

LAUREATE EDUCATION, INC.
Form DEF 14A
May 02, 2005

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Laureate Education, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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 - (3) Filing Party:
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YOUR VOTE IS IMPORTANT. Please sign, date and return the enclosed Proxy Card promptly, whether or not you plan to attend the Laureate Education, Inc. Annual Meeting.

LAUREATE EDUCATION, INC.

1001 Fleet Street

Baltimore, Maryland 21202

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 21, 2005

To the Stockholders of Laureate Education, Inc.:

Notice is hereby given that the Annual Meeting of Stockholders of Laureate Education, Inc. ("Laureate") will be held at Courtyard Marriott Inner Harbor, 1000 Aliceanna Street, Baltimore, Maryland 21202, on June 21, 2005 at 9:00 a.m. (Eastern Time) for the following purposes:

- I. To elect three Class II Directors and one Class III Director.
- II. To approve and ratify the adoption of the 2005 Stock Incentive Plan.
- III. To ratify the selection of Ernst & Young LLP as the independent auditors of Laureate for the year ending December 31, 2005.
- IV. To transact such other business as may properly come before the meeting.

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Accompanying this notice is a Proxy Card, Proxy Statement, and Laureate's Annual Report for the year ended December 31, 2004. **Whether or not you expect to be present at the Annual Meeting, please sign and date the Proxy Card and return it in the enclosed envelope provided for that purpose prior to the date of the Annual Meeting.** Your Proxy may be revoked at any time prior to the time that it is voted at the Annual Meeting. The Board of Directors fixed April 15, 2005 as the record date for determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. Only stockholders of record at the close of business on April 15, 2005 will be entitled to vote at the Annual Meeting.

You are cordially invited to attend the Annual Meeting, and you may vote in person regardless of whether or not you have returned your Proxy Card.

BY ORDER OF THE BOARD OF DIRECTORS

Robert W. Zentz

Secretary

Baltimore, Maryland

April 30, 2005

LAUREATE EDUCATION, INC.

1001 Fleet Street

Baltimore, Maryland 21202

(410) 843-8000

PROXY STATEMENT

INTRODUCTION

This Proxy Statement and the accompanying proxy are furnished to stockholders of Laureate Education, Inc. ("Laureate") in connection with the solicitation of proxies by Laureate's Board of Directors to be used at the Annual Meeting of Stockholders described in the accompanying notice and at any adjournments thereof (the "Annual Meeting"). The purpose of the Annual Meeting is to: 1) elect three Class II Directors, and one Class III Director, 2) approve and ratify the adoption of the 2005 Stock Incentive Plan, 3) ratify the selection of Ernst & Young LLP as independent auditors of Laureate for the year ending December 31, 2005 and, 4) transact such other business as may properly come before the Annual Meeting. This Proxy Statement and the accompanying Proxy Card are first being sent to stockholders on or about May 13, 2005.

The record of stockholders entitled to notice of and to vote at the Annual Meeting was taken as of the close of business on April 15, 2005 (the "Record Date"). On the Record Date, there were outstanding and entitled to vote 49,365,357 shares of Common Stock, par value \$.01 per share (the "Laureate Common Stock").

The presence, in person or by proxy, of the holders of a majority of the shares of Laureate Common Stock issued and outstanding and entitled to vote at the Annual Meeting is necessary to constitute a quorum at the meeting. In the election of Directors, each share of Laureate Common Stock may be voted for as many individuals as there are Directors to be elected. Votes may be cast "FOR" the election of a Director; cumulative voting is not permitted. Those individuals receiving the highest number of votes "FOR" election to the Board of Directors shall be considered duly elected. A proxy marked "WITHHOLD AUTHORITY" with respect to the election of one or more Directors will not be counted in the election of Directors although it will be counted for purposes of determining whether a quorum is present. For all matters except the election of Directors, each share is entitled to one vote. The affirmative vote of a majority of the shares of Laureate Common Stock present in person or represented by proxy at the Annual Meeting is required for approval and/or ratification of all matters (other than the election of Directors) being submitted to the stockholders for their consideration. An automated system administered by Laureate's transfer agent will be used to tabulate the votes. Abstentions, votes against or withholding approval and broker non-votes will be counted to determine whether a quorum is present. Abstentions and votes against or withholding approval will be counted as votes against any given proposal, whereas broker non-votes will not be counted in determining whether a particular proposal has been approved by the stockholders.

