

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2017-08-08** | Period of Report: **2017-06-30**

SEC Accession No. [0001628280-17-008326](#)

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FILER

**LAUREATE EDUCATION, INC.**

CIK: **912766** | IRS No.: **521492296** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-38002** | Film No.: **171014760**  
SIC: **8200** Educational services

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

**FORM 10-Q**

☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended June 30, 2017

OR

☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-38002



**Laureate Education, Inc.**

(Exact name of registrant as specified in its charter)

Delaware	52-1492296
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
650 S. Exeter Street, Baltimore, Maryland	21202
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ (Do not check if a smaller reporting company)  
Smaller reporting company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2017
Class A common stock, par value \$0.004 per share	35,466,508 shares

Class B common stock, par value \$0.004 per share

133,120,777 shares

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## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements (Unaudited)

#### LAUREATE EDUCATION, INC. AND SUBSIDIARIES Consolidated Statements of Operations

*IN THOUSANDS, except per share amounts*

For the three months ended June 30,	2017	2016
	(Unaudited)	(Unaudited)
<b>Revenues</b>	\$ 1,277,439	\$ 1,231,910
Costs and expenses:		
Direct costs	942,246	963,794
General and administrative expenses	91,343	57,548
<b>Operating income</b>	243,850	210,568
Interest income	4,460	4,062
Interest expense	(98,962)	(105,833)
Loss on debt extinguishment	(6,915)	(1,681)
Gain on derivatives	26,970	1,999
Other expense, net	(380)	(1,276)
Foreign currency exchange (loss) gain, net	(9,726)	26,252
(Loss) gain on sales of subsidiaries, net	(172)	243,261
Income from continuing operations before income taxes and equity in net income of affiliates	159,125	377,352
Income tax expense	(42,028)	(28,393)
Equity in net income of affiliates, net of tax	1	279
<b>Net income</b>	117,098	349,238
Net income attributable to noncontrolling interests	(712)	(1,849)
<b>Net income attributable to Laureate Education, Inc.</b>	\$ 116,386	\$ 347,389
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(69,212)	(438)
<b>Net income available to common stockholders</b>	\$ 47,174	\$ 346,951
<b>Basic and diluted earnings per share:</b>		
Basic earnings per share	\$ 0.28	\$ 2.60
Diluted earnings per share	\$ 0.28	\$ 2.59

*The accompanying notes are an integral part of these consolidated financial statements.*

**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**

*IN THOUSANDS, except per share amounts*

<b>For the six months ended June 30,</b>	<b>2017</b>	<b>2016</b>
	(Unaudited)	(Unaudited)
<b>Revenues</b>	\$ 2,133,372	\$ 2,138,444
Costs and expenses:		
Direct costs	1,795,478	1,833,617
General and administrative expenses	156,911	105,416
<b>Operating income</b>	180,983	199,411
Interest income	9,154	9,868
Interest expense	(201,595)	(209,602)
Loss on debt extinguishment	(8,430)	(1,681)
Gain (loss) on derivatives	39,117	(8,751)
Other income (expense), net	56	(1,317)
Foreign currency exchange (loss) gain, net	(7,436)	53,934
(Loss) gain on sales of subsidiaries, net	(172)	243,261
Income from continuing operations before income taxes and equity in net income of affiliates	11,677	285,123
Income tax expense	(14,934)	(38,351)
Equity in net income of affiliates, net of tax	1	20
<b>Net (loss) income</b>	(3,256)	246,792
Net income attributable to noncontrolling interests	(3,166)	(2,570)
<b>Net (loss) income attributable to Laureate Education, Inc.</b>	\$ (6,422)	\$ 244,222
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(108,081)	1,077
<b>Net (loss) income available to common stockholders</b>	\$ (114,503)	\$ 245,299
<b>Basic and diluted (loss) earnings per share:</b>		
Basic (loss) earnings per share	\$ (0.71)	\$ 1.84
Diluted (loss) earnings per share	\$ (0.71)	\$ 1.83

*The accompanying notes are an integral part of these consolidated financial statements.*

**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

*IN THOUSANDS*

For the three months ended June 30,	2017	2016
	(Unaudited)	(Unaudited)
<b>Net income</b>	\$ 117,098	\$ 349,238
Other comprehensive income (loss):		
Foreign currency translation adjustment, net of tax of \$0 for both periods	28,455	(58,088)
Unrealized gain on derivative instruments, net of tax of \$0 for both periods	3,507	1,910
Minimum pension liability adjustment, net of tax of \$0 and \$1,900, respectively	—	8,885
Total other comprehensive income (loss)	31,962	(47,293)
<b>Comprehensive income</b>	149,060	301,945
Net comprehensive income attributable to noncontrolling interests	(1,269)	(1,508)
<b>Comprehensive income attributable to Laureate Education, Inc.</b>	\$ 147,791	\$ 300,437

*The accompanying notes are an integral part of these consolidated financial statements.*



**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

*IN THOUSANDS*

For the six months ended June 30,	2017	2016
	(Unaudited)	(Unaudited)
<b>Net (loss) income</b>	\$ (3,256)	\$ 246,792
Other comprehensive income (loss):		
Foreign currency translation adjustment, net of tax of \$0 for both periods	131,851	(29,113)
Unrealized gain on derivative instruments, net of tax of \$0 for both periods	6,099	3,123
Minimum pension liability adjustment, net of tax of \$0 and \$1,900, respectively	—	8,885
Total other comprehensive income (loss)	137,950	(17,105)
<b>Comprehensive income</b>	134,694	229,687
Net comprehensive income attributable to noncontrolling interests	(4,055)	(2,689)
<b>Comprehensive income attributable to Laureate Education, Inc.</b>	\$ 130,639	\$ 226,998

*The accompanying notes are an integral part of these consolidated financial statements.*

**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

*IN THOUSANDS, except per share amounts*

	June 30, 2017	December 31, 2016
<b>Assets</b>	(Unaudited)	
Current assets:		
Cash and cash equivalents (includes VIE amounts of \$114,684 and \$169,074, see Note 2)	\$ 367,163	\$ 464,965
Restricted cash and investments	193,305	189,319
Receivables:		
Accounts and notes receivable	669,039	494,646
Other receivables	21,524	23,758
Related party receivables	5,830	6,931
Allowance for doubtful accounts	(196,987)	(190,499)
Receivables, net	499,406	334,836
Income tax receivable	37,088	29,447
Prepaid expenses and other current assets	145,520	97,234
Total current assets (includes VIE amounts of \$350,678 and \$322,210, see Note 2)	1,242,482	1,115,801
Notes receivable, net	7,138	61,157
Property and equipment:		
Land	418,754	396,821
Buildings	1,295,766	1,219,783
Furniture, equipment and software	1,251,255	1,160,350
Leasehold improvements	432,428	399,555
Construction in-progress	73,364	103,205
Accumulated depreciation and amortization	(1,263,167)	(1,128,081)
Property and equipment, net	2,208,400	2,151,633
Land use rights, net	45,741	45,275
Goodwill	2,020,620	1,934,464
Other intangible assets:		
Tradenames	1,332,523	1,307,633
Other intangible assets, net	44,735	46,700
Deferred costs, net	61,529	57,748
Deferred income taxes	147,882	142,130
Derivative instruments	49,171	4,464
Other assets	209,515	195,465
Total assets (includes VIE amounts of \$1,340,653 and \$1,309,113, see Note 2)	\$ 7,369,736	\$ 7,062,470

*The accompanying notes are an integral part of these consolidated financial statements.*

**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets (continued)**

*IN THOUSANDS, except per share amounts*

	June 30, 2017	December 31, 2016
	(Unaudited)	
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 82,878	\$ 86,699
Accrued expenses	314,209	368,973
Accrued compensation and benefits	225,186	239,495
Deferred revenue and student deposits	380,164	362,891
Current portion of long-term debt	212,568	178,989
Current portion of due to shareholders of acquired companies	133,083	118,679
Income taxes payable	23,154	30,371
Derivative instruments	—	5,218
Other current liabilities	43,960	48,917
Total current liabilities (includes VIE amounts of \$295,819 and \$320,922, see Note 2)	1,415,202	1,440,232
Long-term debt, less current portion	3,291,713	3,629,375
Due to shareholders of acquired companies, less current portion	82,380	92,269
Deferred compensation	14,399	14,128
Income taxes payable	111,687	135,140
Deferred income taxes	459,283	452,084
Derivative instruments	7,941	7,750
Other long-term liabilities	281,972	270,267
Total liabilities (includes VIE amounts of \$405,181 and \$424,297, see Note 2)	5,664,577	6,041,245
Series A convertible redeemable preferred stock, par value \$0.001 per share – 512 shares authorized, 400 and 343 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	232,030	332,957
Redeemable noncontrolling interests and equity	25,522	23,876
Stockholders' equity:		
Preferred stock, par value \$0.001 per share – 49,488 shares authorized, no shares issued and outstanding as of June 30, 2017 and December 31, 2016	—	—
Class A common stock, par value \$0.004 per share – 700,000 shares authorized, 35,467 shares issued and outstanding as of June 30, 2017 and no shares authorized, issued and outstanding as of December 31, 2016	142	—
Class B common stock, par value \$0.004 per share – 175,000 shares authorized, 133,120 shares issued and outstanding as of June 30, 2017 and no shares authorized, issued and outstanding as of December 31, 2016	533	—
Common stock, par value \$0.004 per share – no shares authorized, issued and outstanding as of June 30, 2017 and 175,000 shares authorized, 133,376 shares issued and outstanding as of December 31, 2016	—	534
Additional paid-in capital	3,371,395	2,721,432
Accumulated deficit	(1,044,123)	(1,037,701)
Accumulated other comprehensive loss	(914,994)	(1,052,055)

Total Laureate Education, Inc. stockholders' equity	1,412,953	632,210
Noncontrolling interests	34,654	32,182
Total stockholders' equity	1,447,607	664,392
Total liabilities and stockholders' equity	\$ 7,369,736	\$ 7,062,470

*The accompanying notes are an integral part of these consolidated financial statements.*

**LAUREATE EDUCATION, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**

*IN THOUSANDS*

For the six months ended June 30,	2017	2016
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (3,256)	\$ 246,792
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	131,465	135,911
Loss (gain) on sale of subsidiary and disposal of property and equipment	1,927	(243,261)
(Gain) loss on derivative instruments	(39,386)	7,883
Loss on debt extinguishment	8,430	1,681
Payment of redemption and call premiums and fees on debt modification	(65,225)	—
Non-cash interest expense	22,359	28,312
Non-cash share-based compensation expense	35,337	20,909
Bad debt expense	51,439	56,114
Deferred income taxes	(3,196)	(12,535)
Unrealized foreign currency exchange loss (gain)	11,756	(58,656)
Non-cash loss from non-income tax contingencies	3,813	7,758
Other, net	(1,052)	(1,090)
Changes in operating assets and liabilities:		
Restricted cash	318	(6,089)
Receivables	(162,375)	(148,198)
Prepaid expenses and other assets	(99,019)	(68,340)
Accounts payable and accrued expenses	(86,368)	6,766
Income tax receivable/payable, net	(21,868)	7
Deferred revenue and other liabilities	9,231	(37,377)
Net cash used in operating activities	(205,670)	(63,413)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(86,793)	(86,224)
Expenditures for deferred costs	(8,248)	(8,753)
Receipts from sale of subsidiary and property and equipment	1,001	340,096
Property insurance recoveries	370	1,431
Settlement of derivatives related to sale of subsidiaries	—	(10,297)
Business acquisitions, net of cash acquired	(835)	—
Proceeds from affiliates	85	—
Payments (to) from related parties	(593)	1,045
Change in restricted cash and investments	(639)	(9,629)
Net cash (used in) provided by investing activities	(95,652)	227,669
<b>Cash flows from financing activities</b>		
Proceeds from issuance of long-term debt, net of original issue discount	2,110,859	262,696
Payments on long-term debt	(2,415,530)	(477,008)
Payments of deferred purchase price for acquisitions	(6,329)	(7,746)
Payments to purchase noncontrolling interests	—	(25,665)

Proceeds from issuance of convertible redeemable preferred stock, net of issuance costs	55,290	—
Payment of dividends to noncontrolling interest holders	—	(89)
Proceeds from initial public offering, net of issuance costs	456,561	—
Proceeds from exercise of stock options	—	245
Withholding of shares to satisfy tax withholding for vested stock awards and exercised stock options	(1,277)	(1,308)
Payments of debt issuance costs	(11,244)	(1,443)
Noncontrolling interest holder's loan to subsidiaries	943	492
Distributions to noncontrolling interest holders	(847)	(1,447)
Net cash provided by (used in) financing activities	188,426	(251,273)
Effects of exchange rate changes on cash	15,094	14,449
Change in cash included in current assets held for sale	—	(1,337)
Net change in cash and cash equivalents	(97,802)	(73,905)
Cash and cash equivalents at beginning of period	464,965	458,673
Cash and cash equivalents at end of period	\$ 367,163	\$ 384,768

*The accompanying notes are an integral part of these consolidated financial statements.*

# **Laureate Education, Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements (Unaudited)**

*(Dollars and shares in thousands)*

### **Note 1. Description of Business**

Laureate Education, Inc. and subsidiaries (hereinafter Laureate, we, us, our, or the Company) provide higher education programs and services to students through an international network of licensed universities and higher education institutions (institutions). Laureate's programs are provided through institutions that are campus-based and internet-based, or through electronically distributed educational programs (online). On October 1, 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.

On February 6, 2017, the Company completed an initial public offering (IPO) of shares of its Class A common stock, a newly established class of the Company's common stock of which 700,000 shares were authorized and, as of February 1, 2017, the Company's shares became listed on the Nasdaq Global Select Market under the symbol "LAUR". The Company sold 35,000 shares of its Class A common stock in the IPO at a price of \$14.00 per share, resulting in net proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses payable by us, of \$456,561. On January 31, 2017, in connection with our IPO, our Amended and Restated Certificate of Incorporation was accepted for filing by the Secretary of State of the State of Delaware, and effective upon such filing, a 4 to 1 reverse stock split for our common stock was consummated and each share of our common stock then outstanding was automatically reclassified into one fourth of one share of Class B Common Stock, a newly established class of the Company's common stock, with any resulting fractional shares rounded down to the next whole share. These financial statements reflect the reverse stock split.

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, these financial statements include all adjustments considered necessary to present a fair statement of our consolidated results of operations, financial position and cash flows. Operating results for any interim period are not necessarily indicative of the results that may be expected for the full year. These unaudited Consolidated Financial Statements should be read in conjunction with Laureate's audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the 2016 Form 10-K).

### **Note 2. Significant Accounting Policies**

#### *The Variable Interest Entity (VIE) Arrangements*

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 therefore 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 herein: (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."

Selected Consolidated Statements of Operations information for these VIEs was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<b>Selected Statements of Operations information:</b>				
Revenues, by segment:				
LatAm	\$ 153,262	\$ 112,223	\$ 216,948	\$ 169,430
EMEA	67,302	73,233	133,515	145,568
Revenues	220,564	185,456	350,463	314,998
Depreciation and amortization	12,651	12,974	25,473	25,768
Operating income (loss), by segment:				
LatAm	31,514	(2,009)	(9,554)	(42,598)
EMEA	8,019	8,910	19,895	19,665
Operating income (loss)	39,533	6,901	10,341	(22,933)
Net income (loss)	43,152	9,486	23,040	(20,080)
Net income (loss) attributable to Laureate Education, Inc.	41,955	8,134	21,019	(21,181)

The following table reconciles the Net income (loss) attributable to Laureate Education, Inc. as presented in the table above, to the amounts in our Consolidated Statements of Operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<b>Net income (loss) attributable to Laureate Education, Inc.:</b>				
Variable interest entities	\$ 41,955	\$ 8,134	\$ 21,019	\$ (21,181)
Other operations	183,817	277,470	214,374	325,580
Corporate and eliminations	(109,386)	61,785	(241,815)	(60,177)
Net income (loss) attributable to Laureate Education, Inc.	\$ 116,386	\$ 347,389	\$ (6,422)	\$ 244,222



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 the general credit of Laureate.

Selected Consolidated Balance Sheet amounts for these VIEs were as follows:

	June 30, 2017		December 31, 2016	
	VIE	Consolidated	VIE	Consolidated
<b>Balance Sheets data:</b>				
Cash and cash equivalents	\$ 114,684	\$ 367,163	\$ 169,074	\$ 464,965
Other current assets	235,994	875,319	153,136	650,836
Total current assets	350,678	1,242,482	322,210	1,115,801
Goodwill	188,620	2,020,620	181,669	1,934,464
Tradenames	106,005	1,332,523	104,117	1,307,633
Other intangible assets, net	—	44,735	—	46,700
Other long-term assets	695,350	2,729,376	701,117	2,657,872
Total assets	1,340,653	7,369,736	1,309,113	7,062,470
Current liabilities	295,819	1,415,202	320,922	1,440,232
Long-term debt and other long-term liabilities	109,362	4,249,375	103,375	4,601,013
Total liabilities	405,181	5,664,577	424,297	6,041,245
Total stockholders' equity	935,472	1,447,607	884,816	664,392
Total stockholders' equity attributable to Laureate Education, Inc.	915,158	1,412,953	866,997	632,210

### Recently Issued Accounting Standards Not Yet Adopted

*Accounting Standards Update (ASU) No. 2017-04 (ASU 2017-04), Intangibles - Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*

In January 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-04 in order to simplify the test for goodwill impairment by eliminating Step 2, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for Laureate beginning on January 1, 2020 and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are still evaluating the impact of ASU 2017-04 on our Consolidated Financial Statements and whether we will early adopt this ASU.

*ASU No. 2016-02 (ASU 2016-02), Leases (Topic 842)*

On February 25, 2016, the FASB issued ASU 2016-02. Lessees will need to recognize on their balance sheet a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. The standard is effective for Laureate beginning January 1, 2019. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. We are completing our diagnostic assessment and

assessing the data that will be used to transition to the new standard. We anticipate that ASU 2016-02 will have a material impact on our Consolidated Balance Sheets, as we will record significant

asset and liability balances in connection with our leased properties. We are still evaluating the impact to our Consolidated Statements of Operations.

*ASU No. 2014-09, (ASU 2014-09): Revenue from Contracts with Customers (Topic 606)*

On May 28, 2014, the FASB issued ASU 2014-09, which supersedes the revenue recognition requirements in Topic 605, “*Revenue Recognition*” and most industry-specific guidance. The core 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 fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Laureate) 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 have completed our diagnostic assessment and are designing policies and processes to implement this ASU, which we plan to adopt effective January 1, 2018. We do not expect the adoption of this ASU to result in a significant change to our method of recognizing tuition revenues; however, we are still evaluating other components of revenue. We plan to elect modified retrospective adoption of this new standard.

**Recently Adopted Accounting Standards**

*ASU No. 2015-17 (ASU 2015-17), Income Taxes (Topic 740)*

In November 2015, the FASB issued ASU 2015-17 as a part of the Simplification Initiative and in response to concerns that the current requirement that entities separate deferred income tax liabilities and assets into current and noncurrent amounts results in little or no benefit to users of the financial statements. The amendments in this ASU aim to simplify this presentation by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 was effective for Laureate beginning January 1, 2017 and we adopted this guidance on a retrospective basis. Accordingly, as of June 30, 2017 all deferred tax assets and liabilities are classified as noncurrent and we reclassified current deferred tax assets and liabilities of approximately \$110,000 and \$6,000, respectively, as of December 31, 2016 to noncurrent.

*ASU No. 2016-09 (ASU 2016-09), Compensation—Stock compensation (Topic 718): Improvements to Employee Share-based Payment Accounting*

On March 30, 2016, the FASB issued ASU 2016-09 as part of its initiative to reduce complexity in accounting standards. The areas for simplification in this ASU involve several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance was effective for Laureate beginning January 1, 2017. Laureate has elected to continue estimating forfeitures when determining the amount of share-based compensation expense to be recognized each period. The Company adopted this standard prospectively in the first quarter of 2017 and it did not have a material impact on our Consolidated Financial Statements.

## Note 3. Acquisitions

### 2017 Acquisitions

During the three months ended June 30, 2017, Laureate consummated the business acquisition outlined below, which is included in our Consolidated Financial Statements commencing from the date of acquisition.

#### *Australia*

In June 2017, our EMEAA segment acquired the assets and business of the nursing division of Careers Australia (CA Nursing), a vocational institution in Australia, for a cash purchase price of AUD 1,107 (US \$835 at the date of acquisition) plus debt assumed of AUD 9,850 (US \$7,433 at the acquisition date). We accounted for this acquisition as a business combination. For this acquisition, Revenues, Operating income and Net (loss) income attributable to Laureate Education, Inc. were immaterial for the three months ended June 30, 2017.

The Consolidated Financial Statements include the operating results of CA Nursing from the date of acquisition. The following table summarizes the estimated fair value of all assets acquired and the liabilities assumed at the date of acquisition.

	CA Nursing Australia
Current assets	\$ 610
Property and equipment	9,657
Goodwill	1,791
Other intangible assets	3,988
Total assets acquired	16,046
Current portion of long-term debt	166
Other current liabilities	6,034
Long-term debt, less current portion	7,267
Other long-term liabilities	1,744
Total liabilities	15,211
Net assets acquired attributable to Laureate Education, Inc.	835
Debt assumed	7,433
Net assets acquired attributable to Laureate Education, Inc. plus debt assumed	\$ 8,268
Net assets acquired	\$ 835
Net cash paid at acquisition	\$ 835

#### *2017 Summary*

The amounts recorded in the 2017 acquisition are provisional and Laureate is in the process of finalizing the amounts recorded for the assets and liabilities primarily related to goodwill, intangible assets and deferred revenue. None of the goodwill related to the 2017 acquisition is expected to be deductible for income tax purposes.

## Note 4. Due to Shareholders of Acquired Companies

The amounts due to shareholders of acquired companies generally arise in connection with Laureate's acquisition of a majority or all of the ownership interest of these companies. Promissory notes payable to the sellers of acquired companies, referred to as "seller notes," are commonly used as a means of payment for business acquisitions. Seller note payments are generally classified as Payments of deferred purchase price for acquisitions within financing activities in our Consolidated Statements of Cash Flows. The amounts due to shareholders of acquired companies, currencies, and interest rates applied were as follows:

	June 30, 2017	December 31, 2016	Nominal Currency	Interest Rate %
Faculdades Metropolitanas Unidas Educacionais (FMU)	\$ 105,811	\$ 100,382	BRL	CDI
Universidade Anhembi Morumbi (UAM Brazil)	54,435	52,043	BRL	CDI + 2%
Monash South Africa (MSA)	30,081	27,462	AUD	n/a, 6.75%
University of St. Augustine for Health Sciences, LLC (St. Augustine)	11,550	11,550	USD	7%
Universidad Tecnologica Centroamericana (UNITEC Honduras)	4,566	5,196	HNL	IIBC
CH Holding Netherlands B.V. (CH Holding)	3,798	8,587	USD	n/a
Faculdade-Porto-Alegrense (FAPA)	2,952	2,973	BRL	IGP-M
IAD Group	2,270	2,755	EUR	3%
Total due to shareholders of acquired companies	215,463	210,948		
Less: Current portion of due to shareholders of acquired companies	133,083	118,679		
Due to shareholders of acquired companies, less current portion	\$ 82,380	\$ 92,269		

AUD: Australian Dollar

BRL: Brazilian Real

EUR: European Euro

HNL: Honduran Lempira

USD: United States Dollar

CDI: Certificados de Depósitos Interbancários (Brazil)

IIBC: Índice de Inflación del Banco Central (Honduras)

IGP-M: General Index of Market Prices (Brazil)

### *IAD Group*

A working capital adjustment was recorded during the year ended December 31, 2015 in accordance with the purchase agreement entered into in connection with this acquisition. This liability of EUR 639 (US \$694 at the date of payment) was settled during the quarter ended June 30, 2017. The remaining balance outstanding relates to two EUR 1,000 tranches to be paid 36 months and 60 months from the March 27, 2015 date of acquisition.

## Note 5. Business and Geographic Segment Information

Laureate's educational services are offered through three operating segments: LatAm, EMEAA (as defined below) and GPS. Laureate determines its operating segments based on information utilized by the chief operating decision maker to allocate resources and assess performance.

As previously disclosed in our 2016 Form 10-K and our Quarterly Report on Form 10-Q for the period ended March 31, 2017, effective March 31, 2017, we combined our previously separate Europe and AMEA segments in order to reflect our belief that we will be able to operate the institutions in those segments more successfully and efficiently under common management. The combined segment is called EMEAA (Europe, Middle East, Africa and Asia Pacific). This change has been reflected in the quarterly segment information beginning in the first quarter of 2017, the period in which the change occurred. As required, the 2016 segment information that is presented for comparative purposes has also been revised to reflect this segment change.

The LatAm segment consists of campus-based institutions and has operations in Brazil, Chile, Costa Rica, Honduras, Mexico, Panama and Peru and has contractual relationships with a licensed institution in Ecuador. These institutions offer an education that emphasizes professional-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. 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-sponsored student financing programs, while in other countries students generally finance their own education.

The EMEAA segment consists of campus-based institutions with operations in the European countries of Cyprus, Germany, Italy, Portugal, Spain and Turkey as well as locations in the Middle East, Africa and Asia Pacific consisting of campus-based institutions with operations in Australia, China, India, Malaysia, Morocco, New Zealand, South Africa and Thailand. Additionally, EMEAA manages nine licensed institutions in the Kingdom of Saudi Arabia and manages one additional institution in China through a joint venture arrangement. These institutions generate revenues by providing professional-oriented undergraduate and graduate degree programs. Several institutions have begun to introduce online and hybrid programs. Students in the EMEAA segment typically self-finance their education or seek third-party financing programs. In certain markets in the EMEAA segment, such as Australia and to a lesser extent China, Thailand and Malaysia, there are various forms of government-supported student financing programs. In the Kingdom of Saudi Arabia, our students' tuition is fully funded by the government.

