving Internet broadband infrastructure and new instruction methodologies designed for the online medium have driven increased acceptance of the online modality globally. According to a survey of over 2,800 responses from chief academic officers and other officials at U.S. universities conducted by the Babson Survey Research Group, approximately 74% of academic leaders rated online learning outcomes as the same or superior to classroom learning in 2014, up from approximately 57% in 2003. GSV estimates that the online higher education market will grow by a CAGR of approximately 25%, from $49 billion in 2012 to $149 billion in 2017. Additionally, new online and hybrid education offerings have enabled the cost-effective delivery of higher education, while improving overall affordability and accessibility for students. We believe that increasing student demand, coupled with growing employer and regulatory acceptance of degrees obtained through online and hybrid modalities, will continue to drive significant growth in the online and hybrid higher education market globally.

Our Strengths and Competitive Advantages

We believe our key competitive strengths that will enable us to execute our growth strategy include the following:

First Mover and Leader in Global Higher Education. In 1999, we made our first investment in global higher education. Since that time, the *Laureate International Universities* network has grown to include 88 institutions in 28 countries that enroll more than one million students, of which approximately 95% were outside of the United States as of September 30, 2015. Our growth has been the result of numerous organic initiatives, supplemented by successfully completing and integrating 41 acquisitions since August 2007, substantially all of which were completed through private negotiations and not as part of an auction process. Given our size and status as the first mover in many of our markets, we have been able to acquire many marquee assets, which we believe will help us maintain our market-leading position due to the considerable time and expense it would take a competitor to establish an integrated network of international universities of similar scale with the brands, intellectual property and accreditations that we possess.

Long-Standing and Reputable University Brands Delivering High Quality Education. We believe we have established a reputation for providing high-quality higher education around the world, and that our schools are among the most respected higher education brands in their local markets. Many of our institutions have over 40-year histories, with some institutions approaching 100 years. In addition to long-standing presences in their local communities, many of our institutions are ranked among the best in their respective countries. For example, the *Barómetro de la Educación Superior* has ranked Universidad Andrés Bello as a top university in Chile. Similarly, in Brazil, Universidade Anhembi Morumbi is ranked by *Guia do Estudante* as one of São Paulo's top universities, and in Europe, *L'Usine Nouvelle* ranks École Centrale d'Electronique among the top ten private engineering schools in France. The institutions within Laureate's GPS segment have also received recognition for academic excellence. Les Roches International School of Hotel Management and the Glion Institute of Higher Education have been named as two of the world's top three hospitality management institutions for an international career in the hospitality industry by TNS.

Our strong brands are perpetuated by our student-centric focus and our mission to provide greater access to cost-effective, high-quality higher education, which allows more students to pursue their academic and career aspirations. We are committed to continually evaluating our institutions to ensure we are providing the highest quality education to our students. Our proprietary management tool, the Laureate Education Assessment Framework ("LEAF"), is used to evaluate institutional performance based on 44 unique criteria across five different categories: Employability, Learning Experience, Personal Experience, Access & Outreach and Academic Excellence. LEAF, in conjunction with additional external assessment methodologies, such as QS Stars™, allows us to identify key areas for improvement in order to drive a culture of quality and continual innovation at our institutions. For example, more than 96% of students attending Laureate institutions in Brazil are enrolled in an institution with an IGC score (an indicator used by the Brazilian Ministry of Education to evaluate the quality of higher education institutions) that has improved since 2010. In addition, our Brazilian institutions' IGC scores have increased by approximately 19% on average from 2010 to 2013, placing three of our institutions in the top quintile, and nine (encompassing approximately 96% of our student enrollment in Brazil) in the top half of all private higher education institutions in the country.

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Many of our institutions and programs have earned the highest accreditation available, which provides us with a strong competitive advantage in local markets. For example, we serve more than 200,000 students in the fields of medicine and health sciences on over 100 campuses throughout the *Laureate International Universities* network, including 21 medical schools and 19 dental schools. Medical school licenses are often the most difficult to obtain and are only granted to institutions that meet rigorous standards. We believe the existence of medical schools at many of our institutions further validates the quality of our institutions and programs. Similarly, other institutions have received numerous specialized accreditations, including those for Ph.D. programs.

Superior Outcomes for Our Students. We offer high-quality undergraduate, graduate and specialized programs in a wide range of disciplines that generate strong interest from students and provide attractive employment prospects. We design our programs to prepare students to contribute productively in their chosen professions upon employment. Our curriculum development process includes employer surveys and ongoing research into business trends to determine the skills and knowledge base that will be required by those employers in the future. This information results in timely curriculum upgrades, which helps ensure that our graduates acquire the skills that will make them marketable to employers. In 2014, we commissioned a study by Millward Brown, a leading third-party market research organization, of graduates at Laureate institutions representing over 60% of total Laureate enrollments. Graduates at 12 of our 13 surveyed international institutions achieved, on average, equal or higher employment rates within 12 months of graduation as compared to graduates of other institutions in the same markets, and in all of our premium institutions surveyed, graduates achieved higher starting salaries as compared to graduates of other institutions in those same markets (salary premium to market benchmarks ranged from approximately 6% to approximately 118%).

Robust technology and intellectual property platform. By virtue of our 15 years of experience operating in a global environment, managing campus-based institutions across multiple disciplines and developing and administering online programs and curricula, we have developed an extensive collection of intellectual property. We believe this collection of intellectual property, which includes online capabilities, campus design and management, recruitment of transnational students, faculty training, curriculum design and quality assurance, among other proprietary solutions, provides our students a truly differentiated learning experience and creates a significant competitive advantage for our institutions over competitors.

A critical element of our intellectual property is a suite of proprietary technology solutions. Select examples include *OneCampus*, which connects students across our network with shared online courses and digital experiences, and *Slingshot,* an online career orientation tool that enables students to explore career paths through state-of-the-art interest assessment and rich content about hundreds of careers. Our commitment to investing in technology infrastructure, software and human capital ensures a high-quality educational experience for our students and faculty, while also providing us with the infrastructure to manage and scale our business.

Our intellectual property has been a key driver in developing partnerships with prestigious independent institutions and governments globally. For example, we have partnered with other traditional public and private higher education institutions as a provider of online services. We have operated this model for more than ten years with the University of Liverpool in the United Kingdom and, more recently, we have added new partnerships with the University of Roehampton in the United Kingdom and the University of Miami in the United States. Additionally, in 2013, the Kingdom of Saudi Arabia launched the College of Excellence program with a long-term goal of opening 100 new technical colleges, and sought private operators to manage the institutions on its behalf under an operating model in which the Kingdom of Saudi Arabia funds the capital requirements to build the institutions, and the private operator runs the academic operations under a contract model. As of September 30, 2015, we have been awarded contracts to operate eight of the 37 colleges for which contracts have been awarded to date, more than any other provider in the Kingdom of Saudi Arabia.

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Scale and Diversification of Our Global Network. The *Laureate International Universities* network is diversified across 28 countries, 88 campus-based and online institutions and over 2,500 programs. Additionally, in many markets, we have multiple institutions serving different segments of the population, at different price points and with different academic offerings. Although the majority of our institutions serve the premium segment of the market, we also have expanded our portfolio of offerings in many markets to include high-quality value and technical-vocational institutions. By serving multiple segments of the market, all with high-quality offerings, we are able to continue to expand our enrollments during varying economic cycles. We believe there is no other public or private organization that commands comparable global reach or scale.

Our global network allows our institutions to bring their distinctive identities together with our proprietary international content, managerial best practices and international programs. Through collaboration across the global network, we can efficiently share academic curricula and resources, create dual degree programs and student exchanges, develop our faculty and incorporate best practices throughout the organization. In addition, our wide-ranging network allows us to continue to scale our business by facilitating the expansion of existing programs and campuses, the launch of new programs, the opening of new campuses in areas of high demand and the strategic acquisition and integration of new institutions into our network. For example, the resources and support of our global network have had a demonstrated impact on our Medicine & Health Sciences expansion effort, which has resulted in enrollment growth from approximately 75,000 students in 2009 to more than 200,000 students in 2014. Furthermore, the existing breadth of our network allows us to provide a high-quality educational experience to our students, while simultaneously accessing the broadest addressable market for our offerings.

In recognition of the benefits of our international scale, and in order to formalize our organizational focus on the opportunities presented by our established network, we created the Laureate Network Office ("LNO") in 2015. The LNO is an important resource that allows us, among other things, to better leverage our expertise in the online modality to increase the frequency and effectiveness of online and hybrid learning opportunities across the network.

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To further illustrate the breadth and diversity of our global network, the charts below show the mix of our geographic revenues, programs, modality and levels of study:

Attractive Financial Model.

Strong and Consistent Growth. We have a proven track record of delivering strong financial results through various economic cycles. From 2009 to 2014, our revenues and Adjusted EBITDA grew at a CAGR of 13.3% and 15.9%, respectively (13.3% and 15.4% on a constant currency basis, respectively), although we continued to generate net losses each year. During this same period, we realized constant currency revenue growth of at least 10.3% every year. Adjusted for acquisitions, our average annual organic revenue growth over the same period was 9.9% (11.3% on a constant currency basis). For a reconciliation of Adjusted EBITDA to net loss, see " Summary Historical Consolidated Financial and Other Data."

Private Pay Model. Approximately 80% of our revenues for the year ended December 31, 2014 were generated from private pay sources. We believe students' and families' willingness to allocate personal resources to fund higher education at our institutions validates our strong value proposition.

Revenue Visibility Enhanced by Program Length and Strong Retention. The majority of the academic programs offered by our institutions last between three and five years, and approximately two thirds of our students were enrolled in programs of at least four years or more in duration, as of September 30, 2015. The length of our programs provides us with a high degree of revenue visibility, which historically has led to more predictable financial results. Given that our fall student intake is substantially completed by the end of September, we have visibility into approximately 70% of the following year's revenues, assuming retention and graduation rates in line with historical performance. We actively monitor and manage student retention because of the impact it has on student outcomes and our financial results. The historical annual student retention rate, which we define as the proportion of prior year students returning in the current year (excluding graduating students), of over 80% has not varied by more than 3% in any one year over the last five years. Given our high degree of revenue visibility, we are able to make attractive capital investments and execute other strategic initiatives to help drive sustainable growth in our business.

Attractive Return on Incremental Invested Capital ("ROIIC"). Our capital investments since inception have created significant scale and have also laid the foundation for continued strong organic growth. Given that we have already made foundational infrastructure investments in many of our core markets, we expect to recognize attractive returns on incremental invested capital deployed. As of December 31, 2014, our three-year ROIIC was 26.1%. For more information on ROIIC, see "Selected Historical Consolidated Financial and Other Data."

Proven Management Team. We have an experienced and talented senior management team, with strong international expertise from a wide variety of industry-leading global companies. Our executive officers have been with us an average of 11 years and have led our transformation into the largest global network of degree-granting higher education institutions in the world. Douglas L. Becker, our Chairman, Chief Executive Officer and founder, has led our Company since its inception in 1989 and has cultivated an entrepreneurial and collaborative management culture. This entrepreneurial leadership style has been complemented by an executive management team with broad global experience, enabling us to institute strong governance practices throughout our network. The strength of the management team has enabled the sharing of best practices, allowing us to capitalize on favorable market dynamics and leading to the successful integration of numerous institutions into the *Laureate International Universities* network. In addition, we have strong regional and local management teams with a deep understanding of the local markets, that are focused on meeting the needs of our students and communities, and maintaining key relationships with regulators and business leaders. Our management team has a proven track record of gaining the trust and respect of the many regulatory authorities that are critical to our business.

Our Growth Strategy

We intend to continue to focus on growing the *Laureate International Universities* network through the following key strategies:

Expand Programs, Demographics and Capacity. We will continue to focus on opportunities to expand our programs and the type of students that we serve, as well as our capacity in our markets to meet local demand. We also intend to continue to improve the performance of each of our institutions by adopting best practices that have been successful at other institutions in the *Laureate International Universities* network. We believe these initiatives will drive organic growth and provide an attractive return on capital. In particular, we intend to:

Add New Programs and Course Offerings. We will continue to develop new programs and course offerings to address the changing needs in the markets we serve by using shared curricula available through the network, and in consultation with leading local businesses. New programs and course offerings enable us to consistently provide a high-quality education that is desired by students and prospective employers. As we optimize our offerings to deliver courses in high-demand disciplines, we also believe we will be able to increase enrollment and improve utilization at institutions across our network.

Expand Target Student Demographics. In many of our markets, we use sophisticated analytical techniques to identify opportunities to provide quality education to new or underserved student populations where market demand is not being met, such as non-traditional students (e.g., working adults) who may value flexible scheduling options, as well as traditional students.

Our ability to provide quality education to these underserved markets has provided additional growth to the *Laureate International Universities* network and we intend to leverage our management capabilities and local knowledge to further capitalize on these higher education opportunities in new and existing markets. As we expand in a particular country or region, we often develop tailored programs to address the unmet needs of these markets.

Increase Capacity at Existing and New Campus Locations. We will continue to make demand-driven investments in additional capacity throughout the *Laureate International Universities* network by expanding existing campuses and opening new campuses, including in new cities. We employ a highly analytical process based on economic and demographic trends, and demand data for the local market to determine when and where to expand capacity. When opening a new campus or expanding existing facilities, we use best practices that we have developed over more than the past decade to cost-effectively expedite the opening and development of that location.

We have successfully implemented these strategies at many of our institutions. For example, at UVM Mexico we grew total enrollments from approximately 37,000 students in 2002 to approximately 126,000 in 2014. This growth was the result of the introduction of new programs, including in the fields of health sciences, engineering and hospitality, the addition of 23 new campus locations (from 13 in 2002 to 36 in 2014), and the ability to serve new market segments such as working adults. While UVM Mexico has grown into the largest private institution in Mexico, our relentless focus on academic quality remains. In fact, UVM Mexico has improved from the 9^{th} ranked institution in 2004 to the 4^{th} ranked institution in 2015 according to *Guía Universitaria.*

Expand Penetration of Online and Hybrid Offerings. We intend to increase the number of our students who receive their education through fully online or hybrid programs to meet the growing demand of younger generations that continue to embrace technology. Over the past decade, the global population with Internet access has continued to grow, and Forrester Research, Inc. ("Forrester") estimates a total of 3.5 billion people will have Internet access by 2017, representing nearly half of the world's population. Additionally, in many of our markets, online education is becoming more accepted by regulators and education professionals as an effective means of providing quality higher education. As the quality and acceptance of online education increases globally, we plan to continue investing in both expanding our stand-alone online course offerings and enhancing our traditional campus-based course offerings via complementary online delivery, creating a hybrid delivery model. We believe our history of success with Walden University, a fully online institution in the United States, and our well-developed online program offerings will provide a considerable advantage over local competitors, enabling us to combine our strong local brands with our experience in delivering online education. Over the next five years, our goal is to increase the number of student credit hours taken online, which was less than 10% as of September 30, 2015, to approximately 25%. Some of our network institutions are already implementing online programs with significant progress being made. For example, at Universidad Europea de Madrid in Spain, approximately 19% of our students took at least one online course as of September 30, 2015. Our online initiative is designed to not only provide our students with access to the technology platforms and innovative programs they expect, but also to increase our enrollment in a more capital efficient manner, leveraging current infrastructure and improving classroom utilization.

Expand Presence in AMEA. AMEA represents the largest higher education market opportunity in the world with more than 120 million students enrolled in higher education institutions in 2013, according to UNESCO. Despite the large number of students enrolled, participation rates in the region suggest significantly underpenetrated enrollment given the strong imbalance between the supply and demand for higher education.

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In 2008, we entered the AMEA higher education market with our acquisition of an interest in INTI Education Group in Malaysia. In the last seven years, we have grown our AMEA footprint to include 22 institutions in seven countries, serving approximately 83,000 students as of September 30, 2015, representing an enrollment CAGR of approximately 23% since entering the region in 2008. Recent expansion in the AMEA region includes eight Colleges of Excellence in the Kingdom of Saudi Arabia, and our first institution in Sub-Saharan Africa in 2013, Monash South Africa. In anticipation of continued growth, we have made significant investments in the region, including hiring an experienced regional management team and establishing the infrastructure to help facilitate growth and further expand our footprint in the region. We plan to continue to expand our presence in AMEA by prioritizing markets based on demographic, market and regulatory factors, while seeking attractive returns on capital.

Accelerate Partnership and Services Model Globally. As the global leader in higher education, we believe we are well-positioned to capitalize on additional opportunities in the form of partnership and service models that are designed to address the growing needs of traditional institutions and governments around the world.

Increasingly more complex services and operating capabilities are required by higher education institutions to address the needs of students effectively, and we believe our expertise and knowledge will allow us to leverage our intellectual property and technology to serve this market need. We have partnered with traditional public and private education institutions as a provider of online services and we believe there will be opportunities to expand that platform under similar relationships with other prestigious independent institutions in the future. Additionally, we are continually adding to our suite of solutions, and we believe many of these products and services will provide additional contractual and licensing opportunities for us in the future. For example, in recent years we have significantly advanced our digital teaching and learning efforts through proprietary technology-enabled solutions such as:

- *OneFolio,* an online tool that connects Laureate faculty members, instructional designers, and learning architects to valuable digital resources they can use to enhance the student learning experience.

- *Laureate Languages,* which provides digital language learning solutions to our students and faculty in the areas of General English, Professional English and English for Academic Purposes, as well as teacher training and assessment.

Additionally, governments around the world are increasingly focused on increasing participation rates and often do not have an established or scalable public sector platform with the necessary expertise to accomplish that objective, and therefore are willing to fund private sector solutions. We believe our current partnership with the Kingdom of Saudi Arabia, where we were selected as their largest partner, is a demonstration of how our distinct portfolio of solutions differentiates us from other providers who participated in the selection process. We are in active discussion with other governments regarding similar partnerships, as well as other solutions that we can provide to existing and new partners, and we anticipate this could be a source of additional revenue for us in the future.

Increase Operating Efficiencies through Centralization and Standardization. In 2014, we launched *Excellence in Process* ("EiP") as an enterprise-wide initiative to optimize and standardize our processes to enable sustained growth and margin expansion. The program aims to enable vertical integration of procurement, information technology, finance, accounting and human resources, thus enabling us to fully leverage the growing size and scope of our local operations. Specifically, we have developed and begun to deploy regional shared services organizations ("SSOs") around the world, which will process most back-office and non-student facing transactions for the institutions in the *Laureate International Universities* network, such as accounting, finance and procurement. The implementation of EiP and regional SSOs are expected to generate significant cost savings throughout the network as we eliminate redundant processes and better leverage our global scale. In addition, centralized information

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technology, product development and content management will allow us to propagate best practices throughout the *Laureate International Universities* network and capitalize on efficiencies to help improve performance. We anticipate EiP will require an investment of approximately $180 million from 2015 to 2017, with the first significant investments already having been made in 2015. These investments have already begun to generate cost savings and, upon completion of the project, we expect these efficiencies to generate approximately $100 million in annual cost savings in 2019, while also enhancing our internal controls and the speed of integration of new acquisitions. We also believe these initiatives will enhance the student experience by improving the quality of our operations and by enabling additional reinvestment in facilities, faculty and course offerings.

Target Strategic Acquisitions. Since being taken private in August 2007, we have made 41 acquisitions with an aggregate purchase price of approximately $2.0 billion, including assumed debt. Substantially all of these acquisitions were completed through private negotiations and not as part of an auction process, which we believe demonstrates our standing as a partner of choice. We intend to continue to expand through the selective acquisition of institutions in new and existing markets. We employ a highly disciplined approach to acquisitions by focusing on key characteristics that make certain markets particularly attractive for private higher education, such as demographics, economic and social factors, the presence of a stable political environment and a regulatory climate that values private higher education. When we enter a new market or industry sector, we target institutions with well-regarded reputations and which are well-respected by regulators. We also invest time and resources to understand the managerial, financial and academic resources of the prospect and the resources we can bring to that institution. After an acquisition, we focus on organic growth and financial returns by applying best practices and integrating, both operationally and financially, the institution into the *Laureate International Universities* network, and we have a strong track record of success. For all the institutions we acquired between 1999 and September 30, 2010, we achieved average enrollment and revenue CAGRs of approximately 15% and approximately 20%, respectively, in the four full years following the first anniversary of the acquisition. Additionally, we bring programs and expertise to increase the quality and reputation of institutions after we acquire them, and assist them in earning new forms of licenses and accreditations. We believe our experienced management team, history of strong financial performance rooted in the successful integration of previous acquisitions, local contacts and cultural understanding makes us the leading choice for higher education institutions seeking to join an international educational network.

Our History and Sponsor

We were founded in 1989 as Sylvan Learning Systems, Inc., a provider of a broad array of supplemental and remedial educational services. In 1999, we made our first investment in global higher education with our acquisition of Universidad Europea de Madrid, and in 2001 we entered the market for online delivery of higher education services in the United States with our acquisition of Walden University. In 2003, we sold the principal operations that made up our then K-12 educational services business and certain venture investments deemed not strategic to our higher education business, and in 2004 we changed our name to Laureate Education, Inc. Between the time we sold the K-12 educational services business in 2003 and August 2007, we acquired nine institutions for an aggregate purchase price of approximately $160 million, including assumed debt, and entered seven new countries.

In August 2007, we were acquired in a leveraged buyout by a consortium of investment funds and other investors affiliated with or managed by, among others, Douglas L. Becker, our Chairman and Chief Executive Officer and founder, Steven M. Taslitz, a director of the Company, Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR"), Point72 Asset Management, Bregal Investments, StepStone Group, Sterling Partners and Snow Phipps Group (collectively, the "Wengen Investors"), for an aggregate total purchase price of $3.8 billion, including $1.7 billion of debt, all of which has been refinanced or replaced. See "Risk Factors Risks Relating to Our Indebtedness The

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fact that we have substantial debt could materially adversely affect our ability to raise additional capital to fund our operations and limit our ability to pursue our growth strategy or to react to changes in the economy or our industry." We believe that these investors have embraced our mission, commitment to academic quality and ongoing focus to provide a social benefit to the communities we serve.

Since being taken private in August 2007, we have undertaken several initiatives to continually improve the quality of our programs and outcomes for our students, while expanding our scale and geographic presence, and strengthening our organization and management team. From August 2007 to September 30, 2015, we completed 41 acquisitions with an aggregate purchase price of approximately $2 billion, including assumed debt, bringing our total institution count to 88, and entered 11 new countries.

In early 2013, International Finance Corporation ("IFC"), a member of the World Bank Group, the IFC Africa, Latin American and Caribbean Fund, LP and the Korea Investment Corporation (together with the IFC, the "IFC Investors") collectively invested $200 million in our common stock. IFC is a global development institution that helps developing countries achieve sustainable growth by financing investment in international financial markets and providing advisory services to businesses and governments.

In December 2013, the board of directors of Wengen and Laureate authorized the combination of Laureate and Laureate Education Asia Limited ("Laureate Asia"). Laureate Asia was a subsidiary of Wengen that provided higher education programs and services to students through a network of licensed institutions located in Australia, China, India, Malaysia and Thailand. Wengen transferred 100% of the equity of Laureate Asia to Laureate. The transaction is accounted for as a transfer between entities under common control and, accordingly, the accounts of Laureate Asia are retrospectively included in the financial statements and notes thereto included elsewhere in this prospectus.

Public Benefit Corporation Status

In October 2015, we redomiciled in Delaware as a public benefit corporation as a demonstration of our long-term commitment to our mission to benefit our students and society. Public benefit corporations are a relatively new class of corporations that are intended to produce a public benefit and to operate in a responsible and sustainable manner. Under Delaware law, public benefit corporations are required to identify in their certificate of incorporation the public benefit or benefits they will promote and their directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation's conduct, and the specific public benefit or public benefits identified in the public benefit corporation's certificate of incorporation. Public benefit corporations organized in Delaware are also required to publicly disclose at least biennially a report that assesses their public benefit performance, and may elect to measure that performance against an objective third-party standard. We have elected to have our public benefit performance assessed by B Lab, an independent non-profit organization.

We do not believe that an investment in the stock of a public benefit corporation differs materially from an investment in a corporation that is not designated as a public benefit corporation. We believe that our ongoing efforts to achieve our public benefit goals and the B Lab certification will not materially affect the financial interests of our stockholders. Holders of our Class A common stock will have voting, dividend and other economic rights that are the same as the rights of stockholders of a corporation that is not designated as a public benefit corporation. See "Risk Factors Risks Relating to Investing in Our Class A Common Stock As a public benefit corporation, our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance" and "Description of Capital Stock Public Benefit Corporation Status."

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Our public benefit is to produce a positive effect for society and students by offering diverse education programs both online and at campuses around the globe. By doing so, we believe that we provide greater access to cost-effective, high-quality higher education that enables more students to achieve their academic and career aspirations. Most of our operations are outside the United States, where there is a large and growing imbalance between the supply and demand for quality higher education. Our stated public benefit is firmly rooted in our company mission and our belief that when our students succeed, countries prosper and societies benefit. Becoming a public benefit corporation underscores our commitment to our purpose and our stakeholders, including students, regulators, employers, local communities and stockholders.

Risk Factors

We are subject to certain risks related to our industry and our business, and there are risks associated with investing in our Class A common stock. The risks set forth under the section entitled "Risk Factors" reflect risks and uncertainties that may materially adversely affect our business, prospects, financial condition, operating results and growth strategy. In summary, significant risks related to our business include:

- we are a global business with operations in 28 countries around the world and are subject to complex business, economic, legal, political, tax and foreign currency risks, which risks may be difficult to adequately address;
- if we do not effectively manage our growth and business, our results of operations may be materially adversely affected;
- if we cannot maintain student enrollments in our institutions and maintain tuition levels, our results of operations may be materially adversely affected;
- we have incurred net losses in each of the last three fiscal years;
- our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations may materially adversely affect our business, financial condition and results of operations;
- our right to receive economic benefits from certain of the institutions that are organized as not-for-profit or non-stock entities, and that we account for as variable interest entities, may be limited;
- our ability to control our institutions may be materially adversely affected by changes in laws affecting higher education in certain countries in which we operate;
- the fact that we have substantial debt could adversely affect our ability to raise additional capital to fund our operations and limit our ability to pursue our growth strategy or to react to changes in the economy or our industry;
- the dual class structure of our common stock as contained in our certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including Wengen and our executive officers, employees and directors and their affiliates, and limiting your ability to influence corporate matters;
- we have two material weaknesses and if we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be materially adversely affected; and
- as a public benefit corporation, our focus on a specific public benefit purpose and producing a positive effect for society may cause our board of directors to make decisions that may not be in the best interests of our stockholders.

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In connection with your investment decision, you should review the section of this prospectus entitled "Risk Factors."

Corporate Information

Our principal executive offices are located at 650 S. Exeter Street, Baltimore, Maryland 21202. Our telephone number is (410) 843-6100. Our website is accessible through www.laureate.net. Information on, or accessible through, our website is not part of, and is not incorporated into, this prospectus.

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THE OFFERING

Class A common stock offered by us	shares
Class A common stock to be outstanding after this offering	shares, representing a % voting interest (or shares, representing a % voting interest, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Class B common stock to be outstanding after this offering	shares, representing a % voting interest (or a % voting interest, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Underwriters' option to purchase additional shares of our Class A common stock	We have granted the underwriters an option to purchase up to additional shares of Class A common stock at the initial public offering price for a period of 30 days from the date of this prospectus.
Use of proceeds	We estimate that our net proceeds from the sale of shares of our Class A common stock being offered by us pursuant to this prospectus at an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million. We intend to use the net proceeds of this offering to repay certain of our outstanding indebtedness and for general corporate purposes, which may include working capital. See "Use of Proceeds."
Dividend policy	We do not intend to pay dividends on our Class A common stock following this offering. Any declaration and payment of future dividends to holders of our Class A common stock may be limited by restrictive covenants in our debt agreements, and will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deems relevant. See "Dividend Policy."
Risk factors	Please read "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

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Conflicts of interest	Affiliates of KKR beneficially own (through their investment in Wengen) in excess of 10% of our issued and outstanding common stock. Because KKR Capital Markets LLC, an affiliate of KKR, is an underwriter and KKR's affiliates beneficially own in excess of 10% of our issued and outstanding common stock, KKR Capital Markets LLC is deemed to have a "conflict of interest" under Rule 5121 ("Rule 5121") of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Accordingly, this offering is being made in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. KKR Capital Markets LLC will not confirm sales of the securities to any account over which it exercises discretionary authority without the specific written approval of the account holder. See "Underwriting (Conflicts of Interest)."
Proposed symbol	LAUR

The total number of shares of our Class A and Class B common stock outstanding after this offering is based on no shares of our Class A common stock and 531,764,835 shares of our Class B common stock outstanding, as of September 30, 2015, and excludes the following shares:

- 531,764,835 shares of Class A common stock issuable upon the conversion of our Class B common stock that will be outstanding after this offering;
- 47,601,583 shares of Class B common stock issuable upon the exercise of total stock options outstanding as of September 30, 2015 at a weighted average exercise price of $6.48 per share;
- 299,939 shares of Class B common stock that are subject to forfeiture and substantial restrictions on transfer;
- shares of Class B common stock issuable in connection with two stock-based deferred compensation arrangements (one, for the benefit of Mr. Becker, the "Executive DCP" and, together, the "stock-based DCPs"), assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus;
- shares of Class B common stock issuable upon exercise of options to be granted to Mr. Becker at the consummation of this offering in exchange for the liquidation of certain profits interests he holds in Wengen (the "Executive Profits Interests"), assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus;
- 5,534,644 shares of common stock available for additional grants under the Laureate Education, Inc. 2013 Long-Term Incentive Plan, which grants will be for Class B common stock if granted prior to the completion of this offering and for Class A common stock if granted after the completion of this offering; and
- 29,724 shares of Class B common stock reserved for issuance under the Laureate Education, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2009 (the "Post-2004 DCP").

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Unless otherwise stated, information in this prospectus (except for the historical financial statements) assumes:

- the reclassification of our existing common stock into an equivalent number of shares of our Class B common stock and the authorization of our Class A common stock;
- that our amended and restated certificate of incorporation, which we will file in connection with the completion of this offering, is in effect;
- that our amended and restated bylaws, which we will adopt in connection with the completion of this offering, are in effect; and
- no exercise by the underwriters of their option to purchase additional shares of Class A common stock from us in this offering.

The information in this prospectus does not reflect a to reverse stock split of our common stock that we intend to effect prior to the effectiveness of the registration statement of which this prospectus is a part.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

Set forth below are summary historical consolidated financial data of Laureate Education, Inc., at the dates and for the periods indicated. The summary historical statements of operations data and statements of cash flows data for the fiscal years ended December 31, 2014, 2013 and 2012 have been derived from our historical audited consolidated financial statements included elsewhere in this prospectus. The unaudited historical consolidated statements of operations data and statements of cash flows data for the nine months ended September 30, 2015 and 2014 and the unaudited consolidated balance sheet data as of September 30, 2015, have been derived from our historical unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited financial information on the same basis as the audited consolidated financial statements and have included, in our opinion, all adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of our future results. The data should be read in conjunction with the consolidated financial statements and related notes and other financial information included therein. See accompanying historical financial statements of FMU Group and Sociedade Educacional Sul-Rio-Grandense Ltda., as well as the pro forma financial statements included elsewhere in this prospectus, which are included because these two acquisitions met the significance thresholds of Rule 3-05 of Regulation S-X.

The summary historical consolidated financial and other data should be read in conjunction with "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Nine Months Ended September 30,		Fiscal Year Ended December 31,		
(Dollar amounts in thousands, except per share amounts)	**2015**	**2014**	**2014**	**2013**	**2012**
	(unaudited)				
Consolidated Statements of Operations:					
Revenues	$ 3,141,156	$ 3,085,473	$ 4,414,682	$ 3,913,881	$ 3,567,117
Costs and expenses:					
Direct costs	2,795,027	2,789,469	3,838,179	3,418,449	3,148,530
General and administrative expenses	134,103	100,946	151,215	141,197	110,078
Loss on impairment of assets		16,454	125,788	33,582	58,329
Operating income	212,026	178,604	299,500	320,653	250,180
Interest income	9,924	19,344	21,822	21,805	19,467
Interest expense	(300,145)	(279,118)	(385,754)	(350,196)	(307,728)
Loss on debt extinguishment	(1,263)		(22,984)	(1,361)	(4,421)
(Loss) gain on derivatives	(2,618)	(2,020)	(3,101)	6,631	(63,234)
Loss from regulatory changes(1)					(43,716)
Other income (expense), net	1,268	(73)	(1,184)	7,499	(5,533)
Foreign currency exchange (loss) gain, net	(139,416)	(72,293)	(109,970)	(3,102)	14,401
(Loss) income from continuing operations before income taxes and equity in net income (loss) of affiliates	(220,224)	(155,556)	(201,671)	1,929	(140,584)
Income tax (expense) benefit	(81,587)	(54,402)	39,060	(91,246)	(68,061)
Equity in net income (loss) of affiliates, net of tax	2,106	(127)	158	(905)	(8,702)
Loss from continuing operations	(299,705)	(210,085)	(162,453)	(90,222)	(217,347)
Income from discontinued operations, net of tax of $0, $0, $0, $0, and $787, respectively				796	4,384
Gain on sales of discontinued operations, net of tax of $0, $0, $0, $1,864 and $179, respectively				4,350	3,308
Net loss	(299,705)	(210,085)	(162,453)	(85,076)	(209,655)
Net loss attributable to noncontrolling interests	124	4,832	4,162	15,398	8,597
Net loss attributable to Laureate Education, Inc.	$ (299,581)	$ (205,253)	$ (158,291)	$ (69,678)	$ (201,058)

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(Dollar amounts in thousands, except per share amounts)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Fiscal Year Ended December 31, 2014	Fiscal Year Ended December 31, 2013	Fiscal Year Ended December 31, 2012
	(unaudited)	(unaudited)			
Net loss per share attributable to common stockholders					
Basic	$ (0.57)	$ (0.40)	$ (0.31)	$ (0.15)	$ (0.40)
Diluted	$ (0.57)	$ (0.40)	$ (0.31)	$ (0.15)	$ (0.40)
Weighted-average common stock used to compute net loss per share attributable to common stockholders					
Basic	531,765	530,401	530,467	527,935	506,063
Diluted	531,765	530,401	530,467	527,935	506,063
Consolidated Statements of Cash Flows:					
Net cash provided by operating activities of continuing operations	$ 220,295	$ 230,103	$ 269,156	$ 277,202	$ 245,653
Net cash used in investing activities of continuing operations	(41,324)	(351,555)	(489,181)	(889,083)	(453,747)
Net cash provided by financing activities of continuing operations	12,056	125,166	172,586	756,663	124,825
Net cash provided by (used in) operating activities of discontinued operations				344	(6,190)
Net cash used in investing activities of discontinued operations					(149)
Net cash provided by (used in) discontinued operations				344	(6,339)
Effects of exchange rate changes on cash	(34,221)	(37,100)	(50,877)	(12,531)	2,712
Business acquisitions, net of cash acquired	(6,705)	(277,614)	(287,945)	(177,550)	203
Payments of contingent consideration for acquisitions				(5,674)	
Segment Data:					
Revenues:					
LatAm	$ 1,775,287	$ 1,750,809	$ 2,532,451	$ 2,340,867	$ 2,135,176
Europe	297,482	330,929	499,261	469,733	434,571
AMEA	305,949	278,346	395,907	194,060	158,476
GPS	767,943	727,267	998,154	911,023	852,886
Corporate	(5,505)	(1,878)	(11,091)	(1,802)	(13,992)
Total revenues	$ 3,141,156	$ 3,085,473	$ 4,414,682	$ 3,913,881	$ 3,567,117
Adjusted EBITDA(2):					
LatAm	$ 323,143	$ 318,165	$ 541,975	$ 466,664	$ 380,254
Europe	23,128	23,502	71,116	74,591	73,757
AMEA	36,627	16,173	28,580	(5,177)	(5,939)
GPS	176,848	154,010	226,208	204,068	191,095
Corporate	(83,881)	(66,371)	(94,354)	(93,674)	(92,134)
Total Adjusted EBITDA(2)	$ 475,865	$ 445,479	$ 773,525	$ 646,472	$ 547,033
Other Data:					
Total enrollments (rounded to the nearest thousand):					

LatAm	809,000	767,000	752,000	617,000	559,000
Europe	53,000	46,000	51,000	47,000	42,000
AMEA	83,000	77,000	77,000	61,000	44,000
GPS	81,000	77,000	79,000	78,000	76,000
Total	1,026,000	967,000	959,000	803,000	721,000
New enrollments (rounded to the nearest hundred):					
LatAm	384,600	340,400	344,700	315,400	300,700
Europe	9,100	8,200	20,200	18,500	16,500
AMEA	38,900	39,400	42,100	20,600	17,600
GPS	34,700	32,300	42,600	40,500	41,600
Total	467,300	420,300	449,600	395,000	376,400

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(Dollar amounts in thousands)	As of September 30, 2015 Actual	As Adjusted(3)
	(unaudited)	
Consolidated Balance Sheets:		
Cash and cash equivalents (includes VIE amounts of $167,346)	$ 618,390	$
Restricted cash(4)	147,690	
Net working capital (deficit) (including cash and cash equivalents)	(413,314)	
Property and equipment, net	2,271,027	
Goodwill	2,125,846	
Tradenames and accreditations	1,363,515	
Other intangible assets, net	57,593	
Total assets (includes VIE amounts of $1,476,293)	7,845,987	
Total debt, including due to shareholders of acquired companies(5)	4,662,924	
Deferred compensation	118,072	
Redeemable noncontrolling interests and equity	49,142	
Total Laureate Education, Inc. stockholders' equity	369,376	

(1) Represents a loss of $43.7 million from regulatory changes resulting from the deconsolidation of Universidad de Las Américas ("UDLA Ecuador") at the end of the third quarter of 2012.

(2) We define Adjusted EBITDA as net loss, *before* gain on sales of discontinued operations, net of tax, income from discontinued operations, net of tax, equity in net (income) loss of affiliates, net of tax, income tax expense (benefit), foreign currency exchange loss (income), net, other (income) expense, net, loss from regulatory changes (for 2012), loss (gain) on derivatives, loss on debt extinguishment, interest expense and interest income, *plus* depreciation and amortization, stock-based compensation expense, loss on impairment of assets and expenses related to implementation of our EiP initiative. When we review Adjusted EBITDA on a segment basis, we exclude inter-segment revenues and expenses that eliminate in consolidation. Adjusted EBITDA is used in addition to and in conjunction with results presented in accordance with generally accepted accounting principles in the United States ("GAAP") and should not be relied upon to the exclusion of GAAP financial measures.

We have included Adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial measure used by the compensation committee of our board of directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;

- Adjusted EBITDA does not include impairment charges on long-lived assets;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;

Adjusted EBITDA does not reflect expenses related to implementation of our EiP program to optimize and standardize our processes; and

Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us.

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Other companies may calculate Adjusted EBITDA differently than the way we do, limiting the usefulness of these items as comparative measures. We believe that the inclusion of Adjusted EBITDA in this prospectus is appropriate to provide additional information to investors about our business. While management believes that these measures provide useful information to investors, the SEC may require that Adjusted EBITDA be presented differently or not at all in filings made with the SEC.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results. The following unaudited table sets forth a reconciliation of Adjusted EBITDA to net loss for the periods indicated:

(Dollar amounts in thousands)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Fiscal Year Ended December 31, 2014	Fiscal Year Ended December 31, 2013	Fiscal Year Ended December 31, 2012
	(unaudited)				
Net loss	$ (299,705)	$ (210,085)	$ (162,453)	$ (85,076)	$ (209,655)
Plus:					
Gain on sales of discontinued operations, net of tax				(4,350)	(3,308)
Income from discontinued operations, net of tax				(796)	(4,384)
Loss from continuing operations	(299,705)	(210,085)	(162,453)	(90,222)	(217,347)
Plus:					
Equity in net (income) loss of affiliates, net of tax	(2,106)	127	(158)	905	8,702
Income tax expense (benefit)	81,587	54,402	(39,060)	91,246	68,061
(Loss) income from continuing operations before income taxes and equity in net (income) loss of affiliates	(220,224)	(155,556)	(201,671)	1,929	(140,584)
Plus:					
Foreign currency exchange loss (income), net	139,416	72,293	109,970	3,102	(14,401)
Other (income) expense, net	(1,268)	73	1,184	(7,499)	5,533
Loss from regulatory changes(a)					43,716
Loss (gain) on derivatives	2,618	2,020	3,101	(6,631)	63,234
Loss on debt extinguishment	1,263		22,984	1,361	4,421
Interest expense	300,145	279,118	385,754	350,196	307,728
Interest income	(9,924)	(19,344)	(21,822)	(21,805)	(19,467)
Operating income	212,026	178,604	299,500	320,653	250,180
Plus:					
Depreciation and amortization	209,390	210,956	288,331	242,725	221,235
EBITDA	421,416	389,560	587,831	563,378	471,415
Plus:					
Stock-based compensation expense(b)	27,222	36,801	49,190	49,512	17,289
Loss on impairment of assets(c)		16,454	125,788	33,582	58,329
EiP expenses(d)	27,227	2,664	10,716		
Adjusted EBITDA	$ 475,865	$ 445,479	$ 773,525	$ 646,472	$ 547,033

(a) See footnote (1) above.

(b) Represents non-cash, stock-based compensation expense pursuant to the provisions of Accounting Standards Codification ("ASC") Topic 718 "Compensation Stock Compensation" ("ASC Topic 718").

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(c)

Represents non-cash charges related to impairments of long-lived assets. For further details on certain impairment items, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(d)

EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, finance, accounting and human resources, which began in 2014 and is expected to be substantially completed in 2017. EiP includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

(3)

Reflects the sale by us of shares of our Class A common stock offered by this prospectus at the initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease the amount of as adjusted cash and cash equivalents, net working capital (deficit), total assets and total Laureate Education, Inc. stockholders' equity by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase or decrease of one million shares in the number of shares of Class A common stock offered by us would increase or decrease the amount of as adjusted cash and cash equivalents, net working capital (deficit), total assets and total Laureate Education, Inc. stockholders' equity by approximately $ million.

(4)

Restricted cash includes cash equivalents held to collateralize standby letters of credit in favor of the U.S. Department of Education (the "DOE") in order to allow our institutions in the United States to participate in the Title IV program. In addition, we may have restricted cash in escrow pending potential acquisition transactions, or otherwise have cash that is not immediately available for use in current operations.

(5)

Includes current portion of long-term debt and current portion of due to shareholders of acquired companies.

RISK FACTORS

Investing in our Class A common stock involves risk. Before investing in our Class A common stock, you should carefully consider the following risks as well as the other information included in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. Any of the following risks could materially adversely affect our business, financial condition and results of operations. However, the risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially adversely affect our business, financial condition and results of operations. In such a case, the trading price of the Class A common stock could decline and you may lose all or part of your investment.

Risks Relating to Our Business

We are a global business with operations in 28 countries around the world and are subject to complex business, economic, legal, political, tax and foreign currency risks, which risks may be difficult to adequately address.

In each of 2014, 2013 and 2012, over 80% of our revenues were generated from operations outside of the United States. We own or control 72 institutions and manage or have relationships with 16 other licensed institutions in 28 countries, each of which is subject to complex business, economic, legal, political, tax and foreign currency risks. As we continue to expand our international operations, we may have difficulty managing and administering a globally dispersed business and we may need to expend additional funds to, among other things, staff key management positions, obtain additional information technology infrastructure and successfully implement relevant course and program offerings for a significant number of international markets, which may materially adversely affect our business, financial condition and results of operations.

Additional challenges associated with the conduct of our business overseas that may materially adversely affect our operating results include:

- the large size of our network and diverse range of institutions present numerous challenges, including difficulty in staffing and managing foreign operations as a result of distance, language, legal and other differences;
- each of our institutions is subject to unique business risks and challenges including competitive pressures and diverse pricing environments at the local level;
- difficulty maintaining quality standards consistent with our brands and with local accreditation requirements;
- potential economic and political instability in the countries in which we operate, including student unrest;
- fluctuations in exchange rates, possible currency devaluations, inflation and hyperinflation;
- difficulty selecting and monitoring partners outside of the United States;
- compliance with a wide variety of domestic and foreign laws and regulations;
- expropriation of assets by governments;

political elections and changes in government policies;

difficulty protecting our intellectual property rights overseas due to, among other reasons, the uncertainty of laws and enforcement in certain countries relating to the protection of intellectual property rights;

- lower levels of availability or use of the Internet, through which our online programs are delivered;
- limitations on the repatriation and investment of funds, foreign currency exchange restrictions and inability to transfer cash back to the United States without taxation;
- limitations on our ability to realize economic benefits from certain institutions that are organized as not-for-profit or non-stock entities and that we account for as variable interest entities; and
- acts of terrorism, public health risks, crime and natural disasters, particularly in areas in which we have significant operations.

Our success in growing our business will depend, in part, on the ability to anticipate and effectively manage these and other risks related to operating in various countries. Any failure by us to effectively manage the challenges associated with the international expansion of our operations could materially adversely affect our business, financial condition and results of operations.

If we do not effectively manage our growth and business, our results of operations may be materially adversely affected.

We have expanded our business over the past eight years through the expansion of existing institutions and the acquisition of higher education institutions, and we intend to continue to do so in the future. We also have established and intend to establish new institutions in certain markets. Planned growth will require us to add management personnel and upgrade our financial and management systems and controls and information technology infrastructure. There is no assurance that we will be able to maintain or accelerate the current growth rate, effectively manage expanding operations, build expansion capacity, integrate new institutions or achieve planned growth on a timely or profitable basis. If our revenue growth is less than projected, the costs incurred for these additions and upgrades could have a material adverse effect on our business, financial condition and results of operations.

If we cannot maintain student enrollments in our institutions and maintain tuition levels, our results of operations may be materially adversely affected.

Our strategy for growth and profitability depends, in part, upon maintaining and, subsequently, increasing student enrollments in our institutions and maintaining tuition levels. Attrition rates are often due to factors outside our control. Students sometimes 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. In some markets in which we operate, transfers between universities are not common and, as a result, we are less likely to fill spaces of students who drop out. In addition, our ability to attract and retain students may require us to discount tuition from published levels, and may prevent us from increasing tuition levels at a rate consistent with inflation and increases in our costs. If we are unable to control the rate of student attrition, our overall enrollment levels are likely to decline or if we are unable to charge tuition rates that are both competitive and cover our rising expenses, our business, financial condition, cash flows and results of operations may be materially adversely affected.

We have incurred net losses in each of the last three fiscal years and the most recent nine month fiscal period.

We incurred net losses of $162.5 million, $85.1 million, $209.7 million and $299.7 million in 2014, 2013, 2012 and the nine months ended September 30, 2015, respectively, and had an accumulated deficit of $1,392.9 million as of September 30, 2015. Our operating expenses may increase in the foreseeable future as we continue to expand our operations and the *Laureate International Universities* network. These efforts may prove more expensive than we currently anticipate, and we may not succeed

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in increasing our revenues sufficiently to offset any higher expenses. Any failure to increase our revenues could prevent us from attaining profitability. We cannot be certain that we will be able to attain profitability on a quarterly or annual basis. If we are unable to manage these risks and difficulties effectively as we encounter them, our business, financial condition and results of operations may be materially adversely affected.

We may not be able to identify, acquire or establish control of, and integrate additional higher education institutions, or effectively integrate previously acquired institutions, which could materially adversely affect our growth.

We have previously relied on, and we expect to continue to rely on, acquisitions as an element of our growth. During the nine months ended September 30, 2015, we made two acquisitions totaling $11.0 million. In 2014, we made three acquisitions totaling $469.2 million, in 2013, we made four acquisitions totaling $321.7 million, in 2012, we made two acquisitions totaling $8.6 million, in 2011, we made six acquisitions totaling $58.9 million and in 2010 we made four acquisitions totaling $153.0 million, including debt assumed. However, there is no assurance that we will be able to continue to identify suitable acquisition candidates or that we will be able to acquire or establish control of any acquisition candidate on favorable terms, or at all. In addition, in many countries, the approval of a regulatory agency is needed to acquire or operate a higher education institution, which we may not be able to obtain. Furthermore, there is no assurance that any acquired institution can be integrated into our operations successfully 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;
- competition from other acquirors, which could lead to higher prices and lost opportunities;
- cultural issues related to acquisition of closely held institutions in countries around the world;
- failures of due diligence during the acquisition process;
- integration of acquired institutions' operations, including reporting systems and internal controls; and
- loss of key employees of the acquired business.

If we do not make acquisitions or make fewer acquisitions than we have historically, or if our acquisitions are not managed successfully, our growth and results of operations may be materially adversely affected.

We may not be able to successfully establish new higher education institutions, which could materially adversely affect our growth.

We have entered new markets primarily through acquisitions. As part of our expansion strategy, we may establish new higher education institutions in some markets where there are no suitable acquisition targets. We have only limited experience in establishing new institutions, such as the establishment of our universities in Morocco and Australia, and there is no assurance that we will be able to do this successfully or profitably. Establishing new institutions poses unique challenges and will require us to make investments in management, capital expenditures, marketing activities and other resources that are different, and in some cases may be greater, than those made to acquire and then operate an existing institution. To open a new institution, we will also be required to obtain appropriate governmental approvals, including a new license, which may take a substantial period of time to obtain. If we are unable to establish new higher education institutions successfully, our growth may be materially adversely affected.

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Our success depends substantially on the value of the local brands of each of our institutions as well as the Laureate International Universities network brand, which may be materially adversely affected by changes in current and prospective students' perception of our reputation and the use of social media.

Each of our institutions has worked hard to establish the value of its individual brand. Brand value may be severely damaged, even by isolated incidents, particularly if the incidents receive considerable negative publicity. There has been a marked increase in use of social media platforms, including weblogs (blogs), social media websites, and other forms of Internet-based communications that allow individuals access to a broad audience of interested persons. We believe students and prospective employers value readily available information about our institutions and often act on such information without further investigation or authentication, and without regard to its accuracy. In addition, many of our institutions use the Laureate name in promoting their institutions and our success is dependent in large part upon our ability to maintain and enhance the value of the Laureate and *Laureate International Universities* brands. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information concerning our company and our institutions may be posted on such platforms and devices at any time. Information posted may be materially adverse to our interests, it may be inaccurate, and it may harm our performance, prospects and business.

Our reputation may be negatively influenced by the actions of other for-profit and private institutions.

In recent years, there have been a number of regulatory investigations and civil litigation matters targeting post-secondary for-profit education institutions in the United States and private higher education institutions in other countries, such as Chile. These investigations and lawsuits have alleged, among other things, deceptive trade practices, false claims against the United States and noncompliance with state and DOE regulations, and breach of the requirement that universities in Chile be operated as not-for-profit institutions. These allegations have attracted adverse media coverage and have been the subject of federal and state legislative hearings and investigations in the United States and in other countries. Allegations against the post-secondary for-profit and private education sectors may affect general public perceptions of for-profit and private educational institutions, including institutions in the *Laureate International Universities* network and us, in a negative manner. Adverse media coverage regarding other for-profit or private educational institutions or regarding us directly could damage our reputation, reduce student demand for our programs, materially adversely affect our revenues and operating profit or result in increased regulatory scrutiny.