This solicitation is being made primarily by mail, but Laureate Directors, officers and employees may also engage in the solicitation of proxies by telephone. Laureate is paying the cost of soliciting proxies. Laureate will not pay compensation in connection with the solicitation of proxies, except as reimbursement to brokers, custodians, nominees and other record holders for their reasonable out-of-pocket expenses in forwarding proxy material to beneficial owners.

Voting By Proxy

The Board of Directors has selected Douglas L. Becker to act as proxy with full power of substitution. Any stockholder executing a proxy has the power to revoke the proxy at any time before it is voted at the Annual Meeting. This right of revocation is not limited or subject to compliance with any formal procedure. Any stockholder may attend the meeting and vote in person, whether or not he or she has previously given a proxy.

With respect to the proposal regarding election of Directors, stockholders may (a) vote in favor of all nominees, (b) withhold their votes as to all nominees or, (c) withhold their votes as to specific nominees by so indicating in the appropriate space on the enclosed Proxy Card. With respect to the proposals to approve and ratify

the 2005 Stock Incentive Plan and the appointment of Ernst & Young LLP as Laureate's independent auditors for the year ending December 31, 2005, stockholders may (i) vote for, (ii) vote against, or (iii) abstain from voting as to either such matter. All properly executed Proxy Cards delivered by stockholders and not revoked will be voted at the Annual Meeting in accordance with the directions given. **If no specific instructions are given with regard to the matters to be voted upon, the shares represented by a properly executed Proxy Card will be voted FOR the election of each of management's nominees for Director, to approve and ratify the 2005 Stock Incentive Plan and the appointment of Ernst & Young LLP as Laureate's independent auditors.** Management knows of no other matters that may come before the Annual Meeting for consideration by the stockholders. However, if any other matters properly come before the Annual Meeting, the person named in the enclosed Proxy Card as proxy will vote upon such matters in accordance with his judgment.

Stockholders who do not expect to attend the Annual Meeting in person are urged to execute and return the enclosed Proxy Card promptly. Any stockholder delivering a proxy has the power to revoke it at any time before it is voted by giving written notice of revocation to the Secretary of Laureate, by executing and delivering to the Secretary a Proxy Card bearing a later date, or by voting in person at the Annual Meeting. Any stockholder also may be represented by another person at the Annual Meeting by executing a form of proxy designating such person to act on the stockholder's behalf at the Annual Meeting.

IF YOU DECIDE TO VOTE BY PROXY, YOUR PROXY CARD WILL BE VALID ONLY IF YOU SIGN, DATE AND RETURN IT BEFORE THE ANNUAL MEETING.

I. ELECTION OF LAUREATE DIRECTORS

The Board of Directors is comprised of nine persons separated into three classes, with each class serving a three-year term. R. Christopher Hoehn-Saric, John A. Miller and David A. Wilson currently serve in Class II and are subject to re-election to three-year terms beginning at the 2005 Annual Meeting. On June 30, 2004, Laurence M. Berg resigned from the Board. On February 25, 2005, the Board elected Isabel Aguilera in Mr. Berg's place as a Class III Director to serve until the 2005 Annual Meeting. Isabel Aguilera is subject to election to a one-year term beginning at the 2005 Annual Meeting, and all three Directors serving in Class III will be subject to re-election to a three-year term beginning at the 2006 Annual Meeting. Three Directors serve in Class I and will be subject to re-election for a three-year term beginning at the 2007 Annual Meeting.

Each of the nominees has agreed to serve as a Director if elected. If any nominee cannot serve for any reason (which is not anticipated), the Board of Directors may designate a substitute nominee. If that happens, the Company will vote all valid proxies for the election of the substitute nominee. The Board of Directors may also decide to leave the Board seat or seats vacant until a suitable candidate is located, or the Board may decide to reduce the size of the Board.