The GPS segment consists of accredited online institutions, which serve students globally, and campus-based institutions serving students in the United States. The online institutions primarily serve working adults with undergraduate and graduate degree programs. The campus-based institutions primarily serve traditional students seeking undergraduate and graduate degrees. In the United States, students have access to government-supported financing programs.

Intersegment transactions are accounted for in a similar manner as third party transactions and are eliminated in consolidation. The "Corporate" amounts presented in the following tables includes corporate charges that were not allocated to our reportable segments and adjustments to eliminate intersegment items.

We evaluate segment performance based on Adjusted EBITDA, which is a non-GAAP profit measure defined as Income (loss) from continuing operations before income taxes and equity in net income of affiliates, adding back the following items: (Loss) gain on sales of subsidiaries, net, Foreign currency exchange (loss) gain, net, Other income (expense), net, Gain (loss) on derivatives, Loss on debt extinguishment, Interest expense, Interest income, Depreciation and amortization expense, Loss on impairment of assets, Share-based compensation expense and expenses related to our Excellence-in-Process (EiP) initiative. EiP is an enterprise-wide initiative to optimize and standardize Laureate's processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It includes the establishment of regional shared services organizations (SSOs) around the world, as well as improvements to the Company's system of internal controls over financial reporting. The increased EiP expenses during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 relates primarily to severance costs that are predominantly contractual termination benefits recognized in accordance with ASC 712, "Compensation—Nonretirement Postemployment Benefits."

When we review Adjusted EBITDA on a segment basis, we exclude intercompany revenues and expenses, related to network fees and royalties between our segments, which eliminate in consolidation. We use total assets as the measure of assets for reportable segments.

Effective August 1, 2017, we changed our operating segments; see Note 18, Subsequent Events, for further description.



The following tables provide financial information for our reportable segments, including a reconciliation of Adjusted EBITDA to Income (loss) from continuing operations before income taxes and equity in net income of affiliates, as reported in the Consolidated Statements of Operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<b>Revenues</b>				
LatAm	\$ 831,118	\$ 733,255	\$ 1,252,554	\$ 1,137,152
EMEAA	245,480	261,084	472,665	505,097
GPS	204,595	241,656	412,885	502,081
Corporate	(3,754)	(4,085)	(4,732)	(5,886)
Revenues	\$ 1,277,439	\$ 1,231,910	\$ 2,133,372	\$ 2,138,444
<b>Adjusted EBITDA of reportable segments</b>				
LatAm	\$ 300,025	\$ 224,073	\$ 264,236	\$ 203,847
EMEAA	52,891	52,748	106,340	107,210
GPS	54,825	65,265	118,429	134,993
Total Adjusted EBITDA of reportable segments	407,741	342,086	489,005	446,050
<b>Reconciling items:</b>				
Corporate	(65,913)	(33,884)	(98,580)	(63,876)
Depreciation and amortization expense	(66,950)	(69,704)	(131,465)	(135,911)
Loss on impairment of assets	—	—	—	—
Share-based compensation expense	(12,949)	(13,745)	(35,337)	(20,909)
EiP expenses	(18,079)	(14,185)	(42,640)	(25,943)
Operating income	243,850	210,568	180,983	199,411
Interest income	4,460	4,062	9,154	9,868
Interest expense	(98,962)	(105,833)	(201,595)	(209,602)
Loss on debt extinguishment	(6,915)	(1,681)	(8,430)	(1,681)
Gain (loss) on derivatives	26,970	1,999	39,117	(8,751)
Other (expense) income, net	(380)	(1,276)	56	(1,317)
Foreign currency exchange (loss) gain, net	(9,726)	26,252	(7,436)	53,934
(Loss) gain on sales of subsidiaries, net	(172)	243,261	(172)	243,261
Income from continuing operations before income taxes and equity in net income of affiliates	\$ 159,125	\$ 377,352	\$ 11,677	\$ 285,123

	June 30, 2017	December 31, 2016
<b>Assets</b>		
LatAm	\$ 4,099,520	\$ 3,932,679
EMEAA	1,355,507	1,333,297
GPS	1,438,153	1,505,242
Corporate	476,556	291,252
Total assets	\$ 7,369,736	\$ 7,062,470





## Note 6. Goodwill

The change in the net carrying amount of Goodwill from December 31, 2016 through June 30, 2017 was composed of the following items:

	LatAm	EMEAA	GPS	Total
Goodwill	\$ 1,313,046	\$ 243,861	\$ 537,452	\$ 2,094,359
Accumulated impairment loss	(77,094)	(63,141)	(19,660)	(159,895)
<b>Balance at December 31, 2016</b>	<b>1,235,952</b>	<b>180,720</b>	<b>517,792</b>	<b>1,934,464</b>
Acquisitions	—	1,791	—	1,791
Dispositions	—	(488)	—	(488)
Impairments	—	—	—	—
Currency translation adjustments	72,478	11,769	606	84,853
Adjustments to prior acquisitions	—	—	—	—
<b>Balance at June 30, 2017</b>	<b>\$ 1,308,430</b>	<b>\$ 193,792</b>	<b>\$ 518,398</b>	<b>\$ 2,020,620</b>

## Note 7. Debt

Outstanding long-term debt was as follows:

	June 30, 2017	December 31, 2016
Senior long-term debt:		
Senior Secured Credit Facility (stated maturity dates April 2022 and April 2024 as of June 30, 2017; stated maturity dates June 2018, June 2019 and March 2021 as of December 31, 2016), net of discount	\$ 1,580,352	\$ 1,497,869
Senior Notes (stated maturity dates May 2025 and September 2019), net of discount	1,048,662	1,388,036
<b>Total senior long-term debt</b>	<b>2,629,014</b>	<b>2,885,905</b>
Other debt:		
Lines of credit	65,971	66,081
Notes payable and other debt	660,434	650,184
<b>Total senior and other debt</b>	<b>3,355,419</b>	<b>3,602,170</b>
Capital lease obligations and sale-leaseback financings	260,651	250,842
<b>Total long-term debt</b>	<b>3,616,070</b>	<b>3,853,012</b>
Less: total unamortized deferred financing costs	111,789	44,648
Less: current portion of long-term debt	212,568	178,989
<b>Long-term debt, less current portion</b>	<b>\$ 3,291,713</b>	<b>\$ 3,629,375</b>

## Debt Refinancing

During the second quarter of 2017, the Company completed refinancing transactions that resulted in repayment of the previous senior credit facility and the redemption of the 9.250% Senior Notes due 2019 (the Senior Notes due 2019) (other than \$250,000 in aggregate principal amount of the Senior Notes due 2019 that the Company exchanged on April 21, 2017 for substantially identical but non-redeemable notes issued under a new indenture (the Exchanged Notes)).

### Senior Notes

On April 26, 2017, we completed an offering of \$800,000 aggregate principal amount of 8.250% Senior Notes due 2025 (the Senior Notes due 2025). The Senior Notes due 2025 were issued at par and will mature on May 1, 2025. Interest on the Senior Notes due 2025

is payable semi-annually on May 1 and November 1, and the first interest payment date is November 1, 2017. We may redeem the Senior Notes due 2025, in whole or in part, at any time on or after May 1, 2020, at redemption prices starting at 106.188% of the principal amount thereof and decreasing from there each year thereafter until May 1, 2023, plus accrued and unpaid interest. From and after May 1, 2023, we may redeem all or part of the Senior Notes due 2025 at a redemption price of 100%, plus accrued and unpaid interest. We may also redeem up to 40% of the Senior Notes due 2025 using the proceeds of certain

equity offerings completed before May 1, 2020, at a redemption price equal to 108.250% of the principal amount thereof, plus accrued and unpaid interest. In addition, at any time prior to May 1, 2020, we may redeem the Senior Notes due 2025, in whole or in part, at a price equal to 100% of the principal amount, plus a “make-whole” premium, plus accrued and unpaid interest.

On April 28, 2017, the Company elected to redeem all of its outstanding Senior Notes due 2019 (other than the Exchanged Notes) and on May 31, 2017 (the Redemption Date), the Senior Notes due 2019 (other than the Exchanged Notes) were redeemed. The Exchanged Notes were not redeemed and remained outstanding as of June 30, 2017, net of discount. The aggregate principal amount outstanding of the Senior Notes due 2019 (excluding the Exchanged Notes) was \$1,125,443. The redemption price for the Senior Notes due 2019 that were redeemed was equal to 104.625% of the principal amount thereof, for a total redemption price of \$1,177,495, plus accrued and unpaid interest and special interest to the Redemption Date, for an aggregate payment to holders of the Senior Notes of \$1,205,630. As of June 30, 2017, the outstanding balance of our senior notes was \$1,048,662, which consisted of \$800,000 of Senior Notes due 2025 and \$248,662 of the Exchanged Notes, net of a debt discount. As of December 31, 2016, the outstanding balance under our Senior Notes due 2019 was \$1,388,036, net of a debt discount.

#### *Senior Secured Credit Facility*

Substantially concurrently with the issuance of the Senior Notes due 2025, we consummated a refinancing of our Senior Secured Credit Facility by means of an amendment and restatement of the existing amended and restated credit agreement (the Second Amended and Restated Credit Agreement) to provide a new revolving credit facility of \$385,000 maturing in April 2022 (the Revolving Credit Facility) and a new syndicated term loan of \$1,600,000 maturing in April 2024 (the 2024 Term Loan). The old senior credit facility was fully repaid, and that repayment amount is included in Payments on long-term debt in the Consolidated Statement of Cash Flows for the six months ended June 30, 2017, with the exception of approximately \$283,000 of loan principal related to the old term loan that was rolled over by certain lenders into the 2024 Term Loan. Accordingly, that rollover amount was a non-cash transaction.

As a subfacility under the Revolving Credit Facility, the Second Amended and Restated Credit Agreement provides for letter of credit commitments in the aggregate amount of \$141,000. The Second Amended and Restated Credit Agreement also provides, subject to the satisfaction of certain conditions, for incremental revolving and term loan facilities, at the request of the Company, not to exceed \$300,000 plus additional amounts so long as both immediately before and after giving effect to such incremental facilities the Company's Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement, on a pro forma basis, does not exceed 2.75x.

The maturity date for the Revolving Credit Facility is April 26, 2022 and the maturity date for the 2024 Term Loan is April 26, 2024. The Revolving Credit Facility bears interest at a per annum interest rate, at the option of the Borrower, at either the LIBOR rate or the ABR rate plus an applicable margin of 3.75% per annum or 3.50% per annum for LIBOR rate loans, and 2.75% per annum or 2.50% per annum for ABR rate loans, in each case, based on the Company's Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement. As of June 30, 2017, there was no balance outstanding under the Revolving Credit Facility.

The 2024 Term Loan bears interest at a per annum rate, at the option of the Borrower, at either the LIBOR rate or the ABR rate plus an applicable margin of 4.50% per annum or 4.25% per annum for LIBOR rate loans, and 3.50% per annum or 3.25% per annum for ABR rate loans, in each case, based on the Company's Consolidated Total Debt to Consolidated EBITDA ratio. As of June 30, 2017, all loans outstanding under the 2024 Term Loan were LIBOR loans and had a total interest rate of 5.73%. A discount equal to 1% of the 2024 Term Loan's original principal amount, or \$16,000, was paid at issuance and will be amortized to interest expense over the term of the loan. The 2024 Term Loan amortizes at an annual amount equal to 1% of the original principal amount of the 2024 Term Loan, which annual amount is payable in quarterly payments, with the remaining unpaid principal amount payable on the maturity date. Quarterly principal payments on the 2024 Term Loan commenced June 30, 2017. On or prior to October 26, 2017, except for prepayments made from transactions expressly permitted, the 2024 Term Loan can be prepaid at price equal to 101% of the principal amount prepaid. After October 26, 2017, the 2024 Term Loan can be prepaid at price equal to 100% of the principal amount prepaid.

#### *Loss on Debt Extinguishment, Debt Modification and Debt Issuance Costs*

As a result of the refinancing transactions described above, Laureate recorded a Loss on debt extinguishment of \$6,915 during the three months ended June 30, 2017 related to the write off of unamortized deferred financing costs associated with certain lenders that did not participate in the new debt instruments. In addition, approximately \$22,800 was charged to General and administrative expenses related

to new third-party costs paid in connection with the portion of the refinancing transactions that was deemed to be a modification. Also in connection with the refinancing transactions, approximately \$70,800 of new deferred financing costs

were recorded, which related primarily to the excess of the redemption price over the principal amount of the Senior Notes due 2019 that were redeemed and the call premium that applied to a portion of the repaid senior credit facilities.

### Estimated Fair Value of Debt

The estimated fair value of our debt was determined using observable market prices, as the majority of our securities, including the Senior Secured Credit Facility and the Senior Notes due 2025, are traded in a brokered market, as were the Senior Notes due 2019 prior to their redemption (other than the Exchanged Notes). The fair value of our remaining debt instruments approximates carrying value based on their terms. As of June 30, 2017 and December 31, 2016, our long-term debt was classified as Level 2 within the fair value hierarchy, based on the frequency and volume of trading in the brokered market. The estimated fair value of our debt was as follows:

	June 30, 2017		December 31, 2016	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Total senior and other debt	\$ 3,355,419	\$ 3,417,320	\$ 3,602,170	\$ 3,632,853

### Senior Notes due 2019 - Note Exchange Transaction

On April 15, 2016, Laureate entered into separate, privately negotiated note exchange agreements (the Note Exchange Agreements) with certain existing holders (the Existing Holders) of the Senior Notes due 2019 pursuant to which we agreed to exchange (the Note Exchange) \$250,000 in aggregate principal amount of Senior Notes due 2019 for shares of the Company's Class A common stock. The exchange is to be completed within one year and one day after the consummation of an initial public offering of our common stock that generates gross proceeds of at least \$400,000 or 10% of the equity value of the Company (a Qualified Public Offering). As discussed in Note 1, Description of Business, on February 6, 2017, the Company completed an initial public offering of its Class A common stock at a price per share of \$14.00 that qualified as a Qualified Public Offering.

On August 11, 2017, Laureate will issue 18,683 shares of Class A common stock which is equal to 104.625% of the aggregate principal amount of Senior Notes due 2019 to be exchanged, or \$261,600, divided by \$14.00, the initial public offering price per share of common stock in the Qualified Public Offering. Upon completion of the Note Exchange, the Company will also pay cash to the exchanging holders in an amount equal to the interest and special interest accrued with respect to the Exchanged Notes to, but excluding, the date of consummation of the Note Exchange. Shares of the Company's Class A common stock to be issued in the Note Exchange have been reserved for issuance by the Company and will be listed on the Nasdaq Global Select Market.

The Note Exchange Agreements also provided that, within 60 days after the consummation of a Qualified Public Offering, at the option of the Existing Holders or their transferees, we would repurchase up to an additional \$62,500 aggregate principal amount of Senior Notes due 2019 at the redemption price set forth in Section 3.07 of the indenture governing the Senior Notes due 2019 that is applicable as of the date of pricing of the Qualified Public Offering, plus accrued and unpaid interest and special interest. On March 1, 2017, in accordance with the terms of the Note Exchange Agreements, we repurchased Senior Notes due 2019 with an aggregate principal amount of \$22,556 at a repurchase price of 104.625% of the aggregate principal amount, for a total payment of \$23,599; the difference was recognized as Loss on debt extinguishment along with the portion of unamortized debt issuance costs that were written off. See Note 18, Subsequent Events, for additional information.

### Certain Covenants

As of June 30, 2017, our senior long-term debt contained 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. The Second Amended and Restated Credit Agreement provides, solely with respect to the Revolving Credit Facility, that the Company shall not permit its Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement, to exceed 4.50x as of the last day of each quarter ending June 30, 2017 through September 30, 2017, 3.75x as of the last day of each quarter ending December 31, 2017 through March 31, 2018, and 3.50x as of the last day of each quarter ending June 30, 2018 and thereafter. However, the agreement also provides that if (i) the Company's Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement, is not greater than 4.75x as of such date and (ii) less than 25% of the Revolving Credit Facility is utilized, then such financial covenant shall not apply. As of June 30, 2017, the conditions were satisfied and, therefore, we

were not subject to the financial maintenance covenant. In addition, notes payable at some of our locations contain financial maintenance covenants.

## Note 8. Commitments and Contingencies

### Noncontrolling Interest Holder Put Arrangements and Company Call Arrangements

The following section provides a summary table and description of the various noncontrolling interest holder put arrangements that Laureate had outstanding as of June 30, 2017. Laureate has elected to accrete changes in the arrangements' redemption values over the period from the date of issuance to the earliest redemption date. The redeemable noncontrolling interests are recorded at the greater of the accreted redemption value or the traditional noncontrolling interest. Until the first exercise date, the put instruments' reported values may be lower than the final amounts that will be required to settle the minority put arrangements. As of June 30, 2017, the carrying value of all noncontrolling interest holder put arrangements was \$23,215, which includes accreted incremental value of \$22,715 in excess of traditional noncontrolling interests.

If the minority put arrangements were all exercisable at June 30, 2017, Laureate would be obligated to pay the noncontrolling interest holders an estimated amount of \$23,215, as summarized in the following table:

	Nominal Currency	First Exercisable Date	Estimated Value as of June 30, 2017 redeemable within 12-months:		Reported Value
Noncontrolling interest holder put arrangements					
INTI Education Holdings Sdn Bhd (INTI) - 10%	MYR	Current	\$	9,828	\$ 9,828
Pearl Retail Solutions Private Limited and Creative Arts Education Society (Pearl) - 45%	INR	Current		13,329	13,329
Stamford International University (STIU) - Puttable preferred stock of TEDCO	THB	Current		58	58
Total noncontrolling interest holder put arrangements				23,215	23,215
Puttable common stock - currently redeemable	USD	Current		4	4
Puttable common stock - not currently redeemable	USD	*		—	2,303
Total redeemable noncontrolling interests and equity			\$	23,219	\$ 25,522

\* Contingently redeemable

MYR: Malaysian Ringgit

INR: Indian Rupee

THB: Thai Baht

Laureate's noncontrolling interest put arrangements are specified in agreements with each noncontrolling interest holder. The terms of these agreements determine the measurement of the redemption value of the put options based on a non-GAAP measure of earnings before interest, taxes, depreciation and amortization (EBITDA, or recurring EBITDA), the definition of which varies for each particular contract.

Commitments and contingencies are generally denominated in foreign currencies.

#### *Pearl*

As part of the acquisition of Pearl, the minority owners have a put option to require Laureate to purchase the remaining 45% noncontrolling interest, and Laureate has a call option to require the minority owners to sell to Laureate up to 35% of the total equity of Pearl that is still owned by the noncontrolling interest holders (i.e. approximately 78% of the remaining 45% noncontrolling interest).

On June 19, 2017, Laureate and the noncontrolling interest holders of Pearl amended the put and call option agreements in order to clarify certain aspects of the formula for determining the purchase price of the noncontrolling interests. The modifications to the agreement resulted in the exclusion of certain campus costs and liabilities in the purchase price calculation. As of June 30, 2017, we have recorded the put option at its total estimated redemption value of \$13,329.



As described in Note 18, Subsequent Events, on July 11, 2017, the noncontrolling interest holders of Pearl notified Laureate of their election to exercise their put option for a portion of their total noncontrolling interest, which will require Laureate to purchase an additional 35% equity interest in Pearl. The purchase price for the 35% equity interest is approximately \$11,500, and has been agreed to by the parties.

## **Series A Convertible Redeemable Preferred Stock Offering**

As disclosed in our 2016 Form 10-K, on December 4, 2016, we signed a subscription agreement with six investors, including Kohlberg, Kravis and Roberts Co. L.P. and Snow Phipps Group LLC, both of which are affiliates of ours, pursuant to which we agreed to issue and sell to those investors an aggregate of 400 shares of a new series of our convertible redeemable preferred stock (the Series A Preferred Stock), consisting of 23 shares of Series A-1 Preferred Stock and 377 shares of Series A-2 Preferred Stock, in a private offering for total net proceeds of approximately \$383,000. The closing of this transaction, for 343 shares, occurred on December 20, 2016 and we received net proceeds, after issuance costs, of approximately \$328,000. One investor funded a portion of its purchase price for 57 shares, equal to \$57,000 (approximately \$55,000 net of issuance costs), in January 2017. The issuance costs are being accreted to the carrying value of the Series A Preferred Stock over the five-year redemption period.

The Series A Preferred Stock includes a Beneficial Conversion Feature (BCF) that was contingent on a qualified IPO (as defined in the Certificate of Designations governing the terms of the Series A Preferred Stock), which was consummated on February 6, 2017. Accordingly, during the first quarter of 2017, the Company recorded the BCF at its estimated fair value of \$261,794 as a reduction of the carrying value of the Series A Preferred Stock and an increase to Additional Paid-In Capital. Beginning in the first quarter of 2017, the accretion of this BCF reduces net income available to common stockholders in the calculation of earnings per share, as shown in Note 14, Earnings (Loss) Per Share. The BCF will be accreted using a constant yield approach over a one-year period. For the six months ended June 30, 2017, we have recorded total accretion on the Series A Preferred Stock of \$101,194, and as of June 30, 2017 the Series A Preferred Stock had a carrying value of \$232,030. As of December 31, 2016, prior to the January 2017 funding of purchase price for the additional 57 shares of Series A Preferred Stock, and prior to the IPO and the recording of the IPO-contingent BCF, the Series A Preferred Stock had a carrying value of \$332,957.

## **Other Loss Contingencies**

Laureate is subject to legal actions arising in the ordinary course of its business. In management's opinion, we have adequate legal defenses, insurance coverage and/or accrued liabilities with respect to the eventuality of such actions. We do not believe that any settlement would have a material impact on our Consolidated Financial Statements.

### *Contingent Liabilities for Taxes*

As of June 30, 2017 and December 31, 2016, Laureate has recorded cumulative liabilities totaling \$61,290 and \$67,192, respectively, for taxes other-than-income tax, principally payroll-tax-related uncertainties due to acquisitions of companies primarily in LatAm. The changes in this recorded liability are 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 10 years. This liability is included in Other long-term liabilities on the Consolidated Balance Sheets. We have also recorded current liabilities for taxes other-than-income tax of \$1,205 and \$1,896, respectively, as of June 30, 2017 and December 31, 2016, in Other current liabilities on the Consolidated Balance Sheets. The recorded value of contingent liabilities is reduced when they are extinguished or the related statutes of limitations expire.

In addition, as of June 30, 2017 and December 31, 2016, Laureate has recorded cumulative liabilities for income tax contingencies of \$108,542 and \$103,471, respectively. In addition, we have identified certain tax-related contingencies that we have assessed as being reasonably possible of loss, but not probable of loss, and could have an adverse effect on the Company's results of operations if the outcomes are unfavorable. In most cases, Laureate has received indemnifications from the former owners and/or noncontrolling interest holders of the acquired businesses for contingencies, and therefore, we do not believe we will sustain an economic loss even if we are required to pay these additional amounts. As of June 30, 2017 and December 31, 2016, indemnification assets primarily related to acquisition contingencies were \$93,203 and \$97,607, respectively. These indemnification assets primarily covered contingencies for income taxes and taxes other-than-income taxes.

### *Other Loss Contingencies*

Laureate has accrued liabilities for certain civil actions against our institutions, a portion of which existed prior to our acquisition of these entities. As of June 30, 2017 and December 31, 2016, approximately \$22,000 and \$18,000, respectively, of loss contingencies were included in Other long-term liabilities and Other current liabilities on the Consolidated Balance Sheets. Laureate intends to vigorously defend against these lawsuits.

Hunan International Economics University (HIEU), our institution in China, is named as one of five defendants in a civil case involving a loan transaction that was entered into by certain noncontrolling interest holders of HIEU as borrowers, and was allegedly

guaranteed by HIEU. The amount of the loan is approximately \$29,000, including interest and penalties. The noncontrolling interest holders are the primary defendants in this civil case, with HIEU added in its alleged role as guarantor. Due to developments in the case that occurred during the second quarter of 2017, we determined that the probability of incurring a loss in this legal matter became reasonably possible as of June 30, 2017, but not probable, and therefore a liability has not been recorded. HIEU intends to defend itself in this matter.

## **Material Guarantees – Student Financing**

### *Chile*

The accredited Chilean institutions in the Laureate network also participate in a government-sponsored student financing program known as Crédito con Aval del Estado (the CAE Program). The CAE Program was formally implemented by the Chilean government in 2006 to promote higher education in Chile for lower socio-economic level students in good academic standing. The CAE Program involves tuition financing and guarantees that are provided by our institutions and the government. 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, and the guarantees are assumed entirely by the government upon the student's graduation. When a student leaves one of Laureate's institutions and enrolls in another CAE-qualified institution, the Laureate institution will remain guarantor of the tuition loans that have been granted up to the date of transfer, and until the student's graduation from a CAE-qualified institution. The maximum potential amount of payments our institutions could be required to make under the CAE Program was approximately \$496,000 and \$479,000 at June 30, 2017 and December 31, 2016, 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 June 30, 2017 and December 31, 2016, we recorded \$27,854 and \$20,636, respectively, as estimated long-term guarantee liabilities for these obligations.

## **Material Guarantees – Other**

In conjunction with the purchase of UNP, Laureate 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, Laureate may be required to transfer the books and management of UNP to the former owners.

Laureate acquired the remaining 49% ownership interest in UAM Brazil in April 2013. As part of the agreement to purchase the 49% ownership interest, Laureate pledged 49% of its 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, Laureate 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. Laureate 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 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, Surety Bonds and Other Commitments**

As of June 30, 2017 and December 31, 2016, Laureate's outstanding letters of credit (LOCs) and surety bonds primarily consisted of the items discussed below.

As of both June 30, 2017 and December 31, 2016, we had approximately \$105,600 posted as LOCs in favor of the United States Department of Education (DOE). These LOCs were required to allow Walden, Kendall, NewSchool, and St. Augustine to continue participating in the DOE Title IV program. These LOCs are fully collateralized with cash equivalents and certificates of deposit, which are classified as Restricted cash and investments on our June 30, 2017 Consolidated Balance Sheet.