Growing our online academic programs could be difficult for us.

We anticipate significant future growth from online courses we offer to students, particularly in emerging markets. The expansion of our existing online programs, the creation of new online programs and the development of new fully online or hybrid programs may not be accepted by students or employers, or by government regulators or accreditation agencies. In addition, our efforts may be materially adversely affected by increased competition in the online education market or because of problems with the performance or reliability of our online program infrastructure. There is also increasing development of online programs by traditional universities, both in the public and private sectors, which may have more consumer acceptance than programs we develop, because of lower pricing or greater perception of value of their degrees in the marketplace, which may materially adversely affect our business, financial condition and results of operations.

Our success depends, in part, on the effectiveness of our marketing and advertising programs in recruiting new students.

In order to maintain and increase our revenues and margins, we must continue to develop our admissions programs and attract new students in a cost-effective manner. Over the last several years, in support of our admissions efforts in all the countries in which we operate, we have increased the amounts spent globally on marketing and advertising from $246.8 million in 2012 to $290.8 million in 2014, and we anticipate that this trend will continue. As part of our marketing and advertising, we also subscribe to lead-generating databases in certain markets, the cost of which is expected to increase. The level of marketing and advertising and types of strategies used are affected by the specific geographic markets, regulatory compliance requirements and the specific individual nature of each institution and its students. The complexity of these marketing efforts contributes to their cost. If we are unable to advertise and market our institutions and programs successfully, our ability to attract and enroll new students could be materially adversely affected and, consequently, our financial performance could suffer. We use marketing tools such as the Internet, radio, television and print media advertising to promote our institutions and programs. Our representatives also make presentations at upper secondary schools. Additionally, we rely on the general reputation of our institutions and referrals from current students, alumni and employers as a source of new enrollment. Among the factors that could prevent us from marketing and advertising our institutions and programs successfully are the failure of our marketing tools and strategies to appeal to prospective students, regulatory constraints on marketing, current student and/or employer dissatisfaction with our program offerings or results and diminished access to upper secondary campuses. In addition, in certain instances, local regulatory authorities set quotas each year for how many students we may enroll, which may further limit our ability to recruit new students or maintain our present enrollment level. In some of the countries in which we operate, enrollment growth in degree-granting, higher education institutions is slowing or is expected to slow. In order to maintain current growth rates, we will need to attract a larger percentage of students in existing markets and increase our addressable market by adding locations in new markets and rolling out new academic programs. Any failure to accomplish this may have a material adverse effect on our future growth.

Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations may materially adversely affect our business, financial condition and results of operations.

Higher education is regulated to varying degrees and in different ways in each of the countries in which we operate an institution. In general, our institutions must have licenses, approvals, authorizations, or accreditations from various governmental authorities and accrediting bodies. These licenses, approvals, authorizations, and accreditations must be renewed periodically, usually after an evaluation of the institution by the relevant governmental authorities or accrediting bodies. These periodic evaluations could result in limitations, restrictions, conditions, or withdrawal of such licenses, approvals, authorizations or accreditations, which could have a material adverse effect on our business, financial condition and results of operations. In some countries in which we operate, there is a trend toward making continued licensure or accreditation based on successful student outcomes, such as employment, which may be affected by many factors outside of our control. Once licensed, approved, authorized or accredited, some of our institutions may need approvals for new campuses or to add new degree programs.

All of these regulations and their applicable interpretations are subject to change. Moreover, regulatory agencies may scrutinize our institutions because they are owned or controlled by a U.S.-based for-profit corporation. Outside the United States, we may be particularly susceptible to such treatment because, in several of the countries in which we operate, our institutions are among the largest private institutions and have a substantial share of the higher education market. Changes in applicable regulations may cause a material adverse effect on our business, financial condition and results of operations.

Changes in laws governing student financing could affect the availability of government-sponsored financing programs for our non-U.S. students, such as the Crédito con Aval del Estado (the "CAE Program"), a government-sponsored student loan program in Chile, the Fundo de Financiamento Estudantil ("FIES"), a government-sponsored loan program in Brazil, and the Programa Universidade

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Para Todos ("PROUNI") in Brazil, all of which are offered by governments as a means of increasing student access to post-secondary education programs. If those programs are changed, or if our institutions or our students are no longer permitted to participate in those programs, it could cause a material adverse effect on our business, financial condition and results of operations. For example, in December 2014, the Brazilian government announced a number of changes to FIES beginning in 2015. These changes limit the number of new participants and the amount spent on the program, and delay payments to the post-secondary institutions that would otherwise have been due in 2015. For more information on the CAE Program, FIES and PROUNI, see " If students who avail themselves of government-sponsored student financing programs in certain countries do not graduate and subsequently default on their loans, we may be responsible for repaying a significant portion of their loans" and "Business Our Operating Segments LatAm Government-Sponsored Student Financing Programs." As another example, in October 2013, one of our institutions in Chile, Universidad de Las Américas ("UDLA Chile"), was notified by the National Accreditation Commission that its institutional accreditation would not be renewed. UDLA Chile appealed this decision but received a final determination that the appeal was denied on January 22, 2014. Institutional accreditation is required for new students to be eligible to participate in the CAE Program. For more information about possible changes in government regulation of higher education in Chile, including possible changes to student financing programs, see " Political and regulatory developments in Chile may materially adversely affect our operations" and "Industry Regulation Chilean Regulation Recent Developments."

The laws of the countries where we own or control institutions and expect to acquire ownership or control of institutions in the future must permit both private higher education institutions and foreign ownership or control of them. For political, economic or other reasons, a country could decide to change its laws to prohibit private higher education institutions or foreign ownership or control. If this change occurred, we could be forced to sell an institution at a price that could be lower than its fair market value or relinquish control of an institution. Therefore, a forced sale or relinquishment of control could materially adversely affect our business, financial condition and results of operations.

For a full description of the laws and regulations affecting our higher education institutions in the United States ("U.S. Institutions"), and the impact of those laws and regulations on the operations of our U.S. Institutions, including the ability of our U.S. Institutions to continue to access U.S. federal student aid funding sources, see " Risks Relating to Our Highly Regulated Industry in the United States" and "Industry Regulation U.S. Regulation." Our institutions located outside the United States also participate in various student financial aid programs offered by the countries in which they operate.

Political and regulatory developments in Chile may materially adversely affect our operations.

As a consequence of student protests and political disturbances, during 2011 and 2012, the former Chilean government announced several proposed reforms to the higher education system. The reforms, if they had been adopted, could have included changing the current accreditation system to make it more demanding, revising the student financing system to provide a single financing system for students in all higher education institutions (replacing the CAE Program), establishing a system of information transparency for higher education, creating an agency to promote accountability by higher education institutions, changing certain corporate governance rules for universities (such as the need for a minimum number of independent directors), and establishing procedures for the approval of transactions between higher education institutions and related parties. Other legislative reforms were promoted by members of the Chilean Congress but were not supported by the previous Chilean government, including proposals to restrict related party transactions between higher education institutions and entities that control them. In November and December 2013, Chile held national elections. The presidential election was won by former president Michelle Bachelet, who assumed office

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on March 11, 2014, and a political coalition led by Ms. Bachelet won the elections for both houses of the Chilean Congress, in each case for four years beginning on March 11, 2014. Although the election platform of the new government mentioned that stronger regulation of higher education was required, it did not contain specific commitments with respect to the abovementioned reforms, other than the creation of a special agency to oversee higher education institutions' compliance with law and regulations. In the second quarter of 2014, the new government announced the withdrawal of all of the prior administration's higher education proposals and its intent to submit new bills to the Chilean Congress during the second half of 2014. No such legislation has been introduced yet and, in September 2015, the Minister of Education announced that no legislation on higher education reform would be submitted to Congress before December 2015 at the earliest. We anticipate that any proposed legislation would, if adopted, introduce significant changes to the regulatory environment for higher education in Chile.

On July 14, 2015, the Ministry of Education published on its website a "working document" ("Documento de Trabajo") entitled "Bases for Reform to the National System of Higher Education," in which it set out a proposed framework for the higher education legislation that it is considering introducing and requested public comment on the proposals not later than August 20, 2015. The principal elements of the proposal include a new regulatory framework for higher education (including a Superintendency of Higher Education), a mandatory common admissions process for all higher education institutions, a mandatory unified accreditation system for all institutions and programs, a new public financing system with the ultimate goal of providing free tuition for all undergraduate students at qualifying higher education institutions that choose to participate, and a prohibition on related party transactions. In order for a higher education institution to be eligible for its undergraduate students to receive free tuition, among other things, the institution would have to be organized as a not-for-profit entity, not have any for-profit entities as members or sponsors of the institution, and own a specified percentage of its fixed assets (which percentage has not yet been specified). The proposals described in the Documento de Trabajo have not yet been transformed into a legislative proposal and we cannot predict whether any legislative proposal that the Ministry of Education introduces would contain any or all of these terms, or that the Chilean Congress would enact any such legislative proposal. However, if these proposals, or other reform proposals that may be made, were to be enacted, it could have a material adverse effect on our results of operations and financial condition.

The Chilean Congress also recently approved legislation that provides for the appointment of a provisional administrator or closing administrator to handle the affairs of failing universities or universities found to have breached their bylaws. If the Ministry of Education were to determine that one of the universities in Chile that is part of the *Laureate International Universities* network had violated its bylaws, it could appoint a provisional administrator for that university causing us to lose our rights to control that institution, which could have a material adverse effect on our results of operations and financial condition.

In June 2012, an investigative committee of the Chilean Chamber of Deputies issued a preliminary report on the Chilean higher education system alleging that certain universities, including the three universities that Laureate controls in Chile, have not complied with the requirements of Chilean law that universities be not-for-profit. Among the irregularities cited in the report are high salaries to board members or top executives, outsourcing of services to related parties, and that universities are being bought and sold by foreign and economic groups. The investigative committee referred its report to the Ministry of Education and to the Public Prosecutor of Chile to determine whether there has been any violation of the law. The Public Prosecutor has appointed a regional prosecutor to investigate whether any criminal charges should be brought for alleged violations of the laws on higher education. On July 19, 2012, the Chilean Chamber of Deputies rejected the report of the investigative committee. In December 2012, in light of the criminal prosecution of the former president of the National Accreditation Commission for alleged bribery, the Chilean Chamber of Deputies mandated its

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Education Commission to be an investigative committee regarding the functioning of the National Accreditation Commission, especially with respect to compliance with the National Accreditation Commission's duty to oversee higher education entities. The Education Commission delivered a report, which was approved by the Chamber of Deputies on October 1, 2013, containing several recommendations to improve regulation of the higher education accreditation system. Additionally, the Chilean Chamber of Deputies approved the creation of a special investigative committee to resume the investigation of higher education performed by the investigative committee that issued the June 2012 report that was previously rejected by the Chamber of Deputies. On January 15, 2014, that investigative committee approved a new report recommending, among other things, improvements to the Chilean higher education system regulations, amendments to the higher education financing system, particularly the CAE Program, imposition of criminal penalties for violation of the requirement that universities be not-for-profit, and support of legislation that would prohibit related party transactions, prohibit the transfer of control of universities, and require universities to have independent board members. The report was approved by the full Chamber of Deputies on April 1, 2014. If the Chilean Congress were to approve legislation implementing the recommendations in this report, it could have a material adverse effect on our results of operations and financial condition.

On February 18, 2014, the Ministry of Education disclosed that on November 15, 2013 and February 11, 2014, it had initiated internal investigations into UDLA Chile and Universidad Andrés Bello ("UNAB"), respectively. The investigations were initiated upon referrals from the National Education Council and the National Accreditation Commission, which had conveyed to the Ministry of Education their concerns regarding certain agreements entered into by UDLA Chile and UNAB with their controlling entities, including concerns about the amount and real use made by the universities of the services provided under those agreements. The investigations are an initial step by the Ministry of Education to determine whether the Ministry should begin formal sanction proceedings against the universities. The Ministry of Education also disclosed that it has delivered relevant documentation on the matter to the Public Prosecutor. In May 2014, Servicio de Impuestos Internos Chile ("SII"), the Chilean tax authority, instituted an audit of Universidad Viña del Mar, UNAB and UDLA Chile questioning whether they had regularly paid their taxes as non-profit entities for the period from 2011 to 2014, specifically in relation to their financial dealings with Laureate for-profit entities. Any non-compliance with the non-profit laws would subject them to the payment of additional taxes and penalties. As of August 2015, SII had notified all three institutions that its audit detected "no differences" in the taxes paid and the taxes owed, and provided a written closure letter to each of the institutions.

While we believe that all of our institutions in Chile are operating in full compliance with Chilean law, we cannot predict the extent or outcome of any educational reforms that may be implemented in Chile, whether the Ministry of Education or the Public Prosecutor will take any action in response to the reports of the Chamber of Deputies investigative committees, or what outcome may result from any investigations undertaken by the Ministry of Education, the Public Prosecutor or the SII in response to the referrals from the National Education Council and National Accreditation Commission. Depending upon how these reforms are defined and implemented, or upon the outcome of any investigation by the Chilean authorities in response to the report, there could be a material adverse effect on our business. Any disruption to our operations in Chile would have a material adverse effect on our financial condition and results of operations. Similar reforms in other countries in which we operate could also have a material adverse effect on our financial condition and results of operations.

Our right to receive economic benefits from certain of the institutions that are organized as not-for-profit or non-stock entities, and that we account for as variable interest entities, may be limited.

We have obtained board and operating control and controlling financial interests in entities outside the United States that are educational institutions similar to U.S. not-for-profit, non-stock universities.

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Under applicable law, these institutions do not have recognized "owners" or shareholders, and generally cannot declare dividends or distribute their net assets to us. For accounting purposes, we have determined that these institutions are Variable Interest Entities ("VIEs") under GAAP and that we are the primary beneficiary of these VIEs. Maintenance of our interest in the VIE institutions, and our ability to receive economic benefits from these entities, is based on a combination of (1) service agreements that other Laureate entities have with the VIE institutions, allowing the institutions to access the benefits of the *Laureate International Universities* network and allowing us to recognize economies of scale throughout the network, (2) our ability to provide these entities with opportunities to invest for market returns in education-related real estate entities globally and (3) our ability to transfer our rights to govern the VIE institutions, or the entities that possess those rights, to other parties, which would yield a return if and when these rights are transferred. In limited circumstances, we may have rights to the residual assets in liquidation. Under the mutually agreed service agreements, we are paid at market rates for providing services to institutions such as access to content, support with curriculum design, professional development, student exchange, access to dual degree programs, affiliation and access to the *Laureate International Universities* network, and management, legal, tax, finance, accounting, treasury, use of real estate and other services. While we believe these arrangements conform to applicable law, the VIE institutions are subject to regulation by various agencies based on the requirements of local jurisdictions. These agencies, as well as local legislative bodies, review and update laws and regulations as they deem necessary or appropriate. We cannot predict the form of any laws that may be enacted, or regulations that ultimately may be adopted in the future, or what effects they might have on our results of operations, financial condition and cash flows. If local laws or regulations were to change, the VIE institutions were found to be in violation of existing local laws or regulations, or regulators were to question the financial sustainability of the VIE institutions and/or whether the contractual arrangements were at fair value, local government agencies could, among other actions:

- revoke the business licenses and/or accreditations of the VIE institutions;
- void or restrict related party transactions, such as the contractual arrangements between us and the VIE institutions;
- impose fines that significantly impact business performance or other requirements with which the VIE institutions may not be able to comply;
- require us to change the governance structures of the VIE institutions, such that we would no longer maintain control of the VIE institutions; or
- disallow a transfer of our rights to govern the VIE institutions, or the entities that possess those rights, to a third party for consideration.

If we are unable to receive economic benefits from these institutions, it would have a material adverse effect on our results of operations and financial condition. In addition, if we are unable or limited in our ability to receive economic benefits from these institutions, we may be unable to consolidate the VIE institutions into our consolidated financial statements or we may be limited in our ability to recognize all of the institutions' earnings in our consolidated statements of operations.

Our ability to control our institutions may be materially adversely affected by changes in laws affecting higher education in certain countries in which we operate.

Our institutions are governed by the higher education laws of the various countries in which we operate, which may be amended or interpreted in ways that affect our ability to maintain control over the institutions through our ability to appoint the members of the institutions' governing bodies. If we are unable to maintain our rights of control of appointments to those governing bodies, our ability to realize economic benefits from these institutions may be severely limited, including not being able to transfer control of the institutions in a way that would yield us a return on our investment or not being able to implement or maintain service agreements with those institutions.

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It is possible that the governance and control structures that we implement at a specific institution to comply with local laws and regulations would not allow us to meet the standards for consolidation of that institution's financial statements into our own consolidated financial statements. If we determine that we do not control an institution or otherwise meet the standards for consolidation, deconsolidation of that institution would be required. In that event, or if our controlling financial interest in that institution is impaired, it could have a material adverse effect on our business, financial condition and results of operations.

For example, in the second half of 2010, Ecuador adopted a new higher education law that, upon its implementation, required us to modify the governance structure of our institution in that country. While the constitutionality of certain provisions of the higher education law is currently being challenged in Ecuador's court system, the law has been implemented. In the fourth quarter of 2012, the Consejo de Educación Superior (the "CES"), the relevant regulatory body, commenced reviewing and issuing comments on bylaws submitted by other Ecuadorian higher education institutions, implementing and enforcing the co-governance provisions of the new law. In accordance with ASC 810-10-15-10, we believed that control no longer resided with Laureate given the governmentally imposed uncertainties. As a result, UDLA Ecuador was deconsolidated in the fourth quarter of 2012 and a loss of $43.7 million was recorded in loss from regulatory changes in the consolidated statement of operations. This loss represented our initial investment on the leveraged buyout date in the Ecuadorian institution of $17.9 million, as well as $25.8 million of accumulated earnings from the leveraged buyout date to the date of deconsolidation. The CES approved UDLA Ecuador's new bylaws complying with the 2010 law in September 2014 and we no longer control UDLA Ecuador, although we maintain contractual arrangements with the institution.

Our business may be materially adversely affected by a general economic slowdown or recession.

Many countries around the world have recently experienced reduced economic activity, increased unemployment, substantial uncertainty about their financial services markets and, in some cases, economic recession. These events may reduce the demand for our programs among students, which could materially adversely affect our business, financial condition, results of operations and cash flows. These adverse economic developments also may result in a reduction in the number of jobs available to our graduates and lower salaries being offered in connection with available employment which, in turn, may result in declines in our placement and retention rates. For example, in the United States, our professional-oriented graduate programs, such as master's degrees in teaching, are directly affected by the employment and promotion prospects for persons with advanced degrees. Efforts by states in recent years to reduce education funding by laying off younger teachers and curtailing pay increases for remaining teachers may have a material adverse effect on our ability to attract and retain students in our graduate education programs. In addition, in 2014 we generated approximately 84% of our revenues outside the United States, including approximately 57% of our revenues from our LatAm segment. As a result, any general economic slowdown or recession that disproportionately impacts the countries in which our institutions operate could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The higher education market is very competitive, and we may not be able to compete effectively.

Higher education markets around the world are highly fragmented and are very competitive and dynamic. Our institutions compete with traditional public and private colleges and universities and other proprietary institutions, including those that offer online professional-oriented programs. In each of the countries where we operate a private institution, our primary competitors are public and other private universities, some of which are larger, more widely known and have more established reputations than our institutions. Some of our competitors in both the public and private sectors may have greater financial and other resources than we have and have operated in their markets for many years. We also face potential competition from alternative education providers that prioritize open access education to students. A number of these providers have been formed recently to provide online curriculum from leading academics at little or no cost to the student. If this new modality is successful, it could disrupt the economics of the current education model (both for-profit and not-for-profit institutions). Other competitors may include large, well-capitalized companies that may pursue a strategy similar to ours of acquiring or establishing for-profit institutions. Public institutions receive substantial government subsidies, and public and private not-for-profit institutions have access to government and foundation grants, tax-deductible contributions and other financial resources generally not available to for-profit institutions. Accordingly, public and private not-for-profit institutions may have instructional and support resources superior to those in the for-profit sector, and public institutions can offer substantially lower tuition prices or other advantages that we cannot match.

Any of these large, well-capitalized competitors may make it more difficult for us to acquire institutions as part of our growth strategy. They may also be able to charge lower tuitions or attract more students, which would adversely affect our growth and the profitability of our competing institutions. There is also an increased ability of traditional universities to offer online programs and we expect competition to increase as the online market matures. This may create greater pricing or operating pressure on us, which could have a material adverse effect on our institutions' enrollments, revenues and profit margins. We may not be able to compete successfully against current or future competitors and may face competitive pressures that could have a material adverse effect on our business, financial condition and results of operations.

If our graduates are unable to obtain professional licenses or certifications required for employment in their chosen fields of study, our reputation may suffer and we may face declining enrollments and revenues or be subject to student litigation.

Certain of our students require or desire professional licenses or certifications after graduation to obtain employment in their chosen fields. Their success in obtaining such licensure depends on several factors, including the individual merits of the student, whether the institution and the program were approved by the relevant government or by a professional association, whether the program from which the student graduated meets all governmental requirements and whether the institution is accredited. If one or more governmental authorities refuses to recognize our graduates for professional licensure in the future based on factors relating to us or our programs, the potential growth of our programs would be negatively affected, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we could be exposed to litigation that would force us to incur legal and other expenses that could have a material adverse effect on our business, financial condition and results of operations. For example, in 2013 and 2015, several groups of current and former students filed three separate lawsuits against University of St. Augustine for Health Sciences ("St. Augustine") relating to matters arising before we acquired that institution in November 2013. The allegations relate to a program that was launched in May 2011 and, at the time, offered a "Master of Orthopaedic Physician's Assistant Program" degree. The plaintiffs in these matters allege that the university misrepresented their ability to practice as licensed Physician Assistants with a heightened specialty in orthopaedics. See "Business Legal Proceedings" for more information. See also " Risks Relating to Our Highly Regulated Industry in the United States The inability of our graduates to obtain licensure or other specialized outcomes in their chosen professional fields of study could reduce our enrollments and revenues, and potentially lead to litigation that could be costly to us."

Our business may be materially adversely affected if we are not able to maintain or improve the content of our existing academic programs or to develop new programs on a timely basis and in a cost-effective manner.

We continually seek to maintain and improve the content of our existing academic programs and develop new programs in order to meet changing market needs. Revisions to our existing academic programs and the development of new programs may not be accepted by existing or prospective students or employers in all instances. If we cannot respond effectively to market changes, our business may be materially adversely affected. Even if we are able to develop acceptable new programs, we may not be able to introduce these new programs as quickly as students or employers require or as quickly as our competitors are able to introduce competing programs. Our efforts to introduce a new academic program may be conditioned or delayed by requirements to obtain foreign, federal, state and accrediting agency approvals. The development of new programs and courses, both conventional and online, is subject to requirements and limitations imposed by the governmental regulatory bodies of the various countries in which our institutions are located, including the DOE, state licensing agencies and the relevant accrediting bodies. The imposition of restrictions on the initiation of new educational programs by regulatory agencies may delay such expansion plans. If we do not respond adequately to changes in market requirements, our ability to attract and retain students could be impaired and our financial results could suffer.

Establishing new academic programs or modifying existing academic programs also may require us to make investments in specialized personnel and capital expenditures, increase marketing efforts and reallocate resources away from other uses. We may have limited experience with the subject matter of new programs and may need to modify our systems and strategy. If we are unable to increase the number of students, offer new programs in a cost-effective manner or otherwise manage effectively the operations of newly established academic programs, our business, financial condition and results of operations could be materially adversely affected.

Failure to keep pace with changing market needs and technology could harm our ability to attract students.

The success of our institutions depends to a significant extent on the willingness of prospective employers to hire our students upon graduation. Increasingly, employers demand that their employees possess appropriate technological skills and also appropriate "soft" skills, such as communication, critical thinking and teamwork skills. These skills can evolve rapidly in a changing economic and technological environment. Accordingly, it is important that our educational programs evolve in response to those economic and technological changes. The expansion of existing academic programs and the development of new programs may not be accepted by current or prospective students or by the employers of our graduates. Students and faculty increasingly rely on personal communication devices and expect that we will be able to adapt our information technology platforms and our educational delivery methods to support these devices and any new technologies that may develop. Even if our institutions are able to develop acceptable new programs and adapt to new technologies, our institutions may not be able to begin offering those new programs and technologies as quickly as required by prospective students and employers or as quickly as our competitors begin offering similar programs. If we are unable to adequately respond to changes in market requirements due to regulatory or financial constraints, unusually rapid technological changes or other factors, our ability to attract and retain students could be impaired, the rates at which our graduates obtain jobs involving their fields of study could suffer and our results of operations and cash flows could be materially adversely affected.

If students who avail themselves of government-sponsored student financing programs in certain countries do not graduate and subsequently default on their loans, we may be responsible for repaying a significant portion of their loans.

Our accredited Chilean institutions participate in a Chilean government-sponsored student financing program known as the CAE Program. The program was implemented by the Chilean government in 2006 to promote higher education in Chile for lower socio-economic level students with good academic standing. The CAE Program involves tuition financing and guarantees that are shared by our institutions and the government. As part of the program, our institutions provide guarantees resulting in contingent liabilities to third-party financing institutions, beginning at 90% of the tuition loans made directly to qualified students enrolled through the CAE Program and declining to 60%. The guarantees by our institutions are for the period in which the student is enrolled, and the guarantees are assumed entirely by the government upon the student's graduation. Additionally, when a student leaves one of our institutions and enrolls in another CAE-qualified institution, our institution will remain the guarantor of the tuition loans that have been granted to the student up to such date, and until the student's graduation from the new CAE-qualified institution. Assuming that all students at our institutions who are in the CAE Program, and all students who left our institutions and were part of the CAE Program, do not graduate, and that all of those students default on the full amount of the CAE-qualified loan balances, the maximum potential amount of payments our institutions could be required to make under the CAE Program was approximately $420 million at September 30, 2015. As of September 30, 2015, we had recorded $21.0 million as estimated guarantee liabilities for these obligations. If a significant portion of our students who participate in the CAE Program were to default, the financial condition and results of operations of each participating institution would be materially adversely affected.

Similarly, students at substantially all of our Brazilian institutions are participating in a Brazilian government program known as FIES. FIES is a federal program established to provide financing to students enrolled in private institutions of higher education that meet certain academic standards and whose household incomes per capita relative to the cost of tuition are below a certain level. Under FIES, the government loans a portion of the tuition to eligible students, some of whom are required to name a guarantor to underwrite their loan. The government then pays the corresponding loan amount to the higher education institution in special bonds that the institution may use to pay its national social security tax and certain other federal taxes or, if the institution has a tax clearance certificate, that the institution can sell for cash in a public auction conducted by a government-sponsored bank. Under FIES, if a student defaults on his or her repayment of a FIES loan, and the guarantor does not fulfill its guarantee, the higher education institution is responsible for repaying up to 15% of the related delinquency (30% if an institution has one or more open tax disputes that are not being defended in compliance with the applicable security/bond requirements). If participation by our Brazilian students in FIES increases, and a significant portion of our participating students in the program were to default and their respective guarantors were to fail to fulfill the terms of their guarantee, or if the defaulting student was not required to provide a guarantor, our financial condition and results of operations could be materially adversely affected. In addition, if any institution were involved in a tax dispute with the Brazilian government, and such institution were not defending the suit in compliance with the applicable security/bond requirements, the amount of the guarantee would increase to 30%, which could materially adversely affect our business, financial condition and results of operations.

Regulatory changes that affect the timing of government-sponsored student aid payments or receipt of government-sponsored financial aid could materially adversely affect our liquidity.

New regulations may change the timing for the collection of government-sponsored student aid payments from our students. For example, in December 2014, regulators in Brazil announced several significant rule changes to FIES beginning in 2015. These changes raise the eligibility requirements, reduce the annual budget for the program and delay payments to the post-secondary institutions that would otherwise have been due in 2015. Such a delay in tuition payments from government-sponsored programs may negatively affect our liquidity and we may require additional working capital or third-party funding to finance our operations. See "Business Our Operating Segments LatAm Government Sponsored Student Financing Programs." See also " Risks Relating to our Highly Regulated Industry in the United States The DOE may change our U.S. Institutions' method of receiving Title IV program funds, which could materially affect our liquidity."

We may face increased costs and operational difficulties if any of our international institutions are not permitted to pay commissions, bonuses or other incentive payments to persons responsible for certain recruiting or admission activities.

Some of our international institutions, such as our hospitality management institutions in Switzerland, which are accredited by one of the U.S. regional accreditation agencies, pay commissions, bonuses or other incentive payments to employees and contractors who recruit non-Title IV program eligible students in other non-U.S. countries. As these students are not eligible for U.S. government funding under Title IV programs, this has historically not been restricted under the Higher Education Act of 1965, as amended (the "HEA"), and the regulations of the DOE. However, it is possible that, in the future, certain regulatory agencies may restrict all institutions from paying incentive compensation to student recruiters for those non-U.S. students who are not eligible to participate in Title IV programs. If that were to happen, we would need to restructure our international recruiting programs for these institutions, which could result in increased costs and decreased international student enrollments, which could materially adversely affect our results of operations.

We may have exposure to greater-than-anticipated tax liabilities.

As a multinational corporation, we are subject to income taxes as well as non-income based taxes in the United States and various foreign jurisdictions.

Our future income taxes could be materially adversely affected by earnings being lower than anticipated in jurisdictions where we have lower statutory tax rates and higher than anticipated in jurisdictions where we have higher statutory tax rates. In addition, changes in the valuation of our deferred tax assets and liabilities, or changes in tax laws, regulations and accounting principles, could have a material adverse effect on our future income taxes. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. We have not recorded any deferred tax liabilities for undistributed foreign earnings either because of legal restrictions on distributions or because our historical strategy was to reinvest these earnings outside the United States. As circumstances change and if some or all of these undistributed foreign earnings are remitted to the United States, we will be required to recognize deferred tax liabilities on those amounts.

We earn a significant amount of our income from subsidiaries located in countries outside the United States, and any repatriation of funds currently held in foreign jurisdictions may result in higher effective tax rates for our company. In addition, there have been proposals to change U.S. tax laws that would significantly impact how U.S. multinational corporations are taxed on foreign earnings. Although we cannot predict whether or in what form this proposed legislation may pass, if enacted it could have a material adverse effect on our tax expense and cash flows.

Additionally, in certain countries in which we operate, higher education institutions are either exempt from paying certain taxes, including income taxes, or pay taxes at significantly reduced rates. This includes certain of our higher education institutions that are organized as VIEs, similar to not-for-profit institutions in the United States. If we were to lose this favorable tax treatment, either because a VIE institution is converted into a for-profit shareholder-owned entity, or because of a change in local tax laws, our tax liabilities could increase materially.

We are subject to regular review and audit by both domestic and foreign tax authorities. Any adverse outcome of such a review or audit could have a negative effect on our operating results and financial condition. We are also subject to non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. We are under regular audit by tax authorities with respect to these non-income based taxes and may have exposure to additional non-income based tax liabilities. Our acquisition activities have increased the volume and complexity of laws and regulations that we are subject to and with which we must comply.

During 2010, we were notified by the Spanish Taxing Authorities ("STA") (in this case, by the Regional Inspection Office of the Special Madrid Tax Unit) that an audit of some of our Spanish subsidiaries was being initiated for 2006 and 2007. On June 29, 2012, the STA issued a final assessment to Iniciativas Culturales de Espana, S.L. ("ICE"), our Spanish holding company, for approximately EUR 12 million ($13.4 million at September 30, 2015), including interest, for those two years based on

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its rejection of the tax deductibility of financial expenses related to certain intercompany acquisitions and the application of the Spanish ETVE regime. On July 25, 2012, we filed a claim with the Regional Economic-Administrative Court challenging this assessment and, in the same month, we issued a cash-collateralized letter of credit for the assessment amount, in order to suspend the payment of the tax due. Further, in July 2013, we were notified by the STA (in this case, by the Central Inspection Office for Large Taxpayers) that an audit of ICE was also being initiated for 2008 through 2010. On October 19, 2015, the STA issued a final assessment to ICE for approximately EUR 17.2 million ($19.2 million at September 30, 2015), including interest, for those three years. We plan to appeal this assessment. In order to suspend the payment of the tax assessment until the court decision, we will issue a cash-collateralized letter of credit for the assessment amount plus interest and any possible surcharges. We believe the assessments in this case are without merit and intend to defend vigorously against them.

During the quarter ended June 30, 2015, we reassessed our position regarding the ICE tax audit matters as a result of recent adverse decisions from the Spanish Supreme Court and Spanish National Court on cases for taxpayers with similar facts, and determined that we could no longer support a more-likely-than-not position. As a result, during the second quarter of 2015, we recorded a provision totaling EUR 37.6 million ($42.1 million) for the period from January 1, 2006 through September 30, 2015. We plan to continue the appeals process for the periods already audited and assessed.

Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially adversely affect our financial results in the period or periods for which such determination is made.

Market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect our business and financial position.

As a result of the credit crisis in Europe, in particular in Cyprus, Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulties that seek such support. Throughout 2011, the EFSF and EFSM undertook a series of interventions to provide direct financing or other credit support to European governments. In 2012, certain Eurozone states announced austerity programs and other cost-cutting initiatives, and the EFSF was permitted to further expand its powers to provide direct loans to certain Eurozone financial institutions. Despite these measures, there can be no assurance that the recent market disruptions in Europe related to sovereign debt, including the increased cost of funding for certain governments and financial institutions, will not continue, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere.

Uncertainty persists regarding the debt burden of certain Eurozone countries, including those in which we have higher education institutions, and the solvency of certain European financial institutions and their respective ability to meet future financial obligations. In 2015, Greece entered into extended negotiations with its international creditor institutions as to its request for additional assistance or relief in meeting its financial obligations. Uncertainty regarding this financial assistance and Greece's ability to meet its financial obligations led to the imposition of capital controls within Greece and the closing of the country's banks and stock exchanges for an extended period of time, all of which has caused a significant negative impact on the Greek economy. While we do not have any institutions in Greece, our institution in Cyprus (European University Cyprus) draws a significant proportion of its students from Greece, and may be adversely affected by the current and any future economic turmoil in Greece.

In general, the protracted adverse market conditions in Europe have created doubts as to the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could materially adversely affect our business, financial condition and results of operations.

Our reported revenues and earnings may be negatively affected by the strengthening of the U.S. dollar and currency exchange rates.

We report revenues, costs and earnings in U.S. dollars, while our institutions generally collect tuition in the local currency. Exchange rates between the U.S. dollar and the local currency in the countries where we operate institutions are likely to fluctuate from period to period. In 2014, approximately 84% of our revenues originated outside the United States. We translate revenues and other results denominated in foreign currencies into U.S. dollars for our consolidated financial statements. This translation is based on average exchange rates during a reporting period. The U.S. dollar has been strengthening against many international currencies, including the Brazilian real, euro and Mexican peso. For example, the Brazilian dollar-to-real spot exchange rate increased from 1:2.3621 on December 31, 2013 to 1:2.6576 on December 31, 2014 and 1:3.9475 on September 30, 2015. As the exchange rate of the U.S. dollar strengthens, our reported international revenues and earnings are reduced because foreign currencies translate into fewer U.S. dollars. For the year ended December 31, 2014, a hypothetical 10% adverse change in average annual foreign currency exchange rates, excluding the impacts of our derivatives, would have decreased our operating income and our Adjusted EBITDA by $16.7 million and $78.4 million, respectively. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Factors Affecting Comparability Foreign Exchange."

To the extent that foreign revenues 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, we are also subject to the risk of transaction losses. We occasionally enter into foreign exchange forward contracts or other hedging arrangements to reduce the earnings impact of non-functional currency denominated non-trade receivables and debt and to protect the U.S. dollar value of our assets and future cash flows with respect to exchange rate fluctuations. Given the volatility of exchange rates, there is no assurance that we will be able to effectively manage currency transaction and/or translation risks. Therefore, volatility in currency exchange rates may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Currency exchange rates and our reported revenues and earnings may also be negatively affected by inflation or hyperinflation. If a country in which we operate is designated as a highly inflationary economy in the future under GAAP, the U.S. dollar would become the functional currency for our operations in that country. As a result, all gains and losses resulting from the remeasurement of the financial results of operations in such country and other transactional foreign exchange gains and losses would be reflected in our earnings, which could result in volatility within our earnings, rather than as a component of our comprehensive income within stockholders' equity. Hyperinflation in any of the countries in which we operate may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We experience seasonal fluctuations in our results of operations.

Most of the institutions in our network have a summer break, during which classes are generally not in session and minimal revenues are recognized. In addition to the timing of summer breaks, holidays such as Easter also have an impact on our academic calendar. Operating expenses, however, do not fully correlate to the enrollment and revenue cycles, as the institutions continue to incur

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expenses during summer breaks. Given the geographic diversity of our institutions and differences in timing of summer breaks, our second and fourth quarters are stronger revenue quarters as the majority of our institutions are in session for most of these respective quarters. Our first and third fiscal quarters are weaker revenue quarters because the majority of our institutions have summer breaks for some portion of one of these two quarters. Because a significant portion of our expenses do not vary proportionately with the fluctuations in our revenues, our results in a particular fiscal quarter may not indicate accurately the results we will achieve in a subsequent quarter or for the full fiscal year.

Connectivity constraints or system disruptions to our computer networks could have a material adverse effect on our ability to attract and retain students.

We run the online operations of our institutions on different platforms, which are in various stages of development. The performance and reliability of these online operations are critical to the reputation of our institutions and our ability to attract and retain students. Any computer system error or failure, or a sudden and significant increase in traffic on our institutions' computer networks may result in the unavailability of these computer networks. In addition, any significant failure of our computer networks could disrupt our on-campus operations. Individual, sustained or repeated occurrences could significantly damage the reputation of our institutions' operations and result in a loss of potential or existing students. Additionally, the computer systems and operations of our institutions are vulnerable to interruption or malfunction due to events beyond our control, including natural disasters and other catastrophic events and network and telecommunications failures. The disaster recovery plans and backup systems that we have in place may not be effective in addressing a natural disaster or catastrophic event that results in the destruction or disruption of any of our critical business or information technology and infrastructure systems. As a result of any of these events, we may not be able to conduct normal business operations and may be required to incur significant expenses in order to resume normal business operations. As a result, our revenues and results of operations may be materially adversely affected.

We rely on computer systems for financial reporting and other operations and any disruptions in our systems would materially adversely affect us.

We rely on computer systems to support our financial reporting capabilities, including our SSOs, and other operations. As with any computer systems, unforeseen issues may arise that could affect our ability to receive adequate, accurate and timely financial information, which in turn could inhibit effective and timely decisions. Furthermore, it is possible that our information systems could experience a complete or partial shutdown. If such a shutdown occurred, it could materially adversely affect our ability to report our financial results in a timely manner or to otherwise operate our business.

The personal information that we collect may be vulnerable to breach, theft or loss that could materially adversely affect our reputation and operations.

Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. Our institutions collect, use and retain large amounts of personal information regarding our students and their families, including social security numbers, tax return information, personal and family financial data and credit card numbers. We also collect and maintain personal information of our employees in the ordinary course of our business. Our computer networks and the networks of certain of our vendors that hold and manage confidential information on our behalf may be vulnerable to unauthorized access, computer hackers, computer viruses, cyber attacks and other security threats. Confidential information also may become available to third parties inadvertently when we integrate or convert computer networks into our network following an acquisition of an institution or in connection with upgrades from time to time.

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Due to the sensitive nature of the information contained on our networks, such as students' grades, our networks may be targeted by hackers. A user who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in our operations. Although we use security and business controls to limit access and use of personal information, a third party may be able to circumvent those security and business controls, which could result in a breach of student or employee privacy. In addition, errors in the storage, use or transmission of personal information could result in a breach of student or employee privacy. Possession and use of personal information in our operations also subjects us to legislative and regulatory burdens that could require notification of data breaches and restrict our use of personal information. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches. A major breach, theft or loss of personal information regarding our students and their families or our employees that is held by us or our vendors could have a material adverse effect on our reputation and results of operations and could result in further regulation and oversight by governmental authorities and could violate the laws of one or more countries in which we operate, which could subject us to civil or criminal penalties and increased costs of compliance.

We may be unable to operate one or more of our institutions or suffer liability or loss due to a natural or other disaster.

Our institutions are vulnerable to natural or other disasters, including fires, earthquakes, hurricanes and other events beyond our control. A number of our institutions are located in areas such as Mexico and Central America that are prone to hurricane damage, which may be substantial. A number of our institutions are also located in areas, such as Chile, Mexico, Peru and Turkey, that are prone to earthquake damage. For example, in 2010, a magnitude 8.8 earthquake struck Chile and a magnitude 7.2 earthquake struck Mexico. Many of our locations in Chile and several locations in Mexico sustained damage in these earthquakes. Also in 2010, we experienced a fire in a dormitory at one of our institutions in Switzerland. It is possible that one or more of our institutions would be unable to operate for an extended period of time in the event of a hurricane, earthquake or other disaster which does substantial damage to the area in which an institution is located. The failure of one or more of our institutions to operate for a substantial period of time could have a material adverse effect on our results of operations. In the event of a major natural or other disaster, we could also experience loss of life of students, faculty members and administrative staff, or liability for damages or injuries.

If there is an outbreak of disease in one or more of our locations, our ability to recruit new students or hold classes may be interrupted.

In recent years, there have been numerous outbreaks of infectious diseases, such as SARS and the H1N1 virus, that have spread quickly through populations in countries in which we operate, and have had serious impact on businesses that operate in those countries. Concentrated populations, such as students in upper secondary schools and universities, may be particularly susceptible to these diseases, requiring local governments to take various measures, including suspension of business and quarantines, to control their spread. If there is an outbreak of disease in a country in which we operate, our recruiters may be prevented from visiting local upper secondary schools during the student recruitment season, which could have a material adverse effect on our new student enrollments during the following academic term. In addition, an outbreak during the academic year could result in a shutdown of one or more campuses, or a quarantine that could prevent students and faculty from entering a campus or, in the case of a residential campus, a quarantine of students on campus without faculty access, resulting in a material adverse effect on our results of operations.

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We intend to increase the number of international students at many of our institutions, which presents multiple risks.

A significant portion of students at several of our specialized institutions, such as some of our hospitality and design institutions in Switzerland, Australia and Italy, come from other countries. We intend to increase international student representation at these and our other institutions, including increased dual degree programs between universities and increased study abroad programs. The ability of foreign students to register at our institutions is subject to various obstacles over which we have no control, including their ability to obtain student visas, the financial stability of the countries from which they come, their families' ability to afford our programs, and quarantines and other travel restrictions in the event of the outbreak of epidemics. For example, during the SARS epidemic in Asia in 2003, Switzerland effectively prevented students from Asia, who make up a large proportion of the students at our Swiss hospitality institutions, from traveling to Switzerland. Any restrictions on the ability of international students to obtain visas to study at our institutions, or any restrictions on their ability to travel, could have a material adverse effect on our results of operations.

We may be unable to recruit, train and retain qualified and experienced faculty and administrative staff at our institutions.

Our success and ability to grow depend on the ability to hire and retain large numbers of talented people. The process of hiring employees with the combination of skills and attributes required to implement our business strategy can be difficult and time-consuming. Our faculty members in particular are key to the success of our institutions. Our rapid global expansion has presented challenges for recruiting talented people with the right experience and skills for our needs. We face competition in attracting and retaining faculty members who possess the necessary experience and accreditation to teach at our institutions. As we expand and add personnel, it may be difficult to maintain consistency in the quality of our faculty and administrative staff. If we are unable to, or are perceived to be unable to, attract and retain experienced and qualified faculty, our business, financial condition and results of operations may be materially adversely affected.

High crime levels in certain countries and regions in which we operate institutions may have an impact on our ability to attract and retain students and may increase our operating expenses.

Many of our institutions are located in countries and regions that have high rates of violent crime, drug trafficking and vandalism. If we are unable to maintain adequate security levels on our campuses, and to work with local authorities to maintain adequate security in the areas adjacent to our campuses, we may not be able to continue to attract and retain students, or we may have to close a campus either temporarily or permanently. For example, in 2014 we closed a small campus of one of our universities in Mexico because of threats from a local drug cartel. In addition, high crime rates may require us to make additional investments in security infrastructure and personnel, which may cause us to increase our tuition rates in order to maintain operating margins. Certain security measures may materially adversely affect the campus experience by making access by students more cumbersome, which may be viewed negatively by some of our existing or prospective students. If we are not able to attract and retain students because of our inability to provide them with a safe environment, or if we are required to make substantial additional investments in security, that could cause a material adverse effect on our business, financial condition and results of operations.

If we are unable to upgrade our campuses, they may become less attractive to parents and students and we may fail to grow our business.

All of our institutions require periodic upgrades to remain attractive to parents and students. Upgrading the facilities at our institutions could be difficult for a number of reasons, including the following:

- our properties may not have the capacity or configuration to accommodate proposed renovations;

- construction and other costs may be prohibitive;
- we may fail to obtain regulatory approvals;
- it may be difficult and expensive to comply with local building and fire codes, especially as to properties that we acquired as part of past acquisitions;
- we may be unable to finance construction and other costs; and
- we may not be able to negotiate reasonable terms with our landlords or developers or complete the work within acceptable timeframes.

Our failure to upgrade the facilities of our institutions could lead to lower enrollment and could cause a material adverse effect on our business, financial condition and results of operations.

Our planned growth will require occupying increasing amounts of real estate that can be difficult to obtain and are subject to local regulation and control by landlords.

In order to continue to expand, we must continue to buy or lease additional real estate and construct new campus buildings. Construction of new campus buildings requires us to obtain permits from local authorities and to manage complex construction projects, which may result in unanticipated delays or expenditures. In 2013, the opening of a new campus building at UNAB was delayed, resulting in the need to relocate students to temporary facilities while the building was completed. UNAB incurred expenses to rent temporary facilities and provided tuition discounts to those students affected by the delay. The real estate that institutions in the *Laureate International Universities* network occupy is subject to local regulations, some of which may affect their ability to expand their operations. For example, in some locations, institutions are required by local regulations to provide a specific number of parking spaces per student enrolled or per area constructed. Even if there were adequate space in the academic facilities to expand the number of programs offered or students enrolled, we may not be able to expand if we are not able to provide adequate parking at a reasonable cost. The majority of the real estate that institutions in the *Laureate International Universities* network occupy is leased and may be subject to lease provisions that give the landlord the ability to affect the operation of the academic programs. For example, in certain jurisdictions, the landlord may be responsible for obtaining and maintaining occupancy permits or licenses, without which we cannot operate. If the landlord does not maintain the required permits or licenses, the institution may be required to suspend operations, which could have a material adverse effect on our results of operations. In Brazil, real estate laws provide that rent terms under certain types of leases are subject to periodic adjustments to reflect local economic conditions. These rent increases can be substantial, which could have a material adverse effect on our results of operations. We currently have leases with various expiration dates, some of which have renewal options. Our ability to renegotiate favorable terms on an expiring lease or to negotiate favorable terms for a suitable alternate location, and our ability to negotiate favorable lease terms for additional locations, will depend on conditions in the real estate market, competition for desirable properties and our relationships with current and prospective landlords or may depend on other factors that are not within our control. Any or all of these factors and conditions could negatively affect our growth.

Our success depends on the skills of our executive officers, particularly our Chairman and Chief Executive Officer. If we lose key personnel or are unable to hire additional qualified personnel, our business may be harmed.

Our future success depends to a significant degree on the skills, experience and efforts of Douglas L. Becker, our Chairman, Chief Executive Officer and founder, who has always played and continues to play an integral role in developing and executing our growth strategy. We cannot assure you that we will have an internal candidate to take on the role of Chairman and Chief Executive Officer should Mr. Becker become unable or unwilling to serve. We also have other very experienced

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and valuable executives in senior management roles who would be extremely difficult to replace, the loss of whose services could affect the growth or results of our company. As our competitors expand their operations, they may have the resources to hire away members of our management team. There is no assurance that we will be able to retain our existing key personnel, particularly in light of increased competition in the higher education industry, or that we will be able to attract, assimilate or retain the additional personnel needed to support our business. If we cannot, we may not be able to grow our business as planned, and we may not be able to operate our existing business effectively. In addition, we may not have identified clear successors to our management team and other key employees, which could result in lost opportunities and disruptions to our operations in the event of an unexpected departure. This could have a material adverse effect on our business, financial condition and results of operations.

The minority owners of our institutions may disagree with the way we operate the institutions or plan to expand the institutions, which could materially adversely affect our business and results of operations.

Although we control all of our institutions, we share ownership or control of several of our institutions with minority stockholders. We currently do not have the right to buy out all of these minority interests. The minority owners could assert that our business decisions at the institution adversely affected the value of their investment. In certain of our institutions, minority owners continue to occupy key management positions and may have the ability to enter into agreements with third parties or take other actions that are inconsistent with our corporate policies, which could create legal burdens and additional expense for us. In addition, disagreements with the minority owners may distract management and may materially adversely affect our business, financial condition and results of operations.

Litigation may materially adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, students, suppliers, competitors, minority partners, stockholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operation are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may materially adversely affect our business, financial condition and results of operations.

We are subject to anti-corruption laws in the jurisdictions in which we operate, including the U.S. Foreign Corrupt Practices Act (the "FCPA"), as well as trade compliance and economic sanctions laws and regulations. Our failure to comply with these laws and regulations could subject us to civil and criminal penalties, harm our reputation and materially adversely affect our business, financial condition and results of operations.

Doing business on a worldwide basis requires us to comply with the laws and regulations of numerous jurisdictions. These laws and regulations place restrictions on our operations and business practices. In particular, we are subject to the FCPA, which generally prohibits companies and their intermediaries from providing anything of value to foreign officials for the purpose of obtaining or retaining business or securing any improper business advantage, along with various other anti-corruption laws. As a result of doing business in foreign countries and with foreign partners, we are exposed to a heightened risk of violating anti-corruption laws. Although we have implemented policies and procedures designed to ensure that we, our employees and other intermediaries comply with the FCPA and other anti-corruption laws to which we are subject, there is no assurance that such policies or procedures will work effectively all of the time or protect us against liability under the FCPA or other laws for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire. We cannot assure you that all of our local partners will comply with these laws, in which case we could be held liable for actions taken inside or outside of the United States, even though our partners may not be subject to these laws. Our continued international expansion, and any development of new partnerships and joint venture relationships worldwide, increase the risk of FCPA violations in the future.

Violations of anti-corruption laws, export control laws and regulations, and economic sanctions laws and regulations are punishable by civil penalties, including fines, as well as criminal fines and imprisonment. If we fail to comply with the FCPA or other laws governing the conduct of international operations, we may be subject to criminal and civil penalties and other remedial measures, which could materially adversely affect our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws, export control laws and regulations, and economic sanctions laws and regulations by the United States or foreign authorities could also materially adversely affect our business, financial condition, results of operations and liquidity, regardless of the outcome of the investigation.