The individuals receiving the highest number of votes FOR election to the Board of Directors will be considered duly elected.

The Board of Directors unanimously recommends that stockholders vote FOR the four nominees for Director.

Information Concerning Nominees

The following table presents information concerning the persons nominated by the Board of Directors for election at the Annual Meeting as the three Class II Directors and the Class III Director. Information with respect to the number of shares of the Laureate Common Stock beneficially owned by each of the nominees, directly or indirectly, appears on page 19 of this Proxy Statement.

Name and Age	Director Since	Nominated for Term Expiring	Principal Occupation, Directorships with Public Companies and other Information
R. Christopher Hoehn-Saric (42)	December 1986	2008 Annual Meeting	In June 2003, Mr. Hoehn-Saric assumed the position of Chief Executive Officer and a Director of Educate, Inc. From February 2000 to June 2003, Mr. Hoehn-Saric was the Chairman and Chief Executive Officer of Sylvan Ventures. Previously, Mr. Hoehn-Saric had served as Chairman and Co-Chief Executive Officer of Sylvan Learning Systems, Inc. (Sylvan) the predecessor to Laureate since April 1993 and was President of Sylvan from 1988 until 1992.
John A. Miller (51)	October 2001	2008 Annual Meeting	Mr. Miller has been the President since 1987 of North American Corporation of Illinois, a multi-divisional supplier and solutions provider specializing in industrial paper products, specialty packaging, and other commercial consumables. Mr. Miller is also a Director of Atlantic Premium Brands, Inc. and Alberto Culver Company.
David A. Wilson (63)	June 2002	2008 Annual Meeting	Mr. Wilson has been President and CEO of the Graduate Management Admission Council, a not-for-profit education association dedicated to creating access to graduate management and professional education, which provides the GMAT (Graduate Management Admission Test), since 1995. From 1978 to 1994, Mr. Wilson was a partner and managing partner of Ernst & Young LLP.
Isabel Aguilera (44)	February 2005	2006 Annual Meeting	Ms. Aguilera has been Chief Operating Officer of NH Hoteles since May 2002. Previously, she had been Chief Executive Officer and Director of Dell Computer Corporation for Spain, Italy and Portugal, since March 1997. She serves as a Director for several non-profit Spanish organizations such as Instituto de Empresa and the Association for the Progress of Management.

Information Concerning Continuing Directors

Name and Age	Director Since	Term Expires
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**Principal Occupation, Directorships with
Public Companies and other Information**

R. William Pollock
(76)

December
1995

2006 Annual Meeting

Mr. Pollock serves as Chairman of the Board of Drake Holdings Limited, a company that owns interests in various businesses throughout the world. He also was one of the prior owners of Drake Prometric, L.P., acquired by Sylvan in 1995 and sold in 2000. Mr. Pollock founded Drake International Inc. in Canada in 1951. Mr. Pollock is also a

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Name and Age	Director Since	Term Expires	Principal Occupation, Directorships with Public Companies and other Information
			Director of DiscoverWare Inc. in Canada.
Wolf H. Hengst (61)	June 2003	2006 Annual Meeting	Mr. Hengst has been President of Worldwide Hotel Operations for Four Seasons Hotels and Resorts since 1998. Prior to 1998, Mr. Hengst held various positions within Four Seasons, including Executive Vice President, Operations, President of Regent International Hotels beginning in 1992, Vice President in charge of Eastern North America, Mexico and Europe beginning in 1987, Corporate Vice President beginning in 1985, Regional Vice President/General Manager of the Four Seasons Hotel in Houston beginning in 1981 and opening general manager of the Four Seasons Hotel in Washington D.C. in 1978.
Douglas L. Becker (39)	December 1986	2007 Annual Meeting	Mr. Becker has been Chairman and Chief Executive Officer of Laureate since February 2000. Previously, he had been President and Co-Chief Executive Officer of Sylvan since April 1993. From February 1991 through April 1993, Mr. Becker was the Chief Executive Officer of the Sylvan Learning Center Division of Sylvan. Mr. Becker also serves as a Director of Educate, Inc. and Constellation Energy Corporation.
James H. McGuire (61)	December 1995	2007 Annual Meeting	Mr. McGuire has served as President of NJK Holding Company since 1992. NJK Holding Company controls some of the interests of Nasser J. Kazeminy (one of the prior owners of Drake Prometric, L.P., acquired by Sylvan in 1995 and sold in 2000) in various businesses throughout the country. Mr. McGuire is also a Director of Digital Insight Corporation.
Richard W. Riley (72)	June 2001	2007 Annual Meeting	Mr. Riley is currently a partner with the law firm of Nelson Mullins Riley & Scarborough in South Carolina. From 1992 until 2001, Mr. Riley served as U.S. Secretary of Education. Mr. Riley was Governor of South Carolina from 1978 through 1985.