As of June 30, 2017 and December 31, 2016, we had \$37,768 and \$34,746, respectively, posted as cash-collateral for LOCs related to the Spain Tax Audits. The cash collateral for these LOCs was classified as Restricted cash and investments on our June 30, 2017 Consolidated Balance Sheet.



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 June 30, 2017 and December 31, 2016, the total face amount of these surety bonds was \$11,544 and \$12,162, respectively. These bonds are fully collateralized with cash, which is classified as Restricted cash and investments on our June 30, 2017 Consolidated Balance Sheet.

In November 2016, in order to continue participating in Prouni, a federal program that offers tax benefits designed to increase higher education participation rates in Brazil, UAM Brazil posted a guarantee in the amount of \$15,300. In connection with the issuance of the guarantee, UAM Brazil obtained a non-collateralized surety bond from a third party in order to secure the guarantee. The cost of the surety bond was \$1,400, of which half was reimbursed by the former owner of UAM Brazil, and is being amortized over the five-year term. The Company believes that this matter will not have a material impact on our Consolidated Financial Statements.

## Note 9. Financing Receivables

Laureate's financing receivables consist primarily of trade receivables related to student tuition financing programs with an initial term in excess of one year. We have offered long-term financing through the execution of note receivable agreements with students at some of our institutions. Our disclosures include financing receivables that are classified in our Consolidated Balance Sheets as both current and long-term, reported in accordance with ASC 310, "Receivables."

Laureate's financing receivables balances were as follows:

	June 30, 2017	December 31, 2016
Financing receivables	\$ 24,249	\$ 29,776
Allowance for doubtful accounts	(7,904)	(9,175)
Financing receivables, net of allowances	\$ 16,345	\$ 20,601

We do not purchase financing receivables in the ordinary course of our business. We may sell certain receivables that are significantly past due. No material amounts of financing receivables were sold during the periods reported herein.

Delinquency is the primary indicator of credit quality for our financing receivables. Receivable balances are considered delinquent when contractual payments on the loan become past due. Delinquent financing receivables are placed on non-accrual status for interest income. The accrual of interest is resumed when the financing receivable becomes contractually current and when collection of all remaining amounts due is reasonably assured. We record an Allowance for doubtful accounts to reduce our financing receivables to their net realizable value. The Allowance for doubtful accounts is based on the age of the receivables, the status of past-due amounts, historical collection trends, current economic conditions, and student enrollment status. Each of our institutions evaluates its balances for potential impairment. We consider impaired loans to be those that are past due one year or greater, and those that are modified as a troubled debt restructuring (TDR). The aging of financing receivables grouped by country portfolio was as follows:

	Chile	Other	Total
<b>As of June 30, 2017</b>			
Amounts past due less than one year	\$ 7,973	\$ 941	\$ 8,914
Amounts past due one year or greater	2,856	1,468	4,324
Total past due (on non-accrual status)	10,829	2,409	13,238
Not past due	8,326	2,685	11,011
Total financing receivables	\$ 19,155	\$ 5,094	\$ 24,249
<b>As of December 31, 2016</b>			
Amounts past due less than one year	\$ 8,711	\$ 834	\$ 9,545
Amounts past due one year or greater	3,899	1,482	5,381
Total past due (on non-accrual status)	12,610	2,316	14,926
Not past due	11,758	3,092	14,850
Total financing receivables	\$ 24,368	\$ 5,408	\$ 29,776

The following is a rollforward of the Allowance for doubtful accounts related to financing receivables for the six months ended June 30, 2017 and 2016, grouped by country portfolio:

	Chile	Other	Total
Balance at December 31, 2016	\$ (6,209)	\$ (2,966)	\$ (9,175)
Charge-offs	2,033	353	2,386
Recoveries	—	(9)	(9)
Reclassifications	—	—	—
Provision	(1,112)	161	(951)
Currency adjustments	(100)	(55)	(155)
<b>Balance at June 30, 2017</b>	<b>\$ (5,388)</b>	<b>\$ (2,516)</b>	<b>\$ (7,904)</b>
Balance at December 31, 2015	\$ (7,240)	\$ (3,336)	\$ (10,576)
Charge-offs	1,805	56	1,861
Recoveries	—	—	—
Reclassifications	—	75	75
Provision	(861)	336	(525)
Currency adjustments	(204)	27	(177)
<b>Balance at June 30, 2016</b>	<b>\$ (6,500)</b>	<b>\$ (2,842)</b>	<b>\$ (9,342)</b>

### Restructured Receivables

A TDR is a financing receivable in which the borrower is experiencing financial difficulty and Laureate has granted an economic concession to the student debtor that we would not otherwise consider. When we modify financing receivables in a TDR, Laureate

typically offers the student debtor an extension of the loan maturity and/or a reduction in the accrued interest balance. In certain situations, we may offer to restructure a financing receivable in a manner that ultimately results in the forgiveness of contractually specified principal balances. Our only TDRs are in Chile.



The number of financing receivable accounts and the pre- and post-modification account balances modified under the terms of a TDR during the six months ended June 30, 2017 and 2016 were as follows:

	Number of Financing Receivable Accounts	Pre-Modification Balance Outstanding	Post-Modification Balance Outstanding
2017	326	\$ 1,466	\$ 1,336
2016	436	\$ 7,489	\$ 5,132

The preceding table represents accounts modified under the terms of a TDR during the six months ended June 30, 2017, whereas the following table represents accounts modified as a TDR between January 1, 2016 and June 30, 2017 that subsequently defaulted during the six months ended June 30, 2017:

	Number of Financing Receivable Accounts	Balance at Default
Total	124	\$ 531

The following table represents accounts modified as a TDR between January 1, 2015 and June 30, 2016 that subsequently defaulted during the six months ended June 30, 2016:

	Number of Financing Receivable Accounts	Balance at Default
Total	231	\$ 700

## Note 10. Share-based Compensation

Share-based compensation expense was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Stock options, net of estimated forfeitures	\$ 9,550	\$ 11,141	\$ 28,831	\$ 16,296
Restricted stock awards	3,399	2,390	6,506	4,315
Total non-cash stock compensation	12,949	13,531	35,337	20,611
Deferred compensation arrangement	—	214	—	298
Total	\$ 12,949	\$ 13,745	\$ 35,337	\$ 20,909

## Stock Option Grant

On January 31, 2017, in connection with the Executive Profits Interests (EPI) agreement, we granted our CEO options (the EPI Options) to purchase 2,773 shares of our Class B common stock. The EPI Options vested upon consummation of the IPO on February 6, 2017. The exercise price of the EPI Options is equal to (i) \$17.00 with respect to 50% of the shares of Class B common stock subject to the EPI Option and (ii) \$21.32 with respect to 50% of the shares of Class B common stock subject to the EPI Option. The EPI Options are exercisable until December 31, 2019. The Company recorded approximately \$14,600 of share-based compensation expense for the EPI Options in the first quarter of 2017.

## Amendment to 2013 Long-Term Incentive Plan

On June 19, 2017, the Company's Board of Directors (the Board) approved, subject to stockholder approval, an amendment and restatement of the Laureate Education, Inc. 2013 Long-Term Incentive Plan (as amended and restated, the 2013 Plan). Among other things, the amendment (i) increases the number of shares of Class A common stock that may be issued pursuant to awards under the 2013 Plan to 14,714; (ii) adds performance metrics, the ability to grant cash awards, and annual limits on grants, intended to qualify awards as

performance-based awards that are not subject to certain limits on tax deductibility of compensation payable to certain executives; and (iii) extends the term of the 2013 Plan to June 18, 2027, the day before the 10th anniversary of the date of adoption of the amendment. On June 19, 2017, the holder of the majority of the voting power of the Company's outstanding stock (the Majority Holder) approved by written consent the amended and restated 2013 Plan and it became effective.

## Stock Option Repricing

On June 19, 2017, the Board and the Majority Holder approved a stock option repricing (the Option Repricing). Pursuant to the Option Repricing, the exercise price of each Relevant Option (as defined below) was amended to reduce such exercise price to the average closing price of a share of the Company's Class A common stock as reported on the Nasdaq Global Select Market over the 20 calendar-day period following the mailing of the Notice and Information Statement to our stockholders. The average closing price of the Company's Class A common stock over such 20-day period was \$17.44; accordingly, the exercise price of the Relevant Options was adjusted to \$17.44.

Relevant Options were all outstanding stock options as of June 19, 2017 (vested or unvested) to acquire shares of Class B common stock granted under the 2013 Plan during calendar years 2013 through 2016, and totaled approximately 5,300 options. Since the modification of the terms of the awards occurred on June 19, 2017, the Company recorded incremental stock compensation expense during the second quarter of 2017 of approximately \$5,100 for options that were vested at the modification date. Additionally, approximately \$2,500 of incremental stock compensation expense related to options that were not yet vested at the modification date will be recognized over the remaining vesting period.

## Note 11. Stockholders' Equity

The components of net changes in stockholders' equity were as follows:

	Laureate Education, Inc. Stockholders											
	Class A Common Stock		Class B Common Stock		Common Stock		Additional paid-in capital	(Accumulated deficit) retained earnings	Accumulated other comprehensive (loss) income	Non- controlling interests	Total stockholders' equity	
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2016	—	\$ —	—	\$ —	133,376	\$ 534	\$ 2,721,432	\$ (1,037,701)	\$ (1,052,055)	\$ 32,182	\$ 664,392	
Non-cash stock compensation	—	—	—	—	—	—	35,337	—	—	—	35,337	
Reclassification of Common stock into Class B common stock on January 31, 2017	—	—	133,376	534	(133,376)	(534)	—	—	—	—	—	
Issuance of Class A common stock in initial public offering	35,000	140	—	—	—	—	456,421	—	—	—	456,561	
Conversion of Class B shares to Class A shares	444	2	(444)	(2)	—	—	—	—	—	—	—	
Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding	23	—	188	1	—	—	(1,278)	—	—	—	(1,277)	
Reclassification to equity upon expiration of put right on share-based awards	—	—	—	—	—	—	5,500	—	—	—	5,500	
Dividends to noncontrolling interests	—	—	—	—	—	—	(587)	—	—	—	(587)	
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(847)	(847)	
Accretion of redeemable noncontrolling interests and equity	—	—	—	—	—	—	(6,030)	—	—	—	(6,030)	
Accretion of Series A Convertible Redeemable Preferred Stock	—	—	—	—	—	—	(101,194)	—	—	—	(101,194)	
Beneficial conversion feature for Series A Convertible Redeemable Preferred Stock	—	—	—	—	—	—	261,794	—	—	—	261,794	
Reclassification of redeemable noncontrolling interests and equity	—	—	—	—	—	—	—	—	—	(736)	(736)	
Net (loss) income	—	—	—	—	—	—	—	(6,422)	—	3,166	(3,256)	
Foreign currency translation adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	130,962	889	131,851	
Unrealized gain on derivatives, net of tax of \$0	—	—	—	—	—	—	—	—	6,099	—	6,099	
Balance at June 30, 2017	35,467	\$ 142	133,120	\$ 533	—	\$ —	\$ 3,371,395	\$ (1,044,123)	\$ (914,994)	\$ 34,654	\$ 1,447,607	



## Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (AOCI) in our Consolidated Balance Sheets includes the accumulated translation adjustments arising from translation of foreign subsidiaries' financial statements, the unrealized losses on derivatives designated as cash flow hedges, and the accumulated net gains or losses that are not recognized as components of net periodic benefit cost for our minimum pension liability. The components of these balances were as follows:

	June 30, 2017			December 31, 2016		
	Laureate Education, Inc.	Noncontrolling Interests	Total	Laureate Education, Inc.	Noncontrolling Interests	Total
Foreign currency translation loss	\$ (913,260)	\$ (1,415)	\$ (914,675)	\$ (1,044,222)	\$ (2,304)	\$ (1,046,526)
Unrealized gain (loss) on derivatives	881	—	881	(5,218)	—	(5,218)
Minimum pension liability adjustment	(2,615)	—	(2,615)	(2,615)	—	(2,615)
Accumulated other comprehensive loss	\$ (914,994)	\$ (1,415)	\$ (916,409)	\$ (1,052,055)	\$ (2,304)	\$ (1,054,359)

## Note 12. Derivative Instruments

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We may seek to control a portion of these risks through a risk management program that includes the use of derivative instruments.

The interest and principal payments for Laureate's senior long-term debt arrangements are to be paid primarily in USD. Our ability to make debt payments is subject to fluctuations in the value of the USD against foreign currencies, since a majority of our operating cash used to make these payments is generated by subsidiaries with functional currencies other than USD. As part of our overall risk management policies, Laureate has at times entered into foreign currency swap contracts and floating-to-fixed interest rate swap contracts. In addition, we occasionally enter into foreign exchange forward contracts to reduce the impact of other non-functional currency-denominated receivables and payables.

We do not enter into speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes. We generally intend to hold our derivatives until maturity.

Laureate reports all derivatives at fair value. These contracts are recognized as either assets or liabilities, depending upon the derivative's fair value. Gains or losses associated with the change in the fair value of these swaps are recognized in our Consolidated Statements of Operations on a current basis over the term of the contracts, unless designated and effective as a hedge. For swaps that are designated and effective as cash flow hedges, gains or losses associated with the change in fair value of the swaps are recognized in our Consolidated Balance Sheets as a component of AOCI and amortized into earnings as a component of Interest expense over the term of the related hedged items.

The reported fair values of our derivatives, which are classified in Derivative instruments on our Consolidated Balance Sheets, were as follows:

	June 30, 2017	December 31, 2016
<b>Derivatives designated as hedging instruments:</b>		
Long-term assets:		
Interest rate swaps	\$ 881	\$ —
Current liabilities:		
Interest rate swaps	—	5,218
<b>Derivatives not designated as hedging instruments:</b>		
Long-term assets:		
Contingent redemption features - Series A Preferred Stock	48,290	4,464
Long-term liabilities:		
Cross currency and interest rate swaps	7,663	7,420
Interest rate swaps	278	330
Total derivative instrument assets	\$ 49,171	\$ 4,464
Total derivative instrument liabilities	\$ 7,941	\$ 12,968

## Derivatives Designated as Hedging Instruments

### 2024 Term Loan Interest Rate Swaps

In May 2017, Laureate entered into, and designated as cash flow hedges, four pay-fixed, receive-floating amortizing interest rate swaps with notional amounts of \$100,000, \$100,000, \$200,000 and \$300,000, respectively. These notional amounts match the corresponding principal of the 2024 Term Loan borrowings of which these swaps are effectively hedging the interest payments. As such, the notional values amortize annually based on the terms of the agreements to match the principal borrowings as they are repaid. Refer to Note 7, Debt, for further information regarding the underlying borrowings. These swaps effectively fix the floating interest rate on the term loan to reduce exposure to variability in cash flows attributable to changes in the USD-LIBOR-BBA swap rate. All four swaps have an effective date of May 31, 2017 and mature on May 31, 2022. The terms of the swaps require Laureate to pay interest on the basis of fixed rates of 1.756%, 1.796%, 1.796% and 1.763% on the \$100,000, \$100,000, \$200,000 and \$300,000 notional values, respectively. Laureate will receive interest for all four swaps on the basis of one-month USD-LIBOR-BBA, with a floor of 1%. As of June 30, 2017, these interest rate swaps had an estimated fair value of \$881.

### Interest Rate Swaps

In September 2011, Laureate entered into two forward interest rate swap agreements that were designated as cash flow hedges. The swaps effectively fixed interest rates on existing variable-rate borrowings in order to manage our exposure to future interest rate volatility. Both swaps had an effective date of June 30, 2014 and matured on June 30, 2017. The terms of the swaps required Laureate to pay interest on the basis of fixed rates of 2.61% on a \$450,000 notional amount swap and 2.71% on a \$300,000 notional amount swap, and receive interest for both swaps on the basis of three-month LIBOR, with a floor of 1.25%. The gain or loss on these swaps was deferred in AOCI and then reclassified into earnings as a component of Interest expense in the same periods during which the hedged forecasted transactions affected earnings. As of June 30, 2017, all of the gain or loss previously deferred in AOCI had been recognized in earnings since the swaps had matured. As of December 31, 2016, these interest rate swaps had an estimated fair value of \$5,218.

The table below shows the total recorded unrealized gain (loss) of these swaps in Comprehensive income (loss). The impact of derivative instruments designated as hedging instruments on Comprehensive income (loss), Interest expense and AOCI were as follows:

For the three months ended June 30:

	Gain Recognized in Comprehensive Income (Effective Portion)		Income Statement Location	Loss Reclassified from AOCI to Income (Effective Portion)	
	2017	2016		2017	2016
Interest rate swaps	\$ 3,508	\$ 1,910	Interest expense	\$ (3,047)	\$ (2,658)

For the six months ended June 30:

	Gain Recognized in Comprehensive Income (Effective Portion)		Income Statement Location	Loss Reclassified from AOCI to Income (Effective Portion)	
	2017	2016		2017	2016
Interest rate swaps	\$ 6,099	\$ 3,123	Interest expense	\$ (5,733)	\$ (5,315)

## Derivatives Not Designated as Hedging Instruments

### *Derivatives related to Series A Preferred Stock Offering*

The Company identified several derivatives associated with the issuance of the Series A Preferred Stock as discussed in Note 8, Commitments and Contingencies. The embedded derivatives are related to certain contingent redemption features of the Series A Preferred Stock. As of June 30, 2017 and December 31, 2016, the estimated fair values of these derivatives were assets of \$48,290 and \$4,464, respectively, and were recorded in Derivative instruments as noncurrent assets on the Consolidated Balance Sheets. During the first quarter of 2017, \$4,384 was bifurcated from the carrying value of the Series A Preferred Stock and recorded as derivative assets. The increase in estimated fair value during the six months ended June 30, 2017 of \$39,442 was recorded as an unrealized gain on derivatives in the Consolidated Statement of Operations. These derivatives are not designated as hedges for accounting purposes thus the changes in estimated fair value are recognized as a component of earnings.

### *CLP to Unidad de Fomento (UF) Cross Currency and Interest Rate Swaps*

The cross currency and interest rate swap agreements are intended to provide a better correlation between our debt obligations and operating currencies. In 2010, one of our subsidiaries in Chile entered into four cross currency and interest rate swap agreements. One of the swaps matures on December 1, 2024, and the remaining three mature on July 1, 2025 (the CLP to UF cross currency and interest rate swaps). The UF is a Chilean inflation-adjusted unit of account. The four swaps have an aggregate notional amount of approximately \$31,000, and convert CLP-denominated, floating-rate debt to fixed-rate UF-denominated debt. The CLP to UF cross currency and interest rate swaps were not designated as hedges for accounting purposes. As of June 30, 2017 and December 31, 2016, these swaps had an estimated fair value of \$7,663 and \$7,420, respectively, which was recorded in Derivative instruments as a long-term liability.

### *THINK Interest Rate Swaps*

Laureate acquired THINK on December 20, 2013, and financed a portion of the purchase price by borrowing AUD 45,000 (US \$34,223 at June 30, 2017) under a syndicated facility agreement in the form of two term loans of AUD 22,500 each. The terms of the syndicated facility agreement required THINK to enter into an interest rate swap within 45 days from the agreement's December 20, 2013 effective date, in order to convert at least 50% of the AUD 45,000 of term loan debt from a variable interest rate based on the BBSY bid rate, an Australia bank rate, to a fixed interest rate. Accordingly, on January 31, 2014, THINK executed an interest rate swap agreement with an original notional amount of AUD 22,500 to satisfy this requirement and converted AUD 22,500 (US \$17,111 at June 30, 2017) of the variable rate component of the term loan debt to a fixed interest rate of 3.86%. The notional amount of the swap decreases quarterly based on the terms of the agreement, and the swap matures on December 20, 2018. This interest rate swap was not designated as a hedge for accounting purposes, and had an estimated fair value of \$278 and \$330 at June 30, 2017 and December 31, 2016, respectively, which was recorded in Derivative instruments as a long-term liability.





Components of the reported Gain (loss) on derivatives not designated as hedging instruments in the Consolidated Statements of Operations were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<i>Unrealized Gain (Loss)</i>				
Contingent redemption features - Series A Preferred	\$ 27,219	\$ —	\$ 39,442	\$ —
Cross currency and interest rate swaps	(145)	12,463	(127)	2,465
Interest rate swaps	45	(50)	71	(51)
	27,119	12,413	39,386	2,414
<i>Realized Loss</i>				
Cross currency and interest rate swaps	(149)	(10,365)	(269)	(11,069)
Interest rate swaps	—	(49)	—	(96)
	(149)	(10,414)	(269)	(11,165)
<i>Total Gain (Loss)</i>				
Contingent redemption features - Series A Preferred	27,219	—	39,442	—
Cross currency and interest rate swaps	(294)	2,098	(396)	(8,604)
Interest rate swaps	45	(99)	71	(147)
Gain (loss) on derivatives, net	\$ 26,970	\$ 1,999	\$ 39,117	\$ (8,751)

The realized loss on derivatives during the three and six months ended June 30, 2016 was from a deal-contingent forward exchange swap agreement related to the sale of our Swiss and associated institutions. In June 2016 we completed the sale of those institutions and the swap was settled.

### Credit Risk and Credit-Risk-Related Contingent Features

Laureate's derivatives expose us to credit risk to the extent that the counterparty may possibly fail to perform its contractual obligation. The amount of our credit risk exposure is equal to the fair value of the derivative when any of the derivatives are in a net gain position. As of June 30, 2017 and December 31, 2016, the estimated fair values of derivatives in a gain position were \$49,171 and \$4,464, respectively; however, this carrying value relates almost entirely to the redemption rights of the holders of the Series A Preferred Stock, which do not expose us to credit risk. Our counterparty credit risk is currently limited to the 2024 Term Loan Interest Rate Swaps with aggregate fair values in a gain position of \$881 as of June 30, 2017.

Laureate has limited its credit risk by only entering into derivative transactions with highly rated major financial institutions. We have not entered into collateral agreements with our derivatives' counterparties. At June 30, 2017, one institution which was rated Aa3, four institutions which were rated A1 and one institution which was rated A3 by the global rating agency of Moody's Investors Service accounted for all of Laureate's derivative credit risk exposure.

Laureate's agreements with its derivative counterparties contain a provision under which we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to a default on the indebtedness. As of June 30, 2017 and December 31, 2016, we had not breached any default provisions and had not posted any collateral related to these agreements. If we had breached any of these provisions, we could have been required to settle the obligations under the derivative agreements for an amount that we believe would approximate their estimated fair value of \$7,941 as of June 30, 2017 and \$12,968 as of December 31, 2016.

## Note 13. Income Taxes

Laureate uses the liability method to account for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For interim purposes, we also apply ASC 740-270, "Income Taxes - Interim Reporting."

Laureate's income tax provisions for all periods consist of federal, state and foreign income taxes. The tax provisions for the six months ended June 30, 2017 and 2016 were based on estimated full-year effective tax rates, after giving effect to significant items related specifically to the interim periods, including the mix of income for the period between higher-taxed and lower-taxed

jurisdictions. Laureate has operations in multiple countries, many of which have statutory tax rates lower than the United States or are tax-exempt entities, and other operations that are loss-making entities for which it is not more likely than not that a tax benefit will be realized on the loss. Generally, lower tax rates in these foreign jurisdictions along with Laureate's intent and ability to indefinitely reinvest foreign earnings outside of the United States results in an effective tax rate significantly lower than the statutory rate in the United States.

## Note 14. Earnings (Loss) Per Share

As discussed in Note 1, Description of Business, on January 31, 2017 our common stock was reclassified into shares of Class B common stock and, on February 6, 2017, we completed our IPO of Class A common stock. Other than voting rights, the Class B common stock has the same rights as the Class A common stock and therefore both are treated as the same class of stock for purposes of the earnings per share calculation. Laureate computes basic earnings per share (EPS) by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted EPS reflects the potential dilution that would occur if share-based compensation awards/arrangements or contingently issuable shares were exercised or converted into common stock. To calculate the diluted EPS, the basic weighted average number of shares is increased by the dilutive effect of stock options, restricted stock, and other share-based compensation arrangements determined using the treasury stock method.

The following tables summarize the computations of basic and diluted earnings per share:

For the three months ended June 30,	2017	2016
<b>Numerator used in basic and diluted earnings per common share:</b>		
Income from continuing operations attributable to Laureate Education, Inc.	\$ 116,386	\$ 347,389
Accretion of redemption value of redeemable noncontrolling interests and equity	(6,352)	749
Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value	(919)	(1,108)
Accretion of Series A convertible redeemable preferred stock	(61,934)	—
Distributed and undistributed earnings to participating securities	(7)	(79)
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(69,212)	(438)
Net income available to common stockholders	\$ 47,174	\$ 346,951
<b>Denominator used in basic and diluted earnings per common share:</b>		
Basic weighted average shares outstanding	168,591	133,291
Effect of dilutive stock options	—	851
Effect of dilutive restricted stock units	66	55
Dilutive weighted average shares outstanding	168,657	134,197
<b>Basic and diluted earnings per share:</b>		
Basic earnings per share	\$ 0.28	\$ 2.60
Diluted earnings per share	\$ 0.28	\$ 2.59

For the six months ended June 30,	2017	2016
<b>Numerator used in basic and diluted (loss) earnings per common share:</b>		
(Loss) income from continuing operations attributable to Laureate Education, Inc.	\$ (6,422)	\$ 244,222
Accretion of redemption value of redeemable noncontrolling interests and equity	(530)	2,112
Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value	(6,357)	(957)
Accretion of redemption value of Series A Preferred Stock	(101,194)	—
Distributed and undistributed earnings to participating securities	—	(78)
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(108,081)	1,077
Net (loss) income available to common stockholders	\$ (114,503)	\$ 245,299
<b>Denominator used in basic and diluted (loss) earnings per common share:</b>		
Basic weighted average shares outstanding	161,620	133,285
Effect of dilutive stock options	—	862
Effect of dilutive restricted stock units	—	54
Dilutive weighted average shares outstanding	161,620	134,201
<b>Basic and diluted (loss) earnings per share:</b>		
Basic (loss) earnings per share	\$ (0.71)	\$ 1.84
Diluted (loss) earnings per share	\$ (0.71)	\$ 1.83

The shares of Class A common stock that would be issued upon completion of the Note Exchange and conversion of the Series A Preferred Stock are not included in the calculation of diluted EPS as the effect would have been antidilutive. The following table summarizes the number of stock options and shares of restricted stock that were excluded from the diluted EPS calculations because the effect would have been antidilutive:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Stock options	13,149	5,523	12,724	5,512
Restricted stock	173	141	529	114

## Note 15. Related Party Transactions

### Corporate

#### *Santa Fe University of Arts and Design (SFUAD)*

SFUAD is owned by Wengen Alberta, Limited Partnership (Wengen), our controlling stockholder. Laureate is affiliated with SFUAD, but does not own or control it and, accordingly, SFUAD is not included in the financial results of Laureate. On May 18, 2016, SFUAD announced that it had signed an agreement to be acquired by a private education provider with a global network of colleges and universities that focus on art and design education. This agreement was terminated by the parties thereto on March 29, 2017. On April 12, 2017, SFUAD announced that it plans to close after the end of the 2017-2018 academic year and will work with its students on a phased teach-out and transfer process for students who are eligible to complete their degrees by May 2018 and appropriate transfer opportunities for other students. The teach-out plan is subject to approval by the Higher Learning Commission (HLC).