We may not generate anticipated savings from our EiP program or our SSOs.

We anticipate making an investment of approximately $180 million in our EiP program from 2015 to 2017 years to optimize and standardize our processes with a goal of enabling sustained growth and margin expansion, and we have developed and begun to deploy SSOs around the world with the goal of processing most back-office and non-student facing transactions for the institutions in the *Laureate International Universities* network, such as accounting, finance and procurement. While we expect these programs to generate approximately $100 million in annual cost savings when fully realized in 2019, there can be no assurance that we will achieve these savings goals or that we will not have to make additional investments in these programs to do so. In addition, our ability to implement these programs successfully and timely could be adversely affected by many factors including, among others, lack of acceptance by local regulators and institutions, inability to identify and hire qualified personnel to staff SSOs and unanticipated technical difficulties. If we are not able to implement the EiP program and the SSOs successfully and timely, at the costs that we currently anticipate, these initiatives may not generate their intended operating efficiencies which could hamper our ability to grow in a scalable manner, and this could have a material adverse effect on our business, financial condition and results of operations.

We have identified two material weaknesses in our internal control over financial reporting that, if not corrected, could result in material misstatements of our financial statements.

In the course of preparing our consolidated financial statements as of and for the year ended December 31, 2013, we identified five material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses related to (1) an inadequate contract management process, (2) inadequate accounting for tax matters, (3) inadequate knowledge of GAAP in the non-U.S. finance organization, (4) inadequate journal entry review processes and (5) inadequate controls over key reports and spreadsheets. We have remediated three of the five material weaknesses; however, material weaknesses related to (1) inadequate journal entry review processes and (2) inadequate controls over key reports and spreadsheets remained at December 31, 2014.

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The remediation of these material weaknesses includes making significant investments to develop training programs for our global finance organization, changing the organizational design and reporting relationships for our global finance organization and upgrading the qualifications of personnel where necessary, and designing and implementing improved processes and internal controls, some of which are manual. However, until the completion of our ongoing EiP initiative, which is anticipated to occur in 2017 and includes implementing a global enterprise resource planning system and completing the vertical integration of our finance organization through the establishment of regional SSOs, there is significant risk in maintaining these manual processes and bringing them to scale. The sustainability of these manual control processes and the successful transition from manual to automated processes cannot be assured. Until the full implementation of EiP, which we expect to occur in 2017, or if our EiP implementation efforts are not successful, the remediated material weaknesses may reoccur, the current material weaknesses may not be remediated in a timely manner, or other material weaknesses could occur in the future.

As a result, we may be unable to report our financial results accurately on a timely basis, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting of our Class A common stock and could cause the market price of our Class A common stock to decline. As a result of such failures, we could also become subject to investigations by the stock exchange on which our Class A common stock is listed, the SEC or other regulatory authorities, and become subject to litigation from investors, which could harm our reputation, business, financial condition and results of operations, and divert financial and management resources from our core business.

Further, if as a result of these material weaknesses we are unable to provide the DOE with required financial statements by specified deadlines, the DOE could take action to materially limit or terminate our U.S. Institutions' participation in the Title IV federal student aid programs, which could result in a material or adverse decline in revenues, financial condition or results of operations. Furthermore, the U.S. Institutions would then be unable to continue their business as currently conducted, which could be expected to have a material adverse effect on our U.S. Institutions' ability to continue as going concerns.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be materially adversely affected.

Commencing with our fiscal year ending December 31, 2016, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal controls over financial reporting in our Form 10-K filing for that year, as required by Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). This will require that we incur substantial additional professional fees and internal costs to expand our accounting and finance functions and that we expend significant management efforts and we may need to make further investments in order to become compliant. Prior to this offering, we have not been required to test our internal controls within a specified period and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner.

We may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, regardless of how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

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If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements, and we or our independent registered public accounting firm may conclude that our internal controls over financial reporting are not effective or our independent registered public accounting firm may not be able to provide us with an unqualified opinion as required by Section 404 of the Sarbanes-Oxley Act. If that were to happen, investors could lose confidence in our reported financial information, which could lead to a decline in the market price of our Class A common stock and we could be subject to sanctions or investigations by the stock exchange on which our Class A common stock is listed, the SEC or other regulatory authorities.

Additionally, the existence of any material weakness could require management to devote significant time and incur significant expense to remediate any such material weakness and management may not be able to remediate any such material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause the holders of our Class A common stock to lose confidence in our reported financial information, all of which could materially adversely affect our business and share price.

Risks Relating to Our Highly Regulated Industry in the United States

Failure of any of our U.S. Institutions to comply with extensive regulatory requirements could result in significant monetary liabilities, fines and penalties, restrictions on our operations, limitations on our growth, or loss of access to federal student loans and grants for our students, on which we are substantially dependent.

Our U.S. Institutions are subject to extensive regulatory requirements, including at the federal, state, and accrediting agency levels. Many students at our U.S. Institutions rely on the availability of federal student financial aid programs, known as Title IV programs, which are administered by the DOE, to finance their cost of attending our institutions. For the fiscal year ended December 31, 2014, Kendall College, NewSchool of Architecture and Design, St. Augustine and Walden University derived approximately 35%, 47%, 46%, and 74%, respectively, of their revenues (calculated on a cash basis) from Title IV program funds. In the aggregate, our U.S. Institutions derived approximately $461 million of revenues (calculated on a cash basis) from Title IV programs during the year ended December 31, 2014.

To participate in Title IV programs, our U.S. Institutions must be authorized by the appropriate state education agency or agencies, be accredited by an accrediting agency recognized by the DOE, and be certified as an eligible institution by the DOE. As a result, our U.S. Institutions are subject to extensive regulation and review by these agencies and commissions which cover the vast majority of our U.S. operations, including our educational programs, instructional and administrative staff, administrative procedures, marketing, student recruiting and admissions, and financial operations. These regulations also affect our ability to acquire or open additional institutions, add new educational programs, substantially change existing programs or change our corporate or ownership structure. The agencies and commissions that regulate our operations periodically revise their requirements and modify their interpretations of existing requirements. Regulatory requirements are not always precise and clear, and regulatory agencies may sometimes disagree with the way we interpret or apply these requirements. If we misinterpret or are found to have not complied with any of these regulatory requirements, our U.S. Institutions could suffer financial penalties, limitations on their operations, loss of accreditation, termination of or limitations on their ability to grant degrees and certificates, or limitations on or termination of their eligibility to participate in Title IV programs, each of which could materially adversely affect our business, financial condition and results of operations. In addition, if we are charged with regulatory violations, our reputation could be damaged, which could have a negative impact on our enrollments and materially adversely affect our business, financial condition and results of operations. We cannot predict with certainty how all of these regulatory requirements will be applied, or whether we will be able to comply with all of the applicable requirements in the future.

If any of our U.S. Institutions were to lose its eligibility to participate in Title IV programs, we would experience a material and adverse decline in revenues, financial condition, results of operations, and future growth prospects. Furthermore, the affected U.S. Institution would be unable to continue its business as it is currently conducted, which could have a material adverse effect on the institution's ability to continue as a going concern.

If any of the U.S. education regulatory agencies or commissions that regulate us do not approve or delay any required approvals of transactions involving a change of control, including our recent conversion to a Delaware public benefit corporation and this offering, our ability to operate or participate in Title IV programs may be impaired.

If we or one of our U.S. Institutions experiences a change of ownership or control under the standards of the DOE, any applicable accrediting agency, any applicable state educational licensing agency, or any specialized accrediting agency, we must notify or seek approval of each such agency or commission. These agencies do not have uniform criteria for what constitutes a change of ownership or control. Transactions or events that typically constitute a change of ownership or control include significant acquisitions or dispositions of shares of the voting stock of an institution or its parent company, and significant changes in the composition of the board of directors of an institution or its parent company. The occurrence of some of these transactions or events may be beyond our control. Our failure to obtain, or a delay in receiving, approval of any change of control from the DOE or any applicable accrediting agency or state educational licensing agency, could impair our U.S. Institutions' ability to operate or participate in Title IV programs, which could have a material adverse effect on our business, financial condition and results of operations. Failure to obtain, or a delay in receiving, approval of any change of control from any state in which our U.S. Institutions are currently licensed or authorized, or from any applicable accrediting agency, could require us to suspend our activities in that state or suspend offering applicable programs until we receive the required approval, or could otherwise impair our operations.

The DOE has notified us that it considers this offering and our recent conversion to a Delaware public benefit corporation to be two separate changes of ownership resulting in changes in control under the DOE's regulations. Under the DOE's regulations, an institution that undergoes a change in control loses its eligibility to participate in Title IV programs and must apply to the DOE to reestablish such eligibility. If an institution files the required application and follows certain other procedures, the DOE may temporarily certify the institution on a provisional basis following the change in control, such that the institution's students retain access to Title IV program funds until the DOE completes its full review of the change in control. In addition, the DOE will extend such temporary provisional certification if the institution timely files other required materials, including any required approvals of the change in control by its state authorizing agency and accrediting commission, and certain financial information. If an institution fails to meet any of these deadlines, its certification will expire, and its students will not be eligible to receive Title IV program funds until the DOE completes its full review, which commonly takes several months or longer. We have applied to the DOE on behalf of Kendall College, NewSchool of Architecture and Design, St. Augustine and Walden University for approval of these institutions' continued participation in Title IV programs in connection with both this offering and the recent conversion to a Delaware public benefit corporation. The DOE will not review or approve the application until after this offering has occurred, although the DOE does allow for a pre-acquisition review of the application in which it will inform the institution of whether the application is deemed to be materially complete such that a temporary provisional program participation agreement can be issued following closing of the transaction pending completion of the post-closing review of the transaction by the DOE. The DOE has provided a response to our pre-acquisition review request with respect to the Delaware public benefit corporation conversion and

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this offering, and while not an approval, has indicated that it views our application as materially complete and that it will be prepared to issue a temporary provisional program participation agreement to our U.S. Institutions following the conversion upon review of certain additional information and pending the DOE's post-closing review and that it would then continue that temporary provisional participation agreement following this offering, again upon receipt of certain additional information. However, the DOE will only formally review and approve both the conversion to a Delaware public benefit corporation and this offering after they have occurred. As a result, there can be no assurance that the DOE will approve this offering and recertify our U.S. Institutions for continued Title IV program eligibility following this offering. If the DOE approves an application after a change in control, it will typically certify an institution on a provisional basis for a period of up to approximately three years. If the DOE fails to recertify our U.S. Institutions following this offering, students at the affected institutions would no longer be able to receive Title IV program funds. The DOE could also recertify our U.S. Institutions following this offering, but restrict or delay students' receipt of Title IV program funds, limit the number of students to whom an institution could disburse such funds, require letters of credit, or impose other restrictions that could materially adversely affect our U.S. business.

We are also seeking confirmation from the institutional and programmatic accrediting agencies for Kendall College, NewSchool of Architecture and Design, St. Augustine and Walden University, as well as from the U.S. institutional accrediting agencies for Universidad Andrés Bello, Les Roches International School of Hotel Management and Glion Institute of Higher Education, whether this offering will constitute a change of control under their respective standards. With respect to the institutional accrediting agencies, the Higher Learning Commission, the New England Association of Schools and Colleges, the Middle States Commission on Higher Education, the Commission on Senior Colleges of the Western Association of Schools and Colleges and the Distance Education Accreditation Commission have informed us that they do not consider this offering to constitute a change of control, but have required certain follow-up information regarding the offering. With respect to the conversion to a Delaware public benefit corporation, among our institutional accreditors, the Middle States Commission on Higher Education has stated that it considers the conversion to a Delaware public benefit corporation to constitute a substantive change under its standards. The Commission on Senior Colleges of the Western Association of Schools and Colleges required the NewSchool of Architecture and Design and St. Augustine to submit "Substantive Change: Change in Mission, Ownership, or Form of Control" proposals to the Structural Change committee. This committee reviewed these proposals and determined that neither this offering nor the conversion to a Delaware public benefit corporation constituted structural changes requiring approval. Many states and programmatic accreditors have also informed us that this offering will not constitute a change of control, but some agencies have determined that the offering will need to be reviewed under their respective change of ownership standards. In addition, several agencies are currently reviewing our recent conversion to a Delaware public benefit corporation under their change of control or substantive change standards. To the extent any agency requires approval of this offering or our conversion, the institutional accrediting agencies and some state educational agencies that authorize our U.S. Institutions also may not act to review or approve this offering or our conversion on an advance basis. Our failure to obtain any required approval of this offering or the recent conversion to a Delaware public benefit corporation from the DOE, the institutional accrediting agencies, or the pertinent state educational agencies could result in one or more of our U.S. Institutions losing continued eligibility to participate in the Title IV programs, accreditation or state licensure, which could have a material adverse effect on our U.S. business, financial condition and results of operations.

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Congress may revise the laws governing Title IV programs or reduce funding for those and other student financial assistance programs, and the DOE may revise its regulations administering Title IV programs, any of which could reduce our enrollment and revenues and increase costs of operations.

The HEA is a federal law that governs Title IV programs. The U.S. Congress must authorize and appropriate funding for Title IV programs under the HEA and can change the laws governing Title IV programs at any time. The HEA was most recently reauthorized in August 2008 through federal fiscal year 2014, although the U.S. Congress has taken actions required to extend Title IV programs while an HEA reauthorization remains pending. Congress continues to engage in HEA reauthorization hearings, with such hearings examining various subjects to be potentially addressed through reauthorization, including, but not limited to, college affordability, the role of consumer information in college choices by students and families, whether Title IV programs should include institutional risk-sharing, and the role of accrediting agencies in ensuring institutional quality, among other items. We cannot predict the timing and terms of any eventual HEA reauthorization, including any potential changes to institutional participation or student eligibility requirements or funding levels for particular Title IV programs, which terms may materially adversely affect our business, financial condition and results of operations.

Apart from Title IV programs, eligible veterans and military personnel may receive educational benefits for the pursuit of higher education. A reduction in federal funding levels for Title IV programs, or for programs providing educational benefits to veterans and military personnel, could reduce the ability of some students to finance their education. We cannot predict with certainty the future funding levels for Title IV programs, or for programs providing educational benefits to veterans and military personnel, or the nature of any future revisions to the law or regulations related to these programs. Because a significant percentage of the revenues of our U.S. Institutions is and is expected to be derived from Title IV programs, any action by the U.S. Congress that significantly reduces Title IV program funding or the ability of our U.S. students to participate in Title IV programs could have a material adverse effect on our U.S. Institutions' enrollments, business, financial condition and results of operations. Congressional action also may require our U.S. Institutions to modify their practices in ways that could increase administrative costs and reduce profit margins, which could have a material adverse effect on our business, financial condition and results of operations.

In recent years, the DOE has promulgated a substantial number of new regulations that impact our U.S. Institutions, including, but not limited to, state authorization, standards regarding the payment of incentive compensation, the definition of a credit hour for the purpose of determining program eligibility for Title IV student financial aid, and the scope of the prohibition and potential sanctions for substantial misrepresentations. These regulations concerning Title IV program integrity generally became effective on July 1, 2011. On October 30, 2014, the DOE published final regulations to define "gainful employment" for the purposes of the Title IV program requirement that educational programs offered by proprietary institutions prepare students for gainful employment in recognized occupations, which became effective on July 1, 2015. In November 2014, two organizations representing for-profit institutions filed separate lawsuits in federal district courts against the DOE seeking to have the final gainful employment regulations invalidated. In both cases, the courts upheld the regulations and dismissed the lawsuits. In addition, several of the program integrity regulations remain subject to further interpretation and specific application by the DOE. In particular, the DOE has not yet issued proposed or final rules on state authorization of distance education and foreign locations, the last remaining topics from the 2014 program integrity and improvement rulemaking.

In October 2014, the DOE published final regulations updating the standard for determining adverse credit history for the purposes of eligibility for a Direct PLUS loan. On December 3, 2014, the DOE published proposed regulations on the teacher preparation program accountability system under the HEA, and additionally proposed amendments on teacher preparation program eligibility for TEACH Grant participation. On October 30, 2015, the DOE published final regulations to establish a Pay as You Earn Repayment Plan and implement changes regarding cohort default rate appeals and the Federal Family Education Loan and Direct Loan Programs. The Pay as You Earn Repayment Plan

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provisions will take effect in December 2015 and a majority of the remaining provisions regulations will take effect on July 1, 2016. Also on October 30, 2015, the DOE published final regulations regarding cash management and debit card practices, retaking coursework and clock-to-credit hour conversion. A majority of the provisions of the regulations will take effect on July 1, 2016, and others will take effect on later dates in 2016 and 2017. The final regulations concerning cash management require, among other things, that institutions subject to heightened cash monitoring procedures for disbursements of Title IV funds must, effective July 1, 2016, pay to students any applicable Title IV credit balances before requesting such funds from the DOE. Because Walden University, NewSchool of Architecture and Design and Kendall College are currently subject to heightened cash monitoring procedures, we are assessing the potential impact of the recently released regulations on our business, financial condition and results of operations. Also, on August 20, 2015, the DOE published notice of a new negotiated rulemaking process to clarify how direct loan borrowers who believe they were defrauded by their institutions can seek relief and to strengthen provisions to hold institutions accountable for their wrongdoing that results in loan discharges. We cannot predict the outcome or related impact of any of these items. As described in more detail under "Industry Regulation U.S. Regulation," our U.S. Institutions or certain of their educational programs may lose eligibility to participate in Title IV programs if they or certain of their educational programs cannot maintain compliance with applicable regulations of the DOE.

Hearings and examinations of the for-profit educational industry could result in negative publicity, additional legislation, rulemaking by the DOE and other federal regulatory agencies, and other restrictions on our business.

In recent years, the U.S. House of Representatives Education and Workforce Committee (the "House Education and Workforce Committee") and the U.S. Senate Health, Education, Labor and Pensions Committee (the "Senate HELP Committee") have increased the focus on the role of the for-profit post-secondary education industry. In the past, hearings by these committees have focused, among other things, on the manner in which accrediting agencies review higher education institutions, student recruiting and admissions and outcomes of students. In July 2012, the Democratic staff of the Senate HELP Committee released a report based on information requested from thirty companies operating proprietary institutions, including Walden University. While stating that proprietary educational institutions such as Walden University play an important role in higher education and should be well-equipped to meet the needs of non-traditional students who now constitute the majority of the post-secondary education population, the report was critical of the proprietary school sector. The report could be used for future legislative proposals by members of Congress in connection with a reauthorization of the HEA or other proposed legislation. The report could also lead to further investigations of proprietary schools by various federal and state governmental agencies, and to additional regulations promulgated by the DOE. Also, a subcommittee of the U.S. Senate Homeland Security and Government Affairs Committee has conducted hearings covering the quality of education provided by proprietary institutions and treatment of educational benefits for military personnel for purposes of the 90/10 Rule on institutional eligibility for Title IV programs. In April 2012, President Obama signed an executive order aimed at providing military personnel, veterans and their family members with the resources they need to make an informed decision about their educational prospects and other protections (the "Executive Order").

The U.S. Congress and Department of Defense (the "DoD") have increased their focus on DoD tuition assistance that is used for distance education and programs at proprietary institutions. In August 2013, the DoD began incorporating the principles of excellence outlined in the 2012 Executive Order into their current Memorandum of Understanding (the "MOU"), which increases oversight of educational programs offered to active duty service members and conveys the commitments and agreements between educational institutions and the DoD prior to accepting funds under the tuition assistance program. Institutions were required to sign the MOU by March 30, 2012. After March 1, 2013, institutions without a signed DoD MOU cannot enroll service members under the tuition assistance program. In May 2014, the DoD released a final version of its revised MOU, which included new provisions applicable to all higher educational institutions providing educational programs through the DoD tuition assistance program. Among other things, the MOU requested that participating institutions provide meaningful information to students about the financial cost and attendance at an institution so military students can make informed decisions on where to attend school, will not use unfair, deceptive, and abusive recruiting practices and will provide academic and student support services to service members and their families. The revised MOU also implemented rules to strengthen existing procedures for access to DoD installations by educational institutions, a DoD Postsecondary Education Complaint System for service members, spouses, and adult family members to register student complaints and established authorization for the military departments to establish service-specific tuition assistance eligibility criteria and management controls. Our U.S. Institutions utilizing tuition assistance have signed DoD's standard MOU. The DoD has begun to increase its enforcement activity in connection with the 2012 Executive Order.

We cannot predict whether, or the extent to which, this scrutiny will result in legislation or further rulemaking affecting our participation in Title IV programs, or in programs providing educational benefits to veterans and military personnel. To the extent that any laws or regulations are adopted that limit our participation in Title IV programs, programs providing educational benefits to veterans and military personnel, or the amount of student financial aid for which the students at our U.S. Institutions are eligible, those institutions' enrollments, revenues and results of operations could be materially adversely affected.

In September 2015, President Obama announced the DOE's launch of a revised "College Scorecard" website that provides access to national data on college costs, graduation rates, debt and post-college earnings, including data regarding our U.S. Institutions. In addition, in November 2015, the DOE issued comparative data regarding DOE-recognized accreditation agencies and the institutions they accredit, which include median debt, repayment rates, completion rates and median earnings. To the extent such data gives rise to negative perceptions of our U.S. Institutions or of proprietary educational institutions generally, our reputation and business could be materially adversely affected.

Our U.S. Institutions must periodically seek recertification to participate in Title IV programs and, if the DOE does not recertify the institutions to continue participating in Title IV programs, our students would lose their access to Title IV program funds, or the institutions could be recertified but required to accept significant limitations as a condition of continued participation in Title IV programs.

DOE certification to participate in Title IV programs lasts a maximum of six years, and institutions are required to seek recertification from the DOE on a regular basis to continue their participation in Title IV programs. An institution must also apply for recertification by the DOE if it undergoes a change in control, as defined by DOE regulations, and may be subject to similar review if it expands its operations or educational programs in certain ways. Generally, the recertification process includes a review by the DOE of the institution's educational programs and locations, administrative capability, financial responsibility and other oversight categories. The DOE could limit, suspend or terminate an institution's participation in Title IV programs for violations of the HEA or Title IV regulations. As discussed in more detail under "Industry Regulation U.S. Regulation," each of our U.S. Institutions currently participates in the Title IV programs pursuant to the DOE's provisional form of certification.

There can be no assurance that the DOE will recertify our U.S. Institutions after their respective current periods of certification, which currently end between December 2015 and September 2017, depending on the applicable institution. If the DOE does not renew or withdraws any of our U.S. Institutions' certifications to participate in Title IV programs at any time, students in the affected institution(s) would no longer be able to receive Title IV program funds. Similarly, the DOE could renew our U.S. Institutions' certifications, but restrict or delay Title IV funding, limit the number of students to whom it could disburse such funds or impose other restrictions. In addition, the DOE may take emergency action to suspend any of our U.S. Institutions' certifications without advance notice if it receives reliable information that an institution is violating Title IV requirements and it determines that immediate action is necessary to prevent misuse of Title IV funds. Any of these outcomes could have a material adverse effect on our U.S. Institutions' enrollments and our business, financial condition and results of operations.

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Our U.S. Institutions would lose their ability to participate in Title IV programs if they fail to maintain their institutional accreditation, and our student enrollments could decline if we fail to maintain any of our accreditations or approvals.

An institution must be accredited by an accrediting agency recognized by the DOE to participate in Title IV programs. Each of our U.S. Institutions is so accredited, and such accreditation is subject to renewal or review periodically or when necessary. If any of our U.S. Institutions fails to satisfy any of its respective accrediting commissions' standards, that institution could lose its accreditation by its respective accrediting commission, which would cause the institution to lose eligibility to participate in Title IV programs and experience a significant decline in total student enrollments. In addition, many of our U.S. Institutions' individual educational programs are accredited by specialized accrediting commissions or approved by specialized state agencies. If any of our U.S. Institutions fails to satisfy the standards of any of those specialized accrediting commissions or state agencies, that institution could lose the specialized accreditation or approval for the affected programs, which could result in materially reduced student enrollments in those programs and have a material adverse effect on our business, financial condition and results of operations. In addition, if an accrediting body of one of our U.S. Institutions loses recognition by the DOE, that institution could lose its ability to participate in Title IV programs.

If any of our U.S. Institutions fail to obtain or maintain any of its state authorizations in states where such authorization is required, that institution may not be able to operate or enroll students in that state, and may not be able to award Title IV program funds to students.

The DOE requires that an educational institution be authorized in each state where it physically operates in order to participate in Title IV programs. The level of regulatory oversight varies substantially from state to state. Our campus-based U.S. Institutions are authorized by applicable state educational licensing agencies to operate and to grant degrees or diplomas, which authorizations are required for students at these institutions to be eligible to receive funding under Title IV programs. If any of our U.S. Institutions fail to continuously satisfy applicable standards for maintaining its state authorization in a state in which that institution is physically located, that institution could lose its authorization from the applicable state educational agency to offer educational programs and could be forced to cease operations in that state. Such a loss of authorization would also cause that institution's location in the state to lose eligibility to participate in Title IV programs, which could have a material adverse effect on our business, financial condition and results of operations.

DOE regulations effective on July 1, 2011 imposed new requirements regarding whether a state's authorization of an educational institution is sufficient for purposes of participation in the Title IV programs. If any of the authorizations provided to one or more of our U.S. Institutions are determined not to comply with these regulations, or one or more of our U.S. Institutions is unable to obtain or maintain an authorization that satisfies the DOE requirements, students at the pertinent institution may be unable to access Title IV funds, which could have a material adverse effect on our business, financial condition and results of operations in the United States.

Many states also have sought to assert jurisdiction, whether through adoption of new laws and regulations or new interpretations of existing laws and regulations, over out-of-state educational institutions offering online degree programs that have no physical location or other presence in the state but that have some activity in the state, such as enrolling or offering educational services to students who reside in the state, employing faculty who reside in the state or advertising to or recruiting prospective students in the state. State regulatory requirements for online education are inconsistent between states and not well developed in many jurisdictions. As such, these requirements change frequently and, in some instances, are not clear or are left to the discretion of state employees or agents. State regulatory agencies may sometimes disagree with the way we have interpreted or applied these requirements. Any misinterpretation by us of these regulatory requirements or adverse changes in regulations or interpretations of these regulations by state licensing agencies could have a material adverse effect on our business, financial condition and results of operations.

Our online educational programs offered by our U.S. Institutions and the constantly changing regulatory environment require us to continually evaluate our state regulatory compliance activities. We review the licensure requirements of other states when appropriate to determine whether our activities in those states constitute a presence or otherwise require licensure or authorization by the respective state education agencies. Therefore, in addition to the states where we maintain physical facilities, we have obtained, or are in the process of obtaining, approvals or exemptions that we believe are necessary in connection with our activities that may constitute a presence in such other states requiring licensure or authorization by the state educational agency based on the laws, rules or regulations of that state. In recent years, several states have voluntarily entered into State Authorization Reciprocity Agreements ("SARA") that establish standards for interstate offering of post-secondary distance education courses and programs. If an institution's home state participates in SARA and authorizes the institution to provide distance education in accordance with SARA standards, then the institution need not obtain additional authorizations for distance education from any other SARA member state. The SARA participation requirements and process are administered by the four regional higher education compacts in the United States (the Midwestern Higher Education Compact, the New England Board of Higher Education, the Southern Regional Education Board and the Western Interstate Commission for Higher Education) and is overseen by the National Council for State Authorization Reciprocity Agreements. As of June 2015, Walden University was approved by the Midwestern Higher Education Compact to participate in SARA. If any of our U.S. Institutions fail to comply with state licensure or authorization requirements, we could be subject to various sanctions, including restrictions on recruiting students, providing educational programs and other activities in that state, and fines and penalties. Additionally, new laws, regulations or interpretations related to providing online educational programs and services could increase our cost of doing business and affect our ability to recruit students in particular states, which could, in turn, negatively affect enrollments and revenues and otherwise have a material adverse effect on our business, financial condition and results of operations.

The failure to maintain any required state licensure or authorization for our distance education programs in the United States could prohibit us from recruiting prospective students or offering educational services to current students in one or more states, which could significantly reduce enrollments and revenues and have a material adverse effect on our business, financial condition and results of operations in the United States. Additionally, a DOE regulation effective on July 1, 2011 required institutions to meet state authorization requirements in states in which they enroll distance education students, but in which they are not physically located or otherwise subject to state jurisdiction, as a condition of awarding Title IV funds to students in that state. In July 2011, a Federal District Court issued an order vacating the regulation, which was sustained in June 2012 by the United States Court of Appeals for the District of Columbia Circuit. In 2014, the DOE began a new program integrity negotiated rulemaking that included, among other issues, state authorization of distance education. In June 2014, the DOE announced that the state authorization rulemaking pertaining to distance education would be put on hold for the time being. Any failure to comply with state requirements, or any new or modified regulations at the federal or state level, could result in our inability to enroll students or receive Title IV funds for students in those states and could result in restrictions on our growth and enrollments.

Increased regulatory and enforcement effort aimed at proprietary education institutions could be a catalyst for legislative or regulatory restrictions, investigations, enforcement actions and claims that could, individually or in the aggregate, materially adversely affect our business, financial condition, results of operations and cash flows.

The proprietary education industry is experiencing broad-based, intensifying scrutiny in the form of increased investigations and enforcement actions. In October 2014, the DOE announced that it will be

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leading an interagency task force composed of the DOE, the U.S. Federal Trade Commission (the "FTC"), the U.S. Departments of Justice, Treasury and Veterans Affairs, the Consumer Financial Protection Bureau ("CFPB"), the SEC, and numerous state attorneys general. The FTC has also recently issued civil investigative demands to several other U.S. proprietary educational institutions, which require the institutions to provide documents and information related to the advertising, marketing, or sale of secondary or postsecondary educational products or services, or educational accreditation products or services. The CFPB has also initiated a series of investigations against other U.S. proprietary educational institutions alleging that certain institutions' lending practices violate various consumer finance laws. In addition, attorneys general in several states have become more active in enforcing consumer protection laws, especially related to recruiting practices and the financing of education at proprietary educational institutions. In addition, several state attorneys general have recently partnered with the CFPB to review industry practices.

In the event that any of our past or current business practices are found to violate applicable consumer protection laws, or if we are found to have made misrepresentations to our current or prospective students about our educational programs, we could be subject to monetary fines or penalties and possible limitations on the manner in which we conduct our business, which could materially adversely affect our business, financial condition, results of operations and cash flows. To the extent that more states or government agencies commence investigations, act in concert, or direct their focus on our U.S. Institutions, the cost of responding to these inquiries and investigations could increase significantly, and the potential impact on our business would be substantially greater.

Our failure to comply with the laws and regulations of various states could result in actions that would have a material adverse effect on our enrollments, revenues and results of operations.

We are subject to extensive laws and regulations by the states in which we are authorized or licensed to operate. State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations and other operational matters. State laws and regulations may limit our ability to offer educational programs and to award degrees and may limit the ability of our students to sit for certification exams in their chosen fields of study. In addition, as mentioned above, attorneys general in several states have become more active in enforcing consumer protection laws, and in some instances have partnered with the CFPB. In addition, we may be subject to litigation by private parties alleging that we violated state laws regarding the educational programs provided by our U.S. Institutions and their operations.

In January 2015, two students filed suit against us and Walden University, seeking class action status and alleging claims for breach of contract and unjust enrichment and violations of the Maryland and Illinois consumer protection laws and California unfair competition law related to the students' doctoral dissertation and master's thesis processes. A third student joined as a plaintiff when the complaint was subsequently amended. In addition, several groups of current and former students filed three separate law suits against St. Augustine relating to matters arising before we acquired the school in November 2013. The allegations pertain to a program that was launched in May 2011 and, at the time, offered a "Master of Orthopaedic Physician's Assistant Program" degree. The plaintiffs in these matters allege that the university misrepresented their ability to practice as licensed Physician Assistants with a heightened specialty in orthopaedics. For more information on these lawsuits, see "Business Legal Proceedings." We believe the claims in these cases are without merit and intend to defend vigorously against the allegations. Any adverse outcome in such litigation could result in monetary or injunctive relief, which could materially adversely affect our U.S. Institutions and their operations.

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The inability of our graduates to obtain licensure or other specialized outcomes in their chosen professional fields of study could reduce our enrollments and revenues, and potentially lead to litigation that could be costly to us.

Certain of our graduates seek professional licensure or other specialized outcomes in their chosen fields following graduation. Their success in obtaining these outcomes depends on several factors, including the individual merits of the learner, but also may depend on whether the institution and the program were approved by the state or by a professional association, whether the program from which the learner graduated meets all state requirements and whether the institution is accredited. In addition, professional associations may refuse to certify specialized outcomes for our learners for similar reasons. The state requirements for licensure are subject to change, as are the professional certification standards, and we may not immediately become aware of changes that may impact our learners in certain instances. Also, as described below, the final gainful employment regulations require an institution to certify to the DOE that its educational programs subject to the gainful employment requirements, which include all programs offered by our U.S. Institutions, meet the applicable requirements for graduates to be professionally or occupationally certified in the state in which the institution is located. In the event that one or more states refuses to recognize our learners for professional licensure, and/or professional associations refuse to certify specialized outcomes for our learners, based on factors relating to our institution or programs, the potential growth of our programs would be negatively impacted, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, we could be exposed to litigation that would force us to incur legal and other expenses that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If any of our U.S. Institutions do not comply with the DOE's "administrative capability" standards, we could suffer financial penalties, be required to accept other limitations to continue participating in Title IV programs or lose our eligibility to participate in Title IV programs.

DOE regulations specify extensive criteria an institution must satisfy to establish that it has the requisite "administrative capability" to participate in Title IV programs. These criteria require, among other things, that we comply with all applicable Title IV program regulations; have capable and sufficient personnel to administer the federal student financial aid programs; not have student loan cohort default rates in excess of specified levels; have acceptable methods of defining and measuring the satisfactory academic progress of our students; have various procedures in place for safeguarding federal funds; not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension; provide financial aid counseling to our students; refer to the DOE's Office of Inspector General any credible information indicating that any applicant, student, employee or agent of the institution has been engaged in any fraud or other illegal conduct involving Title IV programs; submit in a timely manner all reports and financial statements required by Title IV regulations; and not otherwise appear to lack administrative capability. If an institution fails to satisfy any of these criteria or comply with any other DOE regulations, the DOE may change the institution's method of receiving Title IV program funds, which in some cases may result in a significant delay in the institution's receipt of those funds; place the institution on provisional certification status; or commence a proceeding to impose a fine or to limit, suspend or terminate the participation of the institution in Title IV programs. Thus, if any of our U.S. Institutions were found not to have satisfied the DOE's "administrative capability" requirements, we could be limited in our access to, or lose, Title IV program funding, which could significantly reduce our enrollments and have a material adverse effect on our business, financial condition and results of operations.

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If any of our U.S. Institutions do not meet specific financial responsibility standards established by the DOE, that institution may be required to post a letter of credit or accept other limitations to continue participating in Title IV programs, or that institution could lose its eligibility to participate in Title IV programs.

To participate in Title IV programs, our U.S. Institutions must satisfy specific measures of financial responsibility prescribed by the DOE, or post a letter of credit in favor of the DOE and possibly accept other conditions on its participation in Title IV programs. These financial responsibility tests are applied on an annual basis based on an institution's audited financial statements, and may be applied at other times, such as if an institution undergoes a change in control. The DOE may also apply such measures of financial responsibility to an eligible institution's operating company and ownership entities and, if such measures are not satisfied by the operating company or ownership entities, require the institution to post a letter of credit in favor of the DOE and possibly accept other conditions on its participation in Title IV programs. The operating restrictions that may be placed on an institution that does not meet the quantitative standards of financial responsibility include changes to the method of receiving Title IV program funds, which in some cases may result in a significant delay in the institution's receipt of those funds. Limitations on, or termination of, our participation in Title IV programs as a result of our failure to demonstrate financial responsibility would limit our students' access to Title IV program funds, which could significantly reduce enrollments and have a material adverse effect on our business, financial condition and results of operations.

As described in more detail under "Industry Regulation U.S. Regulation," the DOE annually assesses our U.S. Institutions' financial responsibility through a composite score determination based on our consolidated audited financial statements. The DOE has decided to assess certain of our institutions' financial responsibility on a consolidated level at the Laureate Education, Inc. level. In October 2014, the DOE determined, based on Laureate's composite score for its fiscal year ended December 31, 2013, that Laureate and, consequently, Walden University, NewSchool of Architecture and Design and Kendall College failed to meet the standards of financial responsibility. As a result, the DOE required us to increase our required letter of credit amount to approximately $85.6 million for Walden University, NewSchool of Architecture and Design and Kendall College, which is equal to approximately 10% of Title IV program funds that these institutions received during the fiscal year ended December 31, 2013. In September 2015, the DOE required us to increase our required letter of credit amount to $85.8 million for Walden University, NewSchool of Architecture and Design and Kendall College, which is approximately 10% of Title IV program funds that these institutions received during the fiscal year ended December 31, 2014. Walden University, NewSchool of Architecture and Design and Kendall College also currently receive Title IV program funds under the least restrictive form of heightened cash monitoring and are subject to certain additional reporting and disclosure requirements. Further, the DOE, as a condition to the provisional program participation agreement of the National Hispanic University, requested that we post an additional letter of credit in an amount equal to $1.5 million representing approximately 25% of the Title IV program funds received by the National Hispanic University during the fiscal year ended December 31, 2013. In October 2015, the DOE sent us a letter requiring us to renew our letter of credit in the amount of $772,931 (25% of the total Title IV program funds the institution received during the fiscal year ended December 31, 2014). We are in the process of arranging to have the letter of credit renewed. This requirement was initially due to the fact that the subsidiary corporation used to acquire the institution's assets did not possess two years of audited financial statements at the time of the acquisition in April 2010, and the requirement has been continued based on the DOE's review of the institution's audited financial statements. Although the National Hispanic University closed on August 23, 2015, the letter of credit will remain in place for a period of time following the closure. Any obligation to post, maintain or increase a letter of credit could materially adversely affect our liquidity or increase our costs of regulatory compliance. If we are unable to secure any required letter of credit, our U.S. Institutions would lose their eligibility to participate in Title IV programs, which could have a material adverse effect on our business, financial condition and results of operations.

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The DOE may change our U.S. Institutions' method of receiving Title IV program funds, which could materially adversely affect our liquidity.

The DOE can impose sanctions for violating the statutory and regulatory requirements of Title IV programs, including transferring one or more of our U.S. Institutions from the advance method or the heightened cash monitoring level one method of Title IV payment, each of which permits an institution to receive Title IV funds before or concurrently with disbursing them to students, to the heightened cash monitoring level two method of payment or to the reimbursement method of payment, each of which may significantly delay an institution's receipt of Title IV funds until student eligibility has been verified by the DOE. Any such delay in our U.S. Institutions' receipt of Title IV program funds may materially adversely affect our cash flows and we may require additional working capital or third-party funding to finance our operations.

Our U.S. Institutions may lose eligibility to participate in Title IV programs if the percentage of our U.S. Institutions revenues derived from Title IV programs is too high.

A provision of the HEA commonly referred to as the "90/10 Rule" provides that a for-profit educational institution loses its eligibility to participate in Title IV programs if, under a complex regulatory formula that requires cash basis accounting and other adjustments to the calculation of revenues, the institution derives more than 90% of its revenues from Title IV program funds for any two consecutive fiscal years. If any of our U.S. Institutions were to violate the 90/10 Rule, that institution would become ineligible to participate in Title IV programs as of the first day of the fiscal year following the second consecutive fiscal year in which the institution exceeded the 90% threshold and would be unable to regain eligibility for two fiscal years thereafter. In addition, an institution that derives more than 90% of its revenue (on a cash basis) from Title IV programs for any single fiscal year will be placed on provisional certification for at least two fiscal years and may be subject to additional conditions or sanctions imposed by the DOE. Using the DOE's formula under the "90/10 Rule," Kendall College, NewSchool of Architecture and Design, St. Augustine and Walden University derived approximately 35%, 47%, 46%, and 74% of their revenues (calculated on a cash basis), respectively, from Title IV program funds for the fiscal year ended December 31, 2014.

Our U.S. Institutions' ratios could increase in the future. Congressional increases in students' Title IV grant and loan limits may result in an increase in the revenues we receive from Title IV programs. In recent years, legislation has been introduced in Congress that would revise the 90/10 Rule to consider educational benefits for veterans and military personnel from the Department of Veteran Affairs and Department of Defense, respectively, in the same manner as Title IV funds for purposes of the rule, to prohibit institutions from participating in Title IV programs for one year if they derive more than 90% of their total revenues (calculated on a cash basis) from the Title IV programs and these other federal programs in a single fiscal year rather than the current rule of two consecutive fiscal years, and to revise the 90/10 Rule to an 85/15 rule. We cannot predict whether, or the extent to which, any of these proposed revisions could be enacted into law or result in further rulemaking. In addition, reductions in state appropriations in a number of areas, including with respect to the amount of financial assistance provided to post-secondary students, could further increase our U.S. Institutions' percentages of revenues derived from Title IV program funds. The employment circumstances of our students or their parents could also increase reliance on Title IV program funds. If any of our U.S. Institutions become ineligible to participate in Title IV programs as a result of noncompliance with the 90/10 Rule, it could have a material adverse effect on our business, financial condition and results of operations.

Any of our U.S. Institutions may lose eligibility to participate in Title IV programs if their respective student loan default rates are too high.

An educational institution may lose eligibility to participate in Title IV programs if, for three consecutive years, 30% or more of its students who were required to begin repayment on their federal

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student loans in the relevant fiscal year default on their payment by the end of the next federal fiscal year. In addition, an institution may lose its eligibility to participate in Title IV programs if the default rate of its students exceeds 40% for any single year. Kendall College's official three-year cohort default rates for the 2012, 2011 and 2010 federal fiscal years were 7.9%, 11.3% and 10.7%, respectively. NewSchool of Architecture and Design's official three-year cohort default rates for the 2012, 2011 and 2010 federal fiscal years were 10.2%, 11.2% and 7.8%, respectively. St. Augustine's official three-year cohort default rates for the 2012, 2011 and 2010 federal fiscal years were 0.5%, 0.0% and 0.6%, respectively. Walden University's official three-year cohort default rates for the 2012, 2011 and 2010 federal fiscal years were 6.8%, 7.8% and 5.4%, respectively.

The average national student loan default rates published by the DOE for all institutions that participate in the federal student aid programs for 2012, 2011 and 2010, were 11.8%, 13.7% and 14.7%, respectively. While we believe our U.S. Institutions are not in danger of exceeding the regulatory default rate thresholds for other Title IV programs, we cannot provide any assurance that this will continue to be the case. Any increase in interest rates or reliance on "self-pay" students, as well as declines in income or job losses for our students, could contribute to higher default rates on student loans. Exceeding the student loan default rate thresholds and losing eligibility to participate in Title IV programs would have a material adverse effect on our business, financial condition and results of operations. Any future changes in the formula for calculating student loan default rates, economic conditions or other factors that cause our default rates to increase, could place our U.S. Institutions in danger of losing their eligibility to participate in Title IV programs, which would have a material adverse effect on our business, financial condition and results of operations.

We could be subject to sanctions or other adverse legal actions if any of our U.S. Institutions were to pay impermissible commissions, bonuses or other incentive payments to individuals involved in or with responsibility for certain recruiting, admission or financial aid activities.

Under the HEA, an educational institution that participates in Title IV programs may not make any commission, bonus or other incentive payments to any persons or entities involved in recruitment or admissions activities or in the awarding of financial aid. The requirement only pertains to the recruitment of students who are U.S. citizens, permanent residents and others temporarily residing in the United States with the intention of becoming a citizen or permanent resident. Under regulations that took effect on July 1, 2011, the DOE effectively has taken the position that any commission, bonus or other incentive compensation payment based in any part, directly or indirectly, or securing enrollment or awarding financial aid is inconsistent with the statutory prohibition against incentive compensation. The DOE has maintained that institutions may make merit-based adjustments to employee compensation, provided that those adjustments are not based, in any part, directly or indirectly, upon securing enrollments or awarding financial aid. In sub-regulatory correspondence to institutions, the DOE provided additional guidance regarding the scope of the prohibition on incentive compensation and to what employees and types of activities the prohibition applies. Based on these regulatory changes, we modified some of our compensation practices, which could make it more difficult to attract and retain key employees and executives, and affect our ability to grow and maintain our business and enrollments.

In addition, in recent years, several for-profit education companies have been faced with whistleblower lawsuits under the Federal False Claims Act, known as "qui tam" cases, by current or former employees alleging violations of the prohibition against incentive compensation. In such cases, the whistleblower's claims are reviewed under seal by the Department of Justice for potential intervention. If the Department of Justice elects to intervene, it assumes primary control over the litigation. If the DOE were to determine that we or any of our U.S. Institutions violated this requirement of Title IV programs, or if we were to be found liable in a False Claims action alleging a violation of this law, or if any third parties we have engaged were to violate this law, we could be fined or sanctioned by the DOE, or subjected to other monetary liability or penalties that could be substantial, including the possibility of treble damages under a False Claims action, any of which could harm our reputation, impose significant costs and have a material adverse effect on our business, financial condition and results of operations.

We could be subject to sanctions if any of our U.S. Institutions fails to correctly calculate and timely return Title IV program funds for students who withdraw before completing their educational program.

An institution participating in Title IV programs must calculate the amount of unearned Title IV program funds that it has disbursed to students who withdraw from their educational programs before completing such programs and must return those unearned funds to the appropriate lender or the DOE in a timely manner, generally within 45 days of the date the institution determines that the student has withdrawn. If any of our U.S. Institutions does not properly calculate and timely return the unearned funds for a sufficient percentage of students, that institution may have to post a letter of credit in favor of the DOE equal to 25% of Title IV program funds that should have been returned for such students in the prior fiscal year. Additionally, if any of our U.S. Institutions does not correctly calculate and timely return unearned Title IV program funds, that institution may be liable for repayment of Title IV funds and related interest and may be fined, sanctioned, or otherwise subject to adverse actions by the DOE, including termination of that institution's participation in Title IV programs. Any of these adverse actions could increase our cost of regulatory compliance and have a material adverse effect on our business, financial condition and results of operations.

On March 3, 2015, the DOE issued a final program review determination letter to Walden University for a September 2012 review of the 2011-2012 and 2012-2013 Title IV award years. The letter required Walden University to return $34,281 in Title IV funds, and also found that Walden University failed to timely return Title IV program funds for more than 5% of the withdrawn students during its fiscal year ended December 31, 2012. Based on its findings of noncompliance with DOE requirements to accurately and timely return Title IV program funds when students withdraw, the final program review determination was referred within the DOE for consideration of possible adverse action against Walden University, which if initiated could include fines or limitations on Title IV program funds. Such an adverse action could increase our cost of regulatory compliance and have a material adverse effect on our business, financial condition and results of operations.

We could also be subject to fines or penalties related to findings cited in our regulatory compliance reviews. For more information, see " Government, regulatory agencies, accrediting bodies and third parties may conduct compliance reviews, bring claims or initiate litigation against us."

We or certain of our educational programs at our U.S. Institutions may lose eligibility to participate in Title IV programs if any of our U.S. Institutions or certain of their educational programs cannot satisfy the DOE's "gainful employment" requirements.

Under the HEA, proprietary schools generally are eligible to participate in Title IV programs in respect of educational programs that lead to "gainful employment in a recognized occupation." Historically, the concept of "gainful employment" has not been defined in detail. On October 30, 2014, the DOE published final regulations to define "gainful employment," which became effective on July 1, 2015. The final regulations define this concept using two ratios, one based on annual debt-to-annual earnings ("DTE") and another based on annual debt-to-discretionary income ("DTI") ratio. Under the final regulations, an educational program with a DTE ratio at or below 8% or a DTI ratio at or below 20% is considered "passing." An educational program with a DTE ratio greater than 8% but less than or equal to 12% or a DTI ratio greater than 20% but less than or equal to 30% is considered to be "in the zone." An educational program with a DTE ratio greater than 12% and a DTI ratio greater than 30% is considered "failing." An educational program will cease to be eligible for students to receive Title IV program funds if its DTE and DTI ratios are failing in two out of any three consecutive award years or if both of those rates are failing or in the zone for four consecutive award years. Additionally, the final regulations require an institution to certify to the DOE that its educational programs subject to the gainful employment requirements, which include all programs offered by our U.S. Institutions, meet the applicable requirements for graduates to be professionally or occupationally licensed or certified in the state in which the institution is located. If we are unable to certify that our programs meet the applicable state requirements for graduates to be professionally or occupationally certified in that state, then we may need to cease offering certain programs in certain states or to students who are residents in certain states. The final regulations further include requirements for the reporting of student and program data by institutions to the DOE and expand the disclosure requirements that have been in effect since July 1, 2011. In November 2014, two organizations representing for-profit institutions filed separate lawsuits in federal district courts against the DOE seeking to have the final regulations invalidated. Both lawsuits allege that the DOE exceeded its statutory authority in promulgating the regulation, that the regulation violates an institution's constitutional rights and that the regulation is arbitrary and capricious. In both cases, the courts upheld the regulations and dismissed the lawsuits.

We are still evaluating the impact of the gainful employment regulations on our educational programs and cannot predict their impact at this time. The failure of any program or programs offered by any of our U.S. Institutions to satisfy any gainful employment regulations could render that program or programs ineligible for Title IV program funds. Additionally, any gainful employment data released by the DOE about our U.S. Institutions or warnings provided under the final regulations could influence current students not to continue their studies, discourage prospective students from enrolling in our programs or negatively impact our reputation. If a particular educational program ceased to become eligible for Title IV program funds, either because it fails to prepare students for gainful employment in a recognized occupation or due to other factors, we could be required to cease offering the program. It is possible that several programs offered by our schools may be adversely impacted by the regulations due to lack of specialized program accreditation or certification or in the states in which such institutions are based. We also could be required to make changes to certain programs in the future in order to comply with the rule or to avoid the uncertainty associated with such compliance. Any of these factors could reduce enrollments, impact tuition prices, and have a material adverse effect on our U.S. Institutions' business, financial condition and results of operations.

If we fail to maintain adequate systems and processes to detect and prevent fraudulent activity in student enrollment and financial aid, our business could be materially adversely impacted.

Higher educational institutions are susceptible to an increased risk of fraudulent activity by outside parties with respect to student enrollment and student financial aid programs. The DOE's regulations require institutions that participate in Title IV programs to refer to the Office of Inspector General credible information indicating that any applicant, employee, third-party servicer or agent of the institution that acts in a capacity that involves administration of the Title IV programs has been engaged in any fraud or other illegal conduct involving Title IV programs. We cannot be certain that our systems and processes will always be adequate in the face of increasingly sophisticated and ever-changing fraud schemes. The potential for outside parties to perpetrate fraud in connection with the award and disbursement of Title IV program funds, including as a result of identity theft, may be heightened due to our U.S. Institutions offering various educational programs via distance education. Any significant failure by one or more of our U.S. Institutions to adequately detect fraudulent activity related to student enrollment and financial aid could result in loss of accreditation at the discretion of the institutions' accrediting agency, which would result in the institution losing eligibility for Title IV programs, or in direct action by the DOE to limit or terminate the institution's Title IV program participation. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Any substantial misrepresentation regarding our U.S. Institutions could have a material adverse effect on our business, financial condition and results of operations.