Information Regarding the Laureate Board, Committees and Remuneration

During calendar year 2004, there were five regular meetings and one special meeting of the Board of Directors. Messrs. McGuire, Riley, Miller, Hengst, Becker and Pollock attended the 2004 Annual Meeting of Shareholders. Each Director attended at least 90% of the total number of meetings of the Board and Board Committees of which the Director was a member. The Laureate Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each member of the Audit, Compensation and Nominating and Corporate Governance Committees is independent as defined under current NASDAQ listing standards.

The Audit Committee meets with Laureate's independent auditors to: (i) review whether satisfactory accounting procedures are being followed by Laureate and whether its internal accounting controls are adequate, (ii) monitor audit and non-audit services performed by the independent auditors, (iii) approve fees charged by the

independent auditors, and (iv) all other oversight and review of the Company's financial reporting process. The Audit Committee also reviews the performance of the independent auditors and selects annually the firm of independent auditors to recommend to the shareholders to audit the Company's financial statements. During 2004, independent Directors David A. Wilson, James H. McGuire, and John A. Miller were the members of the Audit Committee. There were twelve meetings of the Audit Committee during 2004. The report of the Audit Committee required by the rules of the Securities and Exchange Commission is included in this Proxy Statement. The Audit Committee Charter is available on the Laureate website at www.Laureate-inc.com.

The Compensation Committee establishes the compensation for the Chief Executive Officer (CEO) and approves recommendations for the other executive officers of Laureate and generally reviews benefits and compensation for all officers and employees. It also administers Laureate's stock option plans. During 2004, independent Directors James H. McGuire, John A. Miller and Wolf H. Hengst were the members of the Compensation Committee. There were eight meetings of the Compensation Committee during 2004. The report of the Compensation Committee required by the rules of the Securities and Exchange Commission is included in this Proxy Statement. The Compensation Committee Charter is available on the Laureate website at www.Laureate-inc.com.

The Nominating and Corporate Governance Committee screens and evaluates candidates for vacancies on the Laureate Board of Directors and committees thereof, reviews Board compensation matters and reviews and monitors corporate governance matters. During 2004, independent Directors Richard Riley and R. William Pollock were the members of the Nominating and Corporate Governance Committee, which met on two occasions. The Nominating and Corporate Governance Committee Charter is available on the Laureate website at www.Laureate-inc.com.

In evaluating and determining whether to nominate a candidate for a position on Laureate's Board, the Nominating and Corporate Governance Committee will consider the criteria outlined in the Company's corporate governance policy, which include high professional ethics and values, relevant management and/or educational experience and a commitment to enhancing shareholder value. In evaluating candidates for nomination, the Committee utilizes a variety of methods. The Committee regularly assesses the size of the Board, whether any vacancies are expected due to retirement or otherwise, and the need for particular expertise on the Board. Candidates may come to the attention of the Committee from current Board members, shareholders, professional search firms, officers or other persons. The Committee will review all candidates in the same manner regardless of the source of the recommendation, including a stockholder.