#### *Transactions between Laureate and Affiliates, Directors and a Former Executive*

During the first quarter of 2017, Laureate made a charitable contribution of \$2,000 to the Sylvan Laureate Foundation, a non-profit foundation that supports programs designed to promote education and best practices and principles in teaching. The payment was accrued in prior periods.

An affiliate of one of the Wengen investors acted as a financial adviser in connection with our IPO and we paid this affiliate \$1,500 for its services during the six months ended June 30, 2017.

During the six months ended June 30, 2017, we made payments of approximately \$580 in the aggregate to members of our Board for their services as directors.

During the first quarter of 2017, the Company paid in full a note payable to a former executive of approximately \$4,280, which represented the original note payable of \$3,771 plus accrued interest. As previously disclosed in our 2016 Form 10-K, the note payable was issued in 2014 in exchange for vested share-based compensation and was payable upon consummation of the IPO.

## **EMEA**

### **Morocco**

#### *Transactions between Laureate and Noncontrolling Interest Holder of Laureate Samed Education Holding SA (LSEH)*

LSEH is 60% owned and consolidated by Laureate and is the entity that operates Université Internationale de Casablanca, our institution in Morocco. The 40% noncontrolling interest holder of LSEH has made loans to LSEH, and as of December 31, 2016, we had a related party payable of \$7,936 to the noncontrolling interest holder for the outstanding balance of and accrued interest on these loans, all of which was recorded as current.

During the six months ended June 30, 2017, the maturity dates of five loans made by the noncontrolling interest holder were extended. The first loan was made by the noncontrolling interest holder in December 2013 and the maturity date was extended from December 2016 to December 2018. The second loan was made by the noncontrolling interest holder in March 2015 and the maturity date was extended from September 2016 to September 2019. The third loan was made by the noncontrolling interest holder in June 2015 and the maturity date was extended from December 2016 to December 2018. The fourth loan was made by the noncontrolling interest holder in April 2014 and the maturity date was extended from April 2017 to April 2019. The fifth loan was made by the noncontrolling interest holder in October 2015 and the maturity date was extended from April 2017 to October 2019. The total outstanding balance of these five loans, including accrued interest, at the extension dates was Moroccan Dirham (MAD) 74,262 (approximately US \$7,604 at June 30, 2017). Each of these loans bears an interest rate of 4.5% per annum.

As of June 30, 2017, we had total related party payables of \$8,476 to the noncontrolling interest holder of LSEH for the outstanding balance on these loans plus accrued interest, of which \$844 and \$7,632 was recorded as current and noncurrent, respectively.

### **China**

#### *Transactions between China businesses and Noncontrolling Interest Holders of HIEU*

A portion of real property that HIEU has paid for, including land and buildings, is mortgaged as collateral for corporate loans that the entity controlled by certain noncontrolling interest holders of HIEU has entered into with third-party banks. In December 2013, the noncontrolling interest holders of HIEU signed an agreement with Laureate and committed to: (1) remove all encumbrances on HIEU's real property no later than September 30, 2014 and (2) cause the entity to complete the transfer of title relating to the encumbered real property to HIEU no later than December 31, 2014. Under the terms of this agreement, the noncontrolling interest holders also agreed to pay any and all transfer taxes, fees and other costs that are required in connection with the removal of the encumbrances and the transfer of titles, which are estimated to be approximately \$2,000. As collateral for their performance under the agreement, the noncontrolling interest holders pledged to Laureate their 30% equity interest in the sponsoring entity of HIEU. The noncontrolling interest holders of HIEU have not completed their commitment to remove the encumbrances over the real property or completed the transfer of the real property. Under the terms of the agreement, Laureate has the right to receive the sale proceeds of the noncontrolling interest holders' 30% equity interest, up to the amount owing to it under the equity pledge, in priority to other creditors of the noncontrolling interest holders. On February 22, 2016, certain creditors of the noncontrolling interest holders initiated an enforcement process against the noncontrolling interest holders. The creditors have requested the court to auction a portion of the equity interest of the noncontrolling interest holders. The court auction was originally scheduled for March 2017; however no bids were received at the originally scheduled court auction. A subsequent auction was held but no purchase of the equity interest was finalized. As a result, the court has set another auction date for August 22, 2017. As the registered pledgee, Laureate has the right to receive the sale proceeds of the noncontrolling interest holders'

equity interest, up to the amount owing to it under the equity pledge, in priority to other creditors of the noncontrolling interest holders. As of both June 30, 2017 and December 31, 2016, Laureate's net carrying value of the encumbered real property was approximately \$12,000.

## South Africa

### *Transactions between Laureate and Noncontrolling Interest Holder of Monash South Africa (MSA)*

During the first quarter of 2017, we received an additional loan from the noncontrolling interest holder of MSA in the amount of \$943. The loan matures in January 2026 and bears interest at a rate of 10.5% per annum.

## Note 16. Legal and Regulatory Matters

Laureate is subject to legal proceedings arising in the ordinary course of business. In management's opinion, we have adequate legal defenses, insurance coverage, and/or accrued liabilities with respect to the eventuality of these actions. Management believes that any settlement would not have a material impact on Laureate's financial position, results of operations, or cash flows. For further description, see our 2016 Form 10-K. Discussed below are those matters that had material developments during the six months ended June 30, 2017.

### **Turkish Regulation - Bilgi Annual Audit**

The Company previously disclosed in its 2016 Form 10-K that the Turkish Higher Education Council (the YÖK), which regulates Istanbul Bilgi University (Bilgi), a member of the Laureate International Universities network located in Istanbul, Turkey, was conducting its annual audit of Bilgi's operations (the Annual Audit). On April 18, 2017, Bilgi received from the YÖK the results of the Annual Audit. The Annual Audit report requires, among other things, that (i) with respect to the 2017-2018 academic year, there be a reduction in the quota for the number of new students permitted to be admitted into Bilgi's degree programs and (ii) Bilgi be reimbursed approximately \$29,000 for payments previously made by Bilgi to a subsidiary of the Company for certain management, operational and student services, and intellectual property. The Company and Bilgi believe the charges to Bilgi for these services were at fair value and Bilgi intends to contest the findings of the Annual Audit that they constituted an improper wealth transfer. Demands also are made in the Annual Audit for the return or payment to Bilgi of other amounts involving approximately \$8,000.

The Company believes that Bilgi is in compliance with all laws and regulations. Bilgi exercised its right to appeal this decision to the YÖK to demonstrate the validity and value of the services procured from the Company subsidiary. Under the YÖK's rules, the YÖK was required to rule on Bilgi's appeal not later than August 8, 2017. If the YÖK did not rule by that date, the appeal would be deemed to have been rejected. As of the close of business in Turkey on August 8, 2017, Bilgi had not been informed of any ruling by the YÖK. Bilgi intends to appeal the YÖK's rejection of its appeal to the Turkish court system and it has been advised that the YÖK will not take any action against it relating to payments made to the Company's subsidiary for the services described above during the pendency of this appeal. As the Company currently consolidates Bilgi under the variable interest entity model, if the Company is unable to provide services under its contracts with Bilgi and receive the economic benefits from those contracts as a result of the determinations in the Annual Audit, deconsolidation of Bilgi could be required. Deconsolidation, if required, could have a material adverse effect on the Company's business, financial condition and results of operations, including possible write-off of all or a portion of the Company's investment in Bilgi and a reduction in operating income. At June 30, 2017 and December 31, 2016, Bilgi had total assets of approximately \$84,000 and \$83,000, respectively, and total liabilities of \$54,000 and \$63,000, respectively. Total liabilities include approximately \$28,000 and \$19,000 of net intercompany liabilities as of June 30, 2017 and December 31, 2016, respectively. During fiscal year 2016, Bilgi generated approximately \$106,000 of the Company's consolidated revenue and approximately \$26,000 of the Company's consolidated operating income and incurred approximately \$6,000 of depreciation and amortization expense.

### **Chilean Regulation - Higher Education Bill**

On July 5, 2016, the Chilean President submitted to the Chilean Congress a bill (the "2016 Higher Education Bill") that was intended to change the entire regulatory landscape of higher education in Chile by, among other things, creating new special government administrative agencies and enhancing the requirements for institutional accreditation of higher education institutions. Following its submission to the Chilean Congress, the 2016 Higher Education Bill was subject to national debate among different constituencies in the higher education system. As a result of these discussions, the Chilean executive branch decided to replace the 2016 Higher Education Bill with a new submission that would take into consideration the main concerns that were raised during those discussions. These discussions identified, among other things, (i) the need to reinforce, improve and enhance the state-owned universities, separating their regulation from the regulation applicable to other educational institutions, (ii) the need to develop special regulations for technical education, (iii) the need to improve regulations concerning the compliance by private





universities with the requirement that they not be operated for profit, and (iv) the need to grant universal access to educational institutions.

In furtherance of these goals, on April 7, 2017, the Chilean executive branch submitted to the Chilean Congress a new bill (the “2017 Higher Education Bill”), which entirely supersedes the 2016 Higher Education Bill. The 2017 Higher Education Bill represents a simplified version of the 2016 Higher Education Bill and was based on the same principles and ideas as the earlier bill, as informed by the subsequent national debate on that bill. The 2017 Higher Education Bill considers the higher education system to be a mixed system composed of two subsystems, one for university education (including both state-owned institutions and private universities recognized by the state) and another for technical education (both state-owned technical training centers and private technical training centers and professional institutes).

Among other things, the 2017 Higher Education Bill would create the Undersecretary of Higher Education, who would propose policies on higher education to the Ministry of Education and policies regarding access, inclusion, retention and graduation of higher education students. The Undersecretary of Higher Education would also propose the allocation and management of public funds and manage the procedures relating to the granting and revocation of the official recognition of higher education institutions. The Undersecretary of Higher Education would also generate and coordinate instances of participation and dialogue with and among higher education institutions, promoting the connection between these institutions and the secondary education system.

The 2017 Higher Education Bill also includes new regulations applicable to not-for-profit educational institutions that would: (i) provide that their controllers and members can only be individuals, other not-for-profits or state-owned entities; (ii) create the obligation to use their resources and reinvest their surplus or profits in the pursuit of their objectives and in enhancing the quality of the education they provide; (iii) create the obligation to have a board of directors, which cannot delegate its functions, and whose members cannot be removed unless approved by the majority of the board and for serious reasons; and (iv) prohibit related party transactions with their founders, controllers, members of the board, rector and their relatives or related entities, unless the counterparty to the transaction is another not-for-profit entity, or if the transaction involves entering into a labor agreement to carry out academic work for the educational institution. The bill provides further that in the event the educational institution enters into a related party transaction consistent with the above, or if such educational institution enters into a related party transaction with a different entity than those described above, such transaction also comply with the following requirements: (i) that it contribute to the best interests of the educational institution and to its mission and purpose; (ii) that the transaction be agreed under market conditions as to the price and general terms and conditions prevailing for such types of transactions; and (iii) that it be approved by a majority of the institution’s board of directors. The 2017 Higher Education Bill also would establish a new criminal felony of incompatible negotiations for those persons who, in their capacity of managing the educational institution’s assets, enter into any transaction with related parties having any personal interest or granting benefits to third parties without complying with the foregoing requirements. Among the sanctions for breaching such regulations, the person may be subject to imprisonment plus a fine of double the amount of the benefit that such person or entity had obtained.

On July 17, 2017, the Chamber of Deputies, which is the lower house of the Chilean Congress, passed the 2017 Higher Education Bill, substantially in the form described above. The 2017 Higher Education Bill has now moved to the Chilean Senate, where it has been referred for consideration by the Senate Education Commission. Members of the Chamber of Deputies have announced that they intend to bring constitutional challenges to 16 provisions of the bill passed by the Chamber of Deputies. If the 2017 Higher Education Bill is passed by the Chilean Senate without resolving the challenged provisions, those provisions would be referred to the Chilean Constitutional Court for resolution prior to the bill taking effect.

We are currently evaluating the effect the proposed 2017 Higher Education Bill would have on the Chilean institutions in the *Laureate International Universities* network if it is adopted in the form introduced in the Chilean Congress and approved by the Chamber of Deputies. We cannot predict whether or not the proposed 2017 Higher Education Bill will be adopted in this form or if it, or any part of it, will survive constitutional challenge, or if any higher education legislation will be adopted that would affect the institutions in the *Laureate International Universities* network. However, if any such legislation is adopted, it could have a material adverse effect on our results of operations and financial condition.

As the Company currently consolidates certain of its institutions in Chile under the variable interest entity model, the Company will review such consolidation upon passage of any new higher education bill. Deconsolidation of one or more of our Chilean institutions, if required, could have a material adverse effect on the Company’s business, financial condition and results of operations.

## Note 17. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, which are described below:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – Observable inputs other than quoted prices that are either directly or indirectly observable for the asset or liability;
- Level 3 – Unobservable inputs that are supported by little or no market activity.

These levels are not necessarily an indication of the risk of liquidity associated with the financial assets or liabilities disclosed. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement, as required under ASC 820-10, "Fair Value Measurement."

**Derivative instruments** – Laureate uses derivative instruments as economic hedges for bank debt and interest rate risk. Their 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 valuation models also reflect measurements for credit risk. Laureate concluded that the fair values of our derivatives are based on unobservable inputs, or Level 3 assumptions. The significant unobservable input used in the fair value measurement of the Company's derivative instruments is our own credit risk. Holding other inputs constant, a significant increase (decrease) in our own credit risk would result in a significantly lower (higher) fair value measurement for the Company's derivative instruments.

Laureate's financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2017 were as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Derivative instruments	\$ 49,171	\$ —	\$ —	\$ 49,171
<b>Liabilities</b>				
Derivative instruments	\$ 7,941	\$ —	\$ —	\$ 7,941

Laureate's financial assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2016 were as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Derivative instruments	\$ 4,464	\$ —	\$ —	\$ 4,464
<b>Liabilities</b>				
Derivative instruments	\$ 12,968	\$ —	\$ —	\$ 12,968

The changes in our Level 3 Derivative instruments measured at fair value on a recurring basis for the six months ended June 30, 2017 were as follows:

	<b>Total Assets (Liabilities)</b>
Balance December 31, 2016	\$ (8,504)
Gain (loss) included in earnings:	
Unrealized gains, net	39,386
Realized losses, net	(269)
Included in other comprehensive income	6,099
Included in issuance of Series A convertible redeemable Preferred Stock	4,384
Settlements	269
Currency translation adjustment	(135)
Balance June 30, 2017	\$ 41,230
Unrealized gain, net relating to derivatives held at June 30, 2017	\$ 39,386

The following table presents quantitative information regarding the significant unobservable inputs utilized in the fair value measurements of the Company's assets/(liabilities) classified as Level 3 as of June 30, 2017:

	<b>Fair Value at June 30, 2017</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range/Input Value</b>
Contingent redemption features - Series A Preferred Stock	\$ 48,290	Monte Carlo Simulation Method	Credit Risk	5.45%
Derivative instruments - cross currency and interest rate swaps	\$ (7,060)	Discounted Cash Flow	Credit Risk	4.41%

## Note 18. Subsequent Events

### Segment Change

Effective August 1, 2017, we changed our operating segments in order to realign our segments according to how our chief operating decision maker will now allocate resources and assess performance. The segment changes will result in Laureate increasing its number of operating segments from three operating segments to six operating segments, and is consistent with our goal of flattening our organizational structure to improve decision speed and operating effectiveness.

The change includes the creation of three operating segments (Brazil, Mexico and Andean & Iberian) from the current LatAm segment. Our institutions in Spain and Portugal (Iberian) will move from the EMEAA segment and combine with our institutions in Chile and Peru to form the Andean & Iberian segment. In addition, our institutions in Central America, which were previously part of the LatAm segment, will combine with our campus-based institutions in the United States, which were previously part of the GPS segment, to form the Central America and U.S. Campuses segment. The Online & Partnerships segment will consist of the online institutions that were previously part of the GPS segment. In summary, our six operating segments will be as follows:

- Brazil;
- Mexico;
- Andean & Iberian;
- Central America & U.S. Campuses;
- Online & Partnerships; and
- EMEAA.

This change will be reflected in the segment information beginning in the third quarter of 2017, the period in which the change occurred.

### Pearl Put Exercise

As discussed in Note 8, Commitments and Contingencies, on July 11, 2017, the noncontrolling interest holders of Pearl notified Laureate of their election to exercise their put option for a portion of their total noncontrolling interest, which will require Laureate

to purchase an additional 35% equity interest in Pearl. The purchase price for the 35% equity interest is approximately \$11,500 and is expected to be paid during the third quarter of 2017.

#### **Consummation of Note Exchange Transaction**

As described in Note 7, Debt, on April 15, 2016, the Company entered into the Note Exchange Agreements pursuant to which we agreed to exchange \$250,000 in aggregate principal amount of Senior Notes due 2019 for shares of the Company's Class A common stock. On August 2, 2017, we sent notices to the holders of these notes indicating that the closing of the exchange contemplated by the Note Exchange Agreements is expected to be consummated on Friday, August 11, 2017. At closing, the Senior Notes due 2019 will be exchanged for a total of 18,683 shares of the Company's Class A common stock and the Senior Notes due 2019 would be canceled.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This Quarterly Report on Form 10-Q 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. Any 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, including, without limitation, in conjunction with the forward-looking statements included in this Form 10-Q, are disclosed in “Item 1—Business, Item 1A—Risk Factors” of our 2016 Form 10-K and in “Item 1A—Risk Factors” of this Quarterly Report on Form 10-Q. 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, political, 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, that could, among other things, impair our goodwill and intangible assets;
- 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 or remediate any of our current material weaknesses necessary to produce accurate financial statements on a timely basis;
- 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 Quarterly Report on Form 10-Q 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.

## 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 Form 10-Q. Our MD&A is presented in the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- Recently Issued Accounting Pronouncements

## Overview

### Our Business

We are the largest global network of degree-granting higher education institutions. As of June 30, 2017, we had more than one million students enrolled at our 69 institutions in 25 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 was estimated to account for revenues of approximately \$1.5 trillion in 2015, according to Global Silicon Valley (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, based on the number of students, institutions and countries making up our network. As of June 30, 2017, our global network of 69 institutions comprised 57 institutions we owned or controlled, and an additional 12 institutions that we managed or with which we had other relationships. We have three reporting segments as described below. We group our institutions by geography in Latin America (LatAm) and Europe, Middle East, Africa and Asia Pacific (EMEAA) for reporting purposes. Our Global Products and Services (GPS) segment includes fully online institutions and campus-based institutions in the United States.

### Our Segments

As previously disclosed in our 2016 Form 10-K and our Quarterly Report on Form 10-Q for the period ended March 31, 2017, effective March 31, 2017, we combined our previously separate Europe and AMEA (Asia Pacific, Middle East and Africa) segments in order to reflect our belief that we will be able to operate the institutions in those segments more successfully and efficiently under common management. The combined segment is called EMEAA. This change has been reflected in the quarterly segment information beginning in the first quarter of 2017, the period in which the change occurred. As required, the 2016 segment information that is presented for comparative purposes has also been revised to reflect this segment change.

- 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. These institutions generate revenues by providing an education that emphasizes professional-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. 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-sponsored student financing programs, while in other countries students generally finance their own education.
- The EMEAA segment includes institutions in the European countries of Cyprus, Germany, Italy, Portugal, Spain and Turkey, as well as locations in the Middle East, Africa and Asia Pacific consisting of campus-based institutions with operations in Australia, China, India, Malaysia, Morocco, New Zealand, South Africa and Thailand. Additionally, EMEAA manages nine licensed institutions in



the Kingdom of Saudi Arabia and manages one additional institution in China through a joint venture arrangement. The institutions generate revenues by providing professional-oriented fields of study with undergraduate and

graduate degree programs in a wide variety of disciplines. The programs at these institutions are mainly campus-based, but several institutions have begun to introduce online and hybrid programs.

- The GPS segment includes our fully online institutions operating globally and our U.S. campus-based institutions. The GPS segment provides professional-oriented 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 Roehampton in the United Kingdom. Additionally, within the GPS segment we have smaller campus-based institutions in the United States. 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 June 30, 2017:

	LatAm	EMEAA	GPS	Total
Countries	8	15	2	25
Institutions	29	33	7	69
Enrollment	857,400	143,400	70,100	1,070,900
2017 YTD Revenues (\$ in millions) <sup>(1)</sup>	\$ 1,252.6	\$ 472.7	\$ 412.9	\$ 2,133.4
% Contribution to 2017 YTD Revenues <sup>(1)</sup>	59%	22%	19%	100%

<sup>(1)</sup> The elimination of inter-segment revenues and amounts related to Corporate, which total \$4.7 million, is not separately presented.

Effective August 1, 2017, we changed our operating segments; see Note 18, Subsequent Events, in our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further description.

### 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 hyper-inflation; 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.

### Regulatory Environment and Other Matters

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. For a detailed discussion of our different regulatory environments, see “Risk Factors—Risks Relating to Our Business—Political and regulatory developments in Chile may materially adversely affect our operations,” and “Item 1—Business—Industry Regulation,” in our 2016 Form 10-K, and “Item 1A—Risk Factors” of this Quarterly Report on Form 10-Q.



## Key Business Metrics

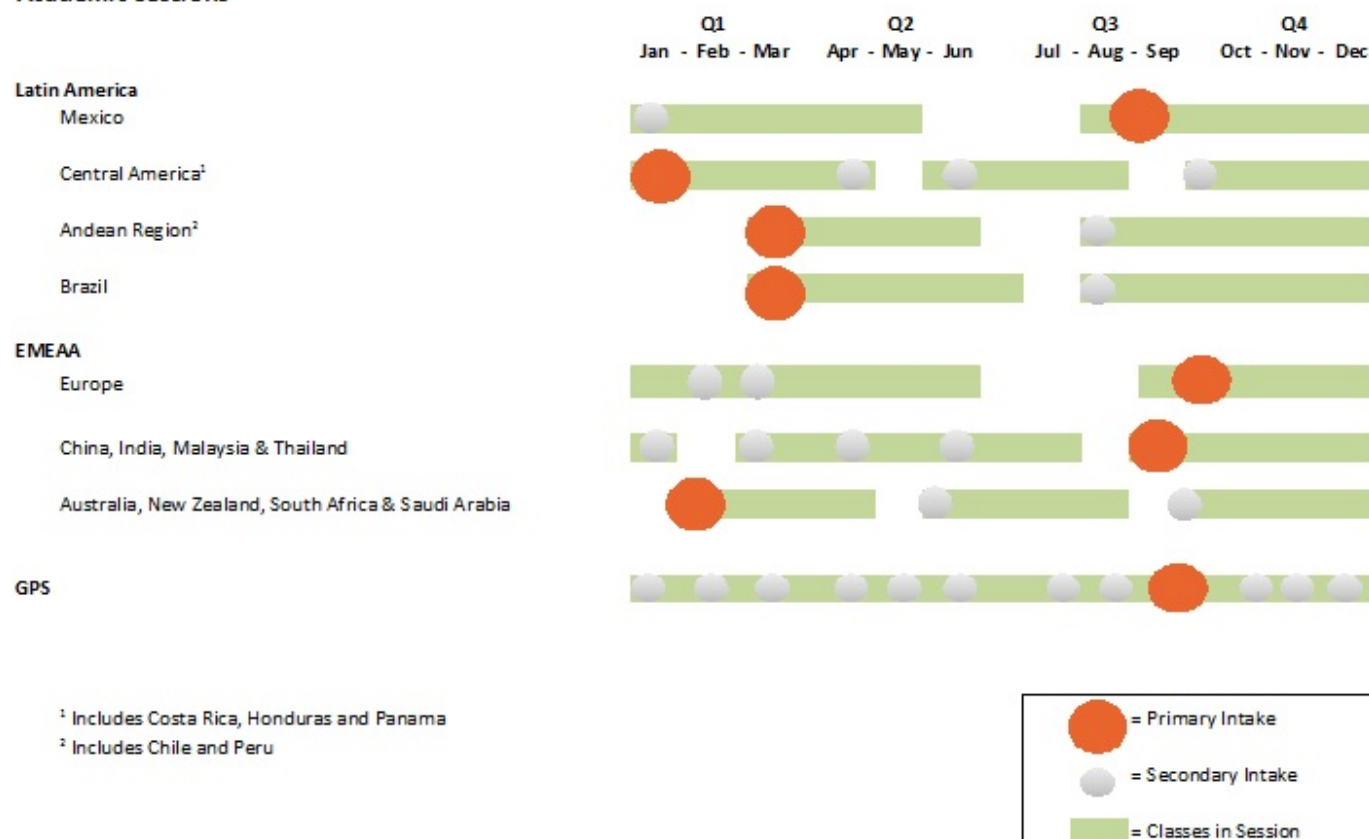
### Enrollment

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, attrition and enrollment decreases due to dispositions. 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, Australia, New Zealand, South Africa and Saudi Arabia. The third calendar quarter generally coincides with the Primary Intakes for our institutions in Mexico, Europe, China, India, Malaysia, Thailand and the GPS segment.