The DOE's regulation regarding substantial misrepresentations includes statements about the nature of its educational programs, its financial charges or the employability of its graduates. Under the regulation as promulgated by the DOE, any false, erroneous, or misleading statement, or statement that has the likelihood or tendency to deceive, that an institution, one of its representatives, or person or entity with whom the institution has an agreement to provide educational programs, marketing, advertising, recruiting or admissions services, makes directly or indirectly to a student, prospective student, any member of the public, an accrediting agency, a state licensing agency or the DOE could be deemed a misrepresentation by the institution. In the event that the DOE determines that an institution engaged in a substantial misrepresentation, it can revoke the institution's program participation agreement, impose limitations on the institution's participation in Title IV programs, deny participation applications on behalf of the institution, or seek to fine, suspend or terminate the institution's participation in Title IV programs. These regulations create broad grounds for the DOE to monitor and enforce violations of the regulations on substantial misrepresentation, and the DOE has recently taken actions to terminate the Title IV Program participation of, and impose significant financial penalties on other institutions based on its determination of such violations. These regulations also provide grounds for private litigants to seek to enforce the expanded regulations through False Claims Act litigation, which could have a material adverse effect on our business, financial condition and results of operations.

The requirement to notify the DOE in advance of introducing new programs, and to obtain approvals for new programs, could delay the introduction of such programs and negatively impact growth.

All of our U.S. Institutions are currently provisionally certified by the DOE and remain subject to certain program approval requirements otherwise applicable to provisionally certified institutions. Any delay in obtaining a required DOE approval could delay the introduction of the program, which could negatively impact our enrollment growth.

A bankruptcy filing by us, or by any of our subsidiaries that operate our U.S. Institutions or a closure of one of our U.S. Institutions or their affiliates, would lead to an immediate loss of the institution's eligibility to participate in Title IV programs.

In the event of a bankruptcy filing by us, or by any of our subsidiaries that operate our U.S. Institutions, the U.S. Institutions owned by us or the bankrupt subsidiary would lose its eligibility to participate in Title IV programs, pursuant to statutory provisions of the HEA and notwithstanding the automatic stay provisions of federal bankruptcy law, which would make any reorganization difficult to implement. Additionally, in the event of any bankruptcy affecting one or more of our U.S. Institutions, the DOE could hold our other U.S. Institutions jointly liable for any Title IV program liabilities, whether asserted or unasserted at the time of such bankruptcy, of our U.S. Institutions whose Title IV program eligibility was terminated.

Further, in the event that an institution closes and fails to pay liabilities or other amounts owed to the DOE, the DOE can attribute the liabilities of that institution to other institutions under common ownership. If any one of our U.S. Institutions or affiliates were to close or have unpaid DOE liabilities, the DOE could seek to have those liabilities repaid by one of our other U.S. Institutions. In addition, the ultimate controlling owner of SFUAD is Wengen, which is also the ultimate controlling owner of Laureate. As a result, it is possible that the DOE could attempt to attribute any unpaid Title IV related liabilities of SFUAD to our other U.S. Institutions due to their common ownership.

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Government, regulatory agencies, accrediting bodies and third parties may conduct compliance reviews, bring claims or initiate litigation against us.

Because we operate in a highly regulated industry, we may be subject to compliance reviews and claims of noncompliance and lawsuits by government agencies, regulatory agencies and third parties, including claims brought by third parties on behalf of the federal government. On February 3, 2015, the DOE issued a final program review determination letter to National Hispanic University regarding a December 2013 review covering the 2012-2013 and 2013-2014 Title IV award years. The letter determined that National Hispanic University has taken corrective actions necessary to resolve all findings noted in the preliminary report, except for certain findings related to drug and alcohol abuse prevention program requirements. With respect to those findings, the DOE did not require any further action due to the fact that the National Hispanic University closed on August 23, 2015. On September 11, 2015, the DOE issued an expedited final program review determination letter to Kendall College regarding a March-April 2015 program review. The letter determined that Kendall College has taken corrective actions necessary to resolve all findings noted in the preliminary report. In addition, on August 24, 2015, the Higher Learning Commission notified Kendall College that the Higher Learning Commission intends to place the school on ongoing financial monitoring over the next 24 months primarily due to concerns over the school's continued reliance upon Laureate to provide financial support to sustain its operations. See also " We could be subject to sanctions if any of our U.S. Institutions fails to correctly calculate and timely return Title IV program funds for students who withdraw before completing their educational program."

If the results of these or other reviews or proceedings are unfavorable to us, or if we are unable to defend successfully against lawsuits or claims, we may be required to pay money damages or be subject to fines, limitations, loss of eligibility for Title IV program funding at our U.S. Institutions, injunctions or other penalties. We may also lose or have limitations imposed on our accreditations, licensing or Title IV program participation, be required to pay monetary damages or be limited in our ability to open new institutions or add new program offerings. Even if we adequately address issues raised by an agency review or successfully defend a lawsuit or claim, we may have to divert significant financial and management resources from our ongoing business operations to address issues raised by those reviews or to defend against those lawsuits or claims. Additionally, we may experience adverse collateral consequences, including declines in the number of students enrolling at our institutions and the willingness of third parties to deal with us or our institutions, as a result of any negative publicity associated with such reviews, claims or litigation. Claims and lawsuits brought against us may damage our reputation or cause us to incur expenses, even if such claims and lawsuits are without merit, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Relating to Our Indebtedness

The fact that we have substantial debt could materially adversely affect our ability to raise additional capital to fund our operations and limit our ability to pursue our growth strategy or to react to changes in the economy or our industry.

We have substantial debt. As of September 30, 2015 we had (a) a $2.17 billion senior secured credit facility (the "Senior Secured Credit Facilities") of which (1) $350.0 million is a multi-currency revolving credit facility scheduled to mature in March 2018, of which $349.9 million was outstanding at September 30, 2015, and (2) $1.82 billion is a senior secured term loan facility scheduled to mature in June 2018, (b) $1.38 billion aggregate principal amount of senior notes and (c) $1.11 billion of other long-term indebtedness, consisting of capital lease obligations, notes payable, seller notes and borrowings against certain lines of credit. During 2014, our total cash interest payments on our debt were approximately 54% of our net cash provided by operating activities of continuing operations (excluding such cash interest expense). After giving effect to the completion of this offering and the application of the proceeds therefrom, we would have had $ million of total debt outstanding as

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of September 30, 2015. Our debt could have important negative consequences to our business, including:

- increasing the difficulty of our ability to make payments on our outstanding debt;
- increasing our vulnerability to general economic and industry conditions because our debt payment obligations may limit our ability to use our cash to respond to or defend against changes in the industry or the economy;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities or to pay dividends;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- limiting our ability to pursue our growth strategy;
- limiting our ability to adjust to changing market conditions; and
- placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in the senior secured credit agreement governing our Senior Secured Credit Facilities and the indenture governing our outstanding notes. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our debt agreements contain, and future debt agreements may contain, restrictions that may limit our flexibility in operating our business.

The senior secured credit agreement governing our Senior Secured Credit Facilities and the indenture governing our outstanding notes contain various covenants that may limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- pay dividends and make certain distributions, investments and other restricted payments;
- incur additional indebtedness, issue disqualified stock or issue certain preferred shares;
- sell assets;
- enter into transactions with affiliates;
- create certain liens or encumbrances;
- preserve our corporate existence;

- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and

- designate our subsidiaries as unrestricted subsidiaries.

In addition, the senior secured credit agreement governing our Senior Secured Credit Facilities provides for a consolidated senior secured debt to consolidated EBITDA maintenance financial covenant, solely with respect to the revolving line of credit facility, which is to be tested quarterly.

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The senior secured credit agreement governing our Senior Secured Credit Facilities and the indenture governing our outstanding notes also include cross-default provisions applicable to other agreements. A breach of any of these covenants could result in a default under the agreement governing such indebtedness, including as a result of cross-default provisions. In addition, failure to make payments or observe certain covenants on the indebtedness of our subsidiaries may cause a cross default on our Senior Secured Credit Facilities and our outstanding notes. Upon our failure to maintain compliance with these covenants, the lenders could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit. If the lenders under such indebtedness accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings, as well as our other indebtedness. We have pledged a significant portion of our assets as collateral under our Senior Secured Credit Facilities. If we were unable to repay those amounts, the lenders under our Senior Secured Credit Facilities could proceed against the collateral granted to them to secure that indebtedness.

We rely on contractual arrangements and other payments, advances and transfers of funds from our operating subsidiaries to meet our debt service and other obligations.

We conduct all of our operations through certain of our subsidiaries, and we have no significant assets other than cash of $128.8 million as of September 30, 2015 held domestically at corporate entities and the capital stock or other control rights of our subsidiaries. As a result, we rely on payments from contractual arrangements, such as intellectual property royalty, network fee and management services agreements. In addition, we also rely upon intercompany loan repayments and other payments from our operating subsidiaries to meet any existing or future debt service and other obligations, a substantial portion of which are denominated in U.S. dollars. The ability of our operating subsidiaries to pay dividends or to make distributions or other payments to their parent companies or directly to us will depend on their respective operating results and may be restricted by, among other things, the laws of their respective jurisdictions of organization, regulatory requirements, agreements entered into by those operating subsidiaries and the covenants of any existing or future outstanding indebtedness that we or our subsidiaries may incur. For example, our VIE institutions generally are not permitted to pay dividends. Further, because most of our income is generated by our operating subsidiaries in non-U.S. dollar denominated currencies, our ability to service our U.S. dollar denominated debt obligations may be impacted by any strengthening of the U.S. dollar compared to the functional currencies of our operating subsidiaries.

Disruptions of the credit and equity markets worldwide may impede or prevent our access to the capital markets for additional funding to expand our business and may affect the availability or cost of borrowing under our existing senior secured credit facilities.

The credit and equity markets of both mature and developing economies have historically experienced extraordinary volatility, asset erosion and uncertainty, leading to governmental intervention in the banking sector in the United States and abroad. If these market disruptions occur in the future, we may not be able to access the capital markets to obtain funding needed to refinance our existing indebtedness or expand our business. In addition, changes in the capital or other legal requirements applicable to commercial lenders may affect the availability or increase the cost of borrowing under our Senior Secured Credit Facilities. If we are unable to obtain needed capital on terms acceptable to us, we may need to limit our growth initiatives or take other actions that materially adversely affect our business, financial condition, results of operations and cash flows.

Failure to obtain additional capital in the future could materially adversely affect our ability to grow.

We believe that our cash flows from operations, cash, investments and borrowings under our multi-currency revolving credit facility will be adequate to fund our current operating plans for the foreseeable future. However, we may need additional debt or equity financing in order to finance our continued growth and to fund the put/call arrangements with certain minority stockholders. In addition, we may be required to buy additional interests in certain higher education institutions at specified times in the future. The amount and timing of such additional financing will vary principally depending on the timing and size of acquisitions and new institution openings, the willingness of sellers to provide financing for future acquisitions and the cash flows from our operations. Given current global macro conditions, companies with emerging market exposure have been more affected by recent market volatility, and this has been reflected in the trading level of our 9.25% Senior Notes due 2019, which are currently trading at a discount to par. During the second quarter of 2015, we completed our annual reviews with the two leading U.S. credit rating agencies. As a result of those reviews, one of these rating agencies reaffirmed their rating of the Company; however, the other rating agency downgraded our credit rating one notch. The current trading price for our notes, as well as the reduced credit rating, may materially and adversely affect our ability to obtain additional debt financing in the future. To the extent that we require additional financing in the future and are unable to obtain such additional financing, we may not be able to fully implement our growth strategy.

Our variable rate debt exposes us to interest rate risk which could materially adversely affect our cash flow.

Borrowings under our Senior Secured Credit Facilities and certain local credit facilities bear interest at variable rates and other debt we incur also could be variable-rate debt. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could materially adversely affect our cash flow. If these rates were to increase significantly, the risks related to our substantial debt would intensify. While we have and may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk. Based on our outstanding variable-rate debt as of September 30, 2015, after giving effect to this offering and the application of the proceeds therefrom, and factoring in the impact of the derivatives and the interest rate floor in our Senior Secured Credit Facilities, an increase of 1% in interest rates would result in an increase in interest expense of approximately $ million on an annual basis.

Risks Relating to Investing in Our Class A Common Stock

Our status as a public benefit corporation or a Certified B Corporation may not result in the benefits that we anticipate.

We are a public benefit corporation under Delaware law. As a public benefit corporation we are required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those impacted by the specific benefit purpose relating to education set forth in our certificate of incorporation. In addition, there is no assurance that the expected positive impact from being a public benefit corporation will be realized. Accordingly, being a public benefit corporation and complying with our related obligations could negatively impact our ability to provide the highest possible return to our stockholders.

As a public benefit corporation, we are required to publicly disclose a report at least biennially on our overall public benefit performance and on our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

We have elected to have our overall public benefit purpose measured against an objective third-party standard and have chosen to be assessed by B Lab, an independent non-profit organization. We anticipate that this assessment will result in our becoming a "Certified B Corporation", which refers to companies that are certified by B Lab as meeting their standards of social and environmental performance, accountability and transparency. B Lab sets the standards for Certified B Corporation certification and may change those standards over time. See "Description of Capital Stock Public Benefit Corporation Status." Our reputation could be harmed if we do not obtain or subsequently lose our status as a Certified B Corporation, whether by our choice or by our failure to meet B Lab's certification requirements, if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations. Likewise, our reputation could be harmed if our publicly reported Certified B Corporation score declines.

As a public benefit corporation, our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance.

As a public benefit corporation, since we do not have a fiduciary duty solely to our stockholders, we may take actions that we believe will benefit our students and the surrounding communities, even if those actions do not maximize our short- or medium-term financial results. While we believe that this designation and obligation will benefit the Company given the importance to our long-term success of our commitment to education, it could cause our board of directors to make decisions and take actions not in keeping with the short-term or more narrow interests of our stockholders. Any longer-term benefits may not materialize within the timeframe we expect or at all and may have an immediate negative effect. For example:

- we may choose to revise our policies in ways that we believe will be beneficial to our students and their communities in the long term, even though the changes may be costly in the short- or medium-term;

- we may take actions, such as modernizing campuses to provide students with the latest technology, even though these actions may be more costly than other alternatives;

- we may be influenced to pursue programs and services to demonstrate our commitment to our students and communities even though there is no immediate return to our stockholders; or

- in responding to a possible proposal to acquire the Company, our board of directors may be influenced by the interests of our employees, students, teachers and others whose interests may be different from the interests of our stockholders.

We may be unable or slow to realize the long-term benefits we expect from actions taken to benefit our students and communities in which we operate, which could materially adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline.

An active, liquid trading market for our Class A common stock may not develop or be sustained.

No public trading market currently exists for our Class A common stock. We cannot predict the extent to which investor interest in our company will lead to the development of a trading market on the or elsewhere, or how active and liquid that market may become. If an active and liquid trading market does not develop or is not maintained, you may have difficulty selling any of our Class A common stock that you purchase. The initial public offering price for the shares will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. The market price of our Class A common stock may decline below the initial offering price, and you may be unable to sell your shares of our Class A common stock at or above the price you paid in this offering, or at all.

You will suffer immediate and substantial dilution in the net tangible book value of the shares of Class A common stock you purchase in this offering.

The initial public offering price of our Class A common stock is substantially higher than the net tangible book value per share of outstanding common stock prior to the completion of this offering. Based on our net tangible book value as of September 30, 2015 and upon the issuance and sale of shares of Class A common stock by us at an initial public offering price of $ per share, the

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midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, if you purchase our Class A common stock in this offering, you will pay more for your shares than the amounts paid by our existing stockholders for their shares and you will suffer immediate dilution of approximately $ per share in net tangible book value after giving effect to the sale of shares of our Class A common stock in this offering at an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We also have a large number of outstanding options to purchase Class B common stock with exercise prices that are below the estimated initial public offering price of our Class A common stock. To the extent that these options are exercised, you will experience further dilution. See "Dilution."

The price of our Class A common stock may be volatile, and you could lose all or part of your investment.

The trading price of our Class A common stock following this offering may fluctuate substantially and may be higher or lower than the initial public offering price. The trading price of our Class A common stock following this offering will depend on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our Class A common stock as you may be unable to sell your shares at or above the price you paid in this offering, or at all. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- our or our competitors' introduction of new institutions, new programs, concepts or pricing policies;
- announcements by us, our competitors or our vendors of significant acquisitions, joint marketing relationships, joint ventures or capital commitments;
- changes in conditions in the education industry, the financial markets or the economy as a whole;
- failure of any of our institutions to secure or maintain accreditation or licensure;
- announcements of regulatory or other investigations, adverse regulatory action by any regulatory body including those overseas or the DOE, state agencies or accrediting agencies, regulatory scrutiny of our operations or operations of our competitors or lawsuits filed against us or our competitors;
- announcements by third parties of significant claims or proceedings against us;
- the size of our public float;

changes in senior management or key personnel;

changes in our dividend policy;

adverse resolution of new or pending litigation against us;

issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock; and

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general domestic and international economic conditions.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. We may be the target of this type of litigation in the future. If we were to become involved in securities litigation, it could have a substantial cost and divert resources and the attention of our management team from our business regardless of the outcome of such litigation.

In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low. As a result, you may suffer a loss on your investment.

If we or our existing investors sell additional shares of our Class A common stock after this offering, the market price of our Class A common stock could decline.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market after this offering, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to raise capital through future sales of equity securities at a time and at a price that we deem appropriate, or at all. After the completion of this offering, we will have shares of Class A common stock outstanding.

We, our directors and executive officers and holders of substantially all of our outstanding stock (including Wengen, the Wengen Investors and the IFC Investors) have agreed not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for shares of Class A common stock; (ii) file any registration statement with the SEC relating to the offering of any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Class A common stock, without the consent of the representatives of the underwriters for a period of 180 days from the date of this prospectus, subject to certain exceptions. On an as converted basis, these shares will represent approximately % of our outstanding Class A common stock after this offering. Our Class A common stock that is issued upon conversion of our Class B common stock also may be sold pursuant to Rule 144 under the Securities Act, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates. As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our stock could decline if the holders of restricted shares sell them or are perceived by the market as intending to sell them. See "Certain Relationships and Related Party Transactions Registration Rights Agreement" and "Shares Eligible for Future Sale."

As of September 30, 2015, after giving effect to the recapitalization of our existing common stock into an equivalent number of shares of our Class B common stock and the authorization of our Class A common stock, 531,764,835 shares of our Class B common stock were outstanding, in addition to 299,939 shares of Class B common stock that are subject to forfeiture and substantial restrictions on transfer (the "restricted shares"). Such amount excludes 23,742,151 shares of Class B common stock issuable upon the exercise of outstanding vested stock options under the 2007 Stock Incentive Plan (the "2007 Plan"), 1,414,500 shares of Class B common stock subject to outstanding unvested stock options under the 2007 Plan, 6,260,404 shares of Class B common stock issuable upon the exercise of outstanding vested stock options under the 2013 Long-Term Incentive Plan (the "2013 Plan"), 16,184,528 shares of Class B common stock subject to outstanding unvested stock options under the 2013 Plan, 5,534,644 shares of Class A common stock and/or Class B common stock reserved for future issuance under the 2013 Plan, 29,724 shares of Class B common stock reserved for future issuance under the Post-2004 DCP, shares of our Class B common stock issuable in connection with the stock-based DCPs and shares of Class B common stock issuable upon exercise of options to be granted to Mr. Becker at the consummation of this offering in exchange for the liquidation of certain of his Executive Profits Interests, in both cases assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus. See "Executive Compensation" for information relating to the terms of the restricted shares, the Post-2004 DCP, Mr. Becker's Executive DCP and Mr. Becker's Executive Profits Interests. All of our outstanding shares of Class B common stock (other than the restricted shares) will first become eligible for resale 180 days after the date of this prospectus. Sales of a substantial number of shares of our Class B common stock, which will automatically convert into Class A common stock upon sale, could cause the market price of our Class A common stock to decline.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

We may retain future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our Senior Secured Credit Facilities and the indenture governing our outstanding notes. See "Description of Certain Indebtedness." In addition, we are permitted under the terms of our debt instruments to incur additional indebtedness, which may restrict or prevent us from paying dividends on our common stock. Furthermore, our ability to declare and pay dividends may be limited by instruments governing future outstanding indebtedness we may incur. As a result, you may not receive any return on an investment in our Class A common stock unless you sell your Class A common stock for a price greater than that which you paid for it.

The dual class structure of our common stock as contained in our certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including Wengen and our executive officers, employees and directors and their affiliates, and limiting your ability to influence corporate matters.

Each share of our Class B common stock will be entitled to ten votes per share, and each share of our Class A common stock, which is the class of stock we are offering, has one vote per share. Stockholders who hold shares of Class B common stock, including Wengen, and our executive officers, employees and directors and their affiliates, will together hold approximately % of the voting power of our outstanding capital stock following this offering, and therefore will have significant influence over the management and affairs of the Company and control over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, for the foreseeable future. Because of the 10-to-1 voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock even when the shares of Class B common stock represent less than a majority of the outstanding shares of our Class A and Class B common stock. See "Description of Capital Stock."

The Wengen Investors will have control over our decisions to enter into any corporate transaction and the ability to prevent any transaction that requires stockholder approval regardless of whether others believe that the transaction is in our best interests. So long as the Wengen Investors continue to have an indirect interest in a majority of our outstanding Class B common stock, they will have the ability to control the vote in any election of directors. This concentrated control will limit your ability to influence corporate matters for the foreseeable future and, as a result, the market price of our Class A common stock could be materially adversely affected. In addition, pursuant to a

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securityholders' agreement with Wengen that we expect to enter into upon the consummation of this offering, certain of the Wengen Investors will have a consent right over certain significant corporate actions and certain rights to appoint directors to our board of directors and its committees. See "Certain Relationships and Related Party Transactions Agreements with Wengen."

In addition, the Wengen Investors are in the business of making or advising on investments in companies and may hold, and may from time to time in the future acquire, interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours.

We will incur increased costs as a result of being a public company, and the requirements of being a public company may divert management's attention from our business and materially adversely affect our financial results.

As a public company, we will be subject to a number of additional requirements, including the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the listing standards of . These requirements will cause us to incur increased costs and might place a strain on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, our management's attention might be diverted from other business concerns, which could have a material adverse effect on our business, results of operations and financial condition. We may not be successful in implementing these requirements and implementing them could materially adversely affect our business, results of operations and financial condition. Furthermore, we might not be able to retain our independent directors or attract new independent directors for our committees.

In addition, the need to establish the corporate infrastructure demanded of a public company may direct management's attention, from implementing our business strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls, including information technology controls, and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could materially adversely affect our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses.

We are a "controlled company" within the meaning of the rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After completion of this offering, Wengen will continue to control a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;

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- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;

- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating/corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. See "Management." Accordingly, for so long as we are a "controlled company," you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the .

Provisions in our certificate of incorporation and bylaws and the Delaware General Corporation Law could make it more difficult for a third party to acquire us and could discourage a takeover and adversely affect the holders of our Class A common stock.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of the Company, even if such change in control would be beneficial to the holders of our Class A common stock. These provisions include:

- the dual class structure of our common stock;

- authorizing the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;

- prohibiting the use of cumulative voting for the election of directors;

- as a public benefit corporation, requiring a two-thirds majority vote of the outstanding stock to effect a non-cash merger with an entity that is not a public benefit corporation with an identical public benefit;

- limiting the ability of stockholders to call special meetings or amend our bylaws;

- following the conversion of all of our Class B common stock into Class A common stock, requiring all stockholder actions to be taken at a meeting of our stockholders; and

- establishing advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

In addition, the Delaware General Corporation Law (the "DGCL"), to which we are subject, prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns at least 15% of our common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our amended and restated certificate of incorporation will authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

The provision of our certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our amended and restated certificate of incorporation will require, to the fullest extent permitted by law, that (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim against us arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or the bylaws or (d) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation described above. This choice of forum provision many limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, results of operations and cash flows.

If securities analysts do not publish research or reports about our business or if they publish unfavorable commentary about us or our industry or downgrade our Class A common stock, the trading price of our Class A common stock could decline.

We expect that the trading price for our Class A common stock will be affected by any research or reports that securities analysts publish about us or our business. If one or more of the analysts who may elect to cover us or our business downgrade their evaluations of our Class A common stock, the price of our Class A common stock would likely decline. We may be unable or slow to attract research coverage and if one or more analysts cease coverage of our company, we could lose visibility in the market for our Class A common stock, which in turn could cause our stock price to decline.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or similar expressions that concern our strategy, plans or intentions. All statements we make relating to estimated and projected earnings, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the factors discussed in this prospectus. Some of the factors that we believe could affect our results include:

- the risks associated with our operation of an increasingly global business, including complex management, foreign currency, legal, tax and economic risks;
- our ability to effectively manage the growth of our business;
- our ability to continue to make acquisitions and to successfully integrate and operate acquired businesses;
- the development and expansion of our global education network and the effect of new technology applications in the educational services industry;
- the effect of existing laws governing our business or changes in those laws;
- changes in the political, economic and business climate in the international or the U.S. markets where we operate;
- risks of downturns in general economic conditions and in the educational services and education technology industries;
- possible increased competition from other educational service providers;
- market acceptance of new service offerings by us or our competitors and our ability to predict and respond to changes in the markets for our educational services;
- the effect on our business and results of operations from fluctuations in the value of foreign currencies;
- our ability to attract and retain key personnel;
- the fluctuations in revenues due to seasonality;

our ability to generate anticipated savings from our EiP program or our SSOs;

our ability to maintain proper and effective internal controls necessary to produce accurate financial statements on a timely basis;

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- our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance; and

- the future trading prices of our Class A common stock and the impact of any securities analysts' reports on these prices.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of shares of our Class A common stock being offered by us pursuant to this prospectus at an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million. A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease the net proceeds to us from the offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase or decrease of one million shares in the number of shares of Class A common stock offered by us would increase or decrease the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds of this offering to repay certain of our outstanding indebtedness and for general corporate purposes, which may include working capital.

DIVIDEND POLICY

We currently do not anticipate paying any cash dividends on our Class A common stock or Class B common stock in the foreseeable future. We expect to retain our future earnings, if any, for use in the operation and expansion of our business. The terms of our senior secured credit agreement governing our Senior Secured Credit Facilities and the indenture governing our outstanding notes limit our ability to pay cash dividends in certain circumstances. Furthermore, if we are in default under the senior secured credit agreement governing our Senior Secured Credit Facilities or the indenture governing our outstanding notes, our ability to pay cash dividends will be limited in the absence of a waiver of that default or an amendment to such agreement or such indenture. In addition, our ability to pay cash dividends on shares of our Class A common stock may be limited by restrictions on our ability to obtain sufficient funds through dividends from our subsidiaries. For more information on our senior secured credit agreement governing our Senior Secured Credit Facilities and the indenture governing our outstanding notes, see "Description of Certain Indebtedness." Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, capital requirements, our overall financial condition and any other factors deemed relevant by our board of directors.

We made cash distributions on our common stock in an aggregate amount of $5.3 million, $22.9 million and $12.1 million in 2014, 2013 and 2012, respectively, and on November 6, 2015, declared a cash dividend on our common stock in an aggregate amount of $19.0 million, which was paid or reserved for payment on November 16, 2015.

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CAPITALIZATION

The following table shows our cash and cash equivalents and our capitalization as of September 30, 2015 on:

- an actual basis; and

- an as adjusted basis giving effect to the issuance of Class A common stock in this offering and the application of the net proceeds from this offering as described under "Use of Proceeds."

You should read this table together with "Use of Proceeds," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of September 30, 2015	
	Actual	**As Adjusted(1)**
	(Dollar amounts in millions)	
	(unaudited)	
Cash and cash equivalents (includes VIE amounts of $167.3 million)	$ 618.4	$
Indebtedness		
Senior Secured Credit Facilities:		
Multi-currency revolving credit facility(2)	$ 349.9	$
Term loan facilities(3)	1,819.5	
Outstanding senior notes due 2019	1,385.3	
Other debt, including seller notes(4)	1,108.2	
Total debt	4,662.9	
Stockholders' equity		
Preferred stock, $0.001 par value; 50,000,000 shares authorized, no shares issued and outstanding, actual and as adjusted		
Class A common stock, $0.001 par value: no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted		
Class B common stock, $0.001 par value: no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted		
Common stock, $0.001 par value: 700,000,000 shares authorized, 531,764,835 shares issued and outstanding, actual; no shares authorized, issued or outstanding, as adjusted	0.5	
Additional paid-in capital	2,697.2	
Accumulated other comprehensive loss	(935.5)	
Accumulated deficit	(1,392.9)	
Total Laureate Education, Inc. stockholders' equity(5)	369.4	
Total capitalization	$ 5,032.3	$

(1)

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease the amount of as adjusted cash and cash equivalents, additional paid-in capital, total Laureate Education, Inc. stockholders' equity and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase or decrease of

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one million shares in the number of shares of Class A common stock offered by us would increase or decrease cash and cash equivalents, additional paid-in capital, total Laureate Education, Inc. stockholders' equity and total capitalization by approximately $ million, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Consists of a $350.0 million senior secured multi-currency revolving credit facility with a maturity date of March 2018. As of September 30, 2015, we had borrowed $349.9 million and had $0.9 million of outstanding letters of credit which decrease availability, and as such, we had no availability under this facility.

(3) Consists of a $1,819.5 million term loan with a maturity date of June 2018.

(4) Consists of $249.7 million in capital lease obligations (including sale-leaseback financings), $530.2 million in notes payable, $184.3 million in seller notes and $144.0 million in borrowings against lines of credit. See "Description of Certain Indebtedness Other Debt."

(5) Excludes redeemable noncontrolling interests and equity of $49.1 million, which are located between liabilities and equity on the September 30, 2015 consolidated balance sheet included elsewhere in this prospectus.

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DILUTION

If you invest in our Class A common stock, your investment will be diluted immediately to the extent of the difference between the public offering price per share of our Class A common stock and the net tangible book value per share of our Class A and Class B common stock after this offering. Our net tangible book value as of September 30, 2015 was a deficit of approximately $3.1 billion, or $(5.83) per share of Class A and Class B common stock. Net tangible book value per share represents the amount of our total tangible assets, less our total liabilities, divided by the number of shares of Class A and Class B common stock outstanding as of September 30, 2015. Total tangible assets represents total assets reduced by goodwill, tradenames and accreditations, and other intangible assets, net.

Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of Class A common stock in this offering and the net tangible book value per share of Class A and Class B common stock immediately after the completion of this offering. After giving effect to our sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of September 30, 2015 would have been $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to investors purchasing Class A common stock in this offering, as illustrated in the following table:

Assumed initial public offering price per share of Class A common stock		$
Net tangible book value per share as of September 30, 2015	$	
Increase per share attributable to this offering	$	
Net tangible book value per share, as adjusted to give effect to this offering		$
Dilution per share to new investors		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease our as adjusted net tangible book value per share by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase or decrease of one million shares in the number of shares of Class A common stock offered by us would increase or decrease our as adjusted net tangible book value per share by $, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our Class A common stock in full, the as adjusted net tangible book value per share would be $ per share, the increase in net tangible book value per share to existing stockholders would be $ per share and the dilution per share to new investors purchasing shares in this offering would be $ per share.

The following table presents, on a pro forma basis as of September 30, 2015, after giving effect to the sale of shares of Class A common stock and the recapitalization of all of our common stock into shares of Class B common stock immediately prior to the effectiveness of the registration statement of which this prospectus is a part, the differences between the existing stockholders and the

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purchasers of shares in this offering with respect to the number of shares purchased from us, the total consideration paid and the average price paid per share:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors		%	$	%	$
Total		100.0%	$	100.0%	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease total consideration paid by new investors by $, total consideration paid by all stockholders by $ and the average price per share paid by all stockholders by $, in each case assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase or decrease of one million shares in the number of shares of Class A common stock offered by us would increase or decrease total consideration paid by new investors by $, total consideration paid by all stockholders by $ and the average price per share paid by all stockholders by $, in each case assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

To the extent that any outstanding options are exercised, new investors will experience further dilution. If all of these options were exercised, then our existing stockholders, including the holders of these options, would own % and our new investors would own % of the total number of shares of our Class A and Class B common stock outstanding upon the closing of this offering. The net tangible book value per share after this offering would be $, causing dilution to new investors of $ per share.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

Set forth below are selected consolidated financial data of Laureate Education, Inc., at the dates and for the periods indicated. The selected historical statements of operations data and statements of cash flows data for the fiscal years ended December 31, 2014, 2013 and 2012 and balance sheet data as of December 31, 2014 and 2013 have been derived from our historical audited consolidated financial statements included elsewhere in this prospectus. The selected historical statements of operations data and statements of cash flows data for the fiscal years ended December 31, 2011 and 2010 and balance sheet data as of December 31, 2012, 2011 and 2010 have been derived from our historical audited consolidated financial statements not included in this prospectus. The unaudited historical consolidated statement of operations data and statement of cash flows data for the nine months ended September 30, 2015 and 2014 and the unaudited consolidated balance sheet data as of September 30, 2015, have been derived from our historical unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited financial information on the same basis as the audited consolidated financial statements and have included, in our opinion, all adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of our future results. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information included therein. See accompanying historical financial statements of FMU Group and Sociedade Educacional Sul-Rio-Grandense Ltda., as well as the pro forma financial statements included elsewhere in this prospectus, which are included because these two acquisitions met the significance thresholds of Rule 3-05 of Regulation S-X.

The selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Nine Months Ended September 30,		Fiscal Year Ended December 31,				
(Dollar amounts in thousands)	**2015**	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
	(unaudited)						
Consolidated Statements of Operations:							
Revenues	$ 3,141,156	$ 3,085,473	$ 4,414,682	$ 3,913,881	$ 3,567,117	$ 3,370,350	$ 2,873,619
Costs and expenses:							
Direct costs	2,795,027	2,789,469	3,838,179	3,418,449	3,148,530	2,943,732	2,504,540
General and administrative expenses	134,103	100,946	151,215	141,197	110,078	101,383	98,668
Loss on impairment of assets		16,454	125,788	33,582	58,329	108,467	195,543
Operating income	212,026	178,604	299,500	320,653	250,180	216,768	74,868
Interest income	9,924	19,344	21,822	21,805	19,467	20,020	17,906
Interest expense	(300,145)	(279,118)	(385,754)	(350,196)	(307,728)	(276,943)	(237,624)
Loss on debt extinguishment	(1,263)		(22,984)	(1,361)	(4,421)	(3,755)	
(Loss) gain on derivatives	(2,618)	(2,020)	(3,101)	6,631	(63,234)	15,242	(74,527)
Settlement of stockholders litigation(1)						(10,000)	
Loss from regulatory changes(2)					(43,716)		
Other income (expense), net	1,268	(73)	(1,184)	7,499	(5,533)	5,194	(4,077)
Foreign currency exchange (loss) gain, net	(139,416)	(72,293)	(109,970)	(3,102)	14,401	(32,424)	(27,863)
(Loss) income from continuing operations before income taxes and equity in net income (loss) of affiliates	(220,224)	(155,556)	(201,671)	1,929	(140,584)	(65,898)	(251,317)
Income tax (expense) benefit	(81,587)	(54,402)	39,060	(91,246)	(68,061)	(50,230)	40,812
Equity in net income (loss) of affiliates, net of tax	2,106	(127)	158	(905)	(8,702)	(1,392)	(512)
Loss from continuing operations	(299,705)	(210,085)	(162,453)	(90,222)	(217,347)	(117,520)	(211,017)
Income from discontinued operations, net of tax of $0, $0, $0, $0, $787, $1,089 and $568, respectively				796	4,384	3,215	990
Gain on sales of discontinued operations, net of tax of $0, $0, $0, $1,864, $179, $0 and $0, respectively				4,350	3,308		
Net loss	(299,705)	(210,085)	(162,453)	(85,076)	(209,655)	(114,305)	(210,027)
Net loss attributable to noncontrolling interests	124	4,832	4,162	15,398	8,597	9,120	7,436
Net loss attributable to Laureate Education, Inc.	$ (299,581)	$ (205,253)	$ (158,291)	$ (69,678)	$ (201,058)	$ (105,185)	$ (202,591)

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(Dollar amounts in thousands)	Nine Months Ended September 30, 2015	2014	Fiscal Year Ended December 31, 2014	2013	2012	2011	2010
	(unaudited)						
Consolidated Statements of Cash Flows:							
Net cash provided by operating activities of continuing operations	$ 220,295	$ 230,103	$ 269,156	$ 277,202	$ 245,653	$ 341,069	$ 245,918
Net cash used in investing activities of continuing operations	(41,324)	(351,555)	(489,181)	(899,083)	(453,747)	(405,585)	(357,135)
Net cash provided by financing activities of continuing operations	12,056	125,166	172,586	756,663	124,825	155,483	204,232
Net cash provided by (used in) operating activities of discontinued operations				344	(6,190)	4,861	7,464
Net cash used in investing activities of discontinued operations					(149)	(2,321)	(2,793)
Net cash used in financing activities of discontinued operations							(3,443)
Net cash provided by (used in) discontinued operations				344	(6,339)	2,540	1,228
Effects of exchange rate changes on cash	(34,221)	(37,100)	(50,877)	(12,531)	2,712	(21,619)	12,493
Business acquisitions, net of cash acquired	(6,705)	(277,614)	(287,945)	(177,550)	203	(22,301)	(103,066)
Payments of contingent consideration for acquisitions				(5,674)			(5,260)
Segment Data:							
Revenues:							
LatAm	$ 1,775,287	$ 1,750,809	$ 2,532,451	$ 2,340,867	$ 2,135,176	$ 2,009,151	$ 1,651,276
Europe	297,482	330,929	499,261	469,733	434,571	416,471	373,175
AMEA	305,949	278,346	395,907	194,060	158,476	139,003	132,372
GPS	767,943	727,267	998,154	911,023	852,886	812,579	723,102
Corporate	(5,505)	(1,878)	(11,091)	(1,802)	(13,992)	(6,854)	(6,306)
Total revenues	$ 3,141,156	$ 3,085,473	$ 4,414,682	$ 3,913,881	$ 3,567,117	$ 3,370,350	$ 2,873,619
Adjusted EBITDA(3):							
LatAm	$ 323,143	$ 318,165	$ 541,975	$ 466,664	$ 380,254	$ 413,722	$ 346,686
Europe	23,128	23,502	71,116	74,591	73,757	60,262	59,225
AMEA	36,627	16,173	28,580	(5,177)	(5,939)	(14,476)	(3,295)
GPS	176,848	154,010	226,208	204,068	191,095	202,788	179,526
Corporate	(83,881)	(66,371)	(94,354)	(93,674)	(92,134)	(86,277)	(77,008)
Total Adjusted EBITDA(3)	$ 475,865	$ 445,479	$ 773,525	$ 646,472	$ 547,033	$ 576,019	$ 505,134
Other Data:							
Total enrollments (rounded to the nearest thousand):							
LatAm	809,000	767,000	752,000	617,000	559,000	509,000	445,000
Europe	53,000	46,000	51,000	47,000	42,000	40,000	34,000
AMEA	83,000	77,000	77,000	61,000	44,000	42,000	50,000
GPS	81,000	77,000	79,000	78,000	76,000	71,000	68,000
Total	1,026,000	967,000	959,000	803,000	721,000	662,000	597,000

New enrollments (rounded to the nearest hundred):							
LatAm	384,600	340,400	344,700	315,400	300,700	266,200	212,700
Europe	9,100	8,200	20,200	18,500	16,500	15,500	13,700
AMEA	38,900	39,400	42,100	20,600	17,600	15,100	16,900
GPS	34,700	32,300	42,600	40,500	41,600	40,100	41,300
Total	467,300	420,300	449,600	395,000	376,400	336,900	284,600

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(Dollar amounts in thousands)	As of September 30, 2015 (unaudited)	As of December 31, 2014	2013	2012	2011	2010
Consolidated Balance Sheets:						
Cash and cash equivalents	$ 618,390	$ 461,584	$ 559,900	$ 427,305	$ 511,049	$ 442,196
Restricted cash(4)	147,690	149,438	361,832	130,953	101,173	82,024
Net working capital (deficit) (including cash and cash equivalents)	(413,314)	(515,877)	(205,692)	(363,050)	(308,696)	(253,397)
Property and equipment, net	2,271,027	2,514,319	2,656,726	2,353,014	2,108,438	2,010,132
Goodwill	2,125,846	2,469,795	2,376,678	2,301,138	2,229,485	2,401,865
Tradenames and accreditations	1,363,515	1,461,762	1,519,737	1,526,339	1,553,984	1,707,534
Other intangible assets, net	57,593	93,064	29,973	14,915	31,164	73,704
Total assets	7,845,987	8,438,218	8,455,080	7,767,217	7,377,001	7,484,972
Total debt, including debt to shareholders of acquired companies(5)	4,662,924	4,814,928	4,499,866	3,695,679	3,437,565	3,189,186
Deferred compensation	118,072	115,575	188,394	182,119	173,175	160,479
Total liabilities, excluding debt, due to shareholders of acquired companies and derivative instruments	2,712,571	2,498,611	2,350,067	2,284,464	2,086,055	1,926,174
Redeemable noncontrolling interests and equity	49,142	43,876	42,165	53,225	70,518	164,606
Total Laureate Education, Inc. stockholders' equity	369,376	1,017,068	1,465,755	1,596,097	1,701,965	2,060,548

(1) Represents a $10.0 million expense in connection with the settlement of stockholder litigation in 2011 related to our leveraged buyout in 2007.

(2) Represents a loss of $43.7 million from regulatory changes resulting from the deconsolidation of UDLA Ecuador at the end of the third quarter of 2012.

(3) We define Adjusted EBITDA as net loss, *before* gain on sales of discontinued operations, net of tax, income from discontinued operations, net of tax, equity in net (income) loss of affiliates, net of tax, income tax expense (benefit), foreign currency exchange loss (income), net, other (income) expense, net, settlement of stockholders litigation (for 2011), loss from regulatory changes (for 2012), loss (gain) on derivatives, loss on debt extinguishment, interest expense and interest income, *plus* depreciation and amortization, stock-based compensation expense, loss on impairment of assets, expenses related to implementation of our EiP initiative and, for 2010, certain pre-leveraged buyout compensation and transaction costs. When we review Adjusted EBITDA on a segment basis, we exclude inter-segment revenues and expenses that eliminate in consolidation. Adjusted EBITDA is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures.

We have included Adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial measure used by the compensation committee of our board of directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;

- Adjusted EBITDA does not include impairment charges on long-lived assets;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;

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Adjusted EBITDA does not reflect expenses related to implementation of our EiP program to optimize and standardize our processes; and

Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us.

Other companies may calculate Adjusted EBITDA differently than the way we do, limiting the usefulness of these items as comparative measures. We believe that the inclusion of Adjusted EBITDA in this prospectus is appropriate to provide additional information to investors about our business. While management believes that these measures provide useful information to investors, the SEC may require that Adjusted EBITDA be presented differently or not at all in filings made with the SEC.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results. The following unaudited table sets forth a reconciliation of Adjusted EBITDA to net loss for the periods indicated:

	Nine Months Ended September 30,		Fiscal Year Ended December 31,				
(Dollar amounts in thousands)	**2015**	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
	(unaudited)						
Net loss	$ (299,705)	$ (210,085)	$ (162,453)	$ (85,076)	$ (209,655)	$ (114,305)	$ (210,027)
Plus:							
Gain on sales of discontinued operations, net of tax				(4,350)	(3,308)		
Income from discontinued operations, net of tax				(796)	(4,384)	(3,215)	(990)
Loss from continuing operations	(299,705)	(210,085)	(162,453)	(90,222)	(217,347)	(117,520)	(211,017)
Plus:							
Equity in net (income) loss of affiliates, net of tax	(2,106)	127	(158)	905	8,702	1,392	512
Income tax expense (benefit)	81,587	54,402	(39,060)	91,246	68,061	50,230	(40,812)
(Loss) income from continuing operations before income taxes and equity in net (income) loss of affiliates	(220,224)	(155,556)	(201,671)	1,929	(140,584)	(65,898)	(251,317)
Plus:							
Foreign currency exchange loss (income), net	139,416	72,293	109,970	3,102	(14,401)	32,424	27,863
Other (income) expense, net	(1,268)	73	1,184	(7,499)	5,533	(5,194)	4,077
Settlement of stockholders litigation(a)						10,000	
Loss from regulatory changes(b)					43,716		
Loss (gain) on derivatives	2,618	2,020	3,101	(6,631)	63,234	(15,242)	74,527
Loss on debt extinguishment	1,263		22,984	1,361	4,421	3,755	
Interest expense	300,145	279,118	385,754	350,196	307,728	276,943	237,624
Interest income	(9,924)	(19,344)	(21,822)	(21,805)	(19,467)	(20,020)	(17,906)
Operating income	212,026	178,604	299,500	320,653	250,180	216,768	74,868
Plus:							
Depreciation and amortization	209,390	210,956	288,331	242,725	221,235	228,678	210,392
EDITDA	421,416	389,560	587,831	563,378	471,415	445,446	285,260

Plus:							
Stock-based compensation expense(c)	27,222	36,801	49,190	49,512	17,289	22,106	26,772
Loss on impairment of assets(d)		16,454	125,788	33,582	58,329	108,467	195,543
EiP expenses(e)	27,227	2,664	10,716				
Other(f)							(2,441)
Adjusted EBITDA	$ 475,865	$ 445,479	$ 773,525	$ 646,472	$ 547,033	$ 576,019	$ 505,134

(a) See footnote (1) above.

(b) See footnote (2) above.

(c) Represents non-cash, stock-based compensation expense pursuant to the provisions of ASC Topic 718.

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(d) Represents non-cash charges related to impairments of long-lived assets. For further details on certain impairment items, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(e) EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, finance, accounting and human resources, which began in 2014 and is expected to be substantially completed in 2017. EiP includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

(f) Represents charges related to certain pre-leveraged buyout incentive compensation and transaction costs.

(4) Restricted cash includes cash equivalents held to collateralize standby letters of credit in favor of the DOE in order to allow our U.S. Institutions to participate in the Title IV program. In addition, we may have restricted cash in escrow pending potential acquisition transactions, or otherwise have cash that is not immediately available for use in current operations.

(5) Includes current portion of long-term debt and current portion of due to shareholders of acquired companies.

Return on Incremental Invested Capital ("ROIIC") is not a recognized measure under GAAP. We believe ROIIC is a relevant metric for investors because it measures how effectively we deploy capital to generate operating profit. We define ROIIC as the change in operating income (as adjusted) for the three-year period ended December 31, 2014 divided by the change in net invested capital for the three-year period ended December 31, 2013. We believe comparing the change in operating income (as adjusted) for the three-year period ended December 31, 2014 versus the change in net invested capital for the three-year period ended December 31, 2013 is a representative reflection of the returns our incremental capital investments generate because it only includes capital deployed for more than 12 months, resulting in a full-year impact on operating income (as adjusted). We believe a three-year measurement period is more representative of the returns we expect to generate on our investments. Our method of calculating ROIIC may differ from the methods other companies use to calculate ROIIC and may be calculated over different time periods. We encourage you to understand the methods other companies use to calculate ROIIC before comparing their ROIIC to ours. The following table presents the calculation of ROIIC:

	Fiscal Year Ended December 31,		
(Dollars in thousands):	**2011**	**2014**	
NUMERATOR:			
Operating income	$ 216,768	$ 299,500	
Loss on impairment of assets	108,467	125,788	
EiP implementation expenses		10,716	
Cash taxes(a)	(76,603)	(83,466)	
Operating income (as adjusted)	$ 248,632	$ 352,538	
Change in operating income (as adjusted)			**$ 103,906**

	As of December 31,	
	2010	**2013**
DENOMINATOR:		
Total assets	$ 7,484,972	$ 8,455,080
Acquisitions escrow within restricted cash(b)		(231,000)
Cash and cash equivalents	(442,196)	(559,900)
Total liabilities, excluding debt, due to shareholders of acquired companies and derivative instruments	(1,926,174)	(2,350,067)
Impairment of assets(c)	195,543	395,922
Net invested capital	$ 5,312,145	$ 5,710,035

Change in net invested capital	**$ 397,890**
ROIIC for the period from 2011 to 2014	**26.1%**

(a) In 2014, includes an adjustment of $14.8 million due to timing of tax payments in Mexico resulting from tax reform changes that became effective in January 2014.

(b) Represents an adjustment in restricted cash in 2013 for the pre-funding of a portion of the purchase price related to the FMU Group acquisition, which did not close until September 2014.

(c) In 2010, represents the impairment of assets incurred for January 1, 2010 to December 31, 2010. In 2013, represents the cumulative impairment of assets incurred from January 1, 2010 through December 31, 2013.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition with the "Selected Historical Consolidated Financial and Other Data" and the audited and unaudited historical consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. See "Special Note Regarding Forward-Looking Statements."

Introduction

This Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") is provided to assist readers of the financial statements in understanding the results of operations, financial condition and cash flows of Laureate Education, Inc. This MD&A should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. Our MD&A is presented in the following sections:

- Overview
- Acquisitions
- Internal Control over Financial Reporting
- Results of Operations
- Liquidity and Capital Resources
- Contractual Obligations
- Off-Balance Sheet Arrangements
- Critical Accounting Policies and Estimates
- Recently Issued Accounting Pronouncements
- Quantitative and Qualitative Disclosures About Market Risk

Overview

We are the largest global network of degree-granting higher education institutions, with more than one million students enrolled at our 88 institutions in 28 countries on more than 200 campuses, which we collectively refer to as the *Laureate International Universities* network. We participate in the global higher education market, which is estimated to account for revenues of approximately $1.5 trillion in 2015, according to GSV. We believe the global higher education market presents an attractive long-term opportunity, primarily because of the large and growing imbalance between the supply and demand for quality higher education around the world. Advanced education opportunities drive higher earnings potential, and we believe the projected growth in the middle class population worldwide and limited government resources dedicated to higher education create substantial opportunities for high-quality private institutions to meet this growing and unmet demand. Our outcomes-driven strategy is focused on enabling millions of students globally to prosper and thrive in the dynamic and evolving knowledge economy.

In 1999, we made our first investment in higher education and, since that time, we have developed into the global leader in higher education. As of September 30, 2015, our global network of 88 institutions comprised 72 institutions we owned or controlled, and an additional 16 institutions that we managed or with which we had other relationships. We have four reporting segments as described below. We group our institutions by geography in Latin America, Europe and Asia, Middle East and Africa for reporting purposes. Our GPS segment includes institutions that have products and services that span the *Laureate International Universities* network and attract students from across geographic boundaries, including our fully online universities.