Under the Bylaws, nominations for Director may be made only by the Board of Directors or a committee thereof or by a stockholder of record who delivers notice along with the additional information and materials required by the Bylaws to the corporate Secretary not less than 90 days and no more than 120 days before the first anniversary date of the mailing date for the preceding year's annual meeting. For the annual meeting in 2006, the Company must receive this notice between January 13, 2006 and February 12, 2006. Interested parties may obtain a copy of the Bylaws by writing to the General Counsel/Corporate Secretary at Laureate Education, Inc., 1001 Fleet Street, Baltimore, Maryland 21202. A copy of the Bylaws has been filed with the SEC.

The Board has adopted Corporate Governance Guidelines, drafted by the Nominating and Governance Committee. These guidelines are available on the Laureate website at www.Laureate-inc.com.

Laureate has adopted a Code of Ethics and Conduct that applies to all of its Directors, officers (including its Chief Executive Officer, Chief Financial Officer, Controller and any person performing similar functions) and employees. The Company has conducted training sessions at each of its locations and at each of its universities for all levels of employees and officers. The Company provides all of its significant vendors with a copy of the Code and maintains a hotline in three languages to allow for communication of any concerns. In satisfaction of the requirements of SEC Regulation S-K, Item 406(d), the Company states its intention to post on its website, www.Laureate-inc.com, any amendment to, or waiver of, any provision of the Code that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Company has not granted any such waiver and does not

anticipate ever granting such waiver. Laureate has made the Code of Ethics and Conduct available on its website at www.Laureate-inc.com.

Directors who are not employees of Laureate receive compensation of \$15,000 per year for service on the Laureate Board, \$10,000 per year for service as the Chairman of the Compensation or Audit Committee, \$5,000 per year for service as the Chairman of the Nominating and Corporate Governance Committee, \$1,200 per regular meeting of the Board held in the US, \$2,400 per regular meeting of the Board held outside the US, \$1,200 per committee meeting and \$600 per committee meeting attended via telephone (currently, Mr. Pollock does not receive compensation from Laureate for Board or Committee service). All Directors are reimbursed for their out-of-pocket expenses in connection with attending meetings. Each independent Director, upon appointment, election or re-election to the Laureate Board, and continuation of service on the Laureate Board as of January 1 of each year as long as the director continues as a Director, is granted a vested option to purchase 6,500 shares of Laureate Common Stock at an exercise price equal to the fair market value of the stock on the date of the grant.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon the Company's records and other information, the Company believes all of its Directors and Executive Officers and other stockholders who may own 10% or more of Laureate Common Stock have complied with the requirements of the Securities and Exchange Commission to report ownership and transactions which change ownership.

Certain Relationships and Related Transactions

As part of the sale of the K-12 segment to Educate, Inc. (Educate), Laureate entered into a management services agreement with Educate for the receipt of accounting, benefits, IT, human resources, purchasing and payroll services for a period of three years from July 1, 2003. For the same period, Laureate will provide certain tax and treasury services to Educate. The annual net amount payable under this agreement by Laureate is approximately \$3 million. Messrs. Hoehn-Saric and Becker are Directors of Educate, and Mr. Hoehn-Saric is Educate's Chief Executive Officer.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The Compensation Committee consists of Messrs. Hengst, McGuire and Miller. All of the members of the Compensation Committee as presently constituted are independent Directors and do not have compensation committee interlocks.

Compensation of Executive Officers

Compensation of Executive Officers. The following table shows for the years ended December 31, 2004, 2003 and 2002, compensation paid by Laureate, including salary, bonuses, stock options and certain other compensation, to its Chief Executive Officer and each of its other most highly compensated executive officers on December 31, 2004 (the Named Executive Officers):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary \$	Annual Compensation		Restricted Stock Awards \$(2)	Long-Term Compensation Awards Shares Underlying Options (#)	All Other Compensation \$(4) (5)
			Bonus \$	Other Annual Compensation \$(1)			
Douglas L. Becker Chairman of the Board and Chief Executive Officer	2004	500,000	441,911	6,600	5,126,080	166,000	6,649,311