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

### Academic Sessions



### 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 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, finance, 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. We made no acquisitions in 2016 and only one very small acquisition in 2017 that had essentially no impact on the comparability of the 2017 and 2016 periods presented.

### *Dispositions*

Certain strategic initiatives may include the sale of institutions such as the 2016 sales of our Swiss and French institutions. In June 2016, we completed the sale of our Swiss and associated institutions for total net proceeds of approximately \$339 million, and in July 2016 we completed the sale of our French institutions for total net proceeds of approximately \$207 million. Such dispositions affect the comparability of our financial statements from period to period. Dispositions completed during one period impact comparability to a prior period in which we owned the divested entity. Therefore, changes related to such entities are considered "incremental impact of dispositions" for the first 12 months subsequent to the disposition.

### *Foreign Exchange*

The majority of our institutions are located outside the United States. These institutions enter into transactions in currencies other than the United States 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, Honduran Lempira, Indian Rupee, Malaysian Ringgit, Mexican Peso, Moroccan Dirham, New Zealand Dollar,

Peruvian Nuevo Sol, Polish Złoty, Saudi Riyal, South African Rand, 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.

### *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.

### *Income Tax Expense*

Our consolidated income tax provision is derived based on the combined impact of federal, state and foreign income taxes. Laureate has operations in multiple countries, many of which have statutory tax rates lower than the United States. Generally, lower tax rates in these foreign jurisdictions, along with Laureate's intent and ability to indefinitely reinvest foreign earnings outside of the United States, results in an effective tax rate lower than the statutory rate in the United States. Further, discrete items can arise in the course of our operations that can further impact the Company's effective tax rate for the period. Our tax rate fluctuates from period to period due to changes in the mix of earnings between our tax-paying entities, our tax-exempt entities and our loss-making entities for which it is not more likely than not that a tax benefit will be realized on the loss.

## **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

#### *Discussion of Significant Items Affecting the Consolidated Results for the Six Months Ended June 30, 2017 and 2016*

##### *Six Months Ended June 30, 2017*

During the second quarter of 2017, the Company completed refinancing transactions that resulted in repayment of the previous senior credit facility and the redemption of the 9.250% Senior Notes due 2019 (the Senior Notes due 2019) (other than \$250.0 million in aggregate principal amount of the Senior Notes due 2019 that the Company exchanged on April 21, 2017 for substantially identical but non-redeemable notes issued under a new indenture (the Exchanged Notes)). As a result of the refinancing transactions, during the six months ended June 30, 2017, we recorded approximately \$22.8 million in General and administrative expenses related to new third-party costs, as well as a Loss on debt extinguishment of \$6.9 million.

##### *Six Months Ended June 30, 2016*

On June 14, 2016, we sold the operations of Glion in Switzerland and the United Kingdom, and the operations of Les Roches in Switzerland and the United States, as well as Haute école spécialisée Les Roches-Gruyère SA (LRG) in Switzerland, Les Roches Jin Jiang in China, Royal Academy of Culinary Arts (RACA) in Jordan and Les Roches Marbella in Spain, which resulted in a gain on sale of approximately \$243.3 million. This gain is included in other non-operating income in the tables below.



*Comparison of Consolidated Results for the Three Months Ended June 30, 2017 and 2016*

<i>(in millions)</i>			<b>% Change Better/(Worse) 2017 vs. 2016</b>	
	<b>2017</b>	<b>2016</b>		
Revenues	\$ 1,277.4	\$ 1,231.9	4 %	
Direct costs	942.2	963.8	2 %	
General and administrative expenses	91.3	57.5	(59)%	
Operating income	243.9	210.6	16 %	
Interest expense, net of interest income	(94.5)	(101.8)	7 %	
Other non-operating income	9.8	268.6	(96)%	
Income from continuing operations before income taxes and equity in net income of affiliates	159.1	377.4	(58)%	
Income tax expense	(42.0)	(28.4)	(48)%	
Equity in net income of affiliates, net of tax	—	0.3	(100)%	
Net income	117.1	349.2	(66)%	
Net income attributable to noncontrolling interests	(0.7)	(1.8)	(61)%	
Net income attributable to Laureate Education, Inc.	\$ 116.4	\$ 347.4	(66)%	

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

*Comparison of Consolidated Results for the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016*

*Revenues* increased by \$45.5 million to \$1,277.4 million for the three months ended June 30, 2017 (the 2017 fiscal quarter) from \$1,231.9 million for the three months ended June 30, 2016 (the 2016 fiscal quarter). This revenue increase was driven by the increased average total enrollment at a majority of our institutions, which increased revenues by \$34.4 million. The effect of changes in tuition rates and enrollments in programs at varying price points ("product mix"), pricing and timing resulted in a \$64.2 million increase in revenues, which primarily resulted from the deferral of approximately \$30.0 million of revenues from the 2016 fiscal quarter to subsequent quarters as a result of class disruptions at two of our Chilean institutions during a nationwide student protest that lasted several weeks. The effect of a net change in foreign currency exchange rates increased revenues by \$11.2 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter. Partially offsetting these increases in revenues was the incremental impact of dispositions in 2016, which reduced revenues by \$64.6 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter. Other Corporate and Elimination changes accounted for an increase in revenues of \$0.3 million.

*Direct costs and general and administrative expenses combined* increased by \$12.2 million to \$1,033.5 million for the 2017 fiscal quarter from \$1,021.3 million for the 2016 fiscal quarter. This increase in direct costs was driven by the result of overall higher average total enrollments and expanded operations, which increased direct costs by \$29.0 million. The effect of a net change in foreign currency exchange rates increased direct costs by \$6.7 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter. Other Corporate and Eliminations expenses accounted for an increase in costs of \$32.3 million in the 2017 fiscal quarter, which primarily resulted from an expense of \$22.8 million related to the portion of the refinancing transactions that was deemed to be a debt modification. Offsetting these direct cost increases was the incremental impact of dispositions, which decreased costs by \$52.1 million in the 2017 fiscal quarter. Acquisition-contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets increased direct costs by \$0.4 million in the 2017 fiscal quarter and by \$4.1 million in the 2016 fiscal quarter, decreasing net expenses by \$3.7 million in 2017 compared to 2016.

*Operating income* increased by \$33.3 million to \$243.9 million for the 2017 fiscal quarter from \$210.6 million for the 2016 fiscal quarter. The increase in operating income was the result of increased operating income in our LatAm segment partially offset by decreased operating income in our EMEAA and GPS segments and higher 2017 operating expenses at our Corporate segment.

*Interest expense, net of interest income* decreased by \$7.3 million to \$94.5 million for the 2017 fiscal quarter from \$101.8 million for the 2016 fiscal quarter. The decrease in interest expense was primarily attributable to lower average debt balances outstanding during the 2017 fiscal quarter.

*Other non-operating income* decreased by \$258.8 million to \$9.8 million for the 2017 fiscal quarter from \$268.6 million for the 2016 fiscal quarter. This decrease was primarily attributable to a gain in the 2016 fiscal quarter for a change of \$243.4 million; increase in loss on debt extinguishment of \$5.2 million; and a loss on foreign currency exchange in the 2017 fiscal quarter compared to a gain in the 2016 fiscal quarter for a change of \$36.0 million. These decreases were partially offset by an increase in gain on derivatives of \$25.0 million combined with a decrease in other non-operating expense of \$0.8 million in the 2017 fiscal quarter compared to the 2016 fiscal quarter.

*Income tax expense* increased by \$13.6 million to \$42.0 million for the 2017 fiscal quarter from \$28.4 million for the 2016 fiscal quarter. This increase was primarily due to changes in the mix of pre-tax book income attributable to taxable and non-taxable entities in various taxing jurisdictions and a discrete benefit from deferred taxes of \$7.9 million in 2016 related to the sale of hospitality management schools.

*Comparison of Consolidated Results for the Six Months Ended June 30, 2017 and 2016*

<i>(in millions)</i>			<b>% Change Better/(Worse) 2017 vs. 2016</b>	
	<b>2017</b>	<b>2016</b>		
Revenues	\$ 2,133.4	\$ 2,138.4	—	%
Direct costs	1,795.5	1,833.6	2	%
General and administrative expenses	156.9	105.4	(49)	%
Operating income	181.0	199.4	(9)	%
Interest expense, net of interest income	(192.4)	(199.7)	4	%
Other non-operating income	23.1	285.4	(92)	%
Income from continuing operations before income taxes and equity in net income of affiliates	11.7	285.1	(96)	%
Income tax expense	(14.9)	(38.4)	61	%
Equity in net income of affiliates, net of tax	—	—	nm	
Net (loss) income	(3.3)	246.8	(101)	%
Net income attributable to noncontrolling interests	(3.2)	(2.6)	23	%
Net (loss) income attributable to Laureate Education, Inc.	\$ (6.4)	\$ 244.2	(103)	%

nm - percentage changes not meaningful

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

*Comparison of Consolidated Results for the Six Months Ended June 30, 2017 to the Six Months Ended June 30, 2016*

*Revenues* decreased by \$5.0 million to \$2,133.4 million for the six months ended June 30, 2017 (the 2017 fiscal period) from \$2,138.4 million for the six months ended June 30, 2016 (the 2016 fiscal period). This revenue decrease was driven by the incremental impact of dispositions, which reduced revenues by \$139.7 million. Partially offsetting this decrease in revenues was the increased average total enrollment at a majority of our institutions, which increased revenues by \$53.8 million. The effect of product mix, pricing and timing resulted in a \$71.9 million increase in revenues compared to the 2016 fiscal period. This increase includes approximately \$30.0 million of revenues that were deferred during the 2016 fiscal period and recognized in subsequent periods as a result of class disruptions at two of our Chilean institutions during a nationwide student protest that lasted several weeks. The overall increase in product mix, pricing and timing was partially offset by a negative impact to 2017 revenues of approximately \$11.9 million that occurred as a result of class disruptions at our three Peruvian institutions during a period of heavy rains and floods. The disrupted classes have resumed and are expected to be completed by the end of the third quarter. For the 2017 fiscal period, the effect of a net change in foreign currency exchange rates increased revenues by \$7.8 million compared to 2016 fiscal period. Other Corporate and Elimination changes accounted for an increase in revenues of \$1.2 million.

*Direct costs and general and administrative expenses combined* increased by \$13.4 million to \$1,952.4 million for the 2017 fiscal period from \$1,939.0 million for the 2016 fiscal period. The direct costs increase was due to the overall higher enrollments and expanded operations which increased costs by \$40.0 million compared to the 2016 fiscal period. The effect of a net change in foreign currency exchange rates increased costs by \$25.6 million for the 2017 fiscal period compared to the 2016 fiscal period. For the 2017 fiscal period, share-based compensation expense and EiP implementation expense also increased direct costs by \$31.1

million. Other Corporate and Eliminations expenses accounted for an increase in costs of \$35.9 million in the 2017 fiscal period, which primarily included an expense of \$22.8 million related to the portion of the refinancing transactions that was deemed to be a debt modification. Offsetting these direct cost increases was the incremental impact of dispositions, which decreased costs by \$113.6 million for the 2017 fiscal period compared to the 2016 fiscal period. Acquisition-contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets increased direct costs by \$4.4 million in the 2017 fiscal period and increased direct costs by \$10.0 million in the 2016 fiscal period, decreasing expenses by \$5.6 million in the 2017 fiscal period compared to the 2016 fiscal period.

*Operating income* decreased by \$18.4 million to \$181.0 million for the 2017 fiscal period from \$199.4 million for the 2016 fiscal period. The decrease in operating income was the result of higher 2017 operating expenses at our Corporate segment combined with decreased operating income in our EMEAA and GPS segments, partially offset by increased operating income in our LatAm segment.

*Interest expense, net of interest income* decreased by \$7.3 million to \$192.4 million for the 2017 fiscal period from \$199.7 million for the 2016 fiscal period. The decrease in interest expense was primarily attributable to lower average debt balances outstanding during the 2017 fiscal period.

*Other non-operating income* decreased by \$262.3 million to \$23.1 million for the 2017 fiscal period from \$285.4 million for the 2016 fiscal period. This decrease was primarily attributable to a gain in the 2016 fiscal period for a change of \$243.4 million; increase in the loss on debt extinguishment recognized in the 2017 fiscal period compared to the 2016 fiscal period of \$6.7 million; and a loss on foreign currency exchange in the 2017 fiscal period compared to a gain in the 2016 fiscal period for a change of \$61.4 million. These decreases were partially offset by a gain on derivative instruments in the 2017 fiscal period compared to a loss in the 2016 fiscal period for a change of \$47.9 million, combined with a change in other non-operating income (expense) of \$1.3 million in the 2017 fiscal period compared to the 2016 fiscal period.

*Income tax expense* decreased by \$23.5 million to \$14.9 million for the 2017 fiscal period from \$38.4 million for the 2016 fiscal period. This decrease in expense was primarily due to management's decision to redesignate certain intercompany loans from temporary to permanent, which caused a discrete benefit of approximately \$30.0 million during the 2017 fiscal period, partially offset by a discrete benefit from deferred taxes of \$7.9 million in 2016 related to the sale of the hospitality management schools. The overall decrease also partially resulted from the changes in the mix of pre-tax book income attributable to taxable and non-taxable entities in various taxing jurisdictions.

#### Non-GAAP Financial Measure

We define Adjusted EBITDA as net income (loss), *before* equity in net (income) loss of affiliates, net of tax, income tax expense (benefit), loss (gain) on sale of subsidiaries, net, foreign currency exchange (gain) loss, net, other (income) expense, net, loss (gain) on derivatives, loss on debt extinguishment, interest expense and interest income, *plus* depreciation and amortization, share-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.

Adjusted EBITDA 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.

The following table presents Adjusted EBITDA and reconciles net income to Adjusted EBITDA for the three months ended June 30, 2017 and 2016:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
<b>Net income</b>	\$ 117.1	\$ 349.2	(66)%
Plus:			
Equity in net income of affiliates, net of tax	—	(0.3)	(100)%
Income tax expense	42.0	28.4	(48)%
Income from continuing operations before income taxes and equity in net income of affiliates	159.1	377.4	(58)%
Plus:			
Loss (gain) on sale of subsidiaries, net	0.2	(243.3)	(100)%
Foreign currency exchange loss (gain), net	9.7	(26.3)	(137)%
Other expense, net	0.4	1.3	69 %
Gain on derivatives	(27.0)	(2.0)	nm
Loss on debt extinguishment	6.9	1.7	nm
Interest expense	99.0	105.8	6 %
Interest income	(4.5)	(4.1)	10 %
Operating income	243.9	210.6	16 %
Plus:			
Depreciation and amortization	67.0	69.7	4 %
EBITDA	310.9	280.3	11 %
Plus:			
Share-based compensation expense <sup>(a)</sup>	12.9	13.7	6 %
Loss on impairment of assets	—	—	nm
EiP implementation expenses <sup>(b)</sup>	18.1	14.2	(27)%
Adjusted EBITDA	\$ 341.9	\$ 308.2	11 %

nm - percentage changes not meaningful

<sup>(a)</sup> Represents non-cash, share-based compensation expense pursuant to the provisions of ASC Topic 718.

<sup>(b)</sup> 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. The first wave of EiP, which began in 2014, is expected to be substantially completed by 2017 and includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting. Given the success of the first wave of EiP, we now anticipate expanding the initiative into other back- and mid-office areas in order to generate additional efficiencies and create a more efficient organizational structure.

*Comparison of Depreciation and Amortization, Share-based Compensation and EiP Implementation Expenses for the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016*

*Depreciation and amortization* decreased by \$2.7 million to \$67.0 million for the 2017 fiscal quarter from \$69.7 million for the 2016 fiscal quarter. A trend of decreased capital expenditures in prior periods accounted for a decrease in depreciation expense of \$2.1 million and other items accounted for a decrease in amortization expense of \$0.9 million. The effects of foreign currency exchange increased depreciation and amortization expense by \$0.3 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter.

*Share-based compensation expense* decreased by \$0.8 million to \$12.9 million for the 2017 fiscal quarter from \$13.7 million for the 2016 fiscal quarter.

*EiP implementation expenses* increased by \$3.9 million to \$18.1 million for the 2017 fiscal quarter from \$14.2 million for the 2016 fiscal quarter. The EiP expenses are related to an enterprise-wide initiative to optimize and standardize our processes, creating

vertical integration of procurement, information technology, financing, accounting and human resources. EiP also includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

The following table presents Adjusted EBITDA and reconciles net (loss) income to Adjusted EBITDA for the six months ended June 30, 2017 and 2016:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
<b>Net (loss) income</b>	\$ (3.3)	\$ 246.8	(101)%
Plus:			
Equity in net income of affiliates, net of tax	—	—	nm
Income tax expense	14.9	38.4	61 %
Income from continuing operations before income taxes and equity in net income of affiliates	11.7	285.1	(96)%
Plus:			
Loss (gain) on sale of subsidiaries, net	0.2	(243.3)	(100)%
Foreign currency exchange loss (gain), net	7.4	(53.9)	(114)%
Other (income) expense, net	(0.1)	1.3	108 %
(Gain) loss on derivatives	(39.1)	8.8	nm
Loss on debt extinguishment	8.4	1.7	nm
Interest expense	201.6	209.6	4 %
Interest income	(9.2)	(9.9)	(7)%
Operating income	181.0	199.4	(9)%
Plus:			
Depreciation and amortization	131.5	135.9	3 %
EBITDA	312.5	335.3	(7)%
Plus:			
Share-based compensation expense <sup>(a)</sup>	35.3	20.9	(69)%
Loss on impairment of assets	—	—	nm
EiP implementation expenses <sup>(b)</sup>	42.6	25.9	(64)%
Adjusted EBITDA	\$ 390.4	\$ 382.1	2 %

nm - percentage changes not meaningful

<sup>(a)</sup> Represents non-cash, share-based compensation expense pursuant to the provisions of ASC Topic 718.

<sup>(b)</sup> 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. The first wave of EiP, which began in 2014, is expected to be substantially completed by 2017 and includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting. Given the success of the first wave of EiP, we now anticipate expanding the initiative into other back- and mid-office areas in order to generate additional efficiencies and create a more efficient organizational structure.

*Comparison of Depreciation and Amortization, Share-based Compensation and EiP Implementation Expenses for the six months ended June 30, 2017 and 2016*

Depreciation and amortization decreased by \$4.4 million to \$131.5 million for the 2017 fiscal period from \$135.9 million for the 2016 fiscal period. The incremental impact of dispositions decreased depreciation and amortization expense by \$3.0 million. Other items accounted for a decrease in depreciation expense of \$1.9 million, primarily related to a trend of decreased capital expenditures in prior periods. Other items accounted for a decrease in amortization expense of \$1.2 million. These decreases were partially offset by the effects



of foreign currency exchange, which increased depreciation and amortization expense by \$1.7 million for the 2017 fiscal period compared to the 2016 fiscal period.

Share-based compensation expense increased by \$14.4 million to \$35.3 million for the 2017 fiscal period from \$20.9 million for the 2016 fiscal period. This increase is primarily attributable to stock options that were granted to the Company's CEO under the Executive Profits Interests (EPI) agreement. The EPI options vested upon consummation of the IPO on February 6, 2017, resulting in additional share-based compensation expense of \$14.6 million during the 2017 fiscal period.

EiP implementation expenses increased by \$16.7 million to \$42.6 million for the 2017 fiscal period from \$25.9 million for the 2016 fiscal period. The EiP expenses are related to an enterprise-wide initiative to optimize and standardize our processes, creating vertical integration of procurement, information technology, financing, accounting and human resources. The increase relates primarily to increased severance costs in the 2017 fiscal period that are predominantly contractual termination benefits recognized in accordance with ASC 712, "Compensation—Nonretirement Postemployment Benefits." EiP also includes the establishment of regional SSOs around the world, as well as improvements to our system of internal controls over financial reporting.

### Segment Results

We have three operating segments: LatAm, EMEAA 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, loss on impairment of assets, share-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."

The following table, derived from our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, presents selected financial information of our segments for the three months ended June 30, 2017 and 2016:

(in millions)	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Revenues:			
LatAm	\$ 831.1	\$ 733.3	13 %
EMEAA	245.5	261.1	(6)%
GPS	204.6	241.7	(15)%
Corporate	(3.8)	(4.1)	7 %
Consolidated Total Revenues	\$ 1,277.4	\$ 1,231.9	4 %
Adjusted EBITDA:			
LatAm	\$ 300.0	\$ 224.1	34 %
EMEAA	52.9	52.7	— %
GPS	54.8	65.3	(16)%
Corporate	(65.9)	(33.9)	(94)%
Consolidated Total Adjusted EBITDA	\$ 341.9	\$ 308.2	11 %

### LatAm

Operating results for our LatAm segment for the three months ended June 30, 2017 and 2016 were as follows:

(in millions)	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Segment revenues	\$ 831.1	\$ 733.3	13 %
Segment direct costs:			
Instructional and services	503.2	481.8	(4)%

Marketing and promotional		27.9		27.4	(2)%
Adjusted EBITDA	\$	300.0	\$	224.1	34 %

*Comparison of LatAm Results for the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016*

*LatAm segment revenues* for the 2017 fiscal quarter increased by \$97.8 million to \$831.1 million, compared to the 2016 fiscal quarter. Organic enrollment increased during the 2017 fiscal quarter by 3% for this segment, increasing revenues by \$28.7 million compared to the 2016 fiscal quarter. 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 2017 fiscal quarter, the effects of currency translations increased revenues by \$22.7 million, primarily due to the strengthening of the Brazilian Real, the Chilean Peso and the Peruvian Nuevo Sol partially offset by the weakening of the Mexican Peso and the Costa Rican Colon relative to the USD. The effects of product mix, pricing and timing resulted in a \$46.4 million increase in revenues compared to the 2016 fiscal quarter, which primarily resulted from the deferral of approximately \$30.0 million of revenues from the 2016 fiscal quarter to subsequent quarters as a result of class disruptions at two of our Chilean institutions during a nationwide student protest that lasted several weeks. LatAm revenues represented 65% of our total revenues for the 2017 fiscal quarter compared to 59% for the 2016 fiscal quarter.

*LatAm segment direct costs* increased by \$21.9 million to \$531.1 million, or 64% of LatAm revenues for the 2017 fiscal quarter, compared to \$509.2 million, or 69% of LatAm revenues for the 2016 fiscal quarter. The effects of currency translations increased expenses by \$13.6 million, primarily due to the strengthening of the Brazilian Real, the Chilean Peso and the Peruvian Nuevo Sol partially offset by the weakening of the Mexican Peso and the Costa Rican Colon relative to the USD. Higher enrollments and expanded operations at our LatAm institutions increased direct costs by \$12.1 million in the 2017 fiscal quarter compared to the 2016 fiscal quarter, primarily due to increased labor costs to service the enrollment growth. Acquisition-contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, decreased expenses by \$3.8 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter.

*LatAm segment Adjusted EBITDA* increased by \$75.9 million to \$300.0 million in the 2017 fiscal quarter from \$224.1 million in the 2016 fiscal quarter, as described above.

## EMEA

Operating results for our EMEA segment for the three months ended June 30, 2017 and 2016 were as follows:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Segment revenues	\$ 245.5	\$ 261.1	(6)%
Segment direct costs:			
Instructional and services	174.3	188.2	7 %
Marketing and promotional	18.3	20.2	9 %
Adjusted EBITDA	\$ 52.9	\$ 52.7	— %

*Comparison of EMEA Results for the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016*

*EMEA segment revenues* for the 2017 fiscal quarter decreased by \$15.6 million to \$245.5 million, compared to the 2016 fiscal quarter. In the 2017 fiscal quarter, the incremental impact of dispositions decreased revenues by \$22.8 million. The segment operates in several countries and is subject to the effects of foreign currency exchange rates in each of those countries. For the 2017 fiscal quarter, the effects of currency translations decreased revenues by \$11.1 million, primarily due to the weakening of the Turkish Lira, the Euro and the Malaysian Ringgit relative to the USD. On average, organic enrollment excluding dispositions increased during the 2017 fiscal quarter by 6% for this segment, increasing revenues by \$12.3 million compared to the 2016 fiscal quarter. The effects of product mix, pricing and timing resulted in a \$6.0 million increase in revenues for the 2017 fiscal quarter compared to the 2016 fiscal quarter. EMEA revenues represented 19% of our total revenues for the 2017 fiscal quarter compared to 21% for the 2016 fiscal quarter.

*EMEA segment direct costs* decreased by \$15.8 million to \$192.6 million, or 78% of EMEA revenues for the 2017 fiscal quarter, compared to \$208.4 million, or 80% of EMEA revenues for the 2016 fiscal quarter. In the 2017 fiscal quarter, the incremental impact of dispositions decreased direct costs by \$19.6 million. The effects of currency translations decreased expenses by \$6.7 million, primarily due to the weakening of the Turkish Lira, the Euro and the Malaysian Ringgit relative to the USD. Higher enrollments and expanded

operations at our institutions in the EMEAA segment increased direct costs by \$10.4 million in the 2017 fiscal quarter compared to the 2016 fiscal quarter, driven primarily by increased labor costs and student support activities to service the enrollment growth experienced during the 2017 fiscal quarter. Acquisition-contingent liabilities for taxes other than

income tax, net of changes in recorded indemnification assets, increased expenses by \$0.1 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter.

*EMEA segment Adjusted EBITDA* increased by \$0.2 million to \$52.9 million in the 2017 fiscal quarter from \$52.7 million in the 2016 fiscal quarter, as described above.