Our Segments

The LatAm segment includes institutions in Brazil, Chile, Costa Rica, Honduras, Mexico, Panama and Peru and has contractual relationships with a licensed institution in Ecuador. The institutions generate revenues by providing an education that emphasizes applied, professional-oriented content for growing career fields with undergraduate and graduate degree programs. The programs at these institutions are mainly campus-based and are primarily focused on local students. In addition, the institutions in our LatAm segment have begun introducing online and hybrid (a combination of online and in-classroom) courses and programs to their curriculum. Brazil and Chile have government-supported financing programs for higher education, while in other countries students generally finance their own education. Tuition and expenses per student are less than in the Europe and GPS segments, but the volume of enrollments is higher.

The Europe segment includes institutions in Cyprus, France, Germany, Morocco, Portugal, Spain and Turkey. The institutions generate revenues by providing professional-oriented content for growing career fields with undergraduate and graduate degree programs. The programs at these institutions are mainly campus-based, but several institutions have begun to introduce online and hybrid programs. While a higher percentage of the eligible population in Europe participates in higher education than in LatAm, Europe's population is older and growing more slowly than in the countries in our LatAm and AMEA segments. The greater availability in these locations of established, and in some instances nearly free, public universities results in a more competitive market for increased and sustained enrollments. The institutions in this segment enroll local and international students. As most countries in the Europe segment do not have government financing for private education, most students finance their own education. Tuition and expenses per student are higher, with lower enrollment than in our LatAm and AMEA segments.

The AMEA segment consists of campus-based institutions with operations in Australia, China, India, Malaysia, South Africa and Thailand. AMEA also manages 11 licensed institutions in the Kingdom of Saudi Arabia and manages one additional institution in China through a joint venture arrangement. Additionally, as of December 31, 2014, AMEA had a relationship with a licensed institution in Indonesia. The programs at these institutions generate revenues by providing an education that emphasizes applied, professional-oriented content for growing career fields with undergraduate and graduate degree programs. The programs at these institutions are mainly campus-based and are primarily focused on local students. Most countries in AMEA do not have government-supported financing for higher education, students finance their own education. The AMEA segment has a combination of fast growing economies, such as China and Malaysia. Tuition and expenses per student are less than in our Europe and GPS segments. In the Kingdom of Saudi Arabia, the government has awarded us contracts with 11 licensed institutions, including eight under the Colleges of Excellence program. The contracts are each five years in length, and we may apply for renewal with the government upon expiration of each contract. The first contract, under which we provide services to approximately 300 students, expires in October 2015, and we anticipate that it will be renewed. The remaining contracts will expire between 2016 and 2020. We anticipate higher enrollments and revenues in the Kingdom of Saudi Arabia.

The GPS segment includes institutions that have products and services that span the *Laureate International Universities* network and attract students from across geographic boundaries. The GPS segment includes fully online degree programs in the United States offered through Walden University, a U.S.-based accredited institution, and through the University of Liverpool and the University of

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Roehampton in the United Kingdom. Additionally, within the GPS segment we have smaller niche campus-based institutions with specialized curriculum in the hospitality, art and design, culinary, and health sciences fields, located in Italy, New Zealand, Spain, Switzerland, the United Kingdom and the United States. The GPS segment also manages one hospitality and culinary institution in China and one hospitality and culinary institution in Jordan through joint venture and other contractual arrangements. The online institutions primarily serve working adults with undergraduate and graduate degree programs, while the campus-based institutions primarily serve traditional students seeking undergraduate and graduate degrees. Students in the United States finance their education in a variety of ways, including Title IV programs.

Corporate is a non-operating business unit whose purpose is to support operations. Its departments are responsible for establishing operational policies and internal control standards; implementing strategic initiatives; and monitoring compliance with policies and controls throughout our operations. Our Corporate segment is an internal source of capital and provides financial, human resource, information technology, insurance, legal and tax compliance services. The Corporate segment also contains the eliminations of inter-segment revenues and expenses.

The following information for our operating segments is presented as of September 30, 2015, except where otherwise indicated:

	LatAm	Europe	AMEA	GPS	Total
Countries	8	7	7	8	28*
Institutions	30	21	22	15	88
Enrollments (rounded to nearest thousand)	809,000	53,000	83,000	81,000	1,026,000
LTM ended September 30, 2015 Revenues ($ in millions)	$ 2,556.9	$ 465.8	$ 423.5	$ 1,038.8	$ 4,470.4
% Contribution to LTM ended September 30, 2015 Revenues	57%	10%	10%	23%	100%

* Our AMEA and GPS segments both have institutions located in China and our Europe and GPS segments both have institutions located in Spain. The total reflects the elimination of this duplication.

The elimination of inter-segment revenues and amounts related to Corporate, which total $14.6 million, is not separately presented.

Challenges

Our global operations are subject to complex business, economic, legal, political, tax and foreign currency risks, which may be difficult to adequately address. The majority of our operations are outside the United States. As a result, we face risks that are inherent in international operations, including: fluctuations in exchange rates, possible currency devaluations, inflation and hyperinflation; price controls and foreign currency exchange restrictions; potential economic and political instability in the countries in which we operate; expropriation of assets by local governments; key political elections and changes in government policies; multiple and possibly overlapping and conflicting tax laws; and compliance with a wide variety of foreign laws. We plan to continue to grow our business globally by acquiring or establishing private higher education institutions. Our success in growing our business will depend on the ability to anticipate and effectively manage these and other risks related to operating in various countries.

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Regulatory Environment

Our business is subject to regulation by various agencies based on the requirements of local jurisdictions. These agencies continue to review and update regulations as they deem necessary. We cannot predict the form of the rules that ultimately may be adopted in the future or what effects they might have on our business, financial condition, results of operations and cash flows. We will continue to develop and implement necessary changes that enable us to comply with such regulations. See "Risk Factors Risks Relating to Our Highly Regulated Industry in the United States," "Risk Factors Risks Relating to Our Business Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations may materially adversely affect our business, financial condition and results of operations," "Risk Factors Risks Relating to Our Business Political and regulatory developments in Chile may materially adversely affect our operations" and "Industry Regulation" for a detailed discussion of our different regulatory environments and Note 20, Legal and Regulatory Matters, in our consolidated financial statements included elsewhere in this prospectus.

Key Business Metrics

Enrollment

Enrollment is our lead revenue indicator and represents our most important non-financial metric. We define "enrollment" as the number of students registered in a course on the last day of the enrollment reporting period. New enrollments provide an indication of future revenue trends. Total enrollment is a function of continuing student enrollments, new student enrollments and enrollments from acquisitions, offset by graduations and attrition. Attrition is defined as a student leaving the institution before completion of the program. To minimize attrition, we have implemented programs that involve assisting students in remedial education, mentoring, counseling and student financing.

Each of our institutions has an enrollment cycle that varies by geographic region and academic program. During each academic year, each institution has a "Primary Intake" period in which the majority of the enrollment occurs. Most institutions also have one or more smaller "Secondary Intake" periods. The first calendar quarter generally coincides with the Primary Intakes for our institutions in Central America, the Andean Region, Brazil and Australia and South Africa. The third calendar quarter generally coincides with the Primary Intakes for our institutions in Mexico and Europe, and our AMEA (China, India and Malaysia only) and GPS segments.

The following chart shows our enrollment cycles. Shaded areas in the chart represent periods when classes are generally in session and revenues are recognized. Areas that are not shaded represent summer breaks during which revenues are not typically recognized. The large circles indicate the

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Primary Intake start dates of our institutions, and the small circles represent Secondary Intake start dates.

Pricing

We continually monitor market conditions and carefully adjust our tuition rates to meet local demand levels. We proactively seek the best price and content combinations to ensure that we remain competitive in all the markets in which we operate.

Principal Components of Income Statement

Revenues

Tuition is the largest component of our revenues and we recognize tuition revenues on a weekly basis, as classes are being taught. The amount of tuition generated in a given period depends on the price per credit hour and the total credit hours or price per program taken by the enrolled student population. Deferred revenue and student deposits on our consolidated balance sheets consist of tuition paid prior to the start of academic sessions and unearned tuition amounts recorded as accounts receivable after an academic session begins. The price per credit hour varies by program, by market, and by degree level. Additionally, varying levels of discounts and scholarships are offered depending on

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market-specific dynamics and individual achievements of our students. Revenues are reported net of scholarships, other discounts, refunds, waivers and the fair value of any guarantees made by Laureate related to student financing programs. In addition to tuition revenues, we generate other revenues from ancillary product sales, dormitory/residency fees, student fees and other education-related services. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. The main drivers of changes in revenues between periods are student enrollment and price.

Direct Costs

Our direct costs include instructional and services expenses as well as marketing and promotional expenses. Our instructional and services costs consist primarily of labor and operating costs associated with the delivery of services to our students, including the cost of wages, payroll taxes, and benefits for institution employees, depreciation and amortization, rent, utilities and bad debt expenses. Marketing and promotional costs consist primarily of advertising expenses and labor costs for marketing personnel at the institutions. In general, a significant portion of our direct costs tend to be variable in nature and trend with enrollment, and management continues to monitor and improve the efficiency of instructional delivery. Conversely, as campuses expand, direct costs may grow faster than enrollment growth as infrastructure investments are made in anticipation of future enrollment growth.

General and Administrative Expenses

Our general and administrative expenses primarily consist of costs associated with corporate departments, including executive management, accounting, legal, business development and other departments that do not provide direct operational services.

Factors Affecting Comparability

Acquisitions

Our past experiences provide us with the expertise to further our mission of providing high-quality, accessible and affordable higher education to students by expanding into new markets, primarily through acquisitions. Acquisitions affect the comparability of our financial statements from period to period. Acquisitions completed during one period impact comparability to a prior period in which we did not own the acquired entity. Therefore, changes related to such entities are considered "incremental impact of acquisitions" for the first 12 months of our ownership. See Note 5, Acquisitions, in our consolidated financial statements included elsewhere in this prospectus for details of our acquisitions and other transactions.

Foreign Exchange

The majority of our institutions are located outside the United States. These institutions enter into transactions in currencies other than the U.S. dollar ("USD") and keep their local financial records in a functional currency other than the USD. We monitor the impact of foreign currency movements and the correlation between the local currency and the USD. Our revenues and expenses are generally denominated in local currency. The USD is our reporting currency and our subsidiaries operate in various other functional currencies, including: Australian Dollar, Brazilian Real, Chilean Peso, Chinese Renminbi, Costa Rican Colon, Euro, Great Britain Pound, Honduran Lempira, Indian Rupee, Malaysian Ringgit, Mexican Peso, Moroccan Dirham, New Zealand Dollar, Peruvian Nuevo Sol, Polish Złoty, Saudi Riyal, South African Rand, Swiss Franc, Thai Baht and Turkish Lira. The principal foreign exchange exposure is the risk related to the translation of revenues and expenses incurred in each country from the local currency into USD. For the years ended December 31, 2013 and December 31, 2014 and the nine months and LTM ended September 30, 2015, the impact of changing foreign currency exchange rates reduced consolidated revenues by approximately $54 million, $225 million, $471 million and $563 million, respectively, as compared to the comparable preceding period. For the

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years ended December 31, 2013 and December 31, 2014 and the nine months and LTM ended September 30, 2015, the impact of changing foreign currency exchange rates reduced consolidated Adjusted EBITDA by approximately $8 million, $46 million, $87 million and $111 million, respectively, as compared to the comparable preceding period. We experienced a proportionally greater negative impact related to the year ended December 31, 2014 and the nine months and LTM ended September 30, 2015, which resulted from the significant weakening experienced by most currencies against the U.S. dollar where we have significant operations, which began in the second half of 2014. See "Risk Factors Risks Relating to Our Business Our reported revenues and earnings may be negatively affected by the strengthening of the U.S. dollar and currency exchange rates."

Seasonality

Most of the institutions in our network have a summer break during which classes are generally not in session and minimal revenues are recognized. In addition to the timing of summer breaks, holidays such as Easter also have an impact on our academic calendar. Operating expenses, however, do not fully correlate to the enrollment and revenue cycles, as the institutions continue to incur expenses during summer breaks. Given the geographic diversity of our institutions and differences in timing of summer breaks, our second and fourth quarters are stronger revenue quarters as the majority of our institutions are in session for most of these respective quarters. Our first and third fiscal quarters are weaker revenue quarters because the majority of our institutions have summer breaks for some portion of one of these two quarters. Due to this seasonality, revenues and profits in any one quarter are not necessarily indicative of results in subsequent quarters and may not be correlated to new enrollment in any one quarter. For a discussion of our revenue recognition accounting policy, see Note 3, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this prospectus.

Internal Control over Financial Reporting

As of December 31, 2014, we had two material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses are related to (1) inadequate journal entry review process and (2) inadequate controls over key reports and spreadsheets.

The remediation of these material weaknesses includes making significant investments to develop training programs for our global finance organization, changing the organizational design and reporting relationships for our global finance organization and upgrading the qualifications of personnel where necessary, and designing and implementing improved processes and internal controls, some of which are manual. However, until the completion of our ongoing EiP initiative, which is anticipated to occur by the end of 2017 and includes implementing a global enterprise resource planning system and completing the vertical integration of our finance organization through the establishment of regional SSOs, there is significant risk in maintaining these manual processes and bringing them to scale. Our efforts to remediate these material weaknesses may not be effective or prevent any future material weakness in our internal control over financial reporting. See "Risk Factors Risks Relating to Our Business We have identified two material weaknesses in our internal control over financial reporting that, if not corrected, could result in material misstatements of our financial statements," and "Risk Factors Risks Relating to Our Business If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be materially adversely affected."

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As a public company, we will be required to devote significant resources to complete the assessment and documentation of our internal control system and financial process under Section 404 of the Sarbanes-Oxley Act, including an assessment of the design, implementation and operating effectiveness of our information systems associated with our internal control over financial reporting. We will incur material costs to remediate any material weaknesses and significant deficiencies identified as well as ensuring compliance with Section 404 of the Sarbanes-Oxley Act.

Results of Operations

The following discussion of the results of our operations is organized as follows:

- Summary Comparison of Consolidated Results
- Non-GAAP Financial Measure
- Segment Results

Summary Comparison of Consolidated Results for the Nine Months Ended September 30, 2015 and 2014

Discussion of Significant Items Affecting the Consolidated Results for the Nine Months Ended September 30, 2015 and 2014

On March 5, 2015, we completed the sale of our interest in HSM Group Management Focus Europe Global S.L. ("HSM"). We recognized a net gain of $2.0 million in equity in net loss of affiliates, net of tax, for the nine months ended September 30, 2015.

During the nine months ended September 30, 2015, we reassessed our position regarding certain ongoing Spanish tax audits and, as a result of recent adverse decisions from the Spanish Supreme Court and Spanish National Court on cases for taxpayers with similar facts, it was determined that we could no longer support a more-likely-than-not position and thus recorded a provision of $42.1 million relating to these tax audits.

During the nine months ended September 30, 2014, we announced that we would begin a teach-out process at National Hispanic University ("NHU"), an institution in our GPS segment that closed in August 2015, and will no longer enroll new students. In connection with this teach out, we recorded direct costs of $7.4 million in the nine months ended September 30, 2014, respectively, to ensure an orderly and successful transition for our students.

During the nine months ended September 30, 2014, we recorded a benefit of $11.3 million in our LatAm segment related to the settlement of a pre-acquisition loss contingency after receiving a favorable court ruling with respect to the use of grant funds by the prior owners of Universidade Anhembi Morumbi ("UAM Brazil").

During the nine months ended September 30, 2014, we incurred employee termination costs of $11.3 million resulting from a reduction in force at certain locations in our LatAm segment and $1.9 million in our Europe segment.

During the nine months ended September 30, 2014, we determined it was probable that we would achieve a performance target for contingent consideration payable under the terms of the 2013 purchase agreement for THINK Education Group ("THINK"), an institution in our AMEA segment, therefore we accrued this contingent consideration at its estimated fair value of $3.8 million, which we charged to operating expenses.

During the nine months ended September 30, 2014, we recorded a loss on disposal of property of $4.0 million at Hunan International Economics University ("HIEU"), an institution in our AMEA segment, to write off the carrying value of three parcels of land for which it no longer has land use rights.

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During the nine months ended September 30, 2014, an entity in the Kingdom of Saudi Arabia in our AMEA segment recorded a benefit to direct costs of $2.8 million, primarily related to cash payments received for fully reserved receivables.

During the nine months ended September 30, 2014, Corporate expenses were reduced by $3.4 million related to proceeds received from the settlement of earthquake-related insurance claims.

During the nine months ended September 30, 2014, we recorded an impairment charge of $16.4 million on UDLA Chile's tradenames and accreditations due to weakened financial performance that resulted from the loss of accreditation.

Comparison of Consolidated Results for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

The following table presents our operating results for the nine months ended September 30, 2015 and 2014:

(in millions)	**2015**	**2014**	**% Change Better/(Worse) 2015 vs. 2014**
Revenues	$ 3,141.2	$ 3,085.5	2%
Direct costs	2,795.0	2,789.5	%
General and administrative expenses	134.1	100.9	(33)%
Loss on impairment of assets		16.5	100%
Operating income	212.0	178.6	19%
Interest expense, net of interest income	(290.2)	(259.8)	(12)%
Other non-operating expense	(142.0)	(74.4)	(91)%
Loss from continuing operations before income taxes and equity in net income (loss) of affiliates	(220.2)	(155.6)	(42)%
Income tax expense	(81.6)	(54.4)	(50)%
Equity in net income (loss) of affiliates, net of tax	2.1	(0.1)	nm
Net loss	(299.7)	(210.1)	(43)%
Net loss attributable to noncontrolling interests	0.1	4.8	(98)%
Net loss attributable to Laureate Education, Inc.	$ (299.6)	$ (205.3)	(46)%

nm percentage changes not meaningful

For further details on certain discrete items discussed below, see " Discussion of Significant Items Affecting the Consolidated Results."

Revenues increased by $55.7 million to $3,141.2 million for the nine months ended September 30, 2015 (the "2015 fiscal period") from $3,085.5 million for the nine months ended September 30, 2014 (the "2014 fiscal period"). This revenue growth was driven by overall increased average total enrollment at a majority of our institutions, which increased revenues by $229.8 million, the incremental impact of acquisitions, which increased revenues by $111.5 million, and the effect of changes in tuition rates and enrollments in programs at varying price points ("product mix"), pricing and timing, which increased revenues by $188.5 million, due in part to the academic calendar, which resulted in an extra week during the 2015 fiscal period as compared to the 2014 fiscal period at many of our institutions. Partially offsetting this revenue growth was the effect of a net change in foreign currency exchange rates, which decreased revenues by $470.5 million. Other Corporate changes accounted for a decrease in revenues of $3.6 million.

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Direct costs and general and administrative expenses combined increased by $38.7 million to $2,929.1 million for the 2015 fiscal period from $2,890.4 million for the 2014 fiscal period. The direct costs increase was due to the incremental impact of acquisitions increasing costs by $107.9 million and overall higher enrollments and expanded operations increasing costs by $336.8 million. Additionally, during the 2014 fiscal period, we recorded a benefit of $11.3 million related to the settlement of a pre-acquisition loss contingency after receiving a favorable court ruling. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased direct costs by $2.4 million in the 2015 fiscal period and decreased direct costs by $4.0 million in the 2014 fiscal period, increasing expenses by $6.4 million in the 2015 fiscal period compared to the 2014 fiscal period. During the 2014 fiscal period, an entity in the Kingdom of Saudi Arabia recorded a benefit to direct costs of $2.8 million primarily related to cash payments received for fully reserved receivables. The change in corporate expenses accounted for an increase in costs of $10.5 million for the 2015 fiscal period, primarily from an increase in labor expenses. Additionally, Corporate recorded $3.4 million of proceeds received from the settlement of earthquake-related insurance claims in the 2014 fiscal period.

Offsetting these direct cost increases was a net change in foreign currency exchange rates, which decreased costs by $412.0 million for the 2015 fiscal period compared to the 2014 fiscal period. In the 2014 fiscal period, employee termination costs related to a reduction in force increased direct costs by $13.2 million. In the 2014 fiscal period, we determined that it was probable that one of our institutions would meet performance targets that were part of a share purchase agreement and accrued for a contingent earn-out of $3.8 million. Additionally during the 2014 fiscal period, HIEU recorded a $4.0 million loss on disposal of property to write off the carrying value of three parcels of land which we no longer own. In connection with a teach out at NHU, an institution in our GPS segment that closed in August 2015, we recorded direct costs of $7.4 million in the nine months ended September 30, 2014 to ensure an orderly and successful transition for our students.

Operating income increased by $33.4 million to $212.0 million for the 2015 fiscal period from $178.6 million for the 2014 fiscal period. The increase in operating income was primarily driven by increased operating income at our LatAm, AMEA and GPS segments, partially offset by a decrease in operating income at our Europe segment and increased costs at Corporate primarily due to increased labor expenses. Additionally, in the 2014 fiscal period, we recorded a loss on impairment of assets of $16.5 million, which decreased our operating income.

Interest expense, net of interest income increased by $30.4 million to $290.2 million for the 2015 fiscal period from $259.8 million for the 2014 fiscal period. The increase in interest expense was primarily attributable to higher debt balances.

Other non-operating expense increased by $67.6 million to $142.0 million for the 2015 fiscal period from $74.4 million for the 2014 fiscal period. This increase was primarily attributable to a $67.1 million increase in loss on foreign currency exchange in the 2015 fiscal period compared to the 2014 fiscal period, an increase in loss on debt extinguishment of $1.3 million in the 2015 fiscal period compared to the 2014 fiscal period and an increase in loss on derivatives of $0.6 million. These expense increases were partially offset by an increase in other income of $1.4 million for the 2015 fiscal period compared to the 2014 fiscal period.

Income tax expense increased by $27.2 million to $81.6 million for the 2015 fiscal period from $54.4 million for the 2014 fiscal period. We have operations in multiple countries, many of which have statutory tax rates lower than the United States. The main reasons for this increase in expense were the recording of the tax provision of $42.1 million related to the ICE tax audit matters, as described above and in Note 14, Income Taxes, in our interim consolidated financial statements included elsewhere in this prospectus, and an increase in overall operational income. This increase was partially offset by the impact of foreign exchange rates year over year.

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Equity in net income (loss) of affiliates, net of tax increased by $2.2 million to income of $2.1 million for the 2015 fiscal period from a loss of $0.1 million for the 2014 fiscal period. We recognized a net gain on the sale of HSM for $2.0 million in the 2015 fiscal period. Other equity-method investments resulted in changes of $0.2 million for the 2015 fiscal period compared to the 2014 fiscal period.

Net loss attributable to noncontrolling interests changed by $4.7 million to a loss of $0.1 million for the 2015 fiscal period, from a loss of $4.8 million for the 2014 fiscal period. This change was primarily related to decreased losses at HIEU and NHU and income in 2015 at Pearl Academy, compared to a loss in 2014.

Summary Comparison of Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012

Discussion of Significant Items Affecting the Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012

Year Ended December 31, 2014

In the first quarter of 2014, we announced the beginning of a teach-out process at NHU, an institution in our GPS segment that closed in August 2015, and will no longer enroll new students. In connection with this teach-out, we recorded direct costs of $6.6 million for 2014 to ensure an orderly and successful transition for our students.

In the second quarter of 2014, corporate expenses were reduced by $3.4 million related to proceeds received from the settlement of earthquake-related insurance claims. In the fourth quarter of 2014, corporate expenses were further reduced by $1.4 million related to additional proceeds received from the settlement of earthquake-related insurance claims.

We recorded a loss on disposal of property of $4.4 million at HIEU, an institution in our AMEA segment, to write off the carrying value of several parcels of land for which it no longer has land use rights.

In the third quarter of 2014, an entity in the Kingdom of Saudi Arabia in our AMEA segment recorded a benefit to direct costs of $2.8 million, primarily related to cash payments received for fully reserved receivables.

In 2014, we incurred employee termination costs of $18.0 million resulting from a reduction in force at certain locations, including $11.5 million in our LatAm segment, $4.7 million in our Europe segment and $1.8 million in our GPS segment.

In 2014, we reached an arbitration settlement related to certain indemnification claims with the former owners of an institution in Brazil and recorded a gain of $6.7 million in our LatAm segment.

During the fourth quarter of 2014, we recorded an operating expense of $18.0 million for a donation to a foundation for an initiative supported by the Turkish government. This donation was made by our network institution in Turkey to support our ongoing operations.

During 2013, we recorded a liability of $11.8 million for a social security tax matter in our Europe segment for the years 2009 through 2012. In 2014, we reversed $2.1 million of the social security tax liability due to statute of limitations expirations.

The fiscal reform that was enacted in Mexico in December 2013 subjects our Mexico entities to corporate income tax and also requires them to comply with profit-sharing legislation, whereby 10% of the taxable income of our Mexican entities will be set aside as employee compensation. In 2013, we had established an asset for a deferred benefit related to this matter. During 2014, we revised our estimate regarding the realizability of this asset and, accordingly, recorded a net decrease in operating expense for the year ended December 31, 2014 of $22.8 million.

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Impairment

In 2014, we recorded a total impairment loss of $125.8 million. Tradenames and accreditations were impaired in the aggregate amount of $47.7 million related to two Chilean institutions in our LatAm segment. Also in our LatAm segment, goodwill was impaired in the amount of $77.1 million, which related to our institutions in Costa Rica, Honduras, and Panama. Our LatAm and GPS segments recorded impairments of long-lived assets of $0.7 million and $0.1 million, respectively. Our Europe segment recorded impairments of deferred costs of $0.3 million.

UDLA Chile recorded impairment of $16.4 million for tradenames and accreditations. This is an additional impairment to the charge taken in 2013. The primary driver for this additional charge was the secondary intake of enrollment that occurred during the third quarter of 2014, which provided us with additional information regarding the projected financial performance of UDLA Chile and that indicated that the financial impact of the loss of accreditation was larger than initially estimated. UNAB recorded an impairment charge for tradenames and accreditations of $31.3 million that resulted from our expectation of reduced margins and lower pricing. The lower projections reflect weaker operating performance compared to the prior long-range plan, combined with reduced expectations as a result of a regulatory environment that favors public rather than private supply in higher education.

The goodwill impairment of $77.1 million in LatAm at our institutions in Costa Rica, Honduras, and Panama can be attributed to a weaker long-range outlook as compared to the assumptions contained in the models previously used to value the intangible assets. The primary driver of this weaker outlook is a shortfall in 2014 enrollments which has caused us to decrease our long-term enrollment projections. The softened enrollment outlook has also resulted in pricing pressure on revenue.

Year Ended December 31, 2013

In the second half of 2010, Ecuador adopted a new higher education law that, upon its implementation, required us to modify the governance structure of our institution in that country. While the constitutionality of certain provisions of the higher education law is currently being challenged in Ecuador's court system, the law has been implemented. In the fourth quarter of 2012, the CES, the relevant regulatory body, commenced reviewing and issuing comments on bylaws submitted by other Ecuadorian higher education institutions, implementing and enforcing the co-governance provisions of the new law. In accordance with ASC 810-10-15-10, we believed that control no longer resided with Laureate given the governmentally imposed uncertainties. As a result, UDLA Ecuador was deconsolidated in the fourth quarter of 2012. As a result of the deconsolidation, the net reduction in consolidated revenues for 2013 was $20.8 million, consisting of a decrease in the LatAm segment of $28.7 million, partially offset by an increase of $7.9 million in corporate and eliminations from royalty revenues and other support charges recognized for 2013. Additionally, direct costs in the LatAm segment decreased by $16.2 million.

On January 18, 2013, we borrowed an additional $250.0 million in term loans under our Senior Secured Credit Facilities. This additional amount was issued at an original debt discount of $1.3 million, and we paid debt issuance costs of $2.9 million, all of which was amortized to interest expense over the term of the loan. On December 16, 2013, we borrowed an additional $200.0 million in term loans under our Senior Secured Credit Facilities. This additional loan was issued at a discount of $0.5 million, and we paid debt issuance costs of $2.2 million, all of which was amortized to interest expense over the term of the loan. Additionally, third-party costs of $1.5 million were charged to general and administrative expenses.

On January 23, 2013, we sold Universidad Del Desarrollo Professional, SC ("UNIDEP") for approximately $40.6 million and recognized a gain on the sale of $4.4 million, net of income tax expense of $1.9 million in the consolidated statement of operations. UNIDEP was classified as a discontinued operation in the consolidated financial statements included elsewhere in this prospectus.

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During the first quarter of 2013, a university in our Europe segment sold non-operating assets for $4.1 million and recognized a gain on the sale of $3.9 million in other (expense) income, net in the consolidated statement of operations.

The planned March 2013 opening of a new campus building at UNAB in our LatAm segment was delayed, resulting in the need to relocate students to temporary facilities until the building was completed. During 2013, we incurred $6.2 million of expenses to rent the temporary facilities and operate them as classrooms. This also caused a delay to the start of the 2013 academic calendar year for these students. As a concession for the inconvenience experienced by the students who were affected, we agreed to a one-time settlement in the form of discounts on those students' tuition. This settlement was recognized as a reduction of revenues and totaled $10.1 million for the year ended December 31, 2013.

During 2013, we recorded an accrual of $11.8 million for a social security tax matter for the years 2009 through 2012 in our Europe segment.

On April 23, 2013, we borrowed an additional $310.0 million in term loans under our Senior Secured Credit Facilities. This additional amount was issued at a premium of $1.6 million, and we paid debt issuance costs of $3.9 million, both of which will be amortized to interest expense over the term of the loan. Additionally, third-party costs of $0.4 million were charged to general and administrative expenses. The proceeds from this borrowing were used to repay all of the outstanding senior subordinated notes (the "Senior Subordinated Notes"). We paid a total of $17.1 million of tender premiums and fees and call premiums which were capitalized as debt issuance costs.

In May 2013, we exited a leased facility at one institution in our Europe segment and as a result received an early termination settlement of $4.8 million, which decreased direct costs.

During 2012, we recorded an accrual for a tax contingency in Brazil, as discussed further below. During 2013, we settled this Brazil tax contingency and recorded additional expense of $3.8 million in direct costs in our LatAm segment.

In the third quarter of 2013, we wrote down our investment in HSM of $3.1 million to a carrying value of zero, which resulted in a charge to equity in net income (loss) of affiliates, net of tax for the year ended December 31, 2013. We concluded that the impairment in the value of its investment in HSM was other than temporary.

On December 20, 2013, we acquired the remaining 80% interest of THINK and remeasured our equity method investment in THINK to a fair value of approximately $18.5 million, recording a non-operating gain of $5.9 million.

As a result of the fiscal reform enacted in Mexico in December 2013, we recorded a net increase in operating expense for the year ended December 31, 2013 of $8.4 million in our LatAm segment.

In December 2013, we recorded a $2.5 million gain on the termination of a sale-leaseback arrangement in our Europe segment.

Impairment

In 2013, we recorded a total impairment loss of $33.6 million. Tradenames and accreditations were impaired in the aggregate amount of $25.7 million related to institutions in our LatAm and GPS segments, which recorded impairments of $22.0 million and $3.7 million, respectively. Our AMEA segment recorded impairments of long-lived assets of $2.0 million for certain buildings that were impaired in 2013. Our GPS segment also recorded impairments of long-lived assets of $1.4 million and impairments of other intangible assets of $4.5 million.

The impairment of tradenames and accreditations in LatAm related to UDLA Chile. The primary driver for this charge was a reduction in this institution's projected revenue and income following

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UDLA Chile's loss of accreditation, as discussed in Note 3, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this prospectus. The current impairment charge is based on management's best estimates using current available and knowable information about the short and long term implications to the UDLA Chile financial forecast. The current projections assume reaccreditation in 2016. We will continue to monitor the situation and additional impairment losses may result from greater than expected attrition and failure to obtain reaccreditation in 2016.

The tradenames and accreditations impairment of $3.7 million in our GPS segment related to one institution in Italy, and two in the United States. The impairment at the Italian institution of $1.1 million resulted from our expectation of reduced margins, as compared to the assumptions contained in the models previously used to value the intangible assets. The reduced margin expectations result primarily from the ongoing weakness in the European economies, which has caused pricing decreases at certain of the institutions included in this segment, as well as enrollment declines as compared to the projections used to value the intangible assets.

In the United States, one of the institutions recorded a tradenames and accreditations impairment of $1.3 million, which primarily resulted from our expectation of further reduced margins and cash flows as compared to our initial projections contained in the previous model used to value the intangible assets at this institution during our 2012 impairment testing. These expectations of further reduced margins and cash flows were largely due to the poor economic conditions in the United States, continued media focus on the cost of education as compared to earnings potential, as well as the regulatory environment, which are discussed in Note 20, Legal and Regulatory Matters, in our consolidated financial statements included elsewhere in this prospectus. All of these factors have caused us to reduce our expectation of future performance for this institution. In the first quarter of 2014, one of our U.S. Institutions, NHU, decided to stop enrolling new students and teach out the existing cohort of students. This decision was driven in part by certain regulatory changes. As a result, we have written off the entire tradenames and accreditations value of $1.3 million related to this institution. In addition, NHU, also wrote down capitalized curriculum, which is recorded in deferred costs, net by $4.5 million and software, which is recorded in property and equipment, by $1.3 million, as it was determined that the curriculum and software cannot be redeployed. There was also an impairment of other long-lived assets in the GPS segment of $0.1 million.

Year Ended December 31, 2012

During the first quarter of 2012, we sold Hautes Études des Technologies de l'Information et de la Communication ("HETIC"), a subsidiary in our Europe segment, for a sales price of $4.7 million. The sale resulted in a gain of $3.3 million, net of income tax expense of $0.2 million, which was recorded in gain on sales of discontinued operations, net of tax in the consolidated statement of operations. HETIC was classified as a discontinued operation in the consolidated financial statements included elsewhere in this prospectus.

In May 2012, a Brazilian state supreme court ruling declared that a law passed by one of its municipal governments was unconstitutional. The municipality's federal appeal of the state ruling is pending. This municipal law, passed in the third quarter of 2010, had nullified certain tax assessments against one of our institutions in Brazil. As a result of the May 2012 state supreme court ruling, we recorded a liability for these tax contingencies of $20.1 million in other long-term liabilities on our December 31, 2013 consolidated balance sheet. Since these assessments are for taxes other than income tax, the corresponding charge that was incurred in the second quarter of 2012 was recorded through direct costs and interest expense in our consolidated statements of operations, resulting in a decrease to operating income of approximately $13.1 million, an increase in interest expense of $7.0 million, and a decrease to net income of approximately $13.3 million, net of tax benefits of approximately $6.8 million. During 2013, we revised our estimate for this Brazil tax contingency and recorded an additional $3.8 million of direct costs. During the fourth quarter of 2013, we settled this tax assessment with the municipality and paid the entire liability.

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On July 25, 2012, we completed an offering of $350.0 million aggregate principal amount of 9.250% Senior Notes due 2019 (the "Senior Notes"). We paid and capitalized $8.6 million of debt issuance costs in connection with the completed offering in July 2012.

In 2012, we changed our estimate for an acquisition litigation liability at an institution in our Europe segment and recorded expense of $4.1 million.

Laureate and the sellers of Universidad Privada del Norte ("UPN") entered into an addendum to the UPN purchase agreement to amend certain terms and conditions with regard to the seller's earn-out payment. This modification to the original contingent consideration arrangement resulted in an additional arrangement with the sellers, whereby amounts in excess of the contingent consideration owed to the sellers were accounted for as expense. For the year ended December 31, 2012, we recorded expense in our LatAm segment of $4.1 million related to this modification.

In 2012, we wrote down our investment in HSM to a carrying value of zero which resulted in a charge to equity in net loss of affiliates, net of tax of $6.7 million. This charge was recorded during the third quarter of 2012, upon our determination that there was a decline in the value of the investment that was other than temporary.

On November 13, 2012, we completed an offering of $1,050.0 million aggregate principal amount of additional Senior Notes. The notes are treated as a single series with the $350.0 million of Senior Notes. We used the net proceeds from the sale of the additional Senior Notes to purchase all of the outstanding senior toggle notes (the "Senior Toggle Notes") and the senior cash pay notes (the "Senior Cash Pay Notes"), and to fully repay certain debt instruments under our senior secured term loan facility, including the closing date term loan (the "Closing Date Term Loan"), the delayed draw term loan (the "Delayed Draw Term Loan"), and the series A new term loan (the "Series A New Term Loan"), all of which were due in 2014. In connection with the November 2012 offering, we incurred $47.1 million of debt issuance costs, of which $43.0 million were capitalized. In addition, $1.6 million was charged to general and administrative expenses for the year ended December 31, 2012, which related to new third-party costs for the modification.

During the fourth quarter of 2012, we approved a plan of restructuring, which primarily included workforce reductions in order to reduce operating costs in response to challenging economic conditions and overcapacity at certain locations. We recorded the estimated cost of the restructuring of $20.7 million, which was predominately employee severance, in direct costs in the 2012 consolidated statement of operations. Our LatAm, Europe and GPS segments recorded restructuring costs of $15.4 million, $2.2 million and $3.1 million, respectively.

In December 2012, we forgave a related party receivable in our Europe segment for a non-interest bearing loan made to a noncontrolling interest holder of CH Holding, which had a carrying value of $1.7 million.

UDLA Ecuador was deconsolidated in the fourth quarter of 2012 and a loss of $43.7 million was recorded in loss from regulatory changes in the consolidated statement of operations. As a result of the deconsolidation, the net reduction in consolidated revenues was $8.3 million, consisting of a decrease in the LatAm segment of $10.1 million, partially offset by an increase of $1.8 million in corporate and eliminations from royalty revenues recognized in the fourth quarter of 2012. Additionally, direct costs in the LatAm segment decreased by $6.6 million.

Impairment

In 2012, we recorded impairment for other intangible assets and other long-lived assets in the amount of $58.3 million. Tradenames and accreditations were impaired in the amount of $56.9 million related to two institutions in our LatAm and GPS segments, which recorded impairments of $52.4 million and $4.5 million, respectively. Additionally, other intangible assets were impaired by

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$0.1 million in our GPS segment, and long-lived assets in our AMEA segment were impaired by $1.3 million.

The LatAm tradenames and accreditations impairment of $52.4 million related to Mexico. This impairment was attributable to various factors, which caused us to further reduce our revenue and profit expectations as compared to the assumptions contained in the previous model, which was used to value the intangible assets during 2011 impairment testing. Our reduced expectations resulted from the impacts of the economic weakness in Mexico that we experienced in our business during 2011. This weakness led to a continuation of the persistent high unemployment rate in the Mexican economy, which impacted our businesses differently, specifically causing potential customers to be more price sensitive. These economic challenges in Mexico have caused us to further re-evaluate our growth and margin assumptions for a component of this business unit, thus triggering the impairment. As of December 31, 2012, tradenames and accreditations in Mexico totaled $170.6 million.

The impairment of $4.5 million in the GPS segment was caused by an impairment of tradenames and accreditations, which primarily resulted from our expectation of reduced margins and cash flows at one institution as compared to our initial projections contained in the previous model used to value the intangible assets at this institution during our 2011 impairment testing. These expectations of reduced margins and cash flows are largely due to the continuing poor economic conditions in the United States, continued media focus on the cost of education as compared to earnings potential, as well as the regulatory environment, which are discussed further in Note 20, Legal and Regulatory Matters, in our consolidated financial statements included elsewhere in this prospectus. All of these factors have caused us to reduce our future performance expectations for this institution, because it operates in a niche market where its programs are offered at a comparatively high price point. As of December 31, 2012, tradenames and accreditations at this institution totaled $5.8 million.

In 2012, in the GPS segment, we also recorded an impairment of $0.1 million, related to the reduced profitability inherent in contract rights owned by one institution in that segment.

The impairment of long-lived assets in our AMEA segment of $1.3 million related to certain property and equipment at our institutions in China and Malaysia, where we determined that the property and equipment would be disposed of significantly before the end of its previously estimated useful life.

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Comparison of Consolidated Results for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

The following table presents our operating results for the fiscal years ended December 31, 2014, 2013 and 2012:

				% Change Better/(Worse)	
(in millions)	**2014**	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Revenues	$ 4,414.7	$ 3,913.9	$ 3,567.1	13%	10%
Direct costs	3,838.2	3,418.4	3,148.5	(12)%	(9)%
General and administrative expenses	151.2	141.2	110.1	(7)%	(28)%
Loss on impairment of assets	125.8	33.6	58.3	nm	42%
Operating income	299.5	320.7	250.2	(7)%	28%
Interest expense, net of interest income	(363.9)	(328.4)	(288.3)	(11)%	(14)%
Loss from regulatory changes			(43.7)	nm	nm
Other non-operating (expense) income	(137.2)	9.7	(58.8)	nm	116%
(Loss) income from continuing operations before income taxes and equity in net income (loss) of affiliates	(201.7)	1.9	(140.6)	nm	101%
Income tax benefit (expense)	39.1	(91.2)	(68.1)	143%	(34)%
Equity in net income (loss) of affiliates, net of tax	0.2	(0.9)	(8.7)	122%	90%
Income from discontinued operations, net of tax		0.8	4.4	nm	(82)%
Gain on sales of discontinued operations, net of tax		4.4	3.3	nm	33%
Net loss	(162.5)	(85.1)	(209.7)	(91)%	59%
Net loss attributable to noncontrolling interests	4.2	15.4	8.6	(73)%	79%
Net loss attributable to Laureate Education, Inc.	$ (158.3)	$ (69.7)	$ (201.1)	(127)%	65%

nm percentage changes not meaningful

Revenues increased by $500.8 million to $4,414.7 million for the year ended December 31, 2014 from $3,913.9 million for the year ended December 31, 2013. This revenue growth was driven by overall increased average total enrollment at a majority of our institutions, which increased revenues by $315.3 million; the incremental impact of acquisitions, which increased revenues by $275.9 million; the effect of changes in product mix, pricing and timing, which increased revenues by $133.6 million; and a 2013 settlement in the form of tuition discounts, which decreased revenues by $10.1 million in 2013 in our LatAm segment. Partially offsetting this revenue growth was the effect of a net change in foreign currency exchange rates, which decreased revenues by $224.8 million. Other corporate and elimination changes accounted for a decrease in revenues of $9.3 million.

Direct costs and general and administrative expenses combined increased by $429.8 million to $3,989.4 million for 2014 from $3,559.6 million for 2013. The direct cost increase was due to the incremental impact of acquisitions increasing costs by $242.5 million and overall higher enrollments and expanded operations increasing costs by $404.5 million. During the fourth quarter of 2014, we recorded an operating expense of $18.0 million for a donation to a foundation for an initiative supported by the Turkish government in our Europe segment. In 2014, employee termination costs related to a reduction

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in force increased direct costs by $18.0 million. In connection with a teach out at NHU, an institution in our GPS segment that closed in August 2015, we recorded costs of $6.6 million in 2014 to ensure an orderly and successful transition for our students. Additionally, in 2014, HIEU, an institution in our AMEA segment, recorded a $4.4 million loss on disposal of property to write off the carrying value of several parcels of land for which it no longer has land use rights. In 2014, we determined it was probable that THINK, an institution in our AMEA segment, would meet performance targets that were part of a share purchase agreement and accrued for a contingent earn-out of $3.8 million. In our Europe segment, we exited a leased facility at one institution and as a result, received an early termination settlement of $4.8 million, decreasing expense in 2013, and we recorded a $2.5 million gain on the termination of a sale leaseback arrangement in 2013. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets decreased direct costs by $4.6 million in 2014 and $7.2 million in 2013, increasing expenses by $2.6 million in 2014 compared to 2013.

Offsetting these direct cost increases was a net change in foreign currency exchange rates, which decreased costs by $193.4 million for 2014 compared to 2013. In 2013, we recorded the initial establishment of a profit-sharing plan related to the fiscal reform in Mexico, increasing expense by $8.4 million in our LatAm segment. During 2014, we recorded a decrease in direct costs of $22.8 million for this profit-sharing plan. Additionally, during 2014, we recorded a benefit in our LatAm segment of $11.3 million related to the settlement of a pre-acquisition loss contingency after receiving a favorable court ruling. In 2014, we reached an arbitration settlement related to indemnification claims with the former owners of a university in Brazil in our LatAm segment and recorded a gain of $6.7 million. In 2014, an entity in the Kingdom of Saudi Arabia in our AMEA segment recorded a benefit of $2.8 million, primarily related to cash payments received for fully reserved receivables. The planned March 2013 opening of a new campus building for UNAB in Chile was delayed and additional expenses of $6.2 million were incurred in our LatAm segment in 2013 to rent temporary facilities and operate them as classrooms. In 2013, we revised an estimate for a Brazil tax matter, resulting in additional expense of $3.8 million in our LatAm segment. Additionally, during 2013, we recorded $11.8 million for a social security tax matter for the years 2009 through 2012 in our Europe segment. In 2014, we reversed $2.1 million of this social security tax liability due to statute of limitations expirations. In 2014, corporate expenses were reduced by $4.8 million related to proceeds received from the settlement of earthquake-related insurance claims and $1.9 million for debt modification costs incurred in 2013.

Operating income decreased by $21.2 million to $299.5 million for 2014 from $320.7 million for 2013. The decrease in operating income was primarily the result of a loss on impairment of $125.8 million for 2014 compared to a loss on impairment of $33.6 million for 2013. The decrease in operating income was also impacted by the changes in the recorded values of certain tax contingent liabilities and indemnification assets from 2013 to 2014, which increased expenses by $2.6 million. The decrease in operating income was partially offset by increased operating income primarily due to increased revenues greater than increased direct costs in our LatAm and GPS segments.

As of December 31, 2014, our balance sheet included liabilities of $121.9 million in other long-term liabilities for taxes other than income tax, principally payroll tax-related uncertainties due to acquisitions of companies primarily in Latin America. As of December 31, 2013, we recorded $53.7 million for this liability. The changes in this liability from 2013 to 2014 were related to acquisitions, interest and penalty accruals, changes in tax laws, expirations of statutes of limitations, settlements and changes in foreign currency exchange rates. The terms of the statutes of limitations on these contingencies vary but can be up to ten years. In most cases, we have received indemnification from the former owners and/or noncontrolling interest holders of the acquired businesses for these contingencies and therefore, we do not believe we will sustain an economic loss even if we are required to pay these additional amounts. If these contingencies expire unchallenged, the reversal of the related liabilities would increase operating income and reduce interest expense. For acquisitions made prior to 2009, an indemnified contingency would result in a reduction of recorded goodwill to the extent of recoveries made under the indemnification agreement. For acquisitions completed from and after January 1, 2009, indemnification assets are recorded as of the acquisition date on the same measurement basis as the indemnified contingency. To the extent these contingencies expire unchallenged, the reversal of the related liabilities would increase operating income and reduce interest expense and the corresponding indemnification asset reversal would reduce operating income.

Interest expense, net of interest income increased by $35.5 million to $363.9 million for 2014 from $328.4 million for 2013. The increase in interest expense was primarily attributable to higher debt balances.

Other non-operating (expense) income increased by $146.9 million to expense of $137.2 million for 2014 from income of $9.7 million for 2013. This increase was primarily attributable to a larger loss on foreign currency exchange in 2014 compared to 2013 for an increase in expense of $106.9 million combined with a loss on derivative instruments in 2014 compared to a gain in 2013 for an increase in expense of $9.7 million and an increase in the loss on debt extinguishment of $21.6 million in 2014 compared to 2013. Other items of $8.7 million accounted for an additional increase in other non-operating expense for 2014 as compared to 2013; 2013 included a gain related to the acquisition of the remaining 80% interest of THINK of $5.9 million and a gain on the sale of non-operating assets of $3.9 million.

Income tax benefit (expense). We have operations in multiple countries, many of which have statutory tax rates lower than the United States. Our tax provision decreased by $130.3 million to a benefit of $39.1 million for 2014, from expense of $91.2 million for 2013. The main reasons for this decrease in expense were the release of valuation allowances on deferred tax assets and the impact of the fiscal reform in Mexico.

Equity in net income (loss) of affiliates, net of tax increased by $1.1 million to income of $0.2 million for 2014 from a loss of $0.9 million for 2013. In 2013, we wrote down our investment in HSM by $3.1 million and recorded $0.9 million in equity in net income of affiliate for THINK. We acquired the remaining ownership interest in THINK in December 2013. Other equity-method investments resulted in changes of $1.1 million for 2014 compared to 2013.

Income from discontinued operations, net of tax decreased by $0.8 million for 2014 compared to 2013. UNIDEP was classified as a discontinued operation in the accompanying consolidated financial statements. The decrease in income from discontinued operations was related to the sale of UNIDEP in January 2013.

Gain on sales of discontinued operations, net of tax decreased by $4.4 million for 2014 compared to 2013. During 2013, we recognized a gain on the sale of UNIDEP of $4.4 million.

Net loss attributable to noncontrolling interests decreased by $11.2 million to $4.2 million for 2014, from $15.4 million for 2013. The decrease in net loss attributable to noncontrolling interests primarily related to our noncontrolling interest in UAM Brazil. In 2013, we recognized $6.6 million of net loss attributable to UAM Brazil. We acquired the remaining interest of UAM Brazil in April 2013. We acquired 80% of St. Augustine in November 2013 and in 2014, we recognized $1.0 million of net income attributable to St. Augustine. Additionally, we recognized $1.5 million net loss attributable to Obeikan in the Kingdom of Saudi Arabia for 2014 compared to $2.5 million net loss attributable to Obeikan for 2013. Other noncontrolling interests resulted in changes of $2.6 million for 2014 compared to 2013.

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Comparison of Consolidated Results for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

Revenues increased by $346.8 million to $3,913.9 million for 2013 from $3,567.1 million for the year ended December 31, 2012. This revenue growth was driven by overall increased average total enrollment at a majority of our institutions, which increased revenues by $277.7 million; the incremental impact of acquisitions, which increased revenues by $32.9 million; and the effect of changes in product mix, pricing and timing, which increased revenues by $116.5 million. Partially offsetting this revenue growth was the effect of the deconsolidation of UDLA Ecuador, which decreased revenues by $28.7 million in our LatAm segment; a 2013 settlement in the form of tuition discounts, which decreased revenues by $10.1 million in our LatAm segment; and a net unfavorable change in foreign currency exchange rates, which decreased revenues by $53.7 million. Other corporate and elimination changes accounted for an increase in revenues of $12.2 million, which included an increase in revenues of $7.9 million from contractual arrangements with UDLA Ecuador, which we deconsolidated in the fourth quarter of 2012.

Direct costs and general and administrative expenses combined increased by $301.0 million to $3,559.6 million for 2013 from $3,258.6 million for 2012. The direct cost increase was due to the incremental impact of acquisitions increasing costs by $32.1 million and overall higher enrollments and expanded operations increasing costs by $336.2 million. Additionally, during 2013, we recorded $11.8 million for a social security tax matter for the years 2009 through 2012 in our Europe segment. The planned March 2013 opening of a new campus building for UNAB in Chile was delayed and additional expenses of $6.2 million were incurred in our LatAm segment in 2013 to rent temporary facilities and operate them as classrooms. In 2013, we recorded the initial establishment of a profit-sharing plan related to the fiscal reform in Mexico, increasing expense by $8.4 million in our LatAm segment. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets decreased direct costs by $7.2 million for 2013 and $10.7 million for 2012, increasing expenses by $3.5 million for 2013 compared to 2012. The change of corporate and eliminations expenses accounted for an increase in costs of $13.8 million for 2013, primarily related to workforce increases, professional and consulting services, and investment in our global information technology platform, including shared services.