## GPS

Operating results for our GPS segment for the three months ended June 30, 2017 and 2016 were as follows:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Segment revenues	\$ 204.6	\$ 241.7	(15)%
Segment direct costs:			
Instructional and services	117.4	140.1	16 %
Marketing and promotional	32.4	36.3	11 %
Adjusted EBITDA	\$ 54.8	\$ 65.3	(16)%

### *Comparison of GPS Results for the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016*

*GPS segment revenues* for the 2017 fiscal quarter decreased by \$37.1 million to \$204.6 million, compared to the 2016 fiscal quarter. In the 2017 fiscal quarter, the incremental impact of dispositions decreased revenues by \$41.8 million. On average, organic enrollment excluding dispositions decreased during the 2017 fiscal quarter by 5%, decreasing revenues by \$6.6 million compared to the 2016 fiscal quarter. For the 2017 fiscal quarter, the effect of currency translations decreased revenues by \$0.4 million due to the weakening of the Euro relative to the USD. The effects of product mix, pricing and timing resulted in an \$11.7 million increase in revenues compared to the 2016 fiscal quarter. GPS segment revenues represented 16% of our total revenues for the 2017 fiscal quarter compared to 20% for the 2016 fiscal quarter.

*GPS segment direct costs* decreased by \$26.6 million to \$149.8 million, or 73% of total GPS segment revenues for the 2017 fiscal quarter, compared to \$176.4 million, or 73% of total GPS segment revenues for the 2016 fiscal quarter. In the 2017 fiscal quarter, the incremental impact of dispositions decreased direct costs by \$32.8 million. For the 2017 fiscal quarter, the effect of currency translations decreased expenses by \$0.5 million, due to the weakening of the Euro relative to the USD. GPS direct costs increased by \$6.7 million for the 2017 fiscal quarter compared to the 2016 fiscal quarter primarily related to growth at St. Augustine and the operation of the shared services center.

*GPS segment Adjusted EBITDA* decreased by \$10.5 million to \$54.8 million for the 2017 fiscal quarter from \$65.3 million for the 2016 fiscal quarter, as described above.

## Corporate

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

Operating results for Corporate for the three months ended June 30, 2017 and 2016 were as follows:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Revenues	\$ (3.8)	\$ (4.1)	7 %
Expenses	62.1	29.8	(108)%

Adjusted EBITDA	\$	(65.9)	\$	(33.9)	(94)%
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*Comparison of Corporate Results for the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016*

Corporate Adjusted EBITDA decreased by \$32.0 million to \$(65.9) million for the 2017 fiscal quarter, compared to \$(33.9) million for the 2016 fiscal quarter. This decrease in Adjusted EBITDA primarily resulted from expense recorded in the 2017 fiscal quarter of \$22.8 million related to the portion of the refinancing transactions that was deemed to be a debt modification. In addition, there was an increase in labor costs and other professional fees of \$5.3 million, mostly related to internal controls compliance initiatives, as well as \$4.5 million of expense that was recognized in the 2017 fiscal quarter related to a transaction with a former business partner. Other items accounted for an increase in Adjusted EBITDA of \$0.6 million.

*Comparison of Segment Results for the Six Months Ended June 30, 2017 and 2016*

The following table, derived from our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, presents selected financial information of our segments for the six months ended June 30, 2017 and 2016:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Revenues:			
LatAm	\$ 1,252.6	\$ 1,137.2	10 %
EMEAA	472.7	505.1	(6)%
GPS	412.9	502.1	(18)%
Corporate	(4.7)	(5.9)	20 %
Consolidated Total Revenues	\$ 2,133.4	\$ 2,138.4	— %
Adjusted EBITDA:			
LatAm	\$ 264.2	\$ 203.8	30 %
EMEAA	106.3	107.2	(1)%
GPS	118.4	135.0	(12)%
Corporate	(98.6)	(63.9)	(54)%
Consolidated Total Adjusted EBITDA	\$ 390.4	\$ 382.1	2 %

**LatAm**

Operating results for our LatAm segment for the six months ended June 30, 2017 and 2016 were as follows:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Segment revenues	\$ 1,252.6	\$ 1,137.2	10 %
Segment direct costs:			
Instructional and services	931.2	879.5	(6)%
Marketing and promotional	57.2	53.9	(6)%
Adjusted EBITDA	\$ 264.2	\$ 203.8	30 %

*Comparison of LatAm Results for the Six Months Ended June 30, 2017 to the Six Months Ended June 30, 2016*

LatAm segment revenues for the 2017 fiscal period increased by \$115.4 million to \$1,252.6 million, compared to the 2016 fiscal period. On average, organic enrollment increased during the 2017 fiscal period by 3% for this segment, increasing revenues by \$40.6 million compared to the 2016 fiscal period. Each institution in the segment offers tuition at various prices based upon degree program. The effects of product mix, pricing and timing resulted in a \$45.2 million increase in revenues compared to the 2016 fiscal period. This increase includes approximately \$30.0 million of revenues that were deferred during the 2016 fiscal period and recognized in subsequent periods.



as a result of class disruptions at two of our Chilean institutions during a nationwide student protest that lasted several weeks. The overall increase in product mix, pricing and timing was partially offset by a negative impact to 2017 revenues of approximately \$11.9 million that occurred as a result of class disruptions at our three Peruvian institutions

during a period of heavy rains and floods. The disrupted classes have resumed and are expected to be completed by the end of the third quarter. 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 2017 fiscal period, the effects of currency translations increased revenues by \$29.6 million, primarily due to the strengthening of the Brazilian Real, Chilean Peso and Peruvian Nuevo Sol partially offset by the weakening of the Mexican Peso relative to the USD. LatAm revenues represented 59% of our total revenues for the 2017 fiscal period compared to 53% for the 2016 fiscal period.

*LatAm segment direct costs* increased by \$55.0 million to \$988.4 million, or 79% of LatAm revenues for the 2017 fiscal period, compared to \$933.4 million, or 82% of LatAm revenues for the 2016 fiscal period. The effects of currency translations increased expenses by \$36.6 million, primarily due to the strengthening of the Brazilian Real, Chilean Peso and Peruvian Nuevo Sol partially offset by the weakening of the Mexican Peso relative to the USD. Higher enrollments and expanded operations at our LatAm institutions increased direct costs by \$24.1 million in the 2017 fiscal period compared to the 2016 fiscal period, primarily due to increased labor costs to service the enrollment growth. Acquisition-contingent liabilities for taxes other than income tax, net of changes in recorded indemnification assets, decreased expenses by \$5.7 million for the 2017 fiscal period compared to the 2016 fiscal period.

*LatAm segment Adjusted EBITDA* increased by \$60.4 million to \$264.2 million in the 2017 fiscal period from \$203.8 million in the 2016 fiscal period, as described above.

## EMEAA

Operating results for our EMEAA segment for the six months ended June 30, 2017 and 2016 were as follows:

(in millions)			% Change Better/(Worse) 2017 vs. 2016	
	2017	2016		
Segment revenues	\$ 472.7	\$ 505.1		(6)%
Segment direct costs:				
Instructional and services	335.2	361.8		7 %
Marketing and promotional	31.2	36.1		14 %
Adjusted EBITDA	\$ 106.3	\$ 107.2		(1)%

### Comparison of EMEAA Results for the Six Months Ended June 30, 2017 to the Six Months Ended June 30, 2016

*EMEAA segment revenues* for the 2017 fiscal period decreased by \$32.4 million to \$472.7 million, compared to the 2016 fiscal period. The incremental impact of dispositions decreased revenues by \$46.1 million in the 2017 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 2017 fiscal period, the effects of currency translations decreased revenues by \$20.9 million due to the weakening of the Turkish Lira, the Euro, the Malaysian Ringgit and the Chinese Renminbi partially offset by the strengthening of the South African Rand and the Australian Dollar relative to the USD. On average, organic enrollment excluding dispositions increased during the 2017 fiscal period by 6% for this segment, increasing revenues by \$26.7 million compared to the 2016 fiscal period. For the 2017 fiscal period, the effects of product mix, pricing and timing resulted in a \$7.9 million increase in revenues compared to the 2016 fiscal period. EMEAA revenues represented 22% of our total revenues for the 2017 fiscal period compared to 24% for the 2016 fiscal period.

*EMEAA segment direct costs* decreased by \$31.5 million to \$366.4 million, or 78% of EMEAA revenues for the 2017 fiscal period, compared to \$397.9 million, or 79% of EMEAA revenues for the 2016 fiscal period. The incremental impact of dispositions decreased direct costs by \$40.1 million. The effects of currency translations decreased expenses by \$11.8 million due to the weakening of the Turkish Lira, the Euro and the Malaysian Ringgit partially offset by the strengthening of the Australian Dollar and the South African Rand relative to the USD. Higher enrollments and expanded operations at our institutions in the Europe segment increased direct costs by \$20.3 million in the 2017 fiscal period compared to the 2016 fiscal period, driven primarily by increased labor costs and student support activities to service the enrollment growth experienced during the 2017 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 2017 fiscal period compared to the 2016 fiscal period.

*EMEA segment Adjusted EBITDA* decreased by \$0.9 million to \$106.3 million in the 2017 fiscal period, from \$107.2 million in the 2016 fiscal period, as described above.

## GPS

Operating results for our GPS segment for the six months ended June 30, 2017 and 2016 were as follows:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Segment revenues	\$ 412.9	\$ 502.1	(18)%
Segment direct costs:			
Instructional and services	231.7	294.3	21 %
Marketing and promotional	62.8	72.8	14 %
Adjusted EBITDA	\$ 118.4	\$ 135.0	(12)%

### *Comparison of GPS Results for the Six Months Ended June 30, 2017 to the Six Months Ended June 30, 2016*

*GPS segment revenues* for the 2017 fiscal period decreased by \$89.2 million to \$412.9 million, compared to the 2016 fiscal period. The incremental impact of dispositions decreased revenues by \$93.6 million in the 2017 fiscal period. On average, organic enrollment excluding dispositions decreased during the 2017 fiscal period by 5%, decreasing revenues by \$13.5 million compared to the 2016 fiscal period. The effects of currency translations decreased revenues by \$0.9 million in the 2017 fiscal period, compared to the 2016 fiscal period, primarily due to the weakening of the Euro relative to the USD. For the 2017 fiscal period, the effects of product mix, pricing and timing resulted in an \$18.8 million increase in revenues compared to the 2016 fiscal period. GPS segment revenues represented 19% of our total revenues for the 2017 compared to 23% for the 2016 fiscal period.

*GPS segment direct costs* decreased by \$72.6 million to \$294.5 million, or 71% of total GPS segment revenues for the 2017 fiscal period, compared to \$367.1 million, or 73% of total GPS segment revenues for the 2016 fiscal period. The incremental impact of dispositions decreased direct costs by \$70.5 million. The effects of currency translations decreased segment direct costs by \$0.9 million in the 2017 fiscal period compared to the 2016 fiscal period, due to the weakening of the Euro relative to the USD. GPS direct costs decreased by \$1.2 million for the 2017 fiscal period compared to the 2016 fiscal period; this decrease is the net effect of increased costs at St. Augustine due to growth, offset by cost reductions at other locations.

*GPS segment Adjusted EBITDA* decreased by \$16.6 million to \$118.4 million for the 2017 fiscal period, from \$135.0 million for the 2016 fiscal period, as described above.

## Corporate

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

Operating results for Corporate for the six months ended June 30, 2017 and 2016 were as follows:

<i>(in millions)</i>	2017	2016	% Change Better/(Worse) 2017 vs. 2016
Revenues	\$ (4.7)	\$ (5.9)	20 %
Expenses	93.9	58.0	(62)%
Adjusted EBITDA	\$ (98.6)	\$ (63.9)	(54)%

### *Comparison of Corporate Results for the Six Months Ended June 30, 2017 to the Six Months Ended June 30, 2016*

*Corporate Adjusted EBITDA* decreased by \$34.7 million to \$(98.6) million for the 2017 fiscal period, compared to \$(63.9) million for the 2016 fiscal period. This decrease in Adjusted EBITDA primarily resulted from expense recorded in the 2017 fiscal period of \$22.8 million related to the portion of the refinancing transactions that was deemed to be a debt modification. In addition, there was an increase in labor costs and other professional fees of \$5.2 million, mostly related to internal controls compliance initiatives, as well as \$4.5 million of expense that was recognized in the 2017 fiscal period related to a transaction with a former business partner. Other items accounted for a decrease in Adjusted EBITDA of \$2.2 million.

## **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 cost 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 June 30, 2017, our secondary source of cash was cash and cash equivalents of \$367.2 million. Our cash accounts are maintained with high-quality financial institutions with no significant concentration in any one institution.

### *Liquidity Restrictions*

Our liquidity is affected by restricted cash and investments balances, which totaled \$193.3 million and \$189.3 million as of June 30, 2017 and December 31, 2016, respectively.

### *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 of the United States. As of June 30, 2017, \$313.1 million of our total \$367.2 million of cash and cash equivalents were held by foreign subsidiaries, including \$114.7 million held by VIEs. As of December 31, 2016, \$373.4 million of our total \$465.0 million of cash and cash equivalents were held by foreign subsidiaries, including \$169.1 million held by VIEs. The VIEs' cash and cash equivalents balances are generally required to be used only for the operations of these VIEs.

### Liquidity Requirements

Our short-term liquidity requirements include: funding for debt service (including capital leases); operating lease obligations; 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 of third-party obligations; and business development activities.

### *Debt*

During the second quarter of 2017, the Company completed refinancing transactions that resulted in repayment of the previous senior credit facility and the redemption of the 9.250% Senior Notes due 2019 (the Senior Notes due 2019) (other than \$250.0 million in aggregate principal amount of the Senior Notes due 2019 that the Company exchanged on April 21, 2017 for substantially identical but non-redeemable notes issued under a new indenture (the Exchanged Notes)).

On April 26, 2017, we completed an offering of \$800.0 million aggregate principal amount of 8.250% Senior Notes due 2025 (the Senior Notes due 2025). The Senior Notes due 2025 were issued at par and will mature on May 1, 2025. Interest on the Senior Notes due 2025 is payable semi-annually on May 1 and November 1, and the first interest payment date is November 1, 2017.

Substantially concurrently with the issuance of the Senior Notes due 2025, we consummated a refinancing of our Senior Secured Credit Facility by means of an amendment and restatement of the existing amended and restated credit agreement (the Second Amended and

Restated Credit Agreement) to provide a new revolving credit facility of \$385.0 million maturing in April 2022 (the Revolving Credit Facility) and a new syndicated term loan of \$1,600.0 million maturing in April 2024 (the 2024 Term Loan).

As of June 30, 2017, senior long-term borrowings totaled \$2,629.0 million and consisted of \$1,580.4 million under the Senior Secured Credit Facility that matures in April 2022 and April 2024 and \$1,048.7 million in Senior Notes due 2025 that mature on May 1, 2025.

As of June 30, 2017, other debt balances totaled \$726.4 million, and our capital lease obligations and sale-leaseback financings were \$260.7 million. Other debt includes lines of credit and short-term borrowing arrangements of subsidiaries, mortgages payable, and notes payable.

#### *Senior Secured Credit Facility*

As of June 30, 2017, the outstanding balance under our Senior Secured Credit Facility was \$1,580.4 million, which consisted of no amount outstanding under our \$385.0 million senior secured multi-currency revolving credit facility and an aggregate outstanding balance of \$1,580.4 million, net of a debt discount, under the term loans. As of December 31, 2016, the outstanding balance under our previous senior credit facility was \$1,497.9 million, which consisted of no amount outstanding under our senior secured multi-currency revolving credit facility and an aggregate outstanding balance of \$1,497.9 million, net of a debt discount, under the term loans.

#### *Senior Notes*

As of June 30, 2017, the outstanding balance of our Senior Notes was \$1,048.7 million, which consisted of \$800.0 million of Senior Notes due 2025 and \$248.7 million of the Exchanged Notes, net of a debt discount. As of December 31, 2016, our outstanding balance under our Senior Notes due 2019 was \$1,388.0 million, net of a debt discount.

On April 15, 2016, Laureate entered into separate, privately negotiated note exchange agreements (the Note Exchange Agreements) with certain existing holders of the Senior Notes due 2019 pursuant to which we agreed to exchange \$250.0 million in aggregate principal amount of Senior Notes due 2019 for shares of the Company's Class A common stock. The exchange is to be completed within one year and one day after the consummation of an initial public offering of our common stock that generates gross proceeds of at least \$400.0 million or 10% of the equity value of the Company (a Qualified Public Offering). On February 6, 2017, the Company completed an initial public offering of its Class A common stock at a price per share of \$14.00 that qualified as a Qualified Public Offering. On March 1, 2017, in accordance with the terms of the Note Exchange Agreements, we repurchased Senior Notes due 2019 with an aggregate principal amount of \$22.6 million at a repurchase price of 104.625% of the aggregate principal amount, for a total payment of \$23.6 million.

On August 2, 2017, we sent notices to the holders of the notes subject to the Note Exchange Agreements indicating that the closing of the exchange contemplated by the Note Exchange Agreements is expected to be consummated on Friday, August 11, 2017. At closing, the Senior Notes due 2019 will be exchanged for a total of 18.7 million shares of the Company's Class A common stock and the Senior Notes due 2019 would be canceled.

#### *Covenants*

Under our Second Amended and Restated Credit Agreement we are subject to a Consolidated Senior Secured Debt to Consolidated EBITDA financial maintenance covenant, as defined in the Second Amended and Restated Credit Agreement, unless certain conditions are satisfied. As of June 30, 2017, the conditions were satisfied and, therefore, we were not subject to the financial maintenance covenant. The maximum ratio, as defined, is 4.50x as of the last day of each quarter ending June 30, 2017 through September 30, 2017, 3.75x as of the last day of each quarter ending December 31, 2017 through March 31, 2018, and 3.50x as of the last day of each quarter ending June 30, 2018 and thereafter.

#### *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.

#### *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 June 30, 2017 and December 31, 2016, we recorded \$215.5 million and \$210.9 million, respectively, for these liabilities. As of June 30, 2017, the current portion of these notes payable was \$133.1 million, which includes the carrying value of \$105.8 million for the FMU seller note that is payable in September 2017. See also Note 4, Due to Shareholders of Acquired Companies, in our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.





### *Capital Expenditures*

Capital expenditures consist of purchases of property and equipment, purchases of land use rights 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 \$95.0 million and \$95.0 million during the six months ended June 30, 2017 and 2016, respectively. The timing of certain Corporate global transformation initiatives was deferred to the second half of 2017. In addition, there were lower capital allocations in Chile and Peru, related to an ongoing initiative to reduce capital expenditures. These decreases were offset by increased spending in Mexico and Brazil, as well as accelerated timing of spend in Europe.

### *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 net cash payments on our derivatives totaling \$6.0 million and \$16.5 million for the six months ended June 30, 2017 and 2016, respectively. These amounts include cash payments that were recognized as interest expense for the derivatives designated as cash flow hedges, as well as net cash payments made for the derivatives related to the sale transactions. For further information on our derivatives, see Note 12, Derivative Instruments, in our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### *Series A Convertible Redeemable Preferred Stock (Series A Preferred Stock)*

In December 2016 and January 2017, we issued shares of Series A Preferred Stock for total gross proceeds of \$400.0 million. The shares of Series A Preferred Stock are redeemable at our option at any time (subject to certain limitations involving the price of our Class A common stock) and by the holders after the fifth anniversary of the issue date at a redemption price per share equal to 1.15 multiplied by the sum of the issue amount per share plus any accrued and unpaid dividends. The shares of Series A Preferred Stock may also be converted into shares of our common stock upon certain conditions. For further description see Note 8, Commitments and Contingencies, in our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### *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 have historically included and may include future acquisition activity. Our acquisitions have historically been funded primarily through existing liquidity and seller financing. We evaluate various alternatives to raise additional capital to fund potential 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. The 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 potential acquisitions 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 investing activities.

### *Regulatory Updates*

If the 2017 Higher Education Bill passes substantially in the form as described in Item 1A, “Political and regulatory developments in Chile may materially adversely affect our operations,” and all constitutional challenges are denied, we believe, based on our

interpretation of the current form of the 2017 Higher Education Bill, that Adjusted EBITDA, on an annual consolidated basis, will be reduced by approximately \$50 million, representing approximately 40% of our current Adjusted EBITDA from Chile. Based on the Company's understanding of the 2017 Higher Education Bill, the Company believes that if passed substantially in its current form, there would be a two to three year implementation window before the 2017 Higher Education Bill would take full effect.

## 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.

The following table summarizes our cash flows from operating, investing, and financing activities for each of the six months ended June 30, 2017 and 2016:

<i>(in millions)</i>	2017	2016
Cash (used in) provided by:		
Operating activities	\$ (205.7)	\$ (63.4)
Investing activities	(95.7)	227.7
Financing activities	188.4	(251.3)
Effects of exchange rates changes on cash	15.1	14.4
Change in cash included in current assets held for sale	—	(1.3)
Net change in cash and cash equivalents	\$ (97.8)	\$ (73.9)

## *Comparison of Cash Flows for the Six Months Ended June 30, 2017 to the Six Months Ended June 30, 2016*

### Operating activities

Cash used in operating activities increased by \$142.3 million to \$205.7 million for the 2017 fiscal period, compared to \$63.4 million for the 2016 fiscal period. This increase in operating cash usage during the 2017 fiscal period is due in part to the payment of redemption and call premiums on the debt modification, which totaled \$65.2 million, as well as debt modification fees that were paid and expensed during the 2017 fiscal period of \$22.8 million. In addition, cash paid for interest increased \$60.3 million, from \$178.8 million for the 2016 fiscal period to \$239.1 million for the 2017 fiscal period, which is attributable to the accrued interest that was paid early as a result of the refinancing transactions completed during the 2017 fiscal period. Cash paid for taxes also increased by \$12.6 million, from \$49.1 million for the 2016 fiscal period to \$61.7 million for the 2017 fiscal period. This increase in cash usage was partially offset by cash from operating results, combined with changes in operating assets and liabilities and other working capital, which increased cash by \$18.6 million for the 2017 fiscal period, compared to the 2016 fiscal period.

### Investing activities

Cash used in investing activities increased by \$323.4 million for the 2017 fiscal period to \$95.7 million, from an investing cash inflow of \$227.7 million in the 2016 fiscal period. This change is primarily attributable to the sale of the Glion and Les Roches Hospitality Management schools during the 2016 fiscal period, which resulted in a \$339.1 million year-over-year decrease in receipts from the sale of property and equipment. This decrease in cash from investing activities was partially offset by a year-over-year increase in investing cash flows of \$10.3 million related to the 2016 cash settlement of derivatives associated with the subsidiary sales. Other items accounted for the remaining change of \$5.4 million.

### Financing activities

Cash provided by financing activities increased by \$439.7 million for the 2017 fiscal period to \$188.4 million, compared to a financing cash outflow of \$251.3 million for the 2016 fiscal period. This increased cash from financing activities was primarily attributable to the \$456.6 million of net proceeds from the IPO and the \$55.3 million of net proceeds from issuance of the shares of Series A Preferred Stock. In addition, payments to purchase noncontrolling interests were \$25.7 million lower during the 2017 fiscal period as compared to the 2016 fiscal period, since the 2016 fiscal period included the purchase of the remaining noncontrolling interest of St. Augustine. These increases in cash from financing activities were partially offset by: (1) higher net payments of long-term debt during the 2017 fiscal period versus the 2016 fiscal period of \$90.4 million, which included the repurchase of \$22.6 million of Senior Notes due 2019 under the Note Exchange Agreements; and (2) payments of debt issuance costs were \$9.8 million higher during the 2017 fiscal period as compared to the 2016 fiscal period, as a result of the portion of the debt refinancing transactions completed in 2017 that was deemed to be debt extinguishment. Other items accounted for the remaining change of \$2.3 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 2 of the audited Consolidated Financial Statements included in our 2016 Form 10-K. Our 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. For a complete discussion of our critical accounting policies, see the “Critical Accounting Policies and Estimates” section of the MD&A in our 2016 Form 10-K. During the six months ended June 30, 2017, there were no significant changes to our critical accounting policies.

### **Recently Issued Accounting Pronouncements**

Refer to Note 2, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for recently issued accounting pronouncements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For information regarding our exposure to certain market risks, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our 2016 Form 10-K. There have been no significant changes in our market risk exposures since our December 31, 2016 fiscal year end.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)), as of the end of the period covered by this Quarterly Report on Form 10-Q. The purpose of disclosure controls and procedures is to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our CEO and CFO, to allow timely decisions regarding required disclosures.

Based on that evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were not effective due to the four material weaknesses, which we view as an integral part of our disclosure controls and procedures, previously disclosed in Item 7 of our 2016 Form 10-K. We have commenced the remediation of these material weaknesses; however, as of June 30, 2017 the material weaknesses had not yet been fully remediated. Nevertheless, we believe that the consolidated financial statements in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

## **Changes in Internal Controls**

There were no changes in our internal control over financial reporting during the fiscal quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are party to various claims and legal proceedings from time to time. Except as described in our 2016 Form 10-K, as updated in our Form 10-Q for the quarter ended March 31, 2017 and below, we are not aware of any legal proceedings that we believe could have, individually or in the aggregate, a material adverse effect on our business, results of operations or financial condition.

On October 5, 2016, a student filed suit against us and Walden University in the United States District Court for the Southern District of Ohio in the matter of *Latonya Thornhill v. Walden University, et. al.*, claiming that her progress in her program was delayed by Walden University and seeking class action status to represent a nationwide class of purportedly similarly situated doctoral students. The claims include fraud in the inducement, breach of contract, consumer fraud under the laws of Maryland and Ohio, and unjust enrichment. We and Walden University were served on October 17, 2016. On December 16, 2016, we and Walden University filed a motion to dismiss the claims and a motion to strike the class action certification request. On January 12, 2017, the plaintiff filed an amended complaint, making modifications to supplement some of the factual allegations and seeking to change the governing law of the case to the law of Minnesota. A substantive response to the amended complaint was filed on February 9, 2017. The *Thornhill* court temporarily stayed this case in its entirety until May 1, 2017, pending the outcome of the Multi-District Litigation (“MDL”) proceeding discussed below. Following denial of the MDL transfer motion, the *Thornhill* court has temporarily stayed discovery until at least October 1, 2017, pending the determination on the motions to dismiss the complaint as well as the request for class action certification which remains pending. Walden University and we intend to defend against this case vigorously, including the request to certify a nationwide class.

On October 18, 2016, a former student filed suit against us and Walden University *pro se* in the United States District Court for the District of Maryland in the matter of *Eric D. Streeter v. Walden University, et. al. (Case No. 1CCB6-CV-3460)*, claiming that his progress in his program was delayed by Walden University and Laureate. The claims include unjust enrichment, breach of contract, violation of the Maryland Consumer Protection Act, violation of the Due Process Clause in the Fourteenth Amendment, libel, and violation of the False Claims Act. We filed a motion to dismiss on April 12, 2017, which remains pending. Walden University and we intend to defend against this case vigorously.

On December 1, 2016, five students filed suit against us and Walden University in the United States District Court for the District of Minnesota in the matter of *Jennifer Wright, et al v. Walden University, et. al.*, claiming that their progress in their programs was delayed by Walden University and seeking class action status to represent a nationwide class of purportedly similarly situated doctoral students. The claims include fraud in the inducement, breach of contract, consumer fraud, and breach of implied covenant of fair dealing under the laws of Minnesota, California, Georgia, Washington and Michigan, and unjust enrichment. Walden University and we were served in this matter on December 8, 2016, Walden University and we intend to defend against this case vigorously, including the request to certify a nationwide class. On January 13, 2017, we filed a motion to dismiss, or in the alternative to stay proceedings, pursuant to the first-filed rule, based upon the fact that the *Thornhill* case was filed first in Ohio. The *Wright* court issued an order on April 21, 2017 granting the defendants’ motion to dismiss (without prejudice). The plaintiffs may seek leave to join the *Thornhill* case or may file individual cases without class allegations.

On December 29, 2016, a former student filed suit against us and Walden University in the United States District Court for the District of Minnesota in the matter of *Aaron Bleess, et al v. Walden University, et. al (Case No. 16-CV-4402)*, claiming that his progress in his program was delayed by Walden University and seeking class action status to represent a nationwide class of purportedly similarly situated doctoral students. The claims include, under the laws of Minnesota, breach of contract, consumer fraud, breach of implied covenant of fair dealing, fraudulent inducement, unjust enrichment, and violation of the Deceptive Trade Practices Act and Consumer Protection Fraud Act. Laureate and Walden University were served on January 5 and January 6, 2017, respectively. On January 17, 2017, we filed a motion to dismiss, or in the alternative to stay proceedings, pursuant to the first-filed rule, based upon the fact that the *Thornhill* case was filed first in Ohio. The *Bleess* court stayed the proceedings pending a ruling on this motion to dismiss. Walden University and we intend to defend against this case vigorously, including the request to certify a nationwide class. This case appears to be nearly identical in allegations, including the same alleged class, as *Thornhill* and *Wright*. The court issued an order on April 21, 2017 granting the defendants’ motion to dismiss (without prejudice). The plaintiffs may seek leave to join the *Thornhill* case or may file individual cases without class allegations.

On December 23, 2016, counsel for the plaintiffs in *Thornhill* and *Wright* filed a motion to consolidate pretrial proceedings in these matters, as well as the *Streeter* and *Medellin* matters, to the United States Judicial Panel on MDL. *Bleess*’s counsel filed a notice of intent

to participate as an interested party of the consolation motion. Laureate and Walden University filed a motion in opposition to transfer to MDL on January 17, 2017, which was opposed on January 24, 2017. A hearing was held on March 30, 2017 and the MDL panel issued an order on April 5, 2017 denying the plaintiffs' motion to transfer.



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 España, S.L. (“ICE”), our Spanish holding company, for approximately EUR 11.1 million (\$12.6 million at June 30, 2017), including interest, for those two years based on 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 (\$19.5 million at June 30, 2017), including interest, for those three years. We have appealed this assessment and, in order to suspend the payment of the tax assessment until the court decision, we issued a cash-collateralized letter of credit for the assessment amount plus interest and surcharges. We believe the assessments in this case are without merit and intend to defend vigorously against them. During the second quarter of 2016, we were notified by the STA that tax audits of the Spanish subsidiaries were also being initiated for 2011 and 2012; no assessments have yet been issued for these years. Also during the second quarter of 2016, the Regional Administrative Court issued a decision against the Company on its appeal. The Company has further appealed at the Highest Administrative Court level. The Company plans to continue the appeals process for the periods already audited and assessed. During the second quarter of 2017, we were notified by the STA that tax audits of the Spanish subsidiaries for 2011 and 2012 were being extended to include 2013; no assessments have yet been issued for 2013.

In June 2016, Li Shihong and Hunan Lieying Education Investment Management Co Ltd commenced civil proceedings in the Changsha Intermediary Court in the People’s Republic of China against Zhang Jiangbo, Zhang Jianbo, Chin Zhingxian, Hunan New Lieying Science and Education Co Ltd and Hunan International Economics University, our network institution in China (“HIEU”). Zhang Jiangbo, Zhang Jianbo and Chin Zhingxian are the minority shareholders in the HIEU group. The plaintiffs claim that the defendants are liable to pay an amount of RMB 170 million (approximately \$25.0 million at June 30, 2017) based on a debt repayment document executed in 2014. The document was signed by the minority shareholders and Hunan New Lieying Science and Education Co Ltd and Zhang Jiangbo, allegedly on behalf of HIEU, in effect as a guarantor and a seal was affixed, allegedly being that of HIEU. The plaintiffs also claim interest and litigation expenses. HIEU has filed a defense and evidence in this matter contending that Zhang Jiangbo was not authorized to execute the document on behalf of HIEU, nor to affix any HIEU seal, and contending further that in any event an education institution is not permitted to guarantee a loan for non-educational purposes. Zhang Jiangbo has admitted to the court that he lacked such authorization. The court has requested that further evidence be submitted. No judgment has been given and HIEU will continue to vigorously defend this case.

#### **Item 1A. Risk Factors**

Except as set forth below, there have been no material changes in the Risk Factors included in Item 1A of our 2016 Form 10-K, as updated in Item 1A of our Form 10-Q for the quarter ended March 31, 2017.

#### ***Political and regulatory developments in Turkey may materially adversely affect our operations.***

Istanbul Bilgi University (“Bilgi”), a member of the *Laureate International Universities* network located in Turkey, is established as a Foundation University under the Turkish higher education law, sponsored by the Bilgi Foundation. As such, it is subject to regulation, supervision and inspection by Turkish Higher Education Council (the “YÖK”). In 2014, the Turkish parliament amended the higher education law to provide expanded authority to the YÖK with respect to Foundation Universities, including authorizing additional remedies for violations of the higher education law and of regulations adopted by the YÖK. On November 19, 2015, the YÖK promulgated an “Ordinance Concerned with Amendment to Foundation High Education Institutions” (the “Ordinance”), the principal effects of which relate to the supervision and inspection of Foundation Universities by the YÖK. Under the Ordinance, the YÖK has expanded authority to inspect accounts, transactions, activities and assets of Foundation Universities, as well as their academic units, programs, projects and subjects. The Ordinance establishes a progressive series of five remedies that the YÖK can take in the event it finds a violation of the Ordinance, ranging from (1) a warning and request for correction to (2) the suspension of the Foundation University’s ability to establish new academic units or programs to (3) limiting the number of students the Foundation University can admit, including ceasing new admissions, to (4) provisional suspension of the Foundation University’s license to (5) cancellation of the Foundation University’s license. Since the promulgation of the Ordinance, the YÖK has canceled the licenses of 15 Foundation Universities.

The Ordinance specifies that Foundation Universities cannot be established by foundations in order to gain profit for themselves, and prohibits specified types of fund transfers from Foundation Universities to their sponsoring foundation, with certain exceptions for payments made under contractual arrangements for various goods and services that are provided at or below current market

rates. Bilgi has entered into contractual arrangements with a subsidiary of the Company to provide Bilgi with management, operational and student services and certain intellectual property at fair market rates, and certain affiliates of the Company are members of the board of trustees of the Bilgi Foundation. The YÖK conducts annual audits of the operations of Bilgi. If the YÖK were to determine that any of these contracts or the payments made by Bilgi to this Company subsidiary, or any other activities of Bilgi, including the donation of 40.0 million Turkish Liras made by the university to a charitable foundation that was subsequently reimbursed to the university by certain Company-owned entities, violate the Ordinance or other applicable law, the YÖK could take actions against Bilgi up to and including cancellation of its license.

On April 18, 2017, Bilgi received from the YÖK the results of the most recent annual audit (the “Annual Audit”). The Annual Audit report requires, among other things, that (i) with respect to the 2017-2018 academic year, there be a reduction in the quota for the number of new students permitted to be admitted into Bilgi’s degree programs and (ii) Bilgi be reimbursed approximately \$29 million for payments previously made by Bilgi to a subsidiary of the Company for certain management, operational and student services, and intellectual property. The Company and Bilgi believe the charges to Bilgi for these services were at fair value and Bilgi has contested the findings of the Annual Audit that they constituted an improper wealth transfer. Demands also are made in the Annual Audit for the return or payment to Bilgi of other amounts involving approximately \$8 million.

Bilgi exercised its right to appeal this decision to the YÖK to demonstrate the validity and value of the services procured from the Company subsidiary. Under the YÖK’s rules, the YÖK was required to rule on Bilgi’s appeal not later than August 8, 2017. If the YÖK did not rule by that date, the appeal would be deemed to have been rejected. As of the close of business in Turkey on August 8, 2017, Bilgi had not been informed of any ruling by the YÖK. Bilgi intends to appeal the YÖK’s rejection of its appeal to the Turkish court system and it has been advised that the YÖK will not take any action against it relating to payments made to the Company’s subsidiary for the services described above during the pendency of this appeal. As the Company currently consolidates Bilgi under the variable interest entity model, if the Company is unable to provide services under its contracts with Bilgi and receive the economic benefits from those contracts as a result of the determinations in the Annual Audit, deconsolidation of Bilgi could be required. Deconsolidation, if required, could have a material adverse effect on the Company’s business, financial condition and results of operations, including possible write-off of all or a portion of the Company’s investment in Bilgi and a reduction in operating income. At June 30, 2017 and December 31, 2016, Bilgi had total assets of approximately \$84 million and \$83 million, respectively, and total liabilities of \$54 million and \$63 million, respectively. Total liabilities include approximately \$28 million and \$19 million of net intercompany liabilities as of June 30, 2017 and December 31, 2016, respectively. During fiscal year 2016, Bilgi generated approximately \$106 million of the Company’s consolidated revenue and approximately \$26 million of the Company’s consolidated operating income and incurred approximately \$6 million of depreciation and amortization expense.

If the YÖK were to determine that any administrators of Bilgi have directly taken any actions or supported any activities that are intended to harm the integrity of the state, the license of the university could be canceled. In July 2016, a coup attempt increased political instability in Turkey, and the uncertainties arising from the failed coup in Turkey could lead to changes in laws affecting Bilgi or result in modifications to the current interpretations and enforcement of the Ordinance or other laws and regulations by the YÖK. Any such actions by the YÖK, including the actions in relation to the conduct of the Annual Audit described above, could have a material adverse impact on Bilgi's future growth or its ability to remain in operation, and could have a material adverse effect on our business, financial condition and results of operations.

***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, or otherwise limiting, 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 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.

In April 2016, the Chilean Congress made reforms to specific career disciplines, including pedagogy. Law 20,903 created the teaching professional development system (*Sistema de Desarrollo Profesional Docente*), which aims to improve the quality of training for those who choose to study pedagogy by setting new program admission requirements and mandatory institutional accreditation standards for pedagogy career programs. For the first enrollment intake of 2017 in the entire sector of private universities in the Chilean market, the new admissions standards caused a roughly 40% reduction in total new enrollment for the covered programs. UNAB, UDLA and UVM Chile, three of our network institutions in Chile, experienced reduced new enrollments in their education programs above the reduction in enrollments in the overall market of private universities. Although such reductions in the first 2017 intake were significant, they did not result in a material negative impact on the projected total new enrollment of our Chilean institutions, and we will have to continue to monitor the situation to take steps to mitigate the effects of the law.

On July 5, 2016, the Chilean President submitted to the Chilean Congress a bill (the “2016 Higher Education Bill”) that was intended to change the entire regulatory landscape of higher education in Chile by, among other things, creating new special government administrative agencies and enhancing the requirements for institutional accreditation of higher education institutions. Following its submission to the Chilean Congress, the 2016 Higher Education Bill was subject to national debate among different constituencies in the higher education system. As a result of these discussions, the Chilean executive branch decided to replace the 2016 Higher Education Bill with a new submission that would take into consideration the main concerns that were raised during those discussions. These discussions identified, among other things, (i) the need to reinforce, improve and enhance the state-owned universities, separating their regulation from the regulation applicable to other educational institutions, (ii) the need to develop special regulations for technical education, (iii) the need to improve regulations concerning the compliance by private universities with the requirement that they not be operated for profit, and (iv) the need to grant universal access to educational institutions.

In furtherance of these goals, on April 7, 2017, the Chilean executive branch submitted to the Chilean Congress a new bill (the “2017 Higher Education Bill”), which entirely supersedes the 2016 Higher Education Bill. The 2017 Higher Education Bill represents a simplified version of the 2016 Higher Education Bill and was based on the same principles and ideas as the earlier bill, as informed by the subsequent national debate on that bill. The 2017 Higher Education Bill considers the higher education system to be a mixed system composed of two subsystems, one for university education (including both state-owned institutions and private universities recognized by the state) and another for technical education (both state-owned technical training centers and private technical training centers and professional institutes).

Among other things, the 2017 Higher Education Bill would create the Undersecretary of Higher Education, who would propose policies on higher education to the Ministry of Education and policies regarding access, inclusion, retention and graduation of higher education students. The Undersecretary of Higher Education would also propose the allocation and management of public funds and manage the procedures relating to the granting and revocation of the official recognition of higher education institutions. The Undersecretary of Higher Education would also generate and coordinate instances of participation and dialogue with and among higher education institutions, promoting the connection between these institutions and the secondary education system.

The 2017 Higher Education Bill also includes new regulations applicable to not-for-profit educational institutions that would: (i) provide that their controllers and members can only be individuals, other not-for-profits or state-owned entities; (ii) create the obligation to use their resources and reinvest their surplus or profits in the pursuit of their objectives and in enhancing the quality of the education they provide; (iii) create the obligation to have a board of directors, which cannot delegate its functions, and whose members cannot be removed unless approved by the majority of the board and for serious reasons; and (iv) prohibit related party transactions with their founders, controllers, members of the board, rector and their relatives or related entities, unless the counterparty to the transaction is another not-for-profit entity, or if the transaction involves entering into a labor agreement to carry out academic work for the educational institution. The bill provides further that in the event the educational institution enters into a related party transaction consistent with the above, or if such educational institution enters into a related party transaction with a different entity than those described above, such transaction also comply with the following requirements: (i) that it contribute to the best interests of the educational institution and to its mission and purpose; (ii) that the transaction be agreed under market conditions as to the price and general terms and conditions prevailing for such types of transactions; and (iii) that it be approved by a majority of the institution’s board of directors. The 2017 Higher Education Bill also would establish a new criminal felony of incompatible negotiations for those persons who, in their capacity of managing the educational institution’s assets, enter into any transaction with related parties having any personal interest or granting benefits to third parties without complying with the foregoing requirements. Among the sanctions for breaching such regulations, the person may be subject to imprisonment plus a fine of double the amount of the benefit that such person or entity had obtained.

On July 17, 2017, the Chamber of Deputies, which is the lower house of the Chilean Congress, passed the 2017 Higher Education Bill, substantially in the form described above. The 2017 Higher Education Bill has now moved to the Chilean Senate, where it has been

referred for consideration by the Senate Education Commission. Members of the Chamber of Deputies have announced that they intend to bring constitutional challenges to 16 provisions of the bill passed by the Chamber of Deputies. If the 2017

Higher Education Bill is passed by the Chilean Senate without resolving the challenged provisions, those provisions would be referred to the Chilean Constitutional Court for resolution prior to the bill taking effect.

We are currently evaluating the effect the proposed 2017 Higher Education Bill would have on the Chilean institutions in the *Laureate International Universities* network if it is adopted in the form introduced in the Chilean Congress and approved by the Chamber of Deputies. We cannot predict whether or not the proposed 2017 Higher Education Bill will be adopted in this form or if it, or any part of it, will survive constitutional challenge, or if any higher education legislation will be adopted that would affect the institutions in the *Laureate International Universities* network. However, if any such legislation is adopted, it could have a material adverse effect on our results of operations and financial condition.

As the Company currently consolidates certain of its institutions in Chile under the variable interest entity model, the Company will review such consolidation upon passage of any new higher education bill. Deconsolidation of one or more of our Chilean institutions, if required, could have a material adverse effect on the Company's business, financial condition and results of operations.

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. Depending upon how these reforms are defined and implemented, there could be a material adverse effect on our financial condition and results of operations. 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.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

### **Unregistered Sales of Equity Securities**

Effective as of June 1, 2017, the Company granted an aggregate of 42,840 shares of Class A common stock to seven of its directors, of which 32,132 were restricted shares. The Class A common stock was issued to these directors in private transactions exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Effective as of June 30, 2017, the Company granted an aggregate of 3,060 shares of Class A common stock to one of its directors, of which 1,530 were restricted shares. The Class A common stock was issued to the director in a private transaction exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

### **Use of Proceeds**

On February 6, 2017, we completed our IPO pursuant to a registration statement on Form S-1 (File No. 333-207243), which the SEC declared effective on January 31, 2017, and a registration statement on Form S-1MEF (File No. 333-215845), which became effective on January 31, 2017. We registered a total of 40,250,000 shares of our Class A common stock. In our IPO, we issued and sold 35,000,000 shares of our Class A common stock to the public at a price of \$14.00 per share.

As previously disclosed, on March 1, 2017, in accordance with the Note Exchange Agreements, we used a portion of the proceeds from our IPO to redeem Senior Notes due 2019 with an aggregate principal amount of \$22,556,000 at a repurchase price of 104.625% of the aggregate principal amount for a total payment of \$23,599,215, which is consistent with the use of proceeds from our IPO as described in our final prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b)(4) on February 2, 2017 (Final Prospectus).

On May 31, 2017, we used approximately \$332,962,000 of the proceeds from our IPO, together with proceeds from the refinancing of our credit facility, to redeem our outstanding Senior Notes due 2019 (other than the Exchanged Notes). The aggregate principal amount outstanding of the Senior Notes due 2019 (excluding the Exchanged Notes) was \$1,125,443,000. The redemption price for the Senior Notes due 2019 was equal to 104.625% of the principal amount thereof, plus accrued and unpaid interest and special interest to the redemption date, for an aggregate payment to holders of the Senior Notes of approximately \$1,205,630,000. Of this approximately \$1,205,630,000, approximately \$64,800,000 in the aggregate was paid to Douglas L. Becker, our Chairman and CEO, and R. Christopher Hoehn-Saric, an affiliate of the Company, as holders of redeemed Senior Notes due 2019.

This is consistent with the use of proceeds from our IPO as described in our Final Prospectus.





## Item 6. Exhibits

(a) Exhibits filed with this report or, where indicated, previously filed and incorporated by reference:

Exhibit				Exhibit	
<u>No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Number</u>	<u>Filing Date</u>
2.5#	Sale and Purchase Agreement, dated as of March 15, 2016, by and between Laureate International B.V. and Graduate S.A.	S-1/A	333-207243	2.5	05/20/2016
2.6#	Share Purchase Agreement, dated as of April 15, 2016, by and between Laureate I B.V. and Insignis	S-1/A	333-207243	2.6	05/20/2016
3.1	Amended and Restated Certificate of Incorporation	S-1/A	333-207243	3.1	01/31/2017
3.2	Amended and Restated Bylaws	S-1/A	333-207243	3.2	01/31/2017
3.3	Certificate of Designations of Convertible Redeemable Preferred Stock, Series A of Laureate Education, Inc.	S-1/A	333-207243	3.3	12/15/2016
4.6	Indenture, dated as of April 21, 2017, between Laureate Education, Inc., the guarantors party thereto and Wells Fargo Bank, National Association, as trustee, governing the 9.250% Replacement Senior Notes due 2019	8-K	001-38002	4.1	04/27/2017
4.7	Form of Global Note governing the 9.250% Replacement Senior Notes due 2019 (included as Exhibit A to Exhibit 4.6)	8-K	001-38002	4.1	04/27/2017
4.8	Indenture, dated as of April 26, 2017, by and among the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee, governing the 8.250% Senior Notes due 2025	8-K	001-38002	4.3	04/27/2017
4.9	Form of 8.250% Senior Note due 2025 (included as Exhibit A to Exhibit 4.8)	8-K	001-38002	4.3	04/27/2017
10.1†	2007 Stock Incentive Plan for Key Employees of Laureate Education, Inc. and its Subsidiaries	S-1/A	333-207243	10.31	11/20/2015
10.2†	2007 Stock Incentive Plan Form of Stock Option Agreement, as amended on August 31, 2010	S-1/A	333-207243	10.32	11/20/2015
10.3†	2013 Long-Term Incentive Plan Form of Stock Option Agreement effective as of September 11, 2013	S-1/A	333-207243	10.34	11/20/2015
10.4†	Laureate Education, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2009	S-1/A	333-207243	10.35	11/20/2015
10.5†	Form of Management Stockholder's Agreement for equityholders	S-1/A	333-207243	10.36	11/20/2015
10.6†	Deferred Compensation Letter Agreement, dated August 16, 2007, by and among L Curve Sub Inc., Laureate Education, Inc. and Douglas L. Becker	S-1/A	333-207243	10.38	12/23/2015
10.7†	Deferred Compensation Letter Agreement, dated December 24, 2015, between Laureate Education, Inc. and Douglas L. Becker	S-4/A	333-208758	10.37	01/20/2016
10.8†	2nd Amended and Restated Executive Interest Subscription Agreement, dated August 31, 2010, between Wengen Alberta, Limited Partnership and Douglas L. Becker	S-1/A	333-207243	10.39	11/20/2015
10.9†	Employment Offer Letter, dated July 21, 2008, between Laureate Education, Inc. and Eilif Serck-Hanssen	S-1/A	333-207243	10.40	11/20/2015
10.10†	Amendment to Employment Offer Letter, dated December 9, 2010, between Laureate Education, Inc. and Eilif Serck-Hanssen	S-1/A	333-207243	10.41	11/20/2015

10.11†	Time-Based Restricted Stock Agreement, effective August 5, 2008, between Laureate Education, Inc. and Eilif Serck-Hanssen	S-1/A	333-207243	10.42	11/20/2015
10.12†	Form of Time-Based Restricted Stock Units Agreement, for grants from and after September 11, 2013	S-1/A	333-207243	10.43	11/20/2015
10.13	Support Services Agreement between Santa Fe University of Art and Design, LLC and Laureate Education, Inc. dated October 1, 2014	S-1/A	333-207243	10.44	11/20/2015

Exhibit				Exhibit	
<u>No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Number</u>	<u>Filing Date</u>
10.14	Master Service and Confidentiality Agreement, dated April 28, 2014, by and between Laureate Education, Inc. and Accenture LLP	S-1/A	333-207243	10.45	11/20/2015
10.15‡	System Wide Master Agreement, dated April 10, 2015, between Blackboard Inc. and Laureate Education, Inc.	S-1/A	333-207243	10.46	11/20/2015
10.16†	Form of Stockholders' Agreement for Entity-Appointed Directors	S-1/A	333-207243	10.47	11/20/2015
10.17†	Form of Stockholders' Agreement for Individual Directors	S-1/A	333-207243	10.48	11/20/2015
10.18†	2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement	S-1/A	333-207243	10.49	11/20/2015
10.19†	2013 Long-Term Incentive Plan Form of Performance Share Units Agreement	S-1/A	333-207243	10.50	11/20/2015
10.20	Form of Laureate Education, Inc. Note Exchange Agreement dated as of April 15, 2016	S-1/A	333-207243	10.53	05/20/2016
10.21†	Executive Retention Agreement, dated February 25, 2016, by and between Ricardo Berckemeyer and Laureate Education, Inc., effective as of September 1, 2015	S-1/A	333-207243	10.54	05/20/2016
10.22†	2013 Long-Term Incentive Plan Form of Performance Share Units Agreement for 2016 for Named Executive Officers	S-1/A	333-207243	10.55	05/20/2016
10.23†	2013 Long-Term Incentive Plan Form of Performance Share Units Agreement for 2016	S-1/A	333-207243	10.56	05/20/2016
10.24†	2013 Long-Term Incentive Plan Form of Stock Option Agreement for 2016 for Named Executive Officers	S-1/A	333-207243	10.57	05/20/2016
10.25†	2013 Long-Term Incentive Plan Form of Stock Option Agreement for 2016	S-1/A	333-207243	10.58	05/20/2016
10.26†	2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for 2016 for Named Executive Officers	S-1/A	333-207243	10.59	05/20/2016
10.27†	2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for 2016	S-1/A	333-207243	10.60	05/20/2016
10.28	Subscription Agreement, dated as of December 4, 2016, by and among Laureate Education, Inc., Macquarie Sierra Investment Holdings Inc., and each of the other Persons listed on Schedule A and Schedule B thereto.	S-1/A	333-207243	10.63	12/15/2016
10.29	Form of Registration Rights Agreement by and among Laureate Education, Inc., each of the Investors set forth on Schedule A thereto, Douglas L. Becker and Wengen Alberta, Limited Partnership	S-1/A	333-207243	10.64	12/15/2016
10.30	Form of Investors' Stockholders Agreement by and among Laureate Education, Inc., Wengen Alberta, Limited Partnership and the Investors set forth on Schedule A thereto	S-1/A	333-207243	10.65	12/15/2016
10.31†	Deferred Compensation Letter Agreement, dated December 30, 2016, between Laureate Education, Inc. and Douglas L. Becker	S-1/A	333-207243	10.68	01/10/2017
10.32	Exchange and Registration Rights Agreement, dated as of December 30, 2016, among Laureate Education, Inc., the guarantors listed on the signature pages thereto and the initial holders listed on the signature pages thereto	S-1/A	333-207243	10.69	01/10/2017
10.33†	2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for October 2016	S-1/A	333-207243	10.70	01/10/2017