Offsetting these direct cost increases was a net change in foreign currency exchange rates, which decreased costs by $47.6 million in 2013 compared to 2012. In 2013, the effects of the deconsolidation of UDLA Ecuador decreased expenses by $16.2 million in our LatAm segment compared to 2012. In 2012, we recorded $13.1 million of expense in our LatAm segment for a Brazil tax matter. In 2013, we settled this liability and recorded additional expense of $3.8 million. Additionally, during 2013, in our Europe segment, we exited a leased facility at one institution and as a result, received an early termination settlement of $4.8 million, which decreased expense, and recorded a $2.5 million gain on the termination of a sale leaseback arrangement. During 2012, we recorded expenses for the following: $20.7 million for restructuring costs primarily related to severance; $4.1 million for the modification of our agreement with UPN in our LatAm segment to extend the period over which the earnout could be exercised; $4.1 million for an acquisition litigation liability in our Europe segment; and $1.7 million for forgiveness of a related party receivable in our Europe segment.

Operating income increased by $70.5 million to $320.7 million for 2013 from $250.2 million for 2012. Operating income increased primarily due to increased revenues greater than increased direct costs in our LatAm and GPS segments. This increase in operating income was also a result of a loss on impairment for 2013 of $33.6 million compared to a loss on impairment for 2012 of $58.3 million. The increase in operating income was partially offset by the changes in the recorded values of certain tax contingent liabilities and indemnification assets from 2012 to 2013, which increased expenses by $3.5 million.

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At December 31, 2013, our balance sheet included liabilities of $53.7 million in other long-term liabilities for taxes other than income tax, principally payroll tax-related uncertainties due to acquisitions of institutions primarily in Latin America. As of December 31, 2012, we recorded $62.2 million for this liability. The changes in this liability from 2012 to 2013 were related to interest and penalty accruals, changes in tax laws, expirations of statutes of limitations, settlements and changes in foreign currency exchange rates. The terms of the statutes of limitations on these contingencies vary but can be up to ten years. In most cases, we have received indemnification from the former owners and/or noncontrolling interest holders of the acquired businesses for these contingencies and therefore, we do not believe we will sustain an economic loss even if we are required to pay these additional amounts. If these contingencies expire unchallenged, the reversal of the related liabilities would increase operating income and reduce interest expense. For acquisitions made prior to 2009, an indemnified contingency would result in a reduction of recorded goodwill to the extent of recoveries made under the indemnification agreement. For acquisitions completed from and after January 1, 2009, indemnification assets are recorded as of the acquisition date on the same measurement basis as the indemnified contingency. To the extent these contingencies expire unchallenged, the reversal of the related liabilities would increase operating income and reduce interest expense and the corresponding indemnification asset reversal would reduce operating income.

Interest expense, net of interest income increased by $40.1 million to $328.4 million for 2013 from $288.3 million for 2012. The increase in interest expense was primarily attributable to higher debt balances on the 2018 Extended Term Loans (the "2018 Extended Term Loans") issued in January, April and December 2013 and the Senior Notes, issued in July and November 2012. These increases were partially offset by a decrease in interest expense related to the Senior Cash Pay Notes and Senior Toggle Notes, which were paid in full during the fourth quarter of 2012 with proceeds from the issuance of the Senior Notes, and the Senior Subordinated Notes, which were paid in full in April 2013 with proceeds from the increase of the 2018 term loan.

Other non-operating (expense) income increased by $68.5 million to income of $9.7 million for 2013 from expense of $58.8 million for 2012. This increase was primarily attributable to a gain on derivative instruments for 2013 compared to a loss for 2012 for an increase in income of $69.9 million. Partially offsetting this increase was a loss on foreign currency exchange for 2013 compared to a gain for 2012 for an increase in expense of $17.5 million. Other items of $16.1 million accounted for an additional increase in other non-operating income for 2013 as compared to 2012, which included a gain on the sale of non-operating assets of $3.9 million and a gain related to the acquisition of the remaining 80% interest of THINK of $5.9 million for 2013.

Income tax expense. We have operations in multiple countries, many of which have statutory tax rates lower than the United States. Our tax provision increased by $23.1 million to $91.2 million for 2013 from $68.1 million for 2012. The main reasons for this increase in expense were an increase in the effective tax rate due to increased withholding taxes and the impact of the fiscal reform in Mexico, partially offset by an increase in discrete tax benefits related to credits.

Equity in net loss of affiliates, net of tax decreased by $7.8 million to $0.9 million for 2013 from $8.7 million for 2012. The decrease in net loss of affiliates was primarily the result of decreased losses at HSM, which included the write downs of our investment in HSM. In 2013, we wrote down our investment in HSM by $3.1 million. In 2012, we wrote down our investment in HSM by $6.7 million. The decrease in net loss of affiliates was also the result of decreased losses at THINK. In 2013, we recognized $0.9 million equity in net income of affiliates for THINK compared to $0.5 million equity in net loss of affiliates for 2012. In December 2013, we acquired the remaining ownership interest in THINK. Other equity-method investments resulted in changes of $2.8 million.

Income from discontinued operations, net of tax decreased by $3.6 million to $0.8 million for 2013 from $4.4 million for 2012. UNIDEP and HETIC were classified as discontinued operations in the

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accompanying consolidated financial statements. HETIC was sold during the first quarter of 2012. The decrease in income from discontinued operations was primarily related to the sale of UNIDEP in January 2013.

Gain on sales of discontinued operations, net of tax increased by $1.1 million for 2013. During 2013, we recognized a gain on the sale of UNIDEP of $4.4 million. During 2012, we recognized a gain on the sale of HETIC of $3.3 million.

Net loss attributable to noncontrolling interests increased by $6.8 million to $15.4 million for 2013, from $8.6 million for 2012. The increase in net loss attributable to noncontrolling interests primarily related to our noncontrolling interest in UAM Brazil. In 2013, we recognized $6.6 million of net loss attributable to UAM Brazil compared to $0.1 million of net income for 2012. We acquired the remaining interest of UAM Brazil in April 2013. The increase in net loss attributable to noncontrolling interests also related to our noncontrolling interests in Obeikan in the Kingdom of Saudi Arabia and NHU. In 2013, we recognized $2.5 million of net loss attributable to Obeikan and in 2012, we recognized $0.8 million of net loss attributable to Obeikan. We also recognized $3.2 million of net loss attributable to NHU in 2013 compared to $1.7 million of net loss in 2012. The increase in net loss was partially offset by a decrease in net loss attributable to CH Holding. In 2012, we recognized $3.5 million of net loss. In January 2013, we acquired the remaining interest in CH Holding. Other noncontrolling interests resulted in changes of $0.4 million.

Non-GAAP Financial Measure

We define Adjusted EBITDA as net loss, *before* gain on sales of discontinued operations, net of tax (for 2012 and 2013), and income from discontinued operations, net of tax (for 2012 and 2013), equity in net (income) loss of affiliates, net of tax, income tax expense (benefit), foreign currency exchange loss (income), net, other (income) expense, net, loss from regulatory changes (for 2012), loss (gain) on derivatives, loss on debt extinguishment, interest expense and interest income, *plus* depreciation and amortization, stock-based compensation expense, loss on impairment of assets and expenses related to implementation of our EiP initiative. When we review Adjusted EBITDA on a segment basis, we exclude inter-segment revenues and expenses that eliminate in consolidation. Adjusted EBITDA is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures.

We have included Adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial measure used by the compensation committee of our board of directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

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Comparison of Adjusted EBITDA for the Nine Months Ended September 30, 2015 and 2014

The following table presents Adjusted EBITDA and reconciles net loss to Adjusted EBITDA for the nine months ended September 30, 2015 and 2014:

(in millions)	2015	2014	% Change Better/(Worse) 2015 vs. 2014
Net loss	$ (299.7)	$ (210.1)	(43)%
Plus:			
Equity in net (income) loss of affiliates, net of tax	(2.1)	0.1	nm
Income tax expense	81.6	54.4	(50)%
Loss from continuing operations before income taxes and equity in net loss (income) of affiliates	(220.2)	(155.6)	(42)%
Plus:			
Foreign currency exchange loss, net	139.4	72.3	(93)%
Other (income) expense, net	(1.3)	0.1	nm
Loss on derivatives	2.6	2.0	(30)%
Loss on debt extinguishment	1.3		nm
Interest expense	300.1	279.1	(8)%
Interest income	(9.9)	(19.3)	(49)%
Operating income	212.0	178.6	19%
Plus:			
Depreciation and amortization	209.4	211.0	1%
EBITDA	421.4	389.6	8%
Plus:			
Stock-based compensation expense(a)	27.2	36.8	26%
Loss on impairment of assets(b)		16.5	100%
EiP implementation expenses(c)	27.2	2.7	nm
Adjusted EBITDA	$ 475.8	$ 445.5	7%

nm percentage changes not meaningful

(a) Represents non-cash, stock-based compensation expense pursuant to the provisions of ASC Topic 718.

(b) Represents non-cash charges related to impairments of long-lived assets. For further details on certain impairment items, see " Discussion of Significant Items Affecting the Consolidated Results Impairments."

(c) EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, finance, accounting and human resources, which began in 2014 and is expected to be substantially completed in 2017. EiP includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

Comparison of Depreciation and Amortization, Stock-based Compensation and EiP Implementation Expenses for the Nine Months Ended September 30, 2015 and 2014

Depreciation and amortization decreased by $1.6 million to $209.4 million for the 2015 fiscal period from $211.0 million for the 2014 fiscal period. The decrease in depreciation and amortization expense

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was primarily related to the effects of foreign currency exchange, which decreased depreciation and amortization expense by $28.1 million for the 2015 fiscal period compared to the 2014 fiscal period. This decrease was partially offset by the incremental impact from acquisitions which resulted in a $5.2 million increase in depreciation and amortization expense for the 2015 fiscal period compared to the 2014 fiscal period. Other items accounted for an increase in depreciation and amortization expense of $21.3 million, which primarily related to new capital expenditures.

Stock-based compensation expense decreased by $9.6 million to $27.2 million for the 2015 fiscal period from $36.8 million for the 2014 fiscal period. This decrease was primarily due to the following: (1) a decrease in restricted stock awards expense in 2015 as compared to 2014 due to accelerated expense recognition under graded vesting, primarily related to a large tranche of performance-based restricted stock awards that vested on December 31, 2014; (2) a decrease in expense recorded for the deferred compensation arrangement as $81.0 million was paid in September 2014; and (3) a decrease in stock option expense resulting from 2014 expense recorded for a 30% special vesting tranche.

EiP implementation expenses increased by $24.5 million to $27.2 million for the 2015 fiscal period from $2.7 million for the 2014 fiscal period. These increased expenses represent increased spending related to an enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, financing, accounting and human resources. It includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

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Comparison of Adjusted EBITDA for the Years Ended December 31, 2014, 2013 and 2012

The following table presents Adjusted EBITDA and reconciles net loss to Adjusted EBITDA for the years ended December 31, 2014, 2013, and 2012:

(in millions)	2014	2013	2012	% Change Better/(Worse) 2014 vs. 2013	% Change Better/(Worse) 2013 vs. 2012
Net loss	$ (162.5)	$ (85.1)	$ (209.7)	(91)%	59%
Plus:					
Gain on sales of discontinued operations, net of tax		(4.4)	(3.3)	100%	33%
Income from discontinued operations, net of tax		(0.8)	(4.4)	100%	(82)%
Loss from continuing operations	(162.5)	(90.2)	(217.3)	(80)%	58%
Equity in net (income) loss of affiliates, net of tax	(0.2)	0.9	8.7	122%	90%
Income tax (benefit) expense	(39.1)	91.2	68.1	143%	(34)%
(Loss) income from continuing operations before income taxes and equity in net (income) loss of affiliates	(201.7)	1.9	(140.6)	nm	101%
Plus:					
Foreign currency exchange loss (income), net	110.0	3.1	(14.4)	nm	(122)%
Other expense (income), net	1.2	(7.5)	5.5	116%	nm
Loss from regulatory changes(a)			43.7	nm	nm
Loss (gain) on derivatives	3.1	(6.6)	63.2	(147)%	110%
Loss on debt extinguishment	23.0	1.4	4.4	nm	68%
Interest expense	385.8	350.2	307.7	(10)%	(14)%
Interest income	(21.8)	(21.8)	(19.5)	0%	12%
Operating income	299.5	320.7	250.2	(7)%	28%
Plus:					
Depreciation and amortization	288.3	242.7	221.2	(19)%	(10)%
EBITDA	587.8	563.4	471.4	4%	20%
Plus:					
Stock-based compensation expense(b)	49.2	49.5	17.3	1%	(186)%
Loss on impairment of assets(c)	125.8	33.6	58.3	nm	42%
EiP implementation expenses(d)	10.7			nm	nm
Adjusted EBITDA	$ 773.5	$ 646.5	$ 547.0	20%	18%

nm percentage changes not meaningful

(a) Represents a loss of $43.7 million from regulatory changes resulting from the deconsolidation of UDLA Ecuador at the end of the third quarter of 2012.

(b) Represents non-cash, stock-based compensation expense pursuant to the provisions of ASC Topic 718.

(c) Represents non-cash charges related to impairments of long-lived assets. For further details on certain impairment items, see " Discussion of Significant Items Affecting the Consolidated Results Impairments."

(d)

EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, finance, accounting and human resources, which began in 2014 and is expected to be substantially completed in 2017. EiP includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

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Comparison of Depreciation and Amortization and Stock-based Compensation Expense for the Years Ended December 31, 2014 and 2013

Depreciation and amortization increased by $45.6 million to $288.3 million for 2014 from $242.7 million for 2013. The incremental impact from acquisitions resulted in a $14.7 million increase in depreciation expense for 2014 compared to 2013. Other items accounted for an increase in depreciation expense of $34.8 million, primarily related to new capital expenditures. The incremental impact from acquisitions resulted in a $10.9 million increase in amortization expense for 2014 compared to 2013. The effects of foreign currency exchange decreased depreciation and amortization expense by $14.3 million for 2014 compared to 2013. Other items accounted for the remaining decrease in amortization expense of $0.5 million.

Stock-based compensation expense decreased by $0.3 million to $49.2 million for 2014 from $49.5 million for 2013. This decrease was primarily due to a decrease in stock options expense of $9.7 million due to: $4.0 million recorded for an equity restructuring modification in the fourth quarter of 2013; $4.9 million recorded for a special 30% performance option tranche becoming probable to vest during 2013; and $0.8 million recorded for options modified in 2013 as a result of 2007 Plan performance target modification. Other items accounted for a decrease in expense of $0.8 million for 2014 compared to 2013. This decrease was offset by an increase in expense related to restricted stock unit awards of $10.2 million for 2014 compared to 2013 due to an equity grant in October 2013.

Comparison of Depreciation and Amortization and Stock-based Compensation Expense for the Years Ended December 31, 2013 and 2012

Depreciation and amortization increased by $21.5 million to $242.7 million for 2013 from $221.2 million for 2012. The incremental impact from acquisitions resulted in a $2.0 million increase in depreciation expense for 2013 compared to 2012. Other items accounted for an increase in depreciation expense of $27.0 million, primarily related to new capital expenditures. For 2013, the effects of foreign currency exchange decreased depreciation expense by $1.5 million compared to 2012. The incremental impact from acquisitions resulted in a $0.2 million increase in amortization expense for 2013 compared to 2012. For 2013, the effects of foreign currency exchange decreased amortization expense by $0.1 million compared to 2012. Other items accounted for the remaining decrease in amortization expense of $6.1 million, primarily due to the leveraged buyout intangible assets being fully amortized.

Stock-based compensation expense increased by $32.2 million to $49.5 million for 2013 from $17.3 million for 2012. This increase was primarily due to an increase in stock options expense of $29.4 million, which resulted from: (1) additional expense of $15.8 million for 2013 for stock options granted under the new 2013 Plan, (2) additional expense of $5.5 million for 2013 related to the modification of the performance targets for all unvested performance-based vesting stock options under our 2007 Plan which aligned the 2007 Plan targets with the 2013 Plan targets, (3) additional expense of $6.5 million for 2013 for the modification related to the 2013 equity restructuring, (4) additional expense of $5.6 million for 2013 to vest a special performance vesting tranche; offset by additional expense of $4.0 million for 2012 related to the modification of the unvested portion of the 2011 and 2009 performance-based stock options. Expense related to restricted stock awards also increased by $3.0 million for 2013 compared to 2012 as a result of new restricted stock awards issued in 2013. Other items accounted for a decrease in expense of $0.2 million for 2013 compared to 2012.

Segment Results

We have four operating segments, LatAm, Europe, AMEA and GPS. For purposes of the following comparison of results discussion, "*segment direct costs*" represent direct costs by segment as they are included in Adjusted EBITDA, such that depreciation and amortization expense, impairment charges on long-lived assets, stock-based compensation expense and our EiP implementation expenses have been excluded. In the segment tables presented below, total segment direct costs are segregated into instructional and services and marketing and promotional expenses. For a further description of our segments, see " Overview."

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Summary Comparison of Segment Results for the Nine Months Ended September 30, 2015 and 2014

The following table, derived from our consolidated financial statements, presents selected financial information of our segments for the nine months ended September 30, 2015 and 2014:

(in millions)	2015	2014	% Change Better/(Worse) 2015 vs. 2014
Revenues:			
LatAm	$ 1,775.3	$ 1,750.8	1%
Europe	297.5	330.9	(10)%
AMEA	305.9	278.3	10%
GPS	767.9	727.3	6%
Corporate	(5.5)	(1.9)	(189)%
Consolidated Total Revenues	$ 3,141.2	$ 3,085.5	2%
Adjusted EBITDA:			
LatAm	$ 323.1	$ 318.2	2%
Europe	23.1	23.5	(2)%
AMEA	36.6	16.2	126%
GPS	176.8	154.0	15%
Corporate	(83.9)	(66.4)	(26)%
Consolidated Total Adjusted EBITDA	$ 475.8	$ 445.5	7%

LatAm

Operating results for our LatAm segment for the nine months ended September 30, 2015 and 2014 were as follows:

(in millions)	2015	2014	% Change Better/(Worse) 2015 vs. 2014
Segment revenues	$ 1,775.3	$ 1,750.8	1%
Segment direct costs:			
Instructional and services	1,368.3	1,343.2	(2)%
Marketing and promotional	83.9	89.4	6%
Adjusted EBITDA	$ 323.1	$ 318.2	2%

Comparison of LatAm Results for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

LatAm segment revenues for the 2015 fiscal period increased by $24.5 million to $1,775.3 million, compared to the 2014 fiscal period. The incremental impact of acquisitions resulted in a $106.1 million increase in revenues in the 2015 fiscal period. On average, organic enrollment excluding acquisitions increased during the 2015 fiscal period by 7% for this segment, increasing revenues by $130.3 million compared to the 2014 fiscal period. Each institution in the segment offers tuition at various prices based upon degree program. For the 2015 fiscal period, the effects of product mix, pricing and timing resulted in a $130.9 million increase in revenues compared to the 2014 fiscal period. Our LatAm segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For the 2015 fiscal period, the effects of currency translations decreased revenues by $342.8 million, primarily due to the weakening of the Brazilian Real, Mexican Peso, Chilean Peso, Peruvian Nuevo Sol and Honduran Lempira relative to the USD. LatAm revenues represented 57% of our total revenues for the 2015 and the 2014 fiscal periods.

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LatAm segment direct costs increased by $19.6 million to $1,452.2 million, or 82% of LatAm revenues for the 2015 fiscal period, compared to $1,432.6 million, or 82% of LatAm revenues for the 2014 fiscal period. The incremental impact of acquisitions increased segment direct costs by $97.1 million in the 2015 fiscal period compared to the 2014 fiscal period. Higher enrollments and expanded operations at our LatAm institutions contributed to $185.0 million of the increased expenses during the 2015 fiscal period compared to the 2014 fiscal period due to increased labor costs to service the enrollment growth, increased compliance costs to address regulatory changes and increased direct costs associated with the growth in the LatAm segment during the 2015 fiscal period. Additionally, during the 2014 fiscal period, we recorded a benefit of $11.3 million related to the settlement of a pre-acquisition loss contingency after receiving a favorable court ruling. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased expenses by $6.2 million for the 2015 fiscal period compared to the 2014 fiscal period.

Offsetting these direct costs increases was the effects of currency translations decreased expenses by $268.7 million, primarily due to the weakening of the Brazilian Real, Mexican Peso, Chilean Peso, Peruvian Nuevo Sol, and Honduran Lempira relative to the USD. Employee termination costs related to a reduction in force increased direct costs by $11.3 million for the 2014 fiscal period.

LatAm segment Adjusted EBITDA increased by $4.9 million to $323.1 million in the 2015 fiscal period from $318.2 million in the 2014 fiscal period, as described above.

Europe

Operating results for our Europe segment for the nine months ended September 30, 2015 and 2014 were as follows:

(in millions)	**2015**	**2014**	**% Change Better/(Worse) 2015 vs. 2014**
Segment revenues	$ 297.5	$ 330.9	(10)%
Segment direct costs:			
Instructional and services	249.8	280.6	11%
Marketing and promotional	24.6	26.8	8%
Adjusted EBITDA	$ 23.1	$ 23.5	(2)%

Comparison of Europe Results for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

Europe segment revenues for the 2015 fiscal period decreased by $33.4 million to $297.5 million, compared to the 2014 fiscal period. The segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For the 2015 fiscal period, the effects of currency translations decreased revenues by $63.7 million due to the weakening of the Euro and the Turkish Lira relative to the USD. On average, these decreases in revenues were partially offset by increases in organic enrollment excluding acquisitions during the 2015 fiscal period of 9%, which increased revenues by $17.8 million compared to the 2014 fiscal period. For the 2015 fiscal period, the effects of product mix, pricing and timing resulted in a $7.6 million increase in revenues compared to the 2014 fiscal period. The incremental impact of acquisitions resulted in a $4.9 million increase in revenues in the 2015 fiscal period. Europe revenues represented 9% of our total revenues for the 2015 fiscal period compared to 11% for the 2014 fiscal period.

Europe segment direct costs decreased by $33.0 million to $274.4 million, or 92% of Europe revenues for the 2015 fiscal period, compared to $307.4 million, or 93% of Europe revenues for the 2014 fiscal period. For the 2015 fiscal period, the effects of currency translations decreased expenses by $59.1 million due to the weakening of the Euro and the Turkish Lira relative to the USD. Employee

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termination costs related to a reduction in force increased direct costs by $1.9 million in the 2014 fiscal period. The decrease in direct costs was partially offset by higher enrollments and expanded operations at our institutions in the Europe segment, which increased expenses by $23.6 million during the 2015 fiscal period compared to the 2014 fiscal period. This was driven primarily by increased labor costs and student support activities to service the enrollment growth experienced during the 2015 fiscal period. The incremental impact of acquisitions increased segment direct costs by $4.3 million in the 2015 fiscal period compared to the 2014 fiscal period. Changes in contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased expenses by $0.1 million for the 2015 fiscal period compared to the 2014 fiscal period.

Europe segment Adjusted EBITDA decreased by $0.4 million to $23.1 million in the 2015 fiscal period, from $23.5 million in the 2014 fiscal period, as described above.

AMEA

Operating results for our AMEA segment for the nine months ended September 30, 2015 and 2014 were as follows:

(in millions)	**2015**	**2014**	**% Change Better/(Worse) 2015 vs. 2014**
Segment revenues	$ 305.9	$ 278.3	10%
Segment direct costs:			
Instructional and services	244.9	240.5	(2)%
Marketing and promotional	24.4	21.6	(13)%
Adjusted EBITDA	$ 36.6	$ 16.2	126%

Comparison of AMEA Results for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

AMEA segment revenues for the 2015 fiscal period increased by $27.6 million to $305.9 million, compared to the 2014 fiscal period. The incremental impact of acquisitions resulted in a $0.5 million increase in revenues in the 2015 fiscal period. On average, organic enrollment excluding acquisitions increased during the 2015 fiscal period by 10% for this segment, increasing revenues by $57.4 million compared to the 2014 fiscal period. For the 2015 fiscal period, the effects of product mix, pricing and timing resulted in a $5.3 million increase in revenues compared to the 2014 fiscal period. The segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For the 2015 fiscal period, the effects of currency translations decreased revenues by $35.6 million due to the weakening of the Australian Dollar and Malaysian Ringgit relative to the USD. AMEA revenues represented 10% of our total revenues for the 2015 fiscal period compared to 9% for the 2014 fiscal period.

AMEA segment direct costs increased by $7.2 million to $269.3 million, or 88% of AMEA revenues for the 2015 fiscal period, compared to $262.1 million, or 94% of AMEA revenues for the 2014 fiscal period. The incremental impact of acquisitions increased segment direct costs by $1.3 million in the 2015 fiscal period compared to the 2014 fiscal period. Increased costs to support the growth in our operations contributed to $40.5 million of the increased expenses during the 2015 fiscal period compared to the 2014 fiscal period. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased expenses by $0.1 million for the 2015 fiscal period compared to the 2014 fiscal period. During the 2014 fiscal quarter, an entity in the Kingdom of Saudi Arabia recorded a benefit to direct costs of $2.8 million primarily related to cash payments received for fully reserved receivables. For the 2015 fiscal period, the effects of currency translations decreased expenses by $29.7 million, primarily due to the weakening of the Australian Dollar,

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Malaysian Ringgit and Indian Rupee relative to the USD. In the second quarter of 2014, we determined that it was probable that one of our institutions would meet performance targets that were part of a share purchase agreement and accrued for a contingent earn-out of $3.8 million. Additionally, during the 2014 fiscal period, HIEU recorded a $4.0 million loss on disposal of property to write off the carrying value of three parcels of land which we no longer owned.

AMEA segment Adjusted EBITDA increased by $20.4 million to $36.6 million in the 2015 fiscal period, from $16.2 million in the 2014 fiscal period, as described above.

GPS

Operating results for our GPS segment for the nine months ended September 30, 2015 and 2014 were as follows:

(in millions)	**2015**	**2014**	**% Change Better/(Worse) 2015 vs. 2014**
Segment revenues	$ 767.9	$ 727.3	6%
Segment direct costs:			
Instructional and services	497.5	471.5	(6)%
Marketing and promotional	93.6	101.8	8%
Adjusted EBITDA	$ 176.8	$ 154.0	15%

Our GPS segment includes: (1) Global Online, which consists of institutions that are primarily fully online, (2) Global Campus-Based ("Global CB"), which consists of smaller niche campus-based institutions with specialized curriculum, and (3) Shared Service and Eliminations, which represents billings to various universities and contractual arrangements. We have chosen to provide additional information about the Global Online institutions within our GPS segment primarily to provide information that might aid investors in understanding the Global Online business exposure to the U.S. regulatory environment. The Global Online and Global CB institutions are considered "centers of excellence" and possess proprietary delivery methods, know-how and curriculum that are managed centrally and leveraged across the entire *Laureate International Universities* network.

The following includes additional information on our Global Online and Global CB institutions' segment revenues for the nine months ended September 30, 2015 and 2014:

(in millions)	**2015**	**2014**	**% Change Better/(Worse) 2015 vs. 2014**
Segment revenues:			
Global Online	$ 522.9	$ 492.4	6%
Global CB	242.1	232.8	4%
Shared Service and Eliminations	2.9	2.1	38%
Total GPS segment revenues	$ 767.9	$ 727.3	6%

Comparison of GPS Results for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

GPS segment revenues for the 2015 fiscal period increased by $40.6 million to $767.9 million, compared to the 2014 fiscal period. GPS segment revenues represented 24% of our total revenues for the 2015 and 2014 fiscal periods.

On average, Global Online organic enrollment excluding acquisitions increased during the 2015 fiscal period by 2%, increasing revenues by $14.7 million compared to the 2014 fiscal period. For the

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2015 fiscal period, the effects of Global Online product mix, pricing and timing at our Global Online institutions resulted in a $26.9 million increase in revenues compared to the 2014 fiscal period. For the 2015 fiscal period, the effects of Global Online currency translations related to our European online education business decreased revenues by $11.1 million due to weakening of the Euro relative to the USD.

On average, Global CB organic enrollment excluding acquisitions increased by 6%, causing revenues to increase during the 2015 fiscal period by $9.6 million compared to the 2014 fiscal period. For the 2015 fiscal period, the effects of Global CB product mix, pricing and timing at our Global CB institutions resulted in a $17.0 million increase in revenues compared to the 2014 fiscal period. For the 2015 fiscal period, the effects of Global CB currency translations decreased revenues by $17.3 million, primarily due to the weakening of the Euro and Swiss Franc relative to the USD. The Global CB schools include premium brand schools in Europe, with tuitions denominated in Swiss Francs. These schools attract students from across Europe and other continents.

GPS Shared Service and Eliminations revenue increased $0.8 million for the 2015 fiscal period compared to the 2014 fiscal period due to increases in inter-segment revenues related to a management service arrangement.

GPS segment direct costs increased by $17.8 million to $591.1 million, or 77% of total GPS segment revenues for the 2015 fiscal period, compared to $573.3 million, or 79% of total GPS segment revenues for the 2014 fiscal period. Higher enrollments and expanded operations contributed to $47.2 million of the increased expenses during the 2015 fiscal period compared to the 2014 fiscal period. GPS direct costs increased by $4.4 million for the 2015 fiscal period compared to the 2014 fiscal period related to the operation of the shared service center. The effects of currency translations decreased segment direct costs by $26.4 million for the 2015 fiscal period compared to the 2014 fiscal period, due to the weakening of the Euro and Swiss Franc relative to the USD. In connection with a teach out at NHU, we recorded direct costs of $7.4 million in the nine months ended September 30, 2014 to ensure an orderly and successful transition for our students.

GPS segment Adjusted EBITDA increased by $22.8 million to $176.8 million for the 2015 fiscal period, from $154.0 million for the 2014 fiscal period, as described above.

Corporate

Operating results for Corporate for the nine months ended September 30, 2015 and 2014 were as follows:

(in millions)	**2015**	**2014**	**% Change Better/(Worse) 2015 vs. 2014**
Revenues	$ (5.5)	$ (1.9)	(189)%
Expenses	78.4	64.5	(22)%
Adjusted EBITDA	$ (83.9)	$ (66.4)	(26)%

Comparison of Corporate Results for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

Corporate revenues represent amounts from contractual arrangements with UDLA Ecuador, our consolidated joint venture with the University of Liverpool and Corporate billings for centralized IT costs billed to various segments, offset by the elimination of inter-segment revenues.

Corporate Adjusted EBITDA decreased by $17.5 million to $(83.9) million for the 2015 fiscal period, compared to $(66.4) million for the 2014 fiscal period. This decrease in Adjusted EBITDA

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results primarily from an increase in labor expenses combined with $3.4 million of proceeds received from the settlement of earthquake-related insurance claims in 2014.

Summary Comparison of Segment Results for the Years Ended December 31, 2014, 2013 and 2012

The following table, derived from our consolidated financial statements, presents selected financial information of our segments for the years ended December 31, 2014, 2013, and 2012:

(in millions)	2014	2013	2012	% Change Better/(Worse) 2014 vs. 2013	% Change Better/(Worse) 2013 vs. 2012
Revenues:					
LatAm	$ 2,532.5	$ 2,340.9	$ 2,135.2	8%	10%
Europe	499.3	469.7	434.6	6%	8%
AMEA	395.9	194.1	158.5	104%	22%
GPS	998.2	911.0	852.9	10%	7%
Corporate	(11.1)	(1.8)	(14.0)	nm	87%
Consolidated Total Revenues	$ 4,414.7	$ 3,913.9	$ 3,567.1	13%	10%

(in millions)	2014	2013	2012	% Change Better/(Worse) 2014 vs. 2013	% Change Better/(Worse) 2013 vs. 2012
Adjusted EBITDA:					
LatAm	$ 542.0	$ 466.7	$ 380.3	16%	23%
Europe	71.1	74.6	73.8	(5)%	1%
AMEA	28.6	(5.2)	(5.9)	nm	12%
GPS	226.2	204.1	191.1	11%	7%
Corporate	(94.4)	(93.7)	(92.1)	(1)%	(2)%
Consolidated Total Adjusted EBITDA	$ 773.5	$ 646.5	$ 547.0	20%	18%

nm percentage changes not meaningful

LatAm

Operating results for our LatAm segment for the years ended December 31, 2014, 2013, and 2012 were as follows:

(in millions)	2014	2013	2012	% Change Better/(Worse) 2014 vs. 2013	% Change Better/(Worse) 2013 vs. 2012
Segment revenues	$ 2,532.5	$ 2,340.9	$ 2,135.2	8%	10%
Segment direct costs:					
Instructional and services	1,868.5	1,755.6	1,645.6	(6)%	(7)%
Marketing and promotional	122.0	118.6	109.3	(3)%	(9)%
Adjusted EBITDA	$ 542.0	$ 466.7	$ 380.3	16%	23%

Comparison of LatAm Results for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

LatAm segment revenues for 2014 increased by $191.6 million to $2,532.5 million, compared to 2013. The incremental impact of acquisitions resulted in a $77.2 million increase in revenues in 2014. On average, organic enrollment excluding acquisitions increased during 2014 by 10% for this segment, increasing revenues by $201.7 million compared to 2013. Each institution in the segment offers tuition at various prices based upon the degree program. For 2014, the effects of product mix, pricing and timing resulted in a $105.5 million increase in revenues compared to 2013. Our LatAm segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For 2014, the effects of currency translations decreased revenues by $202.9 million, primarily due to the weakening of the Chilean Peso, Brazilian Real, Mexican Peso, Peruvian Nuevo Sol and Costa Rican Colón relative to the USD. Additionally, a settlement in the form of tuition discounts decreased revenues in our LatAm segment by $10.1 million in 2013. LatAm revenues represented 57% of our total revenues for 2014 compared to 60% for 2013.

LatAm segment direct costs increased by $116.3 million to $1,990.5 million, or 79% of LatAm revenues for 2014, compared to $1,874.2 million, or 80% of LatAm revenues for 2013. The incremental impact of acquisitions increased segment direct costs by $66.8 million in 2014 compared to 2013. Higher enrollments and expanded operations at our LatAm institutions contributed to $254.1 million of the increased expenses during 2014 compared to 2013 due to: increased labor costs to service the enrollment growth, increased compliance costs to address regulatory changes and increased direct costs associated with the growth in the LatAm segment during 2014. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased expenses by $3.2 million for 2014 compared to 2013. Employee termination costs related to a reduction in force increased direct costs by $11.5 million for 2014.

Offsetting these direct costs increases, the effects of currency translations decreased expenses by $160.1 million, primarily due to the weakening of the Chilean Peso, Brazilian Real, Mexican Peso, Peruvian Nuevo Sol and Costa Rican Colón relative to the USD. In 2013, we recorded the initial establishment of a profit-sharing plan in Mexico, increasing expense by $8.4 million. During 2014, we recorded a decrease in direct costs of $22.8 million for this profit-sharing plan. Additionally during 2014, we recorded a benefit of $11.3 million related to the settlement of a pre-acquisition loss contingency after receiving a favorable court ruling. In 2014, we reached an arbitration settlement related to indemnification claims with the former owners in Brazil and recorded a gain of $6.7 million. In 2013, we revised an estimate for a Brazil tax matter, resulting in additional expense of $3.8 million. The planned March 2013 opening of a new campus building for UNAB in Chile was delayed and additional expenses of $6.2 million were incurred in 2013 to rent temporary facilities and operate them as classrooms.

LatAm segment Adjusted EBITDA increased by $75.3 million to $542.0 million in 2014 from $466.7 million in 2013, as described above.

Comparison of LatAm Results for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

LatAm segment revenues for 2013 increased by $205.7 million to $2,340.9 million, compared to 2012. The incremental impact of acquisitions resulted in a $0.9 million increase in revenues in 2013. On average, organic enrollment excluding acquisitions increased during 2013 by 10% for this segment, increasing revenues by $222.6 million compared to 2012. Each institution in the segment offers tuition at various prices based upon degree program. For 2013, the effects of product mix, pricing and timing resulted in a $81.6 million increase in revenues compared to 2012. The effect of the deconsolidation of UDLA Ecuador decreased revenues by $28.7 million compared to 2012. Our LatAm segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For 2013, the effects of currency translations decreased revenues by $60.6 million, primarily due to the weakening of the Brazilian Real, Chilean Peso, Peruvian Nuevo Sol and Honduran Lempira, partially offset by the strengthening of the Mexican Peso relative to the USD. Additionally, a settlement in the form of tuition discounts decreased revenues in our LatAm segment by $10.1 million in 2013. LatAm revenues represented 60% of total revenues for 2013 and 2012.

LatAm segment direct costs increased by $119.3 million to $1,874.2 million, or 80% of LatAm revenues for 2013, compared to $1,754.9 million, or 82% of LatAm revenues for 2012. The incremental impact of acquisitions increased segment direct costs by $0.9 million in 2013 compared to 2012. In addition, higher enrollments and expanded operations at our LatAm institutions contributed to

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$198.3 million of the increased expenses during 2013 compared to 2012, due to: increased labor costs to service the enrollment growth; increased compliance costs to address regulatory changes; and increased direct costs associated with the growth in the LatAm segment during 2013. Acquisition contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased expenses by $3.2 million for 2013 compared to 2012. The planned March 2013 opening of a new campus building for UNAB in Chile was delayed and additional expenses of $6.2 million were incurred in 2013 to rent temporary facilities and operate them as classrooms. In 2013, we recorded the initial establishment of a profit-sharing plan in Mexico, increasing expense by $8.4 million. In 2012, we recorded $13.1 million of expense for a Brazil tax matter. In 2013, we settled this liability and recorded additional expense of $3.8 million. During 2012, we also recorded $15.4 million for restructuring costs primarily related to severance and $4.1 million for the modification of our contingent consideration agreement with UPN. The effects of the deconsolidation of UDLA Ecuador decreased expenses by $16.2 million in 2013 compared to 2012. For 2013, the effects of currency translations decreased expenses by $52.7 million, primarily due to the weakening of the Brazilian Real, Chilean Peso, Peruvian Nuevo Sol and Honduran Lempira, partially offset by the strengthening of the Mexican Peso relative to the USD.

LatAm segment Adjusted EBITDA increased by $86.4 million to $466.7 million in 2013, from $380.3 million in 2012, as described above.

Europe

Operating results for our Europe segment for the years ended December 31, 2014, 2013 and 2012 were as follows:

				% Change Better/(Worse)	
(in millions)	**2014**	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Segment revenues	$ 499.3	$ 469.7	$ 434.6	6%	8%
Segment direct costs:					
Instructional and services	396.0	361.8	327.7	(9)%	(10)%
Marketing and promotional	32.2	33.3	33.1	3%	(1)%
Adjusted EBITDA	$ 71.1	$ 74.6	$ 73.8	(5)%	1%

Comparison of Europe Results for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

Europe segment revenues for 2014 increased by $29.6 million to $499.3 million, compared to 2013. The incremental impact of acquisitions resulted in a $9.9 million increase in revenues in 2014. On average, organic enrollment excluding acquisitions increased during 2014 by 9% for this segment, increasing revenues by $30.7 million compared to 2013. For 2014, the effects of product mix, pricing and timing resulted in a $6.1 million increase in revenues compared to 2013. The segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For 2014, the effects of currency translations decreased revenues by $17.1 million due to the weakening of the Turkish Lira and the Euro relative to the USD. Europe revenues represented 11% of our total revenues for 2014 compared to 12% for 2013.

Europe segment direct costs increased by $33.1 million to $428.2 million, or 86% of Europe revenues for 2014, compared to $395.1 million, or 84% of Europe revenues for 2013. The incremental impact of acquisitions increased segment direct costs by $8.8 million in 2014 compared to 2013. Higher enrollments and expanded operations at our institutions in the Europe segment contributed to $22.3 million of the increased expenses during 2014 compared to 2013, driven primarily by increased labor costs and student support activities to service the enrollment growth experienced during 2014. During the fourth quarter of 2014, we recorded an operating expense of $18.0 million for a donation to

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a foundation for an initiative supported by the Turkish government. Employee termination costs related to a reduction in force increased direct costs by $4.7 million for 2014. We also exited a leased facility at one institution in Europe and as a result received an early termination settlement of $4.8 million, which decreased direct costs in 2013, and recorded a $2.5 million gain on the termination of a sale leaseback arrangement in 2013.

For 2014, the effects of currency translations decreased expenses by $13.6 million due to the weakening of the Turkish Lira and the Euro relative to the USD. Changes in contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, decreased expenses by $0.5 million for 2014 compared to 2013. During 2013, we recorded $11.8 million for a social security tax matter for the years 2009 through 2012, which increased direct costs for 2013. In 2014, we reversed $2.1 million of the social security tax liability due to statute of limitations expirations.

Europe segment Adjusted EBITDA decreased by $3.5 million to $71.1 million in 2014, from $74.6 million in 2013, as described above.

Comparison of Europe Results for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

Europe segment revenues for 2013 increased by $35.1 million to $469.7 million, compared to 2012. The incremental impact of acquisitions resulted in a $8.5 million increase in revenues in 2013. On average, organic enrollment excluding acquisitions increased during 2013 by 6% for this segment, increasing revenues by $17.5 million compared to 2012. For 2013, the effects of product mix, pricing and timing resulted in a $4.6 million increase in revenues compared to 2012. For 2013, the effects of currency translations increased revenues by $4.5 million due to the strengthening of the Euro, partially offset by the weakening of the Turkish Lira relative to the USD. Europe revenues represented 12% of total revenues for 2013 and 2012.

Europe segment direct costs increased by $34.3 million to $395.1 million, or 84% of Europe revenues for 2013, compared to $360.8 million, or 83% of Europe revenues for 2012. The incremental impact of acquisitions increased in segment direct costs by $9.1 million in 2013 compared to 2012. Higher enrollments and expanded operations at our institutions in the Europe segment contributed to $23.6 million of the increased expenses during 2013 compared to 2012, driven primarily by increased labor costs and student support activities to service the enrollment growth experienced during 2013. For 2013, the effects of currency translations increased expenses by $4.6 million due to the strengthening of the Euro, partially offset by the weakening of the Turkish Lira relative to the USD. Changes in contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, increased expenses by $0.5 million for 2013 compared to 2012. During 2013, we recorded $11.8 million for a social security tax matter for the years 2009 through 2012, which increased direct costs for 2013. During 2013, we also exited a leased facility at one institution in Europe and as a result received an early termination settlement of $4.8 million, which decreased direct costs, and recorded a $2.5 million gain on the termination of a sale leaseback arrangement. In 2012, we recorded $2.2 million for restructuring costs primarily related to severance, $4.1 million for an acquisition litigation liability, and $1.7 million for forgiveness of a related party receivable.

Europe segment Adjusted EBITDA increased by $0.8 million to $74.6 million in 2013, from $73.8 million in 2012, as described above.

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AMEA

Operating results for our AMEA segment for the years ended December 31, 2014, 2013, and 2012 were as follows:

(in millions)	2014	2013	2012	% Change Better/(Worse) 2014 vs. 2013	2013 vs. 2012
Segment revenues	$ 395.9	$ 194.1	$ 158.5	104%	22%
Segment direct costs:					
Instructional and services	335.5	184.3	150.0	(82)%	(23)%
Marketing and promotional	31.8	15.0	14.4	(112)%	(4)%
Adjusted EBITDA	$ 28.6	$ (5.2)	$ (5.9)	nm%	12%

nm percentage changes not meaningful

Comparison of AMEA Results for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

AMEA segment revenues for 2014 increased by $201.8 million to $395.9 million, compared to 2013. The incremental impact of acquisitions resulted in a $137.9 million increase in revenues in 2014. On average, organic enrollment excluding acquisitions increased during 2014 by 19% for this segment, increasing revenues by $70.0 million compared to 2013. For 2014, the effects of product mix, pricing and timing resulted in a $0.7 million increase in revenues compared to 2013. The segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For 2014, the effects of currency translations decreased revenues by $6.8 million due to the weakening of the Malaysian Ringgit, Australian Dollar, Indian Rupee and Thai Baht relative to the USD. AMEA revenues represented 9% of our total revenues for 2014 compared to 5% for 2013.

AMEA segment direct costs increased by $168.0 million to $367.3 million, or 93% of AMEA revenues for 2014, compared to $199.3 million, or 103% of AMEA revenues for 2013. The incremental impact of acquisitions increased segment direct costs by $115.1 million in 2014 compared to 2013. Increased costs to support the growth in our operations contributed to $54.7 million of the increased expenses during 2014 compared to 2013. In 2014, we determined it was probable that THINK would meet performance targets that were part of a share purchase agreement and accrued for a contingent earn-out of $3.8 million. Additionally, HIEU recorded a $4.4 million loss on disposal of property to write off the carrying value of several parcels of land for which it no longer has land use rights. In 2014, an entity in the Kingdom of Saudi Arabia received a benefit of $2.8 million, primarily related to cash payments received for fully reserved receivables. For 2014, the effects of currency translations decreased expenses by $7.1 million, primarily due to the weakening of the Malaysian Ringgit, Australian Dollar, Indian Rupee and Thai Baht relative to the USD. Changes in contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, decreased expenses by $0.1 million for 2014 compared to 2013.

AMEA segment Adjusted EBITDA increased by $33.8 million to $28.6 million in 2014, from $(5.2) million in 2013, as described above.

Comparison of AMEA Results for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

AMEA segment revenues for 2013 increased by $35.6 million to $194.1 million, compared to 2012. The incremental impact of acquisitions resulted in a $19.4 million increase in revenues in 2013. On average, organic enrollment excluding acquisitions increased during 2013 by 4% for this segment, increasing revenues by $12.3 million compared to 2012. For 2013, the effects of product mix, pricing and timing resulted in a $6.4 million increase in revenues compared to 2012. The segment operates in

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several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For 2013, the effects of currency translations decreased revenues by $2.5 million due to the weakening of the Malaysian Ringgitt, Australian Dollar and Indian Rupee, partially offset by the strengthening of the Chinese Renminbi relative to the USD. AMEA revenues represented 5% of total revenues for 2013 compared to 4% for 2012.

AMEA segment direct costs increased by $34.9 million to $199.3 million, or 103% of AMEA revenues for 2013, compared to $164.4 million, or 104% of AMEA revenues for 2012. The incremental impact of acquisitions increased segment direct costs by $17.3 million in 2013 compared to 2012. Higher enrollments at our institutions, driven primarily by increased labor costs to support the enrollment growth, and increased business development costs to support further growth in the AMEA market contributed to $20.9 million of the increased expenses during 2013 compared to 2012. Changes in contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, decreased expenses by $0.2 million for 2013 compared to 2012. For 2013, the effects of currency translations decreased expenses by $3.1 million, primarily due to the weakening of the Malaysian Ringgitt, Australian Dollar and Indian Rupee, partially offset by the strengthening of the Chinese Renminbi relative to the USD.

AMEA segment Adjusted EBITDA increased by $0.7 million to $(5.2) million in 2013, from $(5.9) million in 2012, as described above.

GPS

Operating results for our GPS segment for the years ended December 31, 2014, 2013 and 2012 were as follows:

				% Change Better/(Worse)	
(in millions)	**2014**	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Segment revenues	$ 998.2	$ 911.0	$ 852.9	10%	7%
Segment direct costs:					
Instructional and services	640.3	557.2	526.5	(15)%	(6)%
Marketing and promotional	131.7	149.7	135.3	12%	(11)%
Adjusted EBITDA	$ 226.2	$ 204.1	$ 191.1	11%	7%

The following includes additional information on our Global Online and Global CB institutions' segment revenues for the years ended December 31, 2014, 2013 and 2012.

				% Change Better/(Worse)	
(in millions)	**2014**	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Segment revenues:					
Global Online	$ 674.7	$ 657.4	$ 611.6	3%	7%
Global CB	320.7	250.7	236.7	28%	6%
Shared Service and Eliminations	2.8	2.9	4.6	(3)%	(37)%
Total GPS segment revenues	$ 998.2	$ 911.0	$ 852.9	10%	7%

Comparison of GPS Results for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

GPS segment revenues for 2014 increased by $87.2 million to $998.2 million, compared to 2013. GPS segment revenues represented 23% of our total revenues for 2014 and 2013.

On average, Global Online organic enrollment excluding acquisitions increased during 2014 by 1%, increasing revenues by $5.6 million compared to 2013. For 2014, the effects of Global Online product

mix, pricing and timing at our Global Online institutions resulted in a $11.7 million increase in revenues compared to 2013.

On average, Global CB organic enrollment excluding acquisitions increased by 3%, causing revenues to increase during 2014 by $7.3 million compared to 2013. The incremental impact of acquisitions resulted in a $50.9 million increase in revenues in 2014. For 2014, the effects of Global CB product mix, pricing and timing at our Global CB institutions resulted in a $9.8 million increase in revenues compared to 2013. For 2014, the effects of Global CB currency translations increased revenues by $2.0 million, primarily due to the strengthening the Swiss Franc relative to the USD. The Global CB schools include premium brand schools in Europe, with tuitions denominated in Swiss Francs. These schools attract students from across Europe and other continents.

GPS Shared Service and Eliminations revenues decreased $0.1 million for 2014 compared to 2013 due to decreases in inter-segment revenues related to a management service arrangement.

GPS segment direct costs increased by $65.1 million to $772.0 million, or 77% of total GPS segment revenues for 2014, compared to $706.9 million, or 78% of total GPS segment revenues for 2013. The incremental impact of acquisitions increased segment direct costs by $26.2 million for 2014 compared to 2013. Higher enrollments and expanded operations contributed to $27.1 million of the increased expenses during 2014 compared to 2013. The effects of currency translations increased segment direct costs by $1.7 million for 2014, compared to 2013, due to the strengthening of the Swiss Franc relative to the USD. In connection with a teach out at NHU, we recorded costs of $6.6 million for 2014 to ensure an orderly and successful transition for our students. Employee termination costs related to a reduction in force increased direct costs by $1.8 million for 2014. GPS direct costs increased by $1.7 million for 2014 compared to 2013 related to the operation of the shared service center.

GPS segment Adjusted EBITDA increased by $22.1 million to $226.2 million for 2014, from $204.1 million for 2013, as described above.

Comparison of GPS Results for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

GPS segment revenues for 2013 increased by $58.1 million to $911.0 million, compared to 2012. GPS segment revenues represented 23% of total revenues for 2013 and 24% of our revenues for 2012.

On average, Global Online organic enrollment excluding acquisitions increased during 2013 by 4%, increasing revenues by $23.4 million compared to 2012. For 2013, the effects of Global Online product mix, pricing and timing at our Global Online institutions resulted in a $20.4 million increase in revenues compared to 2012. For 2013, the effects of Global Online currency translations related to our European online education business increased revenues by $2.0 million due to the strengthening of the Euro relative to the USD.