10.34†	2013 Long-Term Incentive Plan Form of Performance Share Units Agreement for Named Executive Officers for October 2016	S-1/A	333-207243	10.71	01/10/2017
10.35†	2013 Long-Term Incentive Plan Form of Performance Share Units Agreement for October 2016	S-1/A	333-207243	10.72	01/10/2017
10.36†	Form of Cash Long-Term Incentive Plan Agreement	S-1/A	333-207243	10.73	01/10/2017

Exhibit				Exhibit	
<u>No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Number</u>	<u>Filing Date</u>
10.37	Amended and Restated Securityholders Agreement by and among Wengen Alberta, Limited Partnership, Laureate Education, Inc. and the other parties thereto	8-K	001-38002	10.1	02/06/2017
10.38	Amended and Restated Registration Rights Agreement by and among Wengen Alberta, Limited Partnership, Wengen Investments Limited, Laureate Education, Inc. and the other parties thereto	8-K	001-38002	10.2	02/06/2017
10.39†	Amendment to the 2007 Stock Incentive Plan for Key Employees of Laureate Education, Inc. and its Subsidiaries	10-K	001-38002	10.76	03/29/2017
10.40†	CEO Option Award Agreement, \$17.00 per share exercise price	8-K	001-38002	10.3	02/06/2017
10.41†	CEO Option Award Agreement, \$21.32 per share exercise price	8-K	001-38002	10.4	02/06/2017
10.42	Form of Confirmation Letter, dated April 21, 2017, between Laureate Education, Inc. and the other party thereto	8-K	001-38002	10.1	04/27/2017
10.43†	Separation Agreement and General Release, dated March 28, 2017, between Enderson Guimarães and Laureate Education, Inc., effective as of March 23, 2017	10-Q	001-38002	10.80	05/11/2017
10.44	Seventh Amendment to Amended and Restated Credit Agreement, Amendment to Security Documents, and Release of Foreign Obligations and Certain Credit Parties, dated April 26, 2017, among Laureate Education, Inc., Iniciativas Culturales de España S.L., as the foreign subsidiary borrower, certain domestic subsidiaries of Laureate Education, Inc., Citibank, N.A., as administrative agent and collateral agent, certain financial institutions, and others party thereto	10-Q	001-38002	10.81	05/11/2017
10.45	Second Amended and Restated Credit Agreement, dated as of April 26, 2017, among Laureate Education, Inc., the lending institutions party thereto from time to time, and Citibank, N.A., as administrative agent and collateral agent	10-Q	001-38002	10.82	05/11/2017
10.46	Amended and Restated Guarantee, dated as of April 26, 2017, by Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as guarantors, in favor of Citibank, N.A., as collateral agent	10-Q	001-38002	10.83	05/11/2017
10.47	Amended and Restated Pledge Agreement, dated as of April 26, 2017, among Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as pledgors, and Citibank, N.A., as collateral agent	10-Q	001-38002	10.84	05/11/2017
10.48	Amended and Restated Security Agreement, dated as of April 26, 2017, among Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as grantors, and Citibank, N.A., as collateral agent	10-Q	001-38002	10.85	05/11/2017
10.49	Second Amended and Restated Collateral Agreement, dated as of April 26, 2017, between Walden University, LLC, certain other domestic subsidiaries of Laureate Education, Inc. from time to time, and Citibank, N.A., as collateral agent	10-Q	001-38002	10.86	05/11/2017
10.50†	Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan	8-K	001-38002	10.1	06/20/2017
10.51*†	Amended and Restated 2013 Long-Term Incentive Plan Form of Annual Performance Share Units Notice and Agreement for 2017				

10.52\*† Amended and Restated 2013 Long-Term Incentive Plan Form of  
Performance-based Stock Option Agreement for 2017

10.53\*† Amended and Restated 2013 Long-Term Incentive Plan Form of Time-  
based Stock Option Agreement for 2017

10.54\*† Amended and Restated 2013 Long-Term Incentive Plan Form of  
Restricted Stock Units Notice and Agreement for 2017

10.55\*† Amended and Restated 2013 Long-Term Incentive Plan Form of  
Performance Share Units Notice and Agreement for 2017

<b>Exhibit</b>		<b>Exhibit</b>
<b>No.</b>	<b>Exhibit Description</b>	<b>Form File Number Number Filing Date</b>
10.56*†	Amended and Restated 2013 Long-Term Incentive Plan Form of Performance-based Stock Option Agreement for 2017 for Certain Executives	
10.57*†	Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2017 for Certain Executives	
10.58*†	Amended and Restated 2013 Long-Term Incentive Plan Form of Restricted Stock Units Notice and Agreement for 2017 for Certain Executives	
10.59*†	Form of 2017-2018 Laureate Executive Cash Long-Term Bonus Plan for Certain Executives	
10.60*†	Separation Agreement and General Release, dated May 30, 2017, between Alfonso Martinez and Laureate Education, Inc., effective as of May 31, 2017	
21.1*	List of Subsidiaries of the Registrant	
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32*	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
Ex. 101.INS*	XBRL Instance Document	
Ex. 101.SCH*	XBRL Taxonomy Extension Schema Document	
Ex. 101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	
Ex. 101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	
Ex. 101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	
Ex. 101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	

\* Filed herewith.

# Laureate Education, Inc. hereby undertakes to furnish supplementally a copy of any omitted schedule or exhibit to such agreement to the U.S. Securities and Exchange Commission upon request.

† Indicates a management contract or compensatory plan or arrangement.

‡ Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the U.S. Securities and Exchange Commission.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 8, 2017.

/s/ EILIF SERCK-HANSEN

Eilif Serck-Hanssen

*President, Chief Administrative Officer and Chief  
Financial Officer*

/s/ TAL DARMON

Tal Darmon

*Senior Vice President, Chief Accounting Officer  
and Global Controller*



**LAUREATE EDUCATION, INC.**  
**PERFORMANCE SHARE UNITS NOTICE**  
**UNDER THE**  
**LAUREATE EDUCATION, INC.**  
**AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN**

**Name of Grantee:** \_\_\_\_\_

This Notice evidences the award of Performance Share Units (each, a “**PSU**,” and collectively, the “**PSUs**”) of Laureate Education, Inc., a Delaware public benefit corporation (“**Laureate**”), that have been granted to you pursuant to the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as may be amended from time to time (the “**Plan**”) and conditioned upon your agreement to the terms of the attached Performance Share Units Agreement (the “**Agreement**”). This Notice constitutes part of and is subject to the terms and provisions of the Agreement and the Plan, which are incorporated by reference herein. Each PSU is equivalent in value to one share of Laureate’s Common Stock and represents Laureate’s commitment to issue one share of Laureate’s Common Stock at a future date, subject to the terms of the Agreement and the Plan.

**Grant Date:** \_\_\_\_\_

**Number of PSUs:** \_\_\_\_\_

**Vesting Schedule:** All of the PSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual (as defined in the Agreement) continuously from the Grant Date through the applicable Vesting Dates (noted in the chart below), this Award shall become vested with respect to the following percentages of PSUs subject to this Award upon the applicable Vesting Date if the Compensation Committee determines that the Company attained the applicable Adjusted EBITDA Target in the chart below in the applicable Fiscal Year, as follows:

If, in this Fiscal Year:	The Company achieves this Adjusted EBITDA Target:	Then this Percentage of PSUs will vest:	On the following Vesting Date:
2017	\$819,847,000	33.33%	March 15, 2018
2018	\$893,633,000	33.33%	March 15, 2019
2019	\$974,060,000	33.33%	March 15, 2020

If the Compensation Committee determines that the Company has not attained the Adjusted EBITDA Target for a Fiscal Year, then the portion of the PSUs eligible to vest based on that Fiscal Year’s performance shall be forfeited immediately upon such determination and be of no further effect. The Compensation Committee’s determination will be final and binding on you and all other interested parties. Vesting is rounded down to the nearest whole PSU on the interim Vesting Dates and rounded up on the final Vesting Date. Unless earlier forfeited in accordance with the Notice and Agreement, all unvested PSUs will be forfeited as of March 15, 2020.

**Qualifying Termination:** If you cease to be an Eligible Individual coincident with or within eighteen (18) months after a Change in Control as a result of an involuntary termination without Cause by your employer (a “Qualifying Termination”), to

the extent not already vested or previously forfeited, that portion of your PSUs that would otherwise have become vested and nonforfeitable had the Company achieved the Annual Performance Goal in the three Fiscal Years (or, if shorter, the remaining Initial Target Years) ending coincident with or immediately subsequent to the effective time of your Qualifying Termination will become vested and nonforfeitable immediately prior to the effective date of your Qualifying Termination and the balance of the unvested portion of the PSUs shall terminate without becoming vested on the date of your Qualifying Termination.

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Termination by Death or Permanent Disability: In the event you cease to be an Eligible Individual by reason of death or Permanent Disability, any portion of the PSUs which would have been eligible, but for the termination of eligibility, to vest if the Annual Performance Goal for the calendar year during which the termination of eligibility occurred is achieved will remain outstanding until the Administrator determines whether the applicable Annual Performance Goal has been achieved and will become vested and nonforfeitable if and when the Administrator determines that the applicable Annual Performance Goal has been achieved and will be forfeited without becoming vested on the date the Administrator determines that the applicable Annual Performance Goal has not been achieved, and the balance of the unvested portion of the PSUs shall terminate without becoming vested on your service termination date.

Other Termination: In the event you cease to be an Eligible Individual after the close of a Fiscal Year but before the Administrator has determined whether the Annual Performance Goal for such Fiscal Year has been achieved, and such cessation of service is not the result of your death, Permanent Disability or a Qualifying Termination, any portion of the PSUs which would have been eligible, but for the termination of eligibility, to vest if the Annual Performance Goal for such Fiscal Year is achieved will remain outstanding until the Administrator determines whether the applicable Annual Performance Goal has been achieved and will become vested and nonforfeitable if and when the Administrator determines that the applicable Annual Performance Goal has been achieved and will be forfeited without becoming vested on the date the Administrator determines that the applicable Annual Performance Goal has not been achieved, and the balance of the unvested portion of the PSUs shall terminate without becoming vested on your service termination date.

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LAUREATE EDUCATION, INC.

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Date

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I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the PSUs and any Shares issued upon settlement of the PSUs. I also consent to electronic delivery of all notices or other information with respect to the PSUs or the Company.

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Signature of Grantee

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Date

**LAUREATE EDUCATION, INC.**  
**PERFORMANCE SHARE UNITS AGREEMENT**  
**UNDER THE**  
**LAUREATE EDUCATION, INC.**  
**AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN**

1. Terminology. Unless otherwise provided in this Agreement or the Notice, capitalized terms used herein are defined in the Glossary at the end of this Agreement or in the Plan.

2. Vesting. All of the PSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual continuously from the Grant Date through the applicable date upon which vesting is scheduled to occur, the PSUs will become vested and nonforfeitable in accordance with the vesting provisions set forth in the Notice. None of the PSUs will become vested and nonforfeitable after you cease to be an Eligible Individual.

3. Termination of Employment or Service. Unless otherwise provided in the Notice, if you cease to be an Eligible Individual for any reason, all PSUs that are not then vested and nonforfeitable will be forfeited to the Company immediately and automatically upon such cessation without payment of any consideration therefor and you will have no further right, title or interest in or to such PSUs or the underlying shares of Common Stock.

4. Restrictions on Transfer. Neither this Agreement nor any of the PSUs may be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, and the PSUs shall not be subject to execution, attachment or similar process. All rights with respect to this Agreement and the PSUs shall be exercisable during your lifetime only by you or your guardian or legal representative. Notwithstanding the foregoing, the PSUs may be transferred upon your death by last will and testament or under the laws of descent and distribution.

5. Settlement of PSUs.

(a) Manner of Settlement. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the PSUs. Laureate will issue to you, in settlement of your PSUs and subject to the provisions of Section 6 below, the number of whole shares of Common Stock that equals the number of whole PSUs that become vested, and such vested PSUs will terminate and cease to be outstanding upon such issuance of the shares. Upon issuance of such shares, Laureate will determine the form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) and may deliver such shares on your behalf electronically to Laureate's designated stock plan administrator or such other broker-dealer as Laureate may choose at its sole discretion, within reason.

(b) Timing of Settlement. Your PSUs will be settled by Laureate, via the issuance of Common Stock as described herein, on or within thirty (30) days after the date that the PSUs become vested and nonforfeitable. However, if a scheduled issuance date falls on a Saturday, Sunday or federal holiday, such issuance date shall instead fall on the next following day that the principal executive offices of the Company are open for business. Notwithstanding the foregoing, in the event that (i) you are subject to Laureate's policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time or you are otherwise prohibited from selling shares of Laureate's Common Stock in the public market and any shares covered by your PSUs are scheduled to be issued on a day (the "**Original Distribution Date**") that does not occur during an open "window period" applicable to you, as determined by Laureate in accordance with such policy, or does not occur on a date when you are otherwise permitted to sell shares of Laureate's Common Stock in the open market, and (ii) the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be issued and delivered on such Original Distribution Date and shall instead be issued and delivered on the first business day of the next occurring open "window period" applicable to you pursuant to such policy (regardless of whether you are still providing continuous services at such time) or the next business day when you are not prohibited from selling shares of Laureate's Common Stock in

the open market, but in no event later than the fifteenth day of the third calendar month of the calendar year following the calendar year in which the Original Distribution Date occurs. In all cases, the issuance and delivery of shares under this Agreement is intended to comply with Treasury Regulation 1.409A-1(b)(4) and shall be construed and administered in such a manner.

6. Tax Withholding. On or before the time you receive a distribution of the shares subject to your PSUs, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company which arise in connection with your PSUs (the "**Withholding Taxes**"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your PSUs by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; (iii) permitting you to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**") whereby you irrevocably elect to sell a portion of the shares to be delivered under the Agreement to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the PSUs with a Fair Market Value (measured as of the date shares of Common Stock are issued to you pursuant to Section 5) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed, by more than the Fair Market Value of one share of Common Stock, the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (except as otherwise permitted by the Administrator and would not create an adverse accounting consequence or cost). Unless the tax withholding obligations of the Company are satisfied, Laureate shall have no obligation to deliver to you any Common Stock. In the event Laureate's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

7. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.

(a) In consideration of this Award, unless otherwise provided in any employment or severance agreement entered into by and between the Company and you (in which case the corresponding provisions therein shall control), you hereby agree effective as of the date of your commencement of employment with the Company, without the Company's prior written consent, you will not, directly or indirectly:

(i) at any time during or after your employment with the Company, disclose or use any Confidential Information pertaining to the business of the Company or Affiliates, except when required to perform your duties to the Company, by law or judicial process;

(ii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of your employment employed by the Company or Affiliates.

For the purposes of subsection (a)(ii) above, you may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if you (I) are not a controlling person of, or a member of a group which controls, such entity, and (II) do not, directly or indirectly, own 5% or more of any class of securities of such entity.

If you are bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because your services are unique and because you have had access to Confidential Information, you agree that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that you breach any of the provisions of this Section, in addition to all other remedies that may be available to the Company, all vested and unvested PSUs shall be cancelled for no consideration and you must account for and pay over to the Company all compensation, profits, monies, or other benefits derived or received by you under this Agreement, including any portion of the PSUs that have been settled or proceeds thereon realized by you and all amounts paid to you upon the sale of shares of Common Stock you received under this Agreement.

#### 8. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding PSUs shall, without further action of the Administrator, be adjusted to reflect such event; provided, however, that any fractional PSUs resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation and Other Events. If Laureate shall be the surviving or resulting corporation in any merger or consolidation and the Common Stock shall be converted into other securities, the PSUs shall pertain to and apply to the securities to which a holder of the number of shares of Common Stock subject to the PSUs would have been entitled. If the stockholders of Laureate receive by reason of any distribution in total or partial liquidation or pursuant to any merger of Laureate or acquisition of its assets, securities of another entity or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of Laureate's successor, and this Agreement shall apply to the securities or other property (including cash) to which a holder of the number of shares of Common Stock subject to the PSUs would have been entitled, in the same manner and to the same extent as the PSUs.

9. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any nonvested and forfeitable PSUs or any other adverse effect on your interests under the Plan.

10. Rights as Stockholder. You shall not have any of the rights of a stockholder with respect to any shares of Common Stock that may be issued in settlement of the PSUs until such shares of Common Stock have been issued to you. No adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 10 of the Plan.

11. The Company's Rights. The existence of the PSUs shall not affect in any way the right or power of Laureate or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12. Restrictions on Issuance of Shares. The issuance of shares of Common Stock upon settlement of the PSUs shall be subject to and in compliance with all applicable requirements of federal, state, or foreign law with respect to such securities. No shares of Common Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of Laureate to obtain from any regulatory body having jurisdiction the authority, if any, deemed by Laureate's legal counsel to be necessary to the lawful issuance of any shares subject to the PSUs shall relieve Laureate of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the PSUs, Laureate may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by Laureate to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to Laureate, or in the case of notices delivered to Laureate by you, addressed to the Administrator, care of Laureate for the attention of its Secretary at its principal executive office or, in either case, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Notwithstanding the foregoing, Laureate may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this award of PSUs by electronic means or to request your consent to participate in the Plan or accept this award of PSUs by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by Laureate or another third party designated by Laureate.

14. Entire Agreement. This Agreement, together with the relevant Notice and the Plan, contain the entire agreement between the parties with respect to the PSUs granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the PSUs granted hereunder shall be void and ineffective for all purposes.

15. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the PSUs as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

16. Section 409A. This Agreement and the PSUs granted hereunder are intended to fit within the "short-term deferral" exemption from Section 409A of the Code as set forth in Treasury Regulation Section 1.409A-1(b)(4). In administering this Agreement, Laureate shall interpret this Agreement in a manner consistent with such exemption. Notwithstanding the foregoing, if it is determined that the PSUs



fail to satisfy the requirements of the short-term deferral rule and are otherwise deferred compensation subject to Section 409A, and if you are a “Specified Employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Section 409A of the Code and Treasury Regulation Section 1.409A-2(b)(2).

17. No Obligation to Minimize Taxes. The Company has no duty or obligation to minimize the tax consequences to you of this award of PSUs and shall not be liable to you for any adverse tax consequences to you arising in connection with this award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this award and by signing the Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

18. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

19. No Funding. This Agreement constitutes an unfunded and unsecured promise by Laureate to issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of Laureate as a result of receiving the grant of PSUs.

20. Effect on Other Employee Benefit Plans. The value of the PSUs subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company’s employee benefit plans.

21. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Baltimore, Maryland or any state court in the district which includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

22. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator’s decision.



23. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

24. Electronic Delivery of Documents. By your signing the Notice, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the PSUs, and any reports of the Company provided generally to Laureate's stockholders; (ii) acknowledge that you may receive from Laureate a paper copy of any documents delivered electronically at no cost to you by contacting Laureate by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying Laureate of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

25. No Future Entitlement. By your signing the Notice, you acknowledge and agree that: (i) the grant of a PSU award is a one-time benefit which does not create any contractual or other right to receive future grants of PSUs, or compensation in lieu of PSUs, even if PSUs have been granted repeatedly in the past; (ii) all determinations with respect to any such future grants and the terms thereof will be at the sole discretion of the Administrator; (iii) the value of the PSUs is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (iv) the value of the PSUs is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension or retirement benefits; (v) the vesting of the PSUs ceases when you cease to be an Eligible Individual, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (vi) the Company does not guarantee any future value of the PSUs; and (vii) no claim or entitlement to compensation or damages arises if the PSUs decrease or do not increase in value and you irrevocably release the Company from any such claim that does arise.

26. Personal Data. For purposes of the implementation, administration and management of the PSUs or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving Laureate (a "**Corporate Transaction**"), you consent, by execution of the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social security number, tax identification number, date of birth, nationality, job and payroll location, data for tax withholding purposes and shares awarded, cancelled, vested and unvested) may be transferred to third parties assisting in the implementation, administration and management of the PSUs or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data by the recipient(s). You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that data will be held only as long as is necessary to implement, administer and manage the PSUs or effect a Corporate Transaction. You understand that you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Laureate's Secretary. You understand, however, that refusing or withdrawing your consent may affect your ability to accept a PSU award.

*{Glossary begins on next page}*

## GLOSSARY

(a) “**Adjusted EBITDA**” for any fiscal year will mean the Operating Income (Loss), as stated on the audited Consolidated Statement of Income of Laureate Education, Inc. and Subsidiaries (collectively “Laureate” or “the Company”), PLUS/(MINUS) (to the extent included in Operating Income), all calculated on an Fx Neutral basis, all fairly and appropriately adjusted for Additional Adjustments:

1. depreciation and amortization expenses;
2. share-based compensation expenses, as defined by ASC 718;
3. impairment costs as recognized on the Company’s financial statements for tangible or intangible assets to the extent described in the financial statements;
4. transaction expenses in connection with financings, including fees and costs related to the issuance or modification of any indebtedness;
5. (gains)/charges, net of insurance proceeds, resulting from a Force Majeure event in any of the Company’s operating regions;
6. charges, expenses and VAT relating to tax efficient repatriation strategies;
7. (gains)/losses on the disposition of the Company’s assets (excluding (gains)/losses on dispositions of furniture and equipment in the ordinary course of business), investments, operations that qualify as businesses under ASC 805, and/or entities as defined under ASC 810;
8. all expenses related to any public or private offering of the Company’s securities that are not netted with the offering proceeds and have not been capitalized;
9. costs related to the restructuring or reduction in force (as defined in ASC 420 or ASC 712), to the extent described in the financial statements;
10. (gains)/expenses related to the establishment or changes in contingent liabilities and indemnification assets or contingent liabilities where there is an unrecorded indemnification asset booked in connection with the acquisition of business but only if attributable to a period prior to the acquisition of a business;
11. (gains)/expenses for a litigation case, net of insurance proceeds or indemnification, if applicable, if the (gains)/expenses are in excess of \$5 million; and
12. expenses related to implementation of the Company’s EiP initiative, to the extent quantified in the footnotes to the financial statements.

“Additional Adjustments” shall mean:

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1. Adjusted EBITDA (as defined above to the extent such items are disclosed in the financial statements of the affiliate) for any affiliate accounted for as an equity method investment;
2. implications from the expropriation or deconsolidation of Company assets or a Company business required by or resulting from the actions of any government or government agency; with the Adjusted EBITDA from any such business during the LTM prior to expropriation, multiplied by an earnings growth rate of 1.09 compounded annually from the date of expropriation or deconsolidation, added to that fiscal year's Adjusted EBITDA; and
3. changes in US GAAP, or the application thereof, subsequent to the issuance of the Company's 2015 audited financial statements, promulgated by accounting standard setters or changes in local laws and regulations.

If the Company makes an acquisition or disposition of a business or a segment of a business in any year, the Adjusted EBITDA result for such year and subsequent years will be adjusted to exclude the financial results from any such acquisition or to include the prospective forecasted results for any such disposition consummated during the relevant period.

Notwithstanding any provision hereof to the contrary, to the extent any goal or target has been adjusted to include or exclude any of the foregoing adjustments, such adjustment will be excluded from the calculation of Adjusted EBITDA hereunder.

"Fx Neutral" shall mean the application of the Foreign Exchange Spot Rates, as defined below, to the audited financial statements of the Company for each fiscal year for which an Adjusted EBITDA target is calculated.

"Foreign Exchange Spot Rates" shall equal the foreign exchange spot rates used to translate the audited Balance Sheet of Laureate Education, Inc. and Consolidated Subsidiaries at December 31, 2016.

(b) "**Agreement**" means this document, as amended from time to time, together with the Plan which is incorporated herein by reference.

(c) "**Code**" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance promulgated thereunder.

(d) "**Company**" means Laureate and its Subsidiaries.

(e) "**Confidential Information**" means all non-public information concerning trade secret, know how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media.

(f) "**Eligible Individual**" shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate's securities.

(g) "**Fiscal Year**" means the twelve month period ending December 31 of any given calendar year.

(h) "**Grant Date**" means the effective date of a grant of PSUs made to you as set forth in the Notice.

(i) “**Notice**” means the statement, letter or other written notification provided to you by the Company setting forth the terms of a grant of PSUs made to you.

(j) “**You**” or “**Your**” means the recipient of the PSUs as reflected on the applicable Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the PSUs may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

*{End of Agreement}*

## STOCK OPTION AGREEMENT

THIS AGREEMENT (the “Agreement”), dated as of \_\_\_\_\_ (the “Grant Date”) is made by and between Laureate Education, Inc., a Delaware public benefit corporation (hereinafter referred to as “Laureate”), and the individual whose name is set forth on the signature page hereof, who is an Eligible Individual, hereinafter referred to as the “Optionee.” Any capitalized terms herein not otherwise defined in this Agreement shall have the meaning set forth in the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as it may be amended from time to time (the “Plan”).

WHEREAS, Laureate wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Administrator has determined that it would be to the advantage and best interest of Laureate and its shareholders to grant the Option provided for herein to the Optionee as an incentive for increased efforts during the Optionee’s service relationship with the Company, and has advised Laureate thereof and instructed the undersigned officers to issue said Option.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary.

##### Section 1.1. Cause

“Cause” shall mean “Cause” as such term may be defined in any employment or service agreement in effect at the time of termination of employment or