On average, Global CB organic enrollment excluding acquisitions increased by 1%, causing revenues to increase during 2013 by $1.9 million compared to 2012. The U.S. CB institutions were facing increased competition and a changing regulatory environment which are negatively impacting on their enrollment growth. Additionally, the European financial crisis resulted in slowed enrollment growth for the CB institutions in Europe. The incremental impact of acquisitions resulted in a $4.1 million increase in revenues for 2013. For 2013, the effects of Global CB product mix, pricing and timing at our Global CB institutions resulted in a $5.1 million increase in revenues compared to 2012. For 2013, the effects of Global CB currency translations increased revenues by $2.9 million, primarily due to the strengthening of the Euro and the Swiss Franc relative to the USD. The Global CB schools include premium brand schools in Europe, with tuitions denominated in Swiss Francs. These schools attract students from across Europe and other continents.

GPS Shared Service and Eliminations revenues decreased $1.7 million for 2013 compared to 2012 due to decreases in inter-segment revenues related to a management services arrangement.

GPS segment direct costs increased by $45.1 million to $706.9 million, or 78% of total GPS segment revenues for 2013, compared to $661.8 million, or 78% of total GPS segment revenues for 2012. The incremental impact of acquisitions increased segment direct costs by $2.6 million. Higher enrollments and expanded operations contributed to $37.9 million of the increased expenses for 2013 compared to 2012. The effects of currency translations increased segment direct costs by $5.2 million for 2013, compared to 2012, due to the strengthening of the Swiss Franc and the Euro relative to the USD. GPS direct costs increased by $2.5 million for 2013 compared to 2012 related to the operation of the shared service center. In addition, GPS recorded $3.1 million for restructuring costs primarily related to severance in 2012.

GPS segment Adjusted EBITDA increased by $13.0 million to $204.1 million for 2013, from $191.1 million for 2012, as described above.

Corporate

Corporate revenues represent amounts from contractual arrangements with UDLA Ecuador, our consolidated joint venture with the University of Liverpool and Corporate billings for centralized IT costs billed to various segments, offset by the elimination of inter-segment revenues.

Operating results for Corporate for the years ended December 31, 2014, 2013 and 2012 were as follows:

				% Change Better/(Worse)	
(in millions)	**2014**	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Revenues	$ (11.1)	$ (1.8)	$ (14.0)	nm	87%
Expenses	83.3	91.9	78.1	9%	(18)%
Adjusted EBITDA	$ (94.4)	$ (93.7)	$ (92.1)	(1)%	(2)%

nm percentage changes not meaningful

Comparison of Corporate Results for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

Corporate Adjusted EBITDA decreased by $0.7 million to $(94.4) million for 2014, compared to $(93.7) million for 2013. This decrease in Adjusted EBITDA results from an increase in labor costs of $9.5 million related to the implementation of shared services and standardization of global processes. This decrease was offset by a $4.8 million gain recorded for the settlement of earthquake-related insurance claims and $1.9 million for debt modification costs incurred for 2013. Other items accounted for a change of $2.1 million.

Comparison of Corporate Results for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

Corporate Adjusted EBITDA decreased by $1.6 million to $(93.7) million for 2013, compared to $(92.1) million for 2012. This decrease in Adjusted EBITDA is primarily the result of an increase in expenses of $13.7 million related to workforce increases, professional and consulting services, and investment in our global information technology platform including shared services. Additionally, as part of our debt refinancing, we incurred $1.9 million in third-party costs for 2013 and $1.6 million in third-party costs for 2012. Partially offsetting the increase in expenses is an increase in corporate revenues resulting from an increase of $7.9 million from contractual arrangements with UDLA Ecuador and an increase of $4.7 million from the University of Liverpool. Other items accounted for a change of $0.2 million.

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Quarterly Results of Operations Data

The following table represents data from our unaudited statements of operations for our most recent 11 quarters. You should read the following table in conjunction with our consolidated financial statements and related notes appearing elsewhere in this prospectus. The results of operations of any quarter are not necessarily indicative of the results that may be expected for any future period.

	Three Months Ended										
(in millions)	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**
Revenues	$ 985.4	$ 1,270.2	$ 885.6	$ 1,329.2	$ 968.9	$ 1,238.5	$ 878.1	$ 1,148.5	$ 850.8	$ 1,130.6	$ 784.0
Operating costs and expenses	952.1	1,037.5	939.5	1,208.3	1,004.5	1,001.0	901.4	1,012.2	860.1	899.0	822.0
Operating income (loss)	$ 33.3	$ 232.6	$ (53.9)	$ 120.9	$ (35.6)	$ 237.5	$ (23.3)	$ 136.3	$ (9.3)	$ 231.7	$ (38.0)
(Loss) income from continuing operations	$ (130.4)	$ 56.9	$ (226.2)	$ 47.6	$ (195.7)	$ 109.0	$ (123.4)	$ 1.4	$ (85.8)	$ 134.8	$ (140.7)
Income from, gain on disposal of discontinued operations, net of tax											5.1
Less: Net loss (income) attributable to noncontrolling interests	1.8	(1.9)	0.2	(0.7)	2.3	(0.8)	3.4	3.1	4.3	(0.4)	8.4
Net (loss) income attributable to Laureate Education, Inc.	$ (128.6)	$ 55.1	$ (226.0)	$ 47.0	$ (193.4)	$ 108.2	$ (120.0)	$ 4.5	$ (81.5)	$ 134.4	$ (127.1)

The following table presents Adjusted EBITDA and reconciles net loss to Adjusted EBITDA for our most recent 11 quarters.

	Three Months Ended										
(in millions)	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**
Net (loss) income	$ (130.4)	$ 56.9	$ (226.2)	$ 47.6	$ (195.7)	$ 109.0	$ (123.4)	$ 1.4	$ (85.8)	$ 134.8	$ (135.5)
Plus:											
Gain on sales of discontinued operations, net of tax											(4.4)
Income from discontinued operations, net of tax											(0.8)
(Loss) income from continuing operations	(130.4)	56.9	(226.2)	47.6	(195.7)	109.0	(123.4)	1.4	(85.8)	134.8	(140.7)
Plus:											
Equity in net (income) loss of affiliates, net of tax		(0.3)	(1.8)	(0.3)	0.1	(0.6)	0.6	(0.1)	2.0	(0.7)	(0.4)
Income tax expense (benefit)	5.9	84.0	(8.3)	(93.5)	1.0	46.8	6.5	46.6	11.9	33.1	(0.4)
(Loss) income from continuing operations before income taxes and equity in net (income) loss of affiliates	(124.5)	140.6	(236.4)	(46.1)	(194.6)	155.3	(116.3)	47.9	(71.9)	167.3	(141.4)
Plus:											
Foreign currency exchange loss (income), net	57.0	(4.0)	86.4	37.7	67.1	(4.8)	10.0	8.3	(20.6)	5.0	10.4
Other (income) expense, net	(0.1)	(1.3)	0.1	1.1	0.2	(0.5)	0.4	(5.5)		(0.6)	(1.4)
Loss (gain) on derivatives	1.4	0.9	0.3	1.1	(0.3)	2.0	0.3	(5.0)	8.6	(25.6)	15.3
Loss on debt extinguishment	0.3		0.9	23.0				1.4			
Interest expense	102.9	99.1	98.2	106.6	97.2	92.3	89.6	92.5	84.4	90.5	82.8

Interest income	(3.8)	(2.7)	(3.5)	(2.5)	(5.2)	(6.8)	(7.3)	(3.3)	(9.8)	(4.9)	(3.8)
Operating income (loss)	33.3	232.6	(53.9)	120.9	(35.6)	237.5	(23.3)	136.3	(9.3)	231.7	(38.0)
Plus:											
Depreciation and amortization	70.2	69.8	69.3	77.4	73.1	71.3	66.6	61.4	61.9	60.3	59.1
EBITDA	103.5	302.5	15.4	198.3	37.5	308.8	43.3	197.7	52.6	292.0	21.1
Plus:											
Stock-based compensation expense(a)	8.3	8.6	10.4	12.4	13.0	12.9	10.9	39.8	3.2	3.4	3.1
Loss on impairment of assets(b)				109.3	16.4		0.1	31.2	1.7		0.7
EiP implementation expenses(c)	6.8	11.4	9.0	8.1	2.0	0.4	0.2				
Adjusted EBITDA	$ 118.6	$ 322.5	$ 34.8	$ 328.1	$ 68.9	$ 322.1	$ 54.5	$ 268.7	$ 57.5	$ 295.4	$ 24.9

(a) Represents non-cash, stock-based compensation expense pursuant to the provisions of ASC Topic 718.

(b) Represents non-cash charges related to impairments of long-lived assets. For further details on certain impairment items, see " Discussion of Significant Items Affecting the Consolidated Results Impairments."

(c) EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, finance, accounting and human resources, which began in 2014 and is expected to be substantially completed in 2017. EiP includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

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Liquidity and Capital Resources

Liquidity Sources

We anticipate that cash flow from operations and available cash will be sufficient to meet our current operating requirements for at least the next 12 months.

Our primary source of cash is revenue from tuition charged to students in connection with our various education program offerings. The majority of our students finance the costs of their own education and/or seek third-party financing programs. We anticipate generating sufficient cash flow from operations in the majority of countries where we operate to satisfy the working capital and financing needs of our organic growth plans for each country. If our educational institutions within one country were unable to maintain sufficient liquidity, we would consider using internal cash resources or reasonable short-term working capital facilities to accommodate any short- to medium-term shortfalls.

As of September 30, 2015, our secondary source of cash was cash and cash equivalents of $618.4 million. Our cash accounts are maintained with high-quality financial institutions with no significant concentration in any one institution.

During the nine months ended September 30, 2015, we completed a sale-leaseback transaction for a portion of the campuses of two of our institutions in Switzerland, Glion Institute of Higher Education ("Glion"), and Les Roches International School of Hotel Management ("Les Roches"). For the sale of these assets, we received net proceeds of approximately $182.0 million, resulting in a gain on sale of approximately $36.0 million, which will be deferred and recognized into income over the lease term of 20 years.

During 2014 and 2015 the U.S. dollar has strengthened significantly against most of the local currencies in countries where we have significant operations, which has negatively affected our cash flows from operations. Though currency movements can unfavorably impact our cash flows, we have the ability to increase cash flow and liquidity, if needed, through reductions in certain discretionary spending including, but not limited to, growth capital expenditures, investments in our EiP initiative and other discretionary investments.

Liquidity Restrictions

Our liquidity is affected by restricted cash balances, which totaled $147.7 million and $149.4 million as of September 30, 2015 and December 31, 2014, respectively. In September 2014, we paid $290.6 million for the acquisition of FMU, an affiliated group of higher educational institutions in Brazil, of which approximately $231.0 million of the balance was included in our December 31, 2013 restricted cash balance.

Restricted cash also consists of cash and cash equivalents held to collateralize standby letters of credit in favor of the DOE. These letters of credit are required by the DOE in order to allow our U.S. Institutions to participate in the Title IV program and totaled $87.1 million and $89.3 million as of September 30, 2015 and December 31, 2014, respectively.

As of September 30, 2015 and December 31, 2014, we had $13.4 million and $14.4 million, respectively, posted as a cash-collateralized letter of credit in order to continue the appeals process with the STA who challenged the holding company structure in Spain and issued a final assessment against ICE, our Spanish holding company for the periods 2006 and 2007. In July 2013, we were notified by the STA that an audit of the Spanish subsidiaries was being initiated for 2008 through 2010. In October 2015, the STA issued a final assessment to ICE for approximately EUR 17.2 million ($19.2 million at September 30, 2015), including interest, for those three years. We plan to appeal this assessment. In order to suspend the payment of the tax assessment until the court decision, we will issue a cash-collateralized letter of credit for the assessment amount plus interest and any possible surcharges. We believe the assessments in this case are without merit and intend to defend vigorously against them.

The balance of restricted cash at September 30, 2015 and December 31, 2014 also included $2.0 million and $2.7 million, respectively, as collateral for a project at one of our institutions in India. In addition, restricted cash also consists of cash held to collateralize other letters of credit and surety bonds and amounts posted as cash collateral to comply with statutory requirements as discussed in Note 9, Commitments and Contingencies, in our interim consolidated financial statements included elsewhere in this prospectus.

Indefinite Reinvestment of Foreign Earnings

We earn a significant portion of our income from subsidiaries located in countries outside the United States. As part of our business strategies, we have determined that all earnings from our foreign operations will be deemed indefinitely reinvested outside the United States. As of December 31, 2014, our undistributed earnings from non-U.S. subsidiaries totaled approximately $1,152.8 million. As of September 30, 2015, $464.0 million of our total $618.4 million of cash and cash equivalents were held by foreign subsidiaries, including $167.3 million held by VIEs. As of December 31, 2014, $289.4 million of our total $461.6 million of cash and cash equivalents were held by foreign subsidiaries, including $122.7 million held by VIEs. The VIEs' cash and cash equivalents balances are generally required to be used only for the benefit of the operations of these VIEs.

Our plans to indefinitely reinvest certain earnings are supported by projected working capital and long-term capital requirements in each foreign subsidiary location in which the earnings are generated. We have analyzed our domestic operation's cash repatriation strategies, projected cash flows, projected working capital and liquidity, and the expected availability within the debt or equity markets to provide funds for our domestic needs. As a result, we rely on payments from contractual arrangements, such as intellectual property royalty, network fee and management services agreements, as well as repayments of intercompany loans to meet any of our existing or future debt service and other obligations, a substantial portion of which are denominated in U.S. dollars. Based on our analysis, we believe we have the ability to indefinitely reinvest these foreign earnings.

If our expectations change based on future developments such that some or all of the undistributed earnings of our foreign subsidiaries may be remitted to the United States in the foreseeable future, we will be required to recognize deferred tax expense and liabilities on those amounts and pay additional taxes. In addition, if applicable U.S. tax rules are modified to cause U.S. corporations to pay taxes on foreign earnings, even if the earnings are not remitted to the United States, we may incur additional taxes in the United States.

Liquidity Requirements

Our short-term liquidity requirements include: funding for debt service (including capital leases); operating lease obligations; payments of deferred compensation; payments due to shareholders of acquired companies; working capital; operating expenses; payments of third-party obligations; capital expenditures; and business development activities.

Long-term liquidity requirements include: principal payments of long-term debt; operating lease obligations; payments of long-term amounts due to shareholders of acquired companies; payments of deferred compensation; settlements of derivatives; payments for redeemable noncontrolling interests and equity; and business development activities.

Debt

As of September 30, 2015, senior long-term borrowings totaled $3,554.7 million, consisting of the following:

- $2,169.4 million under the Senior Secured Credit Facilities; and

- $1,385.3 million in Senior Notes.

As of September 30, 2015, other debt balances totaled $674.3 million, and our capital lease obligations and sale-leaseback financings were $249.7 million. Other debt includes lines of credit and short-term borrowing arrangements of subsidiaries, mortgages payable, and notes payable.

Senior Secured Credit Facilities

We entered into the Senior Secured Credit Facilities with a syndicate of lenders on August 17, 2007 to fund the leveraged buyout merger between Laureate and Wengen. On June 16, 2011, we amended and restated our credit agreement (the "Amended and Restated Credit Agreement") in order to, among other things, extend maturity dates. On December 22, 2011, we increased the borrowing capacity under our senior secured multi-currency revolving credit facility to $350.0 million and borrowed an additional $25.0 million in term loans. On January 18, 2013, we borrowed an additional $250.0 million in term loans. On April 23, 2013, we borrowed an additional $310.0 million in term loans to repay all of the outstanding Senior Subordinated Notes, as noted below. On October 3, 2013, we amended and restated our credit agreement to reduce the interest rate on the term loans. On December 16, 2013, we borrowed an additional $200.0 million in term loans. On July 7, 2015, we entered into a Fourth Amendment to Amended and Restated Credit Agreement and Amendment to the U.S. Obligations Security Agreement and U.S. Pledge Agreement (the "Fourth Amendment"). Pursuant to the Fourth Amendment, the maturity date of the senior secured multi-currency revolving credit facility was extended from June 2016 to March 2018. The senior secured multi-currency revolving credit facility matures in March 2018, and the 2018 term loans mature in June 2018.

As of September 30, 2015, the outstanding balance under our Senior Secured Credit Facilities was $2,169.4 million, which consisted of $349.9 million outstanding under our senior secured multi-currency revolving credit facility and an aggregate outstanding balance of $1,819.5 million, net of a debt discount, under the term loans. As of December 31, 2014, the outstanding balance under our Senior Secured Credit Facilities was $2,180.4 million, which consisted of $346.7 million outstanding under our senior secured multi-currency revolving credit facility and an aggregate outstanding balance of $1,833.7 million, net of a debt discount, under the term loans. The senior secured multi-currency revolving credit facility matures in June 2016, and the 2018 term loans mature in June 2018.

Senior Notes due 2019

On July 25, 2012, we completed an offering of $350.0 million of 9.250% Senior Notes due 2019. The net proceeds received from the debt offering were used to repay a portion of our senior secured multi-currency revolving credit facility. On November 13, 2012, we completed an offering of $1,050.0 million of additional Senior Notes. These proceeds were used to fully repay the outstanding balances of certain term loans outstanding under our Senior Secured Credit Facilities, which totaled $164.5 million as of December 31, 2011, and to purchase all of the outstanding Senior Toggle Notes and the Senior Cash Pay Notes. As of September 30, 2015 and December 31, 2014, our outstanding balance under our Senior Notes was $1,385.3 million and $1,382.7 million, respectively, net of a debt discount. The Senior Notes mature on September 1, 2019.

Senior Indenture and Senior Subordinated Indenture (Senior Toggle Notes, Senior Cash Pay Notes and Senior Subordinated Notes)

On May 13, 2008, we executed our senior indenture (the "Senior Indenture") and senior subordinated indenture (the "Senior Subordinated Indenture") with an aggregate outstanding principal amount of $1,005.8 million. The proceeds from the issuance of this debt were used to repay the outstanding balances accrued interest and associated fees and expenses of certain loans originated as part of our 2007 leveraged buyout.

As noted above, on November 13, 2012, we completed an offering of $1,050.0 million Senior Notes. These proceeds were used to purchase all outstanding Senior Toggle Notes and Senior Cash Pay Notes, which totaled $806.6 million as of December 31, 2011. On April 9, 2013, we commenced a

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tender offer to purchase for cash all of our outstanding Senior Subordinated Notes, which had an outstanding balance of $285.9 million. Also in April 2013, we called for redemption all remaining Senior Subordinated Notes not purchased in the tender offer. As noted above, we obtained the proceeds required to repay the notes by borrowing an additional $310.0 million under the Senior Secured Credit Facilities.

As of September 30, 2015 and December 31, 2014, our Senior Indenture and Senior Subordinated Indenture were satisfied and discharged.

Covenants

Our senior long-term debt contains certain negative covenants including, among others: (1) limitations on additional indebtedness; (2) limitations on dividends; (3) limitations on asset sales, including the sale of ownership interests in subsidiaries and sale-leaseback transactions; and (4) limitations on liens, guarantees, loans or investments. In connection with the extension of our revolving credit facility in July 2015, we are now subject to a consolidated senior secured debt to consolidated EBITDA financial covenant beginning in the third quarter of 2015. In addition, notes payable at some of our locations contain financial maintenance covenants. On April 4, 2014, we notified our lenders of the occurrence of a default under our Amended and Restated Credit Agreement, due to our failure to deliver our audited consolidated financial statements for the year ended December 31, 2013 within 95 days after the fiscal year end (the "2013 Audited Financial Statement Delivery Default"). The reason for the 2013 Audited Financial Statement Delivery Default is the additional time needed to completely and accurately reflect several items in the 2013 consolidated financial statements. We cured the 2013 Audited Financial Statement Delivery Default by delivering the 2013 consolidated financial statements to the administrative agent on April 14, 2014, the date that the 2013 consolidated financial statements were issued, which was within the 30-day grace period provided for in the Amended and Restated Credit Agreement. As of September 30, 2015, there were no events causing noncompliance with these covenants.

Registration of Senior Notes due 2019

We and our guarantors agreed to (1) file a registration statement with the SEC with respect to a registered offer to exchange the Senior Notes for new notes having terms substantially identical in all material respects to the outstanding notes (except that the new notes will not contain transfer restrictions or provide for special interest); or (2) file a shelf registration for the resale of the notes. We were required to use all commercially reasonable efforts to cause the registration statement to be declared effective on or before July 25, 2014. Since the registration statement was not declared effective by July 25, 2014, we have incurred special interest at a rate equal to 0.25% per annum for the first 90-day period of the outstanding indenture indebtedness on the outstanding notes, 0.50% per annum for the next 90-day period, and 0.75% thereafter, as liquidated damages until the registration statement is declared effective and the exchange offer is completed. Accordingly, we have recorded a liability for the amount of special interest on the Senior Notes that we have determined to be probable and estimable based on our expected timing of registration as of each balance sheet date. As of September 30, 2015 and December 31, 2014, we had a total contingent liability for special interest on the Senior Notes of approximately $6.3 million and $12.2 million, respectively recorded in accrued expenses in our consolidated balance sheets.

Other Debt

Other debt includes lines of credit and short-term borrowing arrangements of subsidiaries, mortgages payable, and notes payable.

As of September 30, 2015 and December 31, 2014, the aggregate outstanding balances on our lines of credit were $144.0 million and $106.0 million, respectively.

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On December 21, 2007, we entered into a note payable to acquire Universidad Tecnológica de México ("UNITEC Mexico"). The loan was originally scheduled to mature on July 1, 2015. In order to align the payments with the new loan described below, in May 2014, the loan maturity was extended to May 15, 2021, and the repayments were suspended until May 16, 2016. As of September 30, 2015 and December 31, 2014, the balance outstanding on this note payable was $78.1 million and $89.9 million, respectively.

We entered into a note payable in May 2012 to acquire the remaining 10% interest in Planeación de Sistemas, S.A. de C.V. ("Plansi"). The loan was originally scheduled to mature on May 15, 2019. In May 2014, the loan maturity date was extended to May 15, 2021, and the repayments were suspended until May 16, 2016. As of September 30, 2015 and December 31, 2014, the balance outstanding on this note payable was $53.1 million and $61.1 million, respectively.

In addition to the loans above, in August 2015, UVM Mexico entered into an agreement with a bank for a loan of MXN 1,300. The loan carries a variable interest rate (approximately 5.79% in September 2015) and matures in August 2020.

We also obtained financing to fund the construction of two new campuses at one of our institutions in Peru, Universidad Peruana de Ciencias Aplicadas ("UPC"). As of September 30, 2015 and December 31, 2014, the outstanding balance on the loans was $62.0 million and $52.1 million, respectively. These loans have varying maturity dates with the final payment due in October 2022.

In May 2014, we obtained $7.5 million of financing to fund the construction of a new campus at one of our institutions in Panama. In December 2014, we borrowed an additional $5.0 million. In June 2015, we borrowed an additional $12.5 million. As of September 30, 2015 and December 31, 2014, the outstanding balance of this loan was $25.0 million and $12.5 million, respectively. This loan is payable to one of the institutional investors referred to in Note 14, Share-based Compensation, and Note 15, Derivative Instruments, in our consolidated financial statements included elsewhere in this prospectus. It has a fixed interest rate of 8.12% and matures in 2024.

We had outstanding notes payable at HIEU in China. As of September 30, 2015 and December 31, 2014, the outstanding balance on the loans was $88.7 million and $91.0 million, respectively. These notes are repayable in installments with the final installment due in November 2019.

We had outstanding notes payable at a real estate subsidiary in Chile. As of September 30, 2015 and December 31, 2014, the outstanding balance on the loans was $56.1 million and $65.8 million, respectively. These notes are repayable in installments with the final installment due in August 2028.

We financed a portion of the purchase price for THINK by borrowing AUD 45.0 million ($36.8 million at December 31, 2014) under a syndicated facility agreement in the form of two term loans of AUD 22.5 million each. The syndicated facility agreement also provides for additional borrowings of up to AUD 20.0 million ($16.4 million at December 31, 2014) under a capital expenditure facility and a working capital facility. The first term loan has a term of five years and principal is payable in quarterly installments beginning on March 31, 2014. The second term loan has a term of five years and the total principal balance is payable at its maturity date of December 20, 2018. As of September 30, 2015 and December 31, 2014, $25.6 million and $33.1 million, respectively, was outstanding under these loan facilities.

We acquired FMU on September 12, 2014 and financed a portion of the purchase price by borrowing amounts under two loans that totaled BRL 259.1 million ($110.3 million at the borrowing date). The loans require semi-annual principal payments beginning at BRL 6.5 million in October 2014 and increasing to a maximum of BRL 22.0 million beginning in October 2017 and continuing through their maturity dates in April 2021. As of September 30, 2015 and December 31, 2014, the outstanding balance of these loans was $60.4 million and $95.1 million, respectively.

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On November 18, 2015, the Company entered into an agreement with two banks to borrow a total of EUR 100 million ($106.5 million at the borrowing date) as described in Note 19, Subsequent Events, in our interim consolidated financial statements included elsewhere in this prospectus.

Leases

We conduct a significant portion of our operations from leased facilities. These facilities include our corporate headquarters, other office locations, and many of our higher education facilities. See " Contractual Obligations" for a summary of our capital and operating lease obligations.

Due to Shareholders of Acquired Companies

One method of payment for acquisitions is the use of promissory notes payable to the sellers of acquired companies. As of September 30, 2015 and December 31, 2014, we recorded $184.3 million and $248.1 million, respectively, for these liabilities. See Note 6, Due to Shareholders of Acquired Companies, in our consolidated financial statements included elsewhere in this prospectus for further details.

Capital Expenditures

Capital expenditures consist of purchases of property and equipment and expenditures for deferred costs. Our capital expenditure program is a component of our liquidity and capital management strategy. This program includes discretionary spending, which we can adjust in response to economic and other changes in our business environment, to grow our network through the following: (1) capacity expansion at institutions to support enrollment growth; (2) new campuses for institutions entering new geographic markets; (3) information technology to increase efficiency and controls; and (4) online content development. Our non-discretionary spending includes the maintenance of existing facilities. We typically fund our capital expenditures through cash flow from operations and external financing.

Our capital expenditures were $232.3 million and $295.5 million during the nine months ended September 30, 2015 and 2014, respectively, and $436.4 million, $519.5 million and $457.1 million during 2014, 2013 and 2012, respectively. The 21% decrease in capital expenditures for the 2015 fiscal period compared to the 2014 fiscal period related to fewer expenditures for construction of new campuses and capacity expansion projects throughout the network, particularly in the LatAm and AMEA segments, as well as a timing impact from launching major projects later in the 2015 year and the effect of foreign exchange rate changes. The 16% decrease in capital expenditures for 2014 compared to 2013 primarily related to significant decreases in capital expenditures in Chile, Mexico, Central America and Corporate, partially offset by the continued construction of new campuses and capacity expansion projects throughout the rest of Latin America and AMEA. The 14% increase in capital expenditures for 2013 compared to 2012 primarily related to the construction of new campuses and capacity expansion in Chile, Peru and China in 2013, partially offset by land purchases in Brazil and Morocco in 2012 and decreases in capital expenditures in Spain in 2013 compared to 2012.

Derivatives

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We mitigate a portion of these risks through a risk-management program that includes the use of derivatives. We were required to make periodic net cash payments on our derivatives totaling $0.5 million and $33.1 million for the nine months ended September 30, 2015 and 2014, respectively, and $33.1 million, $38.2 million and $38.2 million for the years ended December 31, 2014, 2013 and 2012, respectively. In addition, we received net cash payments of zero and $0.2 million for the nine months ended September 30, 2015 and 2014, respectively, and

$0.2 million, $0.6 million and $1.2 million for the years ended December 31, 2014, 2013 and 2012, respectively, related to our derivatives.

See Note 15, Derivative Instruments, in our consolidated financial statements included elsewhere in this prospectus for further information on our derivatives.

Redeemable Noncontrolling Interests and Equity

In connection with certain acquisitions, we have entered into put/call arrangements with certain minority shareholders, and we may be required or elect to purchase additional ownership interests in the associated entities within a specified timeframe. Certain of our call rights contain minimum payment provisions. If we exercise such call rights, the consideration required could be significantly higher than the estimated put values. Upon exercise of these puts or calls, our ownership interests in these subsidiaries would increase.

Business Development Activities

Our growth plans include ongoing and future acquisition activity. Our acquisitions have historically been funded primarily through existing liquidity and seller financing. We are evaluating various alternatives to raise additional capital to fund our acquisitions and other investing activities. These alternatives may include issuing additional equity or debt and entering into operating or other leases relating to facilities that we use, including sale-leaseback transactions involving new or existing facilities. Our incurrence covenants in our debt agreements impose limitations on our ability to engage in additional debt and sale-leaseback transactions, as well as on investments that may be made. In the event that we are unable to obtain the necessary funding or capital for our acquisition program or other business initiatives, it could have a significant impact on our long-term growth strategy. We believe that our internal sources of cash and our ability to incur seller financing and additional third-party financing, subject to market conditions, will be sufficient to fund our planned acquisitions and other investing activities.

On March 27, 2015, we acquired five higher education institutions in Portugal, a not-for-profit association and a for-profit services company that conducts market research. The total purchase price for this group of entities was $9.7 million. The purchase price included an initial cash payment of $6.5 million and a seller note of $3.2 million. The seller note carries an annual interest rate of 3% and will be paid in three equal installments of EUR 1.0 million at 18 months after the closing date, 36 months after the closing date, and 60 months after the closing date.

In August 2013, we made an investment of $2.2 million for a 25% ownership interest in a for-profit entity that controls Monash South Africa ("MSA"), a not-for-profit institution in South Africa. In February 2014, we assumed control of MSA for a total ownership interest in the for-profit entity of 75% and acquired 100% of an entity that owns the real estate used by MSA, for a total purchase price of $44.4 million. The purchase price consisted of the initial investment of $2.2 million made in 2013, a cash payment of $6.7 million, and deferred payments totaling $35.4 million. MSA was converted to a for-profit institution during the first quarter of 2015.

On August 12, 2014, we acquired Faculdade Porto-Alegrense ("FAPA"), an institution in Porto Alegre, Brazil. The total purchase price was $4.1 million, and was paid in the form of two seller notes with a total discounted present value of approximately $3.0 million, plus an additional deferred payment of approximately $1.1 million. The deferred payment of $1.1 million was paid in September 2014.

On September 12, 2014, we acquired FMU, an affiliated group of higher educational institutions in Brazil. The total purchase price was $387.6 million, which was paid with seller notes totaling $96.8 million and cash paid at closing of $290.6 million, net of cash acquired of $0.1 million. The cash

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paid at acquisition included approximately $231.0 million of cash, including accrued interest, that had been held by us in an escrow bank account prior to the acquisition date and was recorded as restricted cash on our consolidated balance sheets as of December 31, 2013. The remainder of the cash paid at closing was financed through borrowings from third-party lenders.

Stock-based Deferred Compensation Arrangements

Immediately prior to the leveraged buyout merger in 2007, our Chief Executive Officer and another then-member of the board of directors held vested equity-based awards which they exchanged on the date of the merger for unfunded, nonqualified stock-based deferred compensation arrangements ("stock-based DCPs") having an aggregate fair value at that time of $126.7 million. Prior to the occurrence of an initial public offering, each of the stock-based DCPs allows the participant the potential to earn an amount (at any time, a "Plan Balance") equal to the product of (A) the number of "phantom shares" credited to the participant's account, and (B) the lesser of (i) the fair market value per "phantom share" on the date of the merger plus a 5% compounded annual return thereon, and (ii) the fair market value per "phantom share" on the earlier of September 17, 2014 (the "Distribution Date") or a change of control. On and after the occurrence of an initial public offering, each of the stock-based DCPs allows the participant the potential to earn a Plan Balance equal to the product of (A) the number of "phantom shares" credited to the participant's account as of the initial public offering and (B) the fair market value per "phantom share" on the Distribution Date or a change of control, as applicable.

Under these stock-based DCPs, a cash payment of $81.0 million was made in September 2014. If we have not consummated an initial public offering prior to the first or second anniversary of the Distribution Date, as applicable, the scheduled distribution will be made in cash. Distributions made after we have consummated an initial public offering would generally be made in shares of our common stock, the number of which will depend on the value of the shares on the date of distribution. Notwithstanding the foregoing, immediately upon a change of control, the stock-based DCPs will be terminated and liquidated and the Plan Balances will be distributed in a lump sum. A change of control would generally occur if all or substantially all of our assets or more than 50% of our equity interests are sold.

As of September 30, 2015, the total liability recorded for the stock-based DCPs was $103.4 million, which is recorded as a current liability in deferred compensation on the consolidated balance sheet. Under the terms of the arrangement, $85.1 million was payable on September 17, 2015, and the remainder is payable on September 17, 2016. However, the participants agreed to extend the payment that was due on September 17, 2015 until December 16, 2015, in order to agree with us on a form of payment that we believe more closely aligns with our long-term interests and the long-term interests of our securityholders. As of December 31, 2014, the total liability recorded for the stock-based DCPs was $99.7 million, of which $82.2 million was recorded as a current liability in deferred compensation on the consolidated balance sheet and the remaining balance was noncurrent.

Cash Flows

In the consolidated statements of cash flows, the changes in operating assets and liabilities are presented excluding the effects of exchange rate changes, acquisitions, and reclassifications, as these effects do not represent operating cash flows. Accordingly, the amounts in the consolidated statements of cash flows do not agree with the changes of the operating assets and liabilities as presented in the consolidated balance sheets. The effects of exchange rate changes on cash are presented separately in the consolidated statements of cash flows. Cash paid for acquisitions, net of cash acquired, is reported in investing activities in the consolidated statements of cash flows.

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The following table summarizes our cash flows from operating, investing, and financing activities for each of the nine months ended September 30, 2015 and 2014:

(in millions) **For the nine months ended September 30,**	**2015**	**2014**
Cash (used in) provided by:		
Operating activities	$ 220.3	$ 230.1
Investing activities	(41.3)	(351.6)
Financing activities	12.1	125.2
Effects of exchange rates changes on cash	(34.2)	(37.1)
Net change in cash and cash equivalents	$ 156.8	$ (33.4)

Comparison of Cash Flows for the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

Operating Activities

Cash flows from operating activities decreased by $9.8 million to $220.3 million for the 2015 fiscal period, compared to $230.1 million for the 2014 fiscal period. The decrease in operating cash flows was due to an increase in Adjusted EBITDA of $30.3 million to $475.8 million for the 2015 fiscal period from $445.5 million for the 2014 fiscal period, which was offset by: (1) cash paid for income taxes increased by $46.5 million, from $41.9 million in the 2014 fiscal period to $88.4 million in the 2015 fiscal period, due primarily to timing of tax payments in Mexico resulting from the tax reform changes that became effective in January 2014, and (2) cash paid for interest increased by $21.0 million to $289.8 million for the 2015 fiscal period compared to $268.8 million for the 2014 fiscal period, primarily due to higher average debt balances. Other working capital changes accounted for the remaining change of $27.4 million.

Investing Activities

Cash flows used in investing activities changed by $310.3 million for the 2015 fiscal period to $41.3 million, compared to $351.6 million for the 2014 fiscal period. Cash from investing activities was higher during the 2015 fiscal period from the 2014 fiscal period for the following: (1) proceeds from the sale of property and equipment were $187.9 million higher, which was the result of the sale-leaseback arrangements at certain campuses in Switzerland; (2) our capital expenditures were $63.2 million lower in the 2015 fiscal period than in the 2014 fiscal period; (3) in the 2015 fiscal period, our proceeds from investments in affiliates were $5.0 million higher, related to the sale of HSM; and (4) in the 2015 fiscal period, our cash used for business acquisitions was $270.9 million less than in 2014, due principally to the FMU acquisition in September 2014. This was partially offset by $219.9 million of increased cash primarily from the release of the escrow deposit for the FMU acquisition. Other items accounted for the remaining change of $3.2 million.

Financing Activities

Cash provided by financing activities was $12.1 million for the 2015 fiscal period, compared to cash inflows of $125.2 million for the 2014 fiscal period, a net change of $113.1 million. This decrease in cash from financing activities was due to the following: (1) net proceeds from issuance of long-term debt were $106.3 million less in the 2015 fiscal period than in the 2014 fiscal period, primarily related to the loans that were issued during the 2014 fiscal period to partially finance the FMU acquisition; and (2) debt issuance costs increased by $11.9 million in the 2015 fiscal period as compared to the 2014 fiscal period, related to the extension of the revolving line of credit facility in the 2015 fiscal period. These changes were partially offset by a $12.3 million reduction in seller note payments during the 2015

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fiscal period as compared to the 2014 fiscal period. Other items accounted for the remaining difference of $7.2 million.

The following table summarizes our cash flows from operating, investing, and financing activities for each of the past three fiscal years:

(in millions)	For the Years Ended December 31, 2014	2013	2012
Cash provided by (used in):			
Operating activities	$ 269.2	$ 277.2	$ 245.7
Investing activities	(489.2)	(889.1)	(453.7)
Financing activities	172.6	756.7	124.8
Net cash provided by (used in) discontinued operations		0.3	(6.3)
Effects of exchange rates changes on cash	(50.9)	(12.5)	2.7
Net change in cash and cash equivalents	$ (98.3)	$ 132.6	$ (86.9)

Comparison of Cash Flows for the Year Ended December 31, 2014 to the Year Ended December 31, 2013

Operating Activities

Cash provided by operating activities decreased by $8.0 million to $269.2 million for 2014, compared to $277.2 million for 2013.

The decrease in operating cash flows included the following: (1) cash paid for interest increased by $28.2 million to $321.0 million for 2014 compared to $292.8 million for 2013, primarily due to higher average debt balances; and (2) during 2014, we made a payment of $81.0 million for the deferred compensation arrangement.

The net decrease in operating cash flows was partially offset by an increase in Adjusted EBITDA of $127.0 million to $773.5 million for 2014 from $646.5 million for 2013. However, $12.7 million of the period-over-period increase in Adjusted EBITDA related to non-cash reversals of liabilities for taxes other than income tax. In addition, $31.2 million of the year-over-year increase related to the Adjusted EBITDA impact of the fiscal reform in Mexico, as noted in " Discussion of Significant Items Affecting the Consolidated Results" and Note 19, Benefit Plans, in our consolidated financial statements included elsewhere in this prospectus. Also, $11.3 million of the Adjusted EBITDA increase related to a non-cash reversal of a pre-acquisition loss contingency at an institution in our LatAm segment during 2014, and $6.7 million of the Adjusted EBITDA increase was from a non-cash settlement that was reached with the former owners of one of our institutions in Brazil related to a tax contingency matter. In addition to this net increase of $65.1 million were the following: (1) cash paid for income taxes decreased by $27.1 million to $68.7 million for 2014, compared to $95.8 million for 2013, of which $14.8 million was due to tax reform changes in Mexico that became effective in January 2014 and provide educational institutions relief from making estimated monthly tax payments for one year; (2) as noted in " Results of Operations Summary Comparison of Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012 Discussion of Significant Items Affecting the Consolidated Results," during 2013 we made a payment of approximately $21.5 million to settle a tax contingency in Brazil; (3) during 2013, we made cash payments of approximately $5.7 million for compensation to the former owners of UPN, as discussed in Note 6, Due to Shareholders of Acquired Companies, in our consolidated financial statements included elsewhere in this prospectus; and (4) 2014 included $3.4 million of operating cash flows that were not included in 2013, related to settlement proceeds from an insurance carrier.

Other working capital changes accounted for the remaining change of $21.6 million.

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Investing Activities

Cash used in investing activities decreased by $399.9 million for 2014 to $489.2 million, compared to $889.1 million for 2013. Cash usage for investing activities was higher during 2013 than during 2014 for the following: (1) in 2013, we used $235.8 million of restricted cash in investing activities, which included the deposit of approximately $231.0 million that was made in connection with the commitment to acquire FMU; (2) in 2013, our net cash used for business acquisitions was $114.0 million higher, which represents a $110.4 million increase in cash paid for acquisitions, less a $224.4 million change in restricted cash due to the release of the escrow for the FMU acquisition; (3) our capital expenditures were $84.1 million higher in 2013 than in 2014, related to higher campus construction and capacity expansion during 2013 in Chile, Peru and China; (4) in 2013, we made investments in affiliates of $8.8 million, which included our investments in Coursera, MSA, and HSM; (5) in 2013 we made payments of contingent consideration for acquisitions of $5.7 million related to UPN; and (6) in 2013 our net payments to related parties were $11.5 million higher.

These higher cash uses for investing activities during 2013 were partially offset by $62.4 million of less cash received in 2014 than in 2013 from the sale of property, equipment and subsidiaries, due to the sale of UNIDEP in 2013. Other items accounted for the remaining change of $2.4 million.

Financing Activities

Cash provided by financing activities was $172.6 million for 2014, compared to $756.7 million for 2013, a net decrease of $584.1 million. This decrease in cash provided by financing activities was due to the following: (1) net proceeds from long-term debt were $429.0 million less for 2014 compared to 2013, as a result of the new debt issuances during 2013 (as discussed in Note 10, Debt, in our consolidated financial statements included elsewhere in this prospectus); (2) payments of deferred purchase price for acquisitions were $10.5 million higher in 2014 than in 2013; (3) in 2013, we received net proceeds of $199.7 million from the sale of common stock to institutional investors; (4) in 2013, capital contributions from our parent to Laureate Asia were $13.6 million; and (5) net capital contributions from noncontrolling interest holders of subsidiaries were $13.5 million higher in 2013 than in 2014.

Partially offsetting this decrease in cash provided by financing activities in 2014 compared to 2013 were the following: (1) payments to purchase noncontolling interests were $6.4 million less in 2014 than in 2013, when we acquired the remaining noncontrolling interest of UAM Brazil and CH Holding; (2) payment of dividends were $16.3 million less in 2014 than in 2013, primarily related to less dividends to common shareholders; (3) payment of debt issuance costs were $27.3 million higher in 2013 than in 2014, due to debt issuance costs paid in connection with the issuance of the Series B New Term Loans (the "Series B New Term Loans"), the Series B Additional Term Loans (the "Series B Additional Term Loans"), and the Additional New Series 2018 Extended Term Loans (the "Additional New Series 2018 Extended Term Loans") during 2013, as well the redemption of the Senior Subordinated Notes; and (4) in 2013, we disbursed $29.1 million to the lenders of the Senior Notes. Other items accounted for the remaining difference of $3.1 million.

Comparison of Cash Flows for the Year Ended December 31, 2013 to the Year Ended December 31, 2012

Operating Activities

Cash provided by operations increased by $31.5 million to $277.2 million for 2013, compared to $245.7 million for 2012. As discussed above, total Adjusted EBITDA increased $99.5 million to $646.5 million for 2013 from $547.0 million for 2012, which was partially offset by the following reductions in operating cash flows. Cash paid for income taxes increased by $15.6 million to $95.8 million for 2013, compared to $80.2 million for 2012. Cash paid for interest increased by

$18.5 million to $292.8 million for 2013 compared to $274.3 million for 2012 primarily due to higher average debt balances. As noted in " Results of Operations Summary Comparison of Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012 Discussion of Significant Items Affecting the Consolidated Results," we made a payment of $21.5 million during 2013 to settle a tax contingency in Brazil. Also during 2013, we made cash payments of $5.7 million for compensation to the former owners of UPN, as discussed in Note 6, Due to Shareholders of Acquired Companies, in our consolidated financial statements included elsewhere in this prospectus. Other working capital changes accounted for the remaining change of $6.7 million.

Investing Activities

Cash used in investing activities increased by $435.4 million for 2013 to $889.1 million, compared to $453.7 million for 2012. Investing activities for 2013 included $500.9 million for the purchase of property and equipment, which was $67.9 million more than for 2012. The increase in purchases of property and equipment for 2013 compared to 2012 primarily related to construction of new campuses and capacity expansion in Chile, Peru and China for 2013, partially offset by land purchases in Brazil and Morocco for 2012 and decreases in capital expenditures in Spain for 2013 compared to 2012.

In 2013, we received $67.0 million from the sale of a subsidiary and property and equipment, which included $40.6 million for the sale of UNIDEP in our LatAm segment, $19.9 million for a sale leaseback arrangement in our LatAm segment, and $4.1 million related to the sale of certain non-operating assets at a university in our Europe segment. These proceeds were $22.9 million more than we received for 2012 for the sale of a subsidiary and property and equipment, which included $37.6 million received related to a sale leaseback arrangement in our LatAm segment.

Payments for business acquisitions, net of cash acquired, were $177.6 million for 2013, which included the M-Power, European Business School, St. Augustine and THINK. These payments for business acquisitions were $177.8 million more than in 2012. Payments for investments in affiliates totaled $8.8 million for 2013, which included Coursera, MSA, and HSM. Our 2012 investments in affiliates totaled $14.3 million for a 20% equity interest in THINK. See Note 5, Acquisitions, in our consolidated financial statements included elsewhere in this prospectus for further details.

During 2013, payments to related parties was $8.7 million, of which $5.2 million was paid to an entity owned by our parent company. During 2012, we paid $0.5 million to related parties. The change in restricted cash increased to $235.8 million for 2013 from $26.2 million in 2012, related to a $232.0 million deposit made in connection with our commitment to acquire an affiliated group of higher educational institutions in Brazil. Other items accounted for the remaining difference of $0.3 million.

Financing Activities

Cash provided by financing activities was $756.7 million for 2013, compared to $124.8 million for 2012, a net increase of $631.9 million. Net proceeds from long-term debt were $410.2 million more for 2013 compared to 2012. On January 18, 2013, we borrowed $250.0 million on the same terms as the 2018 Extended Term Loans with the issuance of the Series B New Term Loans. On April 23, 2013, we borrowed $310.0 million on the same terms as the 2018 Extended Term Loans with the issuance of the Series B Additional Term Loans. On December 16, 2013 we borrowed $200.0 million on the same terms as the 2018 Extended Term Loans with the issuance of the Additional New Series 2018 Extended Term Loans. In April and May 2013, we repaid the Senior Subordinated Notes, which had an outstanding balance of $285.9 million. Additionally, we had increased borrowings from our senior secured multi-currency revolving credit facility. We paid total debt issuance costs of $30.6 million for 2013, primarily related to the Series B New Term Loans, the Series B Additional Term Loans, Additional New Series 2018 Extended Term Loans and the Senior Subordinated Notes. In 2012, the

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debt activity included an offering of $1,400.0 million aggregate principal amount of Senior Notes, the proceeds of which were used to purchase all of the outstanding Senior Toggle Notes and Senior Cash Pay Notes, to fully repay certain debt instruments under our senior secured term loan facility, and to repay a portion of our senior secured multi-currency revolving credit facility, as well as $71.6 million of net new borrowings from our senior secured credit agreement governing our senior secured credit facilities. During 2012, we paid $56.6 million of debt issuance costs, primarily related to the Senior Notes.

In November 2012, we received $29.1 million of interest paid by the lenders on issuance of the Senior Notes, in order to match the timing of the semi-annual interest payment dates of the Senior Notes. This amount was disbursed to the lenders at the interest payment date of March 1, 2013.

In 2013, we also received proceeds of $199.7 million from the sale of common stock to institutional investor groups (net of $0.3 million of stock issuance costs). We made payments of $16.0 million for 2013 to purchase noncontrolling interests of consolidated subsidiaries, which included a payment to obtain the 49% remaining outstanding interest of UAM Brazil and a payment of $5.0 million to acquire the remaining 25% interest in CH Holding. In 2012, we made payments of $80.3 million to purchase noncontrolling interests of consolidated subsidiaries, which included a payment of $69.2 million to obtain all outstanding shares of the 10% noncontrolling interest holders of Plansi and a payment of $7.4 million to obtain the outstanding shares of the 10% noncontrolling interest holders of Centro Universitário Ritter dos Reis ("UniRitter"). Payments of deferred purchase price for acquisitions, net, were $30.5 million for 2013, compared to $38.5 million for 2012. Capital contributions from our parent to Laureate Asia were $13.6 million for 2013, compared to $20.6 million for 2012. Additionally, we paid $22.9 million and $15.6 million in dividends for 2013 and 2012, respectively.

Other financing activities for 2013 included a capital contribution to a consolidated real estate entity of $9.1 million from UDLA Ecuador, a noncontrolling interest holder. We received $0.5 million related to the capital contribution to Laureate-Obeikan Ltd in connection with the share capital increase. Additionally, we received a $2.0 million capital contribution for St. Augustine. We received cash of $2.4 million in proceeds related to two loans made by the minority partner in our Moroccan joint venture for 2013.

Other financing activities for 2012 included a capital contribution to a consolidated real estate entity of $8.4 million from UDLA Ecuador in the fourth quarter, after it was deconsolidated. In addition, a $1.3 million capital contribution was received by our consolidated Moroccan joint venture from its noncontrolling interest holders. We also received cash of $6.3 million in proceeds related to two loans made by the minority partner in this joint venture for 2012. Other changes make up the remaining difference.

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Contractual Obligations

The following table reflects a summary of our contractual obligations as of December 31, 2014:

		Payments due by period			
(in millions)	Total	less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-term debt(a)	$ 4,280.2	$ 217.6	$ 554.0	$ 3,354.1	$ 154.5
Operating lease obligations	1,697.8	210.4	347.7	289.9	849.8
Interest payments(b)	1,610.4	346.7	628.2	428.3	207.2
Capital lease obligations(c)	304.1	15.7	30.7	42.9	214.8
Due to shareholders of acquired companies(d)	270.0	26.3	139.8	81.2	22.7
Other obligations(e)	194.3	90.6	80.3	9.0	14.4
Total	$ 8,356.8	$ 907.3	$ 1,780.7	$ 4,205.4	$ 1,463.4

(a) We intend to use a portion of the net proceeds from this offering to pay down certain of our outstanding indebtedness. We estimate that this will reduce our annual interest expense by approximately $ million.

(b) Interest payments relate to long-term debt, capital lease obligations and amounts due to shareholders of acquired companies. Interest payments for variable-rate long-term debt were calculated using the variable interest rate in effect at December 31, 2014.

(c) Includes failed sale-leasebacks.

(d) Due to shareholders of acquired companies represent promissory notes payable to the sellers of companies acquired by us. These notes payable are generally interest-bearing and have therefore been recorded on the consolidated balance sheets at their discounted present value of $248.1 million.

(e) Other obligations consisted primarily of contractually-owed service-related compensation, foreign tax settlement payments, purchase commitments, and other contractual obligations. Contractually owed service-related compensation included $99.7 million related to stock-based deferred compensation agreements, as described further in Note 14, Share-based Compensation, in our consolidated financial statements included elsewhere in this prospectus. The stock-based deferred compensation agreements provide that, absent a subsequent amendment, the 2015 distribution of $84.2 million will be made in cash because we have not consummated an initial public offering prior to the distribution date. The distribution made after we consummate an initial public offering would generally be made in shares of our common stock. Upon a change in control, the arrangements will be terminated and liquidated and the plan balances distributed in a lump sum. For purposes of the table above, we assumed that the distributions will be paid in cash without a change in control from December 31, 2014 until the payment dates, with the next payment of $85.1 million, which includes interest, being paid in less than one year and the remaining balance of $19.2 million paid in years 1-3.

The preceding table does not reflect unrecognized income tax benefits, including interest and penalties, as of December 31, 2014 of approximately $126.5 million. We are unable to make a reasonably reliable estimate of the period of any cash settlements. It is reasonably possible that our liability for unrecognized tax benefits could change during the time period.

In 2015, our total pension plan payments are estimated to be $3.1 million. The funding of our pension plans can vary due to changes in legislation, significant assumptions, and/or investment returns on plan assets. As a result, we have not presented pension funding in the table above.

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As of December 31, 2014, we recorded a total liability of $15.3 million for a deferred compensation plan for certain executive employees and members of our board of directors. This amount is not included in the table above as the payout dates cannot be estimated.

Off-Balance Sheet Arrangements

As of December 31, 2014, we have the following off-balance sheet arrangements:

Noncontrolling Interest Call Options

We hold various call options that give us the right to purchase the remaining shares owned by noncontrolling interest holders of certain acquired subsidiaries. These call options had no impact on our consolidated financial statements as of December 31, 2014. For further discussion regarding call options, see Note 12, Commitments and Contingencies, and Note 3, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this prospectus.

Student Loan Guarantees

The accredited Chilean institutions in our network also participate in the CAE Program, a government-sponsored student financing program. As part of the CAE Program, these institutions provide guarantees which result in contingent liabilities to third-party financing institutions, beginning at 90% of the tuition loans made directly to qualified students enrolled through the CAE Program and declining to 60% over time. The guarantees by these institutions are in effect during the period in which the student is enrolled. The maximum potential amount of payments our institutions could be required to make under the CAE Program was approximately $432.0 million and $414.0 million at December 31, 2014 and 2013, respectively. This maximum potential amount assumes that all students in the CAE Program do not graduate, so that our guarantee would not be assigned to the government, and that all students default on the full amount of the CAE-qualified loan balances. As of December 31, 2014 and 2013, we recorded $19.9 million and $19.5 million, respectively, as estimated long-term guarantee liabilities for these obligations.

Prior to 2011, a Chilean institution entered into agreements to sell long-term tuition receivables to local financial institutions. These agreements allowed the financial institutions to withhold 15% to 25% of the sales proceeds in a guarantee fund (the "Guarantee Fund"). The financial institutions have conditional rights to this Guarantee Fund when any of the tuition accounts sold become delinquent, as set forth in each agreement. At the financial institutions' option, amounts may be withdrawn from the Guarantee Fund for the full outstanding receivable balance or for the payments in arrears. If the Guarantee Fund is depleted, the financial institutions have no further recourse against our institutions. Upon final collection of the receivables sold, the financial institutions remit any remaining balance in the Guarantee Funds to the institutions. We account for these transfers as sales of receivables since we have effectively relinquished control of the transferred assets, without recourse, to the local financial institutions. As of December 31, 2014, the maximum potential undiscounted amount of future payments we could be required to make for this guarantee was $0.9 million. Based on actual loan performance and delinquency experience, we recorded long-term guarantee liabilities of $0.6 million and $0.7 million as of December 31, 2014 and 2013, respectively, for estimated expected losses through the Guarantee Fund in our accompanying consolidated balance sheets.

Prior to 2010, a Chilean institution also had a tuition financing program that provided guarantees to financial institutions for 20% to 40% of loans made by the financial institution directly to qualified students. As of December 31, 2014, the maximum potential undiscounted amount of future payments we could be required to make for these guarantees was $0.2 million. Based on actual loan performance and delinquency experience, we recorded long-term guarantee liabilities of $0.2 million for these contractual obligations as of both December 31, 2014 and 2013.

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Our institutions in Mexico have entered into various tuition financing arrangements with lenders. In general, these programs entail lenders making loans directly to qualified students for tuition and fees due to the institution. The lenders either: (1) withhold a percentage of the balances loaned to students and deposit them in a trust that can be used, under certain conditions, to cover bad debts or accounts that are more than 180 days past-due, and Laureate Mexico's responsibility is limited to the amount of the trust; or (2) require Laureate Mexico to deposit a portion of the funds in a guarantee fund held by the lenders. Laureate Mexico may also pay a fee to the lender, which is expensed when incurred. The lender ultimately is responsible for collecting the balances from the students. Upon final settlement of the students' loans, the lenders remit any unused withholding to the guarantee fund for any further contingencies. As of December 31, 2014, the maximum potential undiscounted amount of future payments we could be required to make for these guarantees was $0.9 million. Based on Laureate Mexico's estimates of loan performance and delinquency experience, we recognized liabilities in excess of the escrowed deposits related to these financing programs of $0.9 million and $2.9 million as of December 31, 2014 and 2013, respectively.

Subsidiary Shares as Collateral

In conjunction with the purchase of Universidade Potiguar ("UnP"), we pledged all of the acquired shares as a guarantee of our payments of rents as they become due. In the event that we default on any payment, the pledge agreement provides for a forfeiture of the relevant pledged shares. In the event of forfeiture, we may be required to transfer the books and management of UnP to the former owners.

We acquired the remaining 49% ownership interest in UAM Brazil in April 2013. As part of the agreement to purchase the 49% ownership interest, we pledged 49% of our total shares in UAM Brazil as a guarantee of our payment obligations under the purchase agreement. In the event that we default on any payment, the agreement provides for a forfeiture of the pledged shares.

In connection with the purchase of FMU on September 12, 2014, we pledged 75% of the acquired shares to third-party lenders as a guarantee of our payment obligations under the loans that financed a portion of the purchase price. We pledged the remaining 25% of the acquired shares to the sellers as a guarantee of our payment obligations under the purchase agreement for the seller notes. In the event that we default on any payment of the loans or the seller notes, the purchase agreement provides for a forfeiture of the relevant pledged shares. Upon maturity and payment of the seller notes in September 2017, the shares pledged to the sellers will be pledged to the third-party lenders until full payment of the loans, which mature in April 2021.

Standby Letters of Credit

As of December 31, 2014, we had outstanding letters of credit ("LOC") of $107.4 million, which primarily consisted of the following:

- Fully cash-collateralized LOCs of $89.3 million in favor of the DOE, which are included in restricted cash. These LOCs were required to allow Walden, Kendall, NewSchool, St. Augustine and NHU LLC to continue participating in the DOE Title IV program.

- A fully cash-collateralized LOC of $14.4 million, which is included in restricted cash, issued in July 2012 to continue the appeals process with the Spain Tax Authorities who challenged the holding company structure in Spain.

Surety Bonds

As part of our normal operations, our insurers issue surety bonds on our behalf, as required by various state education authorities in the United States. We are obligated to reimburse our insurers for any payments made by the insurers under the surety bonds. As of December 31, 2014, the total face amount of these fully cash-collateralized surety bonds was $7.3 million.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. Our significant accounting policies are discussed in Note 3, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this prospectus. We believe the following critical accounting policies require the most significant judgments and estimates about the effect of matters that are inherently uncertain. As a result, these accounting policies and estimates could materially affect our financial statements and are critical to the understanding of our results of operations and financial condition. Management has discussed the selection of these critical accounting policies and estimates with the audit committee of the board of directors.

Variable Interest Entities

Laureate consolidates in its financial statements certain internationally based educational organizations that do not have shares or other equity ownership interests. Although these educational organizations may be considered not-for-profit entities in their home countries, and they are operated in compliance with their respective not-for-profit legal regimes, we believe they do not meet the definition of a not-for-profit entity under GAAP, and we treat them as "for-profit" entities for accounting purposes. These entities generally cannot declare dividends or distribute their net assets to the entities that control them. Under ASC Topic 810-10, "Consolidation," we have determined that these institutions are VIEs and that Laureate is the primary beneficiary of these VIEs because we have, as further described below: (1) the power to direct the activities of the VIEs that most significantly affect their educational and economic performance, and (2) the right to receive economic benefits from contractual and other arrangements with the VIEs that could potentially be significant to the VIEs. We account for the acquisition of the right to control a VIE in accordance with ASC 805, "Business Combinations."

As with all of our educational institutions, the VIE institutions' primary source of income is tuition fees paid by students, for which the students receive educational services and goods that are proportionate to the prices charged. We maintain control of these VIEs through our rights to designate a majority of the governing entities' board members, through which we have the legal ability to direct the activities of the entities. Laureate maintains a variable interest in these VIEs through mutual contractual arrangements at market rates and terms that provide them with necessary products and services, and/or intellectual property, and has the ability to enter into additional such contractual arrangements at market rates and terms. We also have the ability to transfer our rights to govern these VIEs, or the entities that possess those rights, to other parties, which could yield a return if and when these rights are transferred.

We generally do not have legal entitlement to distribute the net assets of the VIEs. Generally, in the event of liquidation or the sale of the net assets of the VIEs, the net proceeds can only be transferred either to another VIE institution with similar purposes or to the government. In the unlikely case of liquidation or a sale of the net assets of the VIE, we may be able to retain the residual value by naming another Laureate-controlled VIE resident in the same jurisdiction as the recipient, if one exists; however we generally cannot name a for-profit entity as the recipient. Moreover, because the institution generally would be required to provide for the continued education of its students, liquidation would not be a likely course of action and would be unlikely to result in significant residual assets available for distribution. However, we operate our VIEs as going concern enterprises, maintain

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control in perpetuity, and have the ability to provide additional contractual arrangements for educational and other services priced at up to market rates with Laureate-controlled service companies. Typically, we are not legally obligated to make additional investments in the VIE institutions.

Laureate for-profit entities provide necessary products and services, and/or intellectual property, to all institutions in the *Laureate International Universities* network, including the VIE institutions, through contractual arrangements at market rates and terms, which are accretive to Laureate. We periodically modify the rates we charge under these arrangements to ensure that they are priced at or below fair market value and to add additional services. If it is determined that contractual arrangements with any institution are not on market terms, it could have an adverse regulatory impact on such institution. We believe these arrangements improve the quality of the academic curriculum and the students' educational experience. There are currently four types of contractual arrangements: (i) intellectual property ("IP") royalty arrangements; (ii) network fee arrangements; (iii) management services arrangements; and (iv) lease arrangements.

(i) Under the IP royalty arrangements, institutions in the *Laureate International Universities* network pay to Laureate royalty payments for the use of Laureate's tradename and best practices policies and procedures.

(ii) Institutions in the *Laureate International Universities* network gain access to other network resources, including academic content, support with curriculum design, online programs, professional development, student exchange and access to dual degree programs, through network fee arrangements whereby the institutions pay stipulated fees to Laureate for such access.

(iii) Institutions in the *Laureate International Universities* network contract with Laureate and pay fees under management services agreements for the provision of support and managerial services including access to management, legal, tax, finance, accounting, treasury and other services, which in some cases Laureate provides through shared service arrangements in certain jurisdictions.

(iv) Laureate for-profit entities, including for-profit entities in which the VIEs are investors, own various campus real estate properties and have entered into long-term lease contracts with the respective institutions in the *Laureate International Universities* network, whereby they pay market-based rents for the use of the properties in the conduct of their educational operations.

Revenues recognized by our for-profit entities from these contractual arrangements with our consolidated VIEs were approximately \$113.5 million, \$111.6 million and \$103.9 million for the years ended December 31, 2014, 2013 and 2012, respectively. These revenues are eliminated in consolidation.

Under our accounting policy, we allocate all of the income or losses of these VIEs to Laureate unless there is a noncontrolling interest where the economics of the VIE are shared with a third party. The income or losses of these VIEs allocated to Laureate represent the earnings after deducting charges related to contractual arrangements with our for-profit entities as described above. We believe that the income remaining at the VIEs after these charges accretes value to our rights to control these entities.

Laureate's VIEs are generally exempt from income taxes. As a result, the VIEs generally do not record deferred tax assets or liabilities or recognize any income tax expense in our consolidated financial statements included elsewhere in this prospectus. No deferred taxes are recognized by the for-profit service companies for the remaining income in these VIEs as the legal status of these entities generally prevents them from declaring dividends or making distributions to their sponsors. However, these for-profit service companies record income taxes related to revenues from their contractual arrangements with these VIEs.

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Risks in Relation to the VIEs

We believe that all of the VIE institutions in the Laureate network are operated in full compliance with local law and that the contractual arrangements with the VIEs are legally enforceable; however, these VIEs are subject to regulation by various agencies based on the requirements of local jurisdictions. These agencies, as well as local legislative bodies, review and update laws and regulations as they deem necessary or appropriate. We cannot predict the form of any laws that may be enacted, or regulations that ultimately may be adopted in the future, or what effects they might have on our business, financial condition, results of operations and cash flows. If local laws or regulations were to change, if the VIEs were found to be in violation of existing local laws or regulations, or if the regulators were to question the financial sustainability of the VIEs and/or whether the contractual arrangements were at fair value, local government agencies could, among other actions:

- revoke the business licenses and/or accreditations of the VIE institutions;
- void or restrict related-party transactions, such as the contractual arrangements between us and the VIE institutions;
- impose fines that significantly impact business performance or other requirements with which the VIEs may not be able to comply;
- require us to change the VIEs' governance structures, such that we would no longer maintain control of the activities of the VIEs; or
- disallow a transfer of our rights to govern these VIEs, or the entities that possess those rights, to a third party for consideration.

Our ability to conduct our business would be negatively affected if local governments were to carry out any of the aforementioned or other similar actions. In any such case, we may no longer be able to consolidate the VIEs.

Selected consolidated statements of operations information for these VIEs was as follows, net of the charges related to the above-described contractual arrangements:

	For the Years Ended December 31,		
(in millions)	**2014**	**2013**	**2012**
Selected Statements of Operations information:			
Revenues, by segment:			
LatAm	$ 458.1	$ 566.2	$ 581.0
Europe	130.4	115.8	95.3
AMEA	139.1	93.7	67.3
Revenues	727.6	775.6	743.6
Depreciation and amortization	54.8	50.2	45.8
Operating (loss) income, by segment:			
LatAm	(50.0)	21.7	50.3
Europe	(11.2)	8.7	5.8
AMEA	4.4	2.8	1.0
Operating (loss) income	(56.9)	33.1	57.1
Net (loss) income	(51.5)	41.1	54.3
Net (loss) income attributable to Laureate Education, Inc.	(50.9)	41.1	55.2

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The following table reconciles the net (loss) income attributable to Laureate Education, Inc. as presented in the table above, to the amounts in our consolidated statements of operations included elsewhere in this prospectus:

(in millions)	For the Years Ended December 31, 2014	2013	2012
Variable interest entities	$ (50.9)	$ 41.1	$ 55.2
Other operations	291.2	211.7	122.5
Corporate and eliminations	(398.6)	(322.5)	(378.8)
Net loss attributable to Laureate Education, Inc.	$ (158.3)	$ (69.7)	$ (201.1)

The following table presents selected assets and liabilities of the consolidated VIEs. Except for goodwill, the assets in the table below include the assets that can be used only to settle the obligations for the VIEs. The liabilities in the table are liabilities for which the creditors of the VIEs do not have recourse to our general credit.

Selected consolidated balance sheet amounts for these VIEs were as follows:

	December 31, 2014		December 31, 2013	
(in millions)	VIE	Consolidated	VIE	Consolidated
Balance Sheets Data:				
Cash and cash equivalents	$ 122.7	$ 461.6	$ 112.1	$ 559.9
Other current assets	192.9	691.9	195.0	830.8
Total current assets	315.6	1,153.4	307.1	1,390.7
Goodwill	256.7	2,469.8	295.7	2,376.7
Tradenames and accreditations	118.7	1,461.8	167.4	1,519.7
Other intangible assets, net	0.3	93.1		30.0
Other long-term assets	760.2	3,260.2	792.8	3,138.0
Total assets	1,451.4	8,438.2	1,563.1	8,455.1
Total current liabilities	388.6	1,669.3	325.8	1,596.4
Long-term debt and other long-term liabilities	118.5	5,668.5	151.3	5,307.4
Total liabilities	507.1	7,337.8	477.1	6,903.8
Total stockholders' equity	944.2	1,056.5	1,086.0	1,509.1
Total stockholders' equity attributable to Laureate Education, Inc.	920.1	1,017.1	1,065.5	1,465.8

The VIEs' cash and cash equivalents balances are generally required to be used only for the benefit of the operations of these VIEs. These balances are included in cash and cash equivalents in our consolidated balance sheets included elsewhere in this prospectus.

Business Combinations

We apply the purchase accounting standards under ASC 805, "Business Combinations," to acquisitions. The purchase price of an acquisition is allocated, for accounting purposes, to individual tangible and identifiable intangible assets acquired, liabilities assumed and noncontrolling interests based on their estimated fair values on the acquisition date. Any excess purchase price over the assigned values of net assets acquired is recorded as goodwill. The acquisition date is the date on which control is obtained by the acquiring company. Any nonmonetary consideration transferred and any previously held noncontrolling interests that are part of the purchase consideration are remeasured at fair value on the acquisition date, with any resulting gain or loss recognized in earnings. The preliminary allocations of the purchase price are subject to revision in subsequent periods based on the final determination of fair values, which must be finalized no later than the first anniversary of the date of the acquisition. Transaction costs are expensed as incurred. See Note 5, Acquisitions, in our consolidated financial statements included elsewhere in this prospectus for details of our 2014, 2013 and 2012 business combinations.

Redeemable Noncontrolling Interests and Equity

In certain cases, we initially purchase a majority ownership interest in a company and use various put and call arrangements with the noncontrolling interest holders that require or enable us to purchase all or a portion of the remaining minority ownership at a later date. In accounting for these arrangements, we are required to make estimates with regard to the final amount we will eventually pay for the additional ownership interest that we will acquire. In the minority put arrangements, the final settlement values are usually based on future earnings measurements that we refer to as "non-GAAP earnings," as they are calculated using an agreed-upon set of rules that are not necessarily consistent with GAAP. We use the current value of a multiple of the current period non-GAAP earnings as an estimate for the final value that will eventually be paid to settle the arrangement. These values are then adjusted annually to reflect changes in the acquired company's non-GAAP earnings as well as the additional passage of time to maturity for the arrangement. To the extent that the current period's non-GAAP earnings are different from future periods' non-GAAP earnings, the value of these obligations can change significantly and can impact our financial position and results of operations. See Note 12, Commitments and Contingencies, in our consolidated financial statements included elsewhere in this prospectus for details of our noncontrolling interest put arrangements.

Goodwill and Indefinite-lived Intangible Assets

We perform annual impairment tests of indefinite-lived intangible assets, primarily goodwill and tradenames and accreditations, as of October 1 of each year. We also evaluate these assets on an interim basis if events or changes in circumstances between annual tests indicate that the assets may be impaired. We have not made material changes to the methodology used to assess impairment loss on indefinite-lived intangible assets during the past three fiscal years.

We have the option of first performing a qualitative assessment (i.e., step zero) before calculating the fair value of the reporting unit (i.e., step one of the two-step fair value based impairment test). If we determine on the basis of qualitative factors that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test is required.

If we do not perform the qualitative assessment for a reporting unit or determine that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, a quantitative two-step fair value-based test is performed. In the first step, we estimate the fair value of each reporting unit, utilizing a weighted combination of discounted cash flow analysis and a market multiples analysis. A reporting unit is defined as a component of an operating segment for which discrete financial information is available and regularly reviewed by management of that segment. If the recorded net assets of the reporting unit are less than the reporting unit's estimated fair value, then there is no goodwill deemed to be impaired. If the recorded net assets of the reporting unit exceed its estimated fair value, then goodwill is potentially impaired and we calculate the implied fair value of goodwill, by deducting the estimated fair value of all tangible and identifiable intangible net assets of the reporting unit from the estimated fair value of the reporting unit. If the recorded amount of goodwill exceeds this implied fair value, the difference is recognized as a loss on impairment of assets in the consolidated statements of operations.

Our valuation approach utilizes a weighted combination of a discounted cash flow analysis and a market multiples analysis, where available. The discounted cash flow analysis relies on historical data and internal estimates, which are developed as a part of our long-range plan process, and includes an estimate of terminal value based on these expected cash flows using the generally accepted Gordon Dividend Growth formula, which derives a valuation using an assumed perpetual annuity based on the reporting unit's residual cash flows. The discount rate is based on the generally accepted Weighted Average Cost of Capital methodology, and is derived using a cost of equity based on the generally accepted Capital Asset Pricing Model and a cost of debt based on the typical rate paid by market participants. The market multiples analysis utilizes multiples of business enterprise value to revenues, operating income and earnings before interest, taxes, depreciation and amortization of comparable publicly traded companies and multiples based on fair value transactions where public information is available. Significant assumptions used in estimating the fair value include: (1) discount and growth rates, and (2) our long-range plan, which includes enrollment, pricing, planned capital expenditures and operating margins. Management performs a reconciliation of the sum of the estimated fair value of all our reporting units to our enterprise value to corroborate the results of its weighted combination approach to determining fair value.

We also evaluate the sensitivity of a change in assumptions related to goodwill impairment, assessing whether a 10% reduction in our estimates of revenue or a 100 basis point increase in our estimated discount rates would result in impairment of goodwill. Excluding the impact of our recent acquisitions to their respective reporting units, using the current estimated cash flows and discount rates, each reporting unit's estimated fair value exceeds its carrying value by at least 15%. We have determined that none of our reporting units with material goodwill were at risk of failing the first step of the goodwill impairment test as of October 1, 2014, which is the measurement date we used to complete our last annual impairment test.

The impairment test for indefinite-lived assets generally requires a new determination of the fair value of the intangible asset using the "relief from royalty" method. This method estimates the amount of royalty expense that would be incurred if the assets were licensed from a third party. If the fair value of the intangible asset is less than its carrying value, the intangible asset is adjusted to its new fair value, and an impairment loss is recognized.

If the estimates and related assumptions used in assessing the recoverability of our goodwill and indefinite-lived intangible assets decline, we may be required to record impairment charges for those assets. We base our fair value estimates on assumptions that we believe to be reasonable but that are unpredictable and inherently uncertain. Actual results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

As a result of our impairment testing, we recorded impairment losses on goodwill and tradenames and accreditations for the year ended December 31, 2014. For the year ended December 31, 2013, we recorded impairment losses on tradenames and accreditations. For the year ended December 31, 2012, we recorded impairment losses on tradenames and accreditations and other intangible assets. See "Results of Operations Discussion of Significant Items Affecting the Consolidated Results" and Note 8, Goodwill and Other Intangible Assets, in our consolidated financial statements included elsewhere in this prospectus for further details of the impairments.

Long-Lived Assets and Finite-Lived Intangible Assets

We evaluate our long-lived assets, including property and equipment and finite-lived intangible assets, to determine whether events or changes in circumstances indicate that the remaining estimated useful lives of such assets may warrant revision or that their carrying values may not be fully recoverable.

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Indicators of impairment include, but are not limited to:

- a significant deterioration of operating results;
- a change in regulatory environment;
- a significant change in the use of an asset, its physical condition, or a change in management's intended use of the asset;
- an adverse change in anticipated cash flows; or
- a significant decrease in the market price of an asset.

If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to result from the use and eventual disposition of the assets. If the assets are determined to be impaired, the impairment recognized is the excess of the carrying amount over the fair value of the assets. Fair value is generally determined by the discounted cash flow method. The discount rate used in any estimate of discounted cash flows is the rate commensurate with a similar investment of similar risk. We use judgment in determining whether a triggering event has occurred and in estimating future cash flows and fair value. Changes in our judgments could result in impairments in future periods.

As a result of our impairment testing, we recorded impairment losses on long-lived assets for the years ended December 31, 2014, 2013 and 2012, as described in " Results of Operations Summary Comparison of Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012 Discussion of Significant Items Affecting the Consolidated Results" and in Note 8, Goodwill and Other Intangible Assets, in our consolidated financial statements included elsewhere in this prospectus.

Deferred Costs

Deferred costs on the consolidated balance sheets consist primarily of direct costs associated with debt issuance costs, online course development and accreditation. Debt issuance costs constitute the most significant portion of deferred costs, and are paid as a result of certain debt transactions. These debt issuance costs are amortized over the term of the associated debt instruments. The amortization expense is recognized as a component of Interest expense in the consolidated statements of operations. If we extinguish our debt before its full term, we may need to write off all or a portion of these deferred financing costs and recognize a loss on extinguishment. As of December 31, 2014 and 2013, the unamortized balances of debt issuance costs were $80.1 million and $98.4 million, respectively. Deferred costs associated with the development of online educational programs are capitalized after technological feasibility has been established. Deferred online course development costs are amortized to direct costs on a straight-line basis over the estimated period that the associated products are expected to generate revenues. Deferred online course development costs are evaluated on a quarterly basis through review of the corresponding course catalog. If a course is no longer listed or offered in the current course catalog, then the costs associated with its development are written off. As of December 31, 2014 and 2013, the unamortized balances of online course development costs were $56.3 million and $62.4 million, respectively. We defer direct and incremental third-party costs incurred for obtaining initial accreditation and for the renewal of accreditations. These accreditation costs are amortized to direct costs over the life of the accreditation on a straight-line basis. As of December 31, 2014 and 2013, the unamortized balances of accreditation costs were $3.2 million and $2.3 million, respectively.

At December 31, 2014 and 2013, our total deferred costs were $273.3 million and $256.9 million, respectively, with accumulated amortization of $(133.7) million and $(93.8) million, respectively.

As a result of our impairment testing, we recorded impairment losses on deferred costs for the years ended December 31, 2014 and 2013, as described in " Results of Operations Summary

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Comparison of Consolidated Results for the Years Ended December 31, 2014, 2013 and 2012 Discussion of Significant Items Affecting the Consolidated Results" and in Note 8, Goodwill and Other Intangible Assets, in our consolidated financial statements included elsewhere in this prospectus.

Income Taxes

We record the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the expected future tax consequences of events that we have recognized in our consolidated financial statements or tax returns. We exercise judgment in assessing future profitability and the likely future tax consequences of these events.

Deferred Taxes

Estimates of deferred tax assets and liabilities are based on current tax laws, rates and interpretations, and, in certain cases, business plans and other expectations about future outcomes. We develop estimates of future profitability based upon historical data and experience, industry projections, forecasts of general economic conditions, and our own expectations. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in our accounting estimates. Changes in existing tax laws and rates, their related interpretations, as well as the uncertainty generated by the current economic environment may impact the amounts of deferred tax liabilities or the valuations of deferred tax assets.

Tax Contingencies

We are subject to regular review and audit by both domestic and foreign tax authorities. We apply a more-likely-than-not threshold for tax positions, under which we must conclude that a tax position is more likely than not to be sustained in order for us to continue to recognize the benefit. This assumes that the position will be examined by the appropriate taxing authority and that full knowledge of all relevant information is available. In determining the provision for income taxes, judgment is used, reflecting estimates and assumptions, in applying the more-likely-than-not threshold. A change in the assessment of the outcome of a tax review or audit could materially adversely affect our consolidated financial statements included elsewhere in this prospectus.

See Note 16, Income Taxes, in our consolidated financial statements included elsewhere in this prospectus for details of our deferred taxes and tax contingencies.

Indefinite Reinvestment of Foreign Earnings

We earn a significant portion of our income from subsidiaries located in countries outside the United States. Deferred tax liabilities have not been recognized for undistributed foreign earnings because management believes that the earnings will be indefinitely reinvested outside the United States under our planned tax neutral methods. ASC 740, "Income Taxes," requires that we evaluate our circumstances to determine whether or not there is sufficient evidence to support the assertion that we will reinvest undistributed foreign earnings indefinitely. Our assertion that earnings from our foreign operations will be indefinitely reinvested is supported by projected working capital and long-term capital plans in each foreign subsidiary location in which the earnings are generated. Additionally, we believe that we have the ability to indefinitely reinvest foreign earnings based on our domestic operation's cash repatriation strategies, projected cash flows, projected working capital and liquidity, and the expected availability of capital within the debt or equity markets. If our expectations change based on future developments such that some or all of the undistributed earnings of our foreign subsidiaries may be remitted to the United States in the foreseeable future, we will be required to recognize deferred tax expense and liabilities on those amounts. In addition, if applicable tax rules in the United States are modified to cause U.S. corporations to pay taxes on foreign earnings even if the earnings are not remitted to the United States, we may incur additional tax expense.

Revenue Recognition

Our revenues primarily consist of tuition and educational service revenues. We also generate revenues from student fees, dormitory/residency fees, and education-related activities. Revenues are reported net of scholarships and other discounts, refunds, waivers and the fair value of any guarantees made by us related to student financing programs. Our institutions have various billing and academic cycles. Collectability is determined on a student-by-student basis at the time of enrollment. Generally, students cannot re-enroll for the next academic session without satisfactory resolution of any past-due amounts. Tuition revenues are recognized ratably on a weekly straight-line basis over each academic session. Deferred revenue and student deposits on our consolidated balance sheets consist of tuition paid prior to the start of academic sessions and unearned tuition amounts recorded as accounts receivable after an academic session begins. If a student withdraws from an institution, our obligation to issue a refund depends on the refund policy at that institution and the timing of the student's withdrawal. Generally, our refund obligations are reduced over the course of the academic term. We record refunds as a reduction of deferred revenue and student deposits, as applicable. Dormitory revenues are recognized over the occupancy period. Revenues from the sale of educational products are generally recognized upon delivery and when collectability is reasonably assured. Student fees and other revenues, which include revenues from contractual arrangements with unconsolidated institutions, are recognized as earned over the appropriate service period.

Allowance for Doubtful Accounts

Receivables are deemed to be uncollectible when they have been outstanding for two years, or earlier when collection efforts have ceased, at which time they are written-off. Prior to that, we record an allowance for doubtful accounts to reduce our receivables to their net realizable value. Our allowance estimation methodology is based on the age of the receivables, the status of past-due amounts, historical collection trends, current economic conditions, and student enrollment status. In the event that current collection trends differ from historical trends, an adjustment is made to the allowance account and bad debt expense.

Derivatives

In the normal course of business, our operations have significant exposure to fluctuations in foreign currency values and interest rate changes. Accordingly, we mitigate a portion of these risks through a risk-management program that includes the use of derivative financial instruments (derivatives). The interest and principal payments for our senior long-term debt arrangements are primarily paid in USD. Because the majority of our operating cash flow and revenues comes from business units located outside the United States with functional currencies other than USD, our ability to make debt payments and our earnings are subject to fluctuations in the value of the USD relative to foreign currencies. In order to mitigate these foreign currency risks, we selectively enter into foreign exchange forward contracts. Additionally, borrowings under our Senior Secured Credit Facilities and certain local credit facilities bear interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. Therefore, we have entered into floating-to-fixed interest rate swap contracts for certain debt arrangements that are subject to fluctuations in interest rates. We do not engage in speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes.

We report all derivatives on the consolidated balance sheets at fair value. The values are derived using valuation models commonly used for derivatives. These valuation models require a variety of inputs, including contractual terms, market prices, forward-price yield curves, notional quantities, measures of volatility and correlations of such inputs. Our fair value models incorporate the measurement of our own nonperformance risk into our calculations. Our derivatives expose us to credit risk to the extent that the counterparty may possibly fail to perform its contractual obligation when we are in a net gain position. As a result, our valuation models reflect measurements for counterparty credit risk. We also actively monitor counterparty credit ratings for any significant changes that could impact the nonperformance risk calculation for our fair value. We value derivatives using management's best estimate of inputs we believe market participants would use in pricing the asset or liability at the measurement date. Derivative and hedge accounting requires judgment in the use of estimates that are inherently uncertain and that may change in subsequent periods. External factors, such as economic conditions, will impact the inputs to the valuation model over time. The effect of changes in assumptions and estimates could materially impact our financial statements. See Note 15, Derivative Instruments, in our consolidated financial statements included elsewhere in this prospectus for details of our derivatives.

Stock-based Compensation

We use the Black-Scholes-Merton option pricing model to calculate the fair value of stock options. This option valuation model requires the use of subjective assumptions, including the estimated fair value of the underlying common stock, the expected stock price volatility, and the expected term of the option. The estimated fair value of the underlying common stock is based on third-party valuations. Our volatility estimates are based on a peer group of companies. We estimate the expected term of awards to be the weighted average mid-point between the vesting date and the end of the contractual term. We use this method to estimate the expected term since we do not have sufficient historical exercise data.

We have granted restricted stock, restricted stock units, stock options, and performance awards for which the vesting is based on our annual performance metrics. For interim periods, we use our year-to-date actual results, financial forecasts, and other available information to estimate the probability of the award vesting based on the performance metrics. The related compensation expense recognized is affected by our estimates of the vesting potential of these performance awards. See Note 14, Share-based Compensation, in our consolidated financial statements included elsewhere in this prospectus for further discussion of these arrangements.

Recently Issued Accounting Pronouncements

Accounting Standards Update No. 2015-03 ("ASU 2015-03") Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs

On April 7, 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, which simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability. This will make the presentation of debt issuance costs consistent with the presentation of debt discounts or premiums. It also addresses the long-standing conflict with the conceptual framework, since FASB Concepts Statement No. 6, Elements of Financial Statements, requires that assets provide future economic benefit, which debt issuance costs do not. ASU 2015-03 will also align GAAP with International Financial Reporting Standards ("IFRS"), which requires transaction costs, including third-party costs and creditor fees, to be deducted from the carrying value of the financial liability and not recorded as a separate asset.

The new guidance is limited to simplifying the presentation of debt issuance costs. The recognition and measurement guidance for debt issuance costs is not affected. Therefore, these costs will continue to be amortized as interest expense using the effective interest method pursuant to ASC 835-30-35-2 through 35-3. The FASB decided not to address the presentation of debt issuance costs incurred *before* an associated debt liability is recognized (e.g., costs incurred before the proceeds are received or in

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connection with an undrawn line of credit). The FASB noted that entities typically defer these costs and apply them against the proceeds they eventually receive, consistent with the accounting treatment for issuance costs associated with equity offerings.

The guidance is effective beginning January 1, 2016, and early adoption is permitted. We are currently evaluating the impact of ASU 2015-03 on our consolidated financial statements. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. An entity is also required in the year of adoption (and in interim periods within that year) to provide certain disclosures about the change in accounting principle, including the nature of and reason for the change, the transition method, a description of the prior-period information that has been retrospectively adjusted and the effect of the change on the financial statement line items (that is, debt issuance cost asset and the debt liability).

Accounting Standards Update No. 2015-02 ("ASU 2015-02") Consolidation (Topic 810)

On February 18, 2015, the FASB issued ASU 2015-02, in response to stakeholders' concerns about the requirement to consolidate certain legal entities where the reporting entity's contractual rights do not give it the ability to act primarily on its own behalf, the reporting entity does not hold a majority of the legal entity's voting rights, or the reporting entity is not exposed to a majority of the legal entity's economic benefits or obligations. Financial statement users asserted that in certain of those situations in which consolidation is ultimately required, deconsolidated financial statements are necessary to better analyze the reporting entity's economic and operational results. ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. This ASU provides a revised consolidation model that requires the following:

1. modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities;

2. eliminate the presumption that a general partner should consolidate a limited partnership;

3. affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and

4. provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds.

ASU 2015-02 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015 and early adoption is permitted. Should an entity choose early adoption, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. We are currently evaluating the impact of ASU 2015-02 on our consolidated financial statements.

Accounting Standards Update No. 2014-17 ("ASU 2014-17"), Business Combinations (Topic 805)

On November 18, 2014, the FASB issued ASU 2014-17, which provides an acquired entity the option of applying pushdown accounting (i.e., reflecting the acquirer's basis of accounting for the acquired entity's assets and liabilities) in its separate financial statements. The SEC responded by rescinding its guidance on pushdown accounting, meaning that SEC registrants and non-registrants will now follow the new GAAP guidance. ASU 2014-17 applies to the separate financial statements of an acquired entity and its subsidiaries upon the occurrence of an event in which an acquirer obtains control of the acquired entity. Users of an acquired entity's financial statements may find pushdown accounting useful because the acquired entity's financial statements would reflect the fair value of the entity's assets and liabilities established by the acquirer. The guidance is effective immediately. Acquired entities may elect to apply it to any future transaction or to their most recent event in which

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an acquirer obtains or obtained control of them. However, if the financial statements for the period encompassing the most recent event in which an acquirer obtained control of the acquired entity have already been issued or made available to be issued, the application of pushdown accounting will be accounted for retrospectively as a change in accounting principle. Since ASU 2014-17 is optional and applies to the separate financial statements of subsidiaries, we do not expect ASU 2014-17 to have a material effect on our consolidated financial statements.

Accounting Standards Update No. 2014-16 ("ASU 2014-16"), Derivatives and Hedging (Topic 815)

On November 3, 2014, the FASB issued ASU 2014-16, with the objective of reducing current diversity in practice in the accounting for hybrid financial instruments issued in the form of a share. Hybrid financial instruments are shares of stock that include embedded derivative features such as conversion rights, redemption rights, voting rights, and liquidation and dividend payment preferences, and therefore entitle the holders to certain preferences and rights over other shareholders. An entity that issues or invests in a hybrid financial instrument is required to separate an embedded derivative feature from the host contract (for example, an underlying share) and account for the feature as a derivative according to Subtopic 815-10 on derivatives and hedging if certain criteria are met. One such criterion for separation is that the economic characteristics and risks of the embedded derivative feature are not clearly and closely related to the economic characteristics and risks of the host contract. ASU 2014-16 does not change the current criteria in GAAP for determining when separation of certain embedded derivative features in a hybrid financial instrument is required. That is, an entity will continue to evaluate whether the economic characteristics and risks of the embedded derivative feature are clearly and closely related to those of the host contract, among other relevant criteria. Instead, the amendments clarify how current GAAP should be interpreted when evaluating whether the nature of the host contract is more akin to debt or to equity. Specifically, the amendments clarify that an entity should consider all relevant terms and features, including the embedded derivative feature being evaluated for separate accounting from the host contract. ASU 2014-16 is effective for us beginning January 1, 2016 and, at this time, we do not expect it have a material effect on our consolidated financial statements.

Accounting Standards Update No. 2014-15 ("ASU 2014-15"), Presentation of Financial Statements Going Concern (Subtopic 205-40)

On August 27, 2014, the FASB issued ASU 2014-15 to provide guidance regarding management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. U.S. auditing standards require that an auditor evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time not to exceed one year beyond the date of the financial statements being audited. However, there is currently no guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures.
ASU 2014-15 states that, in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. This evaluation is to be based on relevant conditions and events that are known, or reasonably knowable, at the date the financial statements are issued or available to be issued. When conditions or events that raise substantial doubt about an entity's ability to continue as a going concern are identified, management should consider whether its plans that are intended to mitigate those relevant conditions or events will alleviate the substantial doubt. If the substantial doubt is alleviated as a result of management's plans, the entity should disclose the following:

1. principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern, before consideration of management's plans;

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2. management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; and

3. management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

If substantial doubt is not alleviated after consideration of management's plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued). Additionally, the entity should disclose the following:

1. principal conditions or events that raise substantial doubt about the entity's ability to continue as a going concern;

2. management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; and

3. management's plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

ASU 2014-15 is effective for us beginning in the year ending December 31, 2016, and for annual periods and interim periods thereafter. Early application is permitted. We are evaluating the impact of ASU 2014-15 on our consolidated financial statements.

Accounting Standards Update No. 2014-12 ("ASU 2014-12"), Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

On June 19, 2014, the FASB issued ASU 2014-12. The objective of ASU 2014-12 was to resolve diversity in practice around the accounting for share-based awards containing performance targets, where the performance target could be achieved after an employee completes the requisite service period. That is, the employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved.

Current GAAP does not contain specific guidance on how to account for share-based payments with performance targets that could be achieved after the requisite service period. Many reporting entities account for performance targets that could be achieved after the requisite service period as performance conditions that affect the vesting of the award and, therefore, do not reflect the performance target in the estimate of the grant-date fair value of the award. Other reporting entities treat those performance targets as non-vesting conditions that affect the grant-date fair value of the award. ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition under ASC 718. Accordingly, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. ASU 2014-12 will be effective for us beginning January 1, 2016, and earlier adoption is permitted. We do not expect the adoption of ASU 2014-12 to have a material impact on our consolidated financial statements, since our share-based awards do not contain performance targets that could be achieved after the employee completes the requisite service period.

Accounting Standards Update No. 2014-09, ("ASU 2014-09"): Revenue from Contracts with Customers (Topic 606)

On May 28, 2014, the FASB issued ASU 2014-09. This ASU supersedes the revenue recognition requirements in Topic 605, "*Revenue Recognition*" and most industry-specific guidance. The core

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principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB deferred the effective date of ASU 2014-09. The new revenue standard is effective for us beginning January 1, 2018, and allows either a full retrospective adoption to all periods presented or a modified retrospective adoption approach with the cumulative effect of initial application of the revised guidance recognized at the date of initial application. We are evaluating the impact of ASU 2014-09 on our consolidated financial statements.

Accounting Standards Update No. 2014-08, ("ASU 2014-08"): Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

On April 10, 2014, the FASB issued ASU 2014-08. Under current GAAP, many disposals of small groups of assets, some of which may be routine in nature and not a change in an entity's strategy, are reported in discontinued operations. The FASB determined that this resulted in financial statements that are less useful for users. In addition, some stakeholders told the FASB that the current guidance on reporting discontinued operations results in higher costs for preparers because it can be complex and difficult to apply. The amendments in this ASU address those issues by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. Examples of a strategic shift that has (or will have) a major effect on an entity's operations and financial results could include a disposal of a major geographical area, a major line of business, a major equity method investment, or other major parts of an entity. The amendments in this ASU also require expanded disclosures for those operations that do qualify as discontinued operations. The FASB concluded that those disclosures should provide users of financial statements with more information about the assets, liabilities, revenues, and expenses of discontinued operations. ASU 2014-08 is effective for annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. We are evaluating ASU 2014-08 but do not expect it to have a material impact on our consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk primarily from fluctuations in interest rates and foreign currency exchange rates. We may seek to control a portion of these risks through a risk-management program that includes the use of derivatives to reduce earnings and cash flow volatility associated with changes in interest rates and foreign currency exchange rates. As a policy, we do not engage in speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes.

Interest Rate Risk

We are subject to risk from fluctuations in interest rates, primarily relating to our Senior Secured Credit Facilities and certain local credit facilities, which bear interest at variable rates. However, two factors serve to mitigate this risk. First, we enter into floating-to-fixed interest rate swap contracts in order to fix a portion of our floating-rate debt, and our cross currency swap includes an embedded floating-to-fixed rate component. Second, our senior secured credit agreement contains a floor on LIBOR contracts and ABR draws.

Based on our outstanding variable-rate debt as of December 31, 2014 and factoring in the impact of the derivatives, an increase of 100 basis points in our weighted-average interest rate would result in an increase in interest expense of $26.8 million on an annual basis.

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Based on our outstanding variable-rate debt as of December 31, 2014 and factoring in the impact of the derivatives and the LIBOR floor, an increase of 100 basis points in interest rates would result in an increase in interest expense of $5.1 million on an annual basis.

See Note 15, Derivative Instruments, in our consolidated financial statements included elsewhere in this prospectus for further discussion of our derivatives.

Foreign Currency Exchange Risk

We use the USD as our reporting currency. We derived approximately 84% of our revenues from students outside of the United States for the year ended December 31, 2014. Our business is transacted through a network of international and domestic subsidiaries, generally in the local currency, considered the functional currency for that subsidiary.

Our foreign currency exchange rate risk is related to the following items:

- Adjustments relating to the translation of our assets and liabilities from the subsidiaries' functional currencies to USD. These adjustments are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets.

- Gains and losses resulting from foreign currency exchange rate changes related to intercompany loans that are deemed to have the characteristics of a long-term investment. These gains and losses are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets.

- Gains and losses resulting from foreign currency exchange rate changes related to intercompany loans that are not deemed to have the characteristics of a long-term investment. These gains and losses are recorded in foreign currency exchange gain (loss) on our consolidated statements of operations.

- Gains and losses on foreign currency transactions. These gains and losses are recorded in foreign currency exchange gain (loss) on our consolidated statements of operations.

For the year ended December 31, 2014, a hypothetical 10% adverse change in average annual foreign currency exchange rates, excluding the impacts of our derivatives, would have decreased operating income and Adjusted EBITDA by $16.7 million and $78.4 million, respectively.

We monitor the impact of foreign currency movements related to differences between our subsidiaries' local currencies and the USD. Our U.S. debt facilities are primarily denominated in USD. We enter into foreign exchange forward contracts to protect the USD value of our assets and future cash flows, as well as to reduce the earnings impact of exchange rate fluctuations on receivables and payables denominated in currencies other than the functional currencies. See Note 15, Derivative Instruments, in our consolidated financial statements included elsewhere in this prospectus for additional discussion regarding our derivatives.

BUSINESS

Our Business

We are the largest global network of degree-granting higher education institutions, with more than one million students enrolled at our 88 institutions in 28 countries on more than 200 campuses, which we collectively refer to as the *Laureate International Universities* network. We participate in the global higher education market, which is estimated to account for revenues of approximately $1.5 trillion in 2015, according to GSV. We believe the global higher education market presents an attractive long-term opportunity, primarily because of the large and growing imbalance between the supply and demand for quality higher education around the world. Advanced education opportunities drive higher earnings potential, and we believe the projected growth in the middle class population worldwide and limited government resources dedicated to higher education create substantial opportunities for high-quality private institutions to meet this growing and unmet demand. Our outcomes-driven strategy is focused on enabling millions of students globally to prosper and thrive in the dynamic and evolving knowledge economy.

In 1999, we made our first investment in higher education and, since that time, we have developed into the global leader in higher education. As of September 30, 2015, our global network of 88 institutions comprised 72 institutions we owned or controlled, and an additional 16 institutions that we managed or with which we had other relationships. Our institutions are recognized for their high-quality academics. For example, we own and operate UVM Mexico, the largest private university in Mexico, which in 2015 was ranked fourth among all public and private higher education institutions in the country by *Guía Universitaria*. Our track record for delivering high-quality outcomes to our students, while stressing affordability and accessibility, has been a key reason for our long record of success, including 15 consecutive years of enrollment growth. We have generated CAGRs in total enrollment and revenues of 11.9% and 11.7%, respectively, from 2009 through September 30, 2015.

Since being taken private in August 2007, we have undertaken several initiatives to continually improve the quality of our programs and outcomes for our students, while expanding our scale and geographic presence, and strengthening our organization and management team. From 2007 to September 30, 2015, we have expanded into 11 new countries, added over 100 campuses worldwide and grown enrollment from approximately 300,000 to more than one million students with a combination of strong organic revenue growth of 11.4% (average annual revenue growth from 2007 to 2014 excluding acquisitions) and the successful integration of 41 strategic acquisitions. Key to this growth were expansions into Brazil, where we owned 13 institutions with a combined enrollment of approximately 265,000 students, and expansions into Asia, the Middle East and Africa, where we owned or controlled 22 institutions with a combined enrollment of approximately 83,000 students, in each case as of September 30, 2015. Further, we have made significant capital investments and continue to make operational improvements in technology and human resources, including key management hires, and are developing scalable back-office operations to support the *Laureate International Universities* network, including implementing a vertically integrated information technology, finance, accounting and human resources organization that, among other things, are designed to enhance our analytical capabilities. Finally, over the past several years, we have invested heavily in technology-enabled solutions to enhance the student experience, increase penetration of our hybrid offerings and optimize efficiency throughout our network. We believe these investments have created an intellectual property advantage that has further differentiated our offerings from local market competitors.

The *Laureate International Universities* network enables us to educate our students locally, while connecting them to an international community with a global perspective. Our students can take advantage of shared curricula, optional international programs and services, including English language instruction, dual-degree and study abroad programs and other benefits offered by other institutions in our network. We believe that the benefits of the network translate into better career opportunities and higher earnings potential for our graduates.

The institutions in the *Laureate International Universities* network offer a broad range of undergraduate and graduate degrees through campus-based, online and hybrid programs. As of September 30, 2015, 93% of our students attended traditional, campus-based institutions offering multi-year degrees, similar to leading private and public higher education institutions in the United States and Europe. In addition, as of September 30, 2015, approximately two thirds of our students were enrolled in programs of four or more years in duration. Our programs are designed with a distinct emphasis on applied, professional-oriented content for growing career fields and are focused on specific academic disciplines, or verticals, that we believe demonstrate strong employment opportunities and provide high earnings potential for our students, including:

Across these academic disciplines, we continually and proactively adapt our curriculum to the needs of the market, including emphasizing the core STEM (science, technology, engineering and math) and business disciplines. We believe the STEM and business disciplines present attractive areas of study to students, especially in developing countries where there exists a strong and ongoing focus to develop and retain professionally trained individuals. In the last five years, we have more than doubled our enrollment of students pursuing degrees in Business & Management, Medicine & Health Sciences and Engineering & Information Technology, our three largest disciplines. We believe the work of our graduates in these disciplines creates a positive impact on the communities we serve and strengthens our institutions' reputations within their respective markets.

Across the world, we operate institutions that address regional, national and local supply and demand imbalances in higher education. As the global leader in higher education, we believe we are uniquely positioned to effectively deliver high-quality education across different brands and tuition levels in the markets in which we operate. In many developing markets, traditional higher education students (defined as 18-24 year olds) have historically been served by public universities, which have limited capacity and are often underfunded, resulting in an inability to meet growing student demands and employer requirements. Our institutions in these markets offer traditional higher education students a private education alternative, often with multiple brands and price points in each market, with innovative programs and strong career-driven outcomes. In many of these same markets, non-traditional students such as working adults and distance learners have limited options for pursuing higher education. Through targeted programs and multiple teaching modalities, we are able to serve the differentiated needs of this unique demographic. Our flexible approach across geographies allows Laureate to access a broader addressable market of students by efficiently tailoring institutions to meet the needs of a particular geography and student population.

We have four reporting segments, which are summarized in the table below. We group our institutions by geography in Latin America, Europe and Asia, Middle East and Africa for reporting purposes. Our GPS segment includes institutions that have products and services that span the *Laureate*

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International Universities network and attract students from across geographic boundaries, including our fully online universities.

The following information for our operating segments is presented as of September 30, 2015, except where otherwise indicated:

	LatAm	Europe	AMEA	GPS	Total
Countries	8	7	7	8	28*
Institutions	30	21	22	15	88
Enrollments (rounded to nearest thousand)	809,000	53,000	83,000	81,000	1,026,000
LTM ended September 30, 2015 Revenues ($ in millions)	$ 2,556.9	$ 465.8	$ 423.5	$ 1,038.8	$ 4,470.4
% Contribution to LTM ended September 30, 2015 Revenues	57%	10%	10%	23%	100%

* Our AMEA and GPS segments both have institutions located in China and our Europe and GPS segments both have institutions located in Spain. The total reflects the elimination of this duplication.

The elimination of inter-segment revenues and amounts related to Corporate, which total $14.6 million, is not separately presented.

Our Industry

We are the leader in the global market for higher education, which is characterized by a significant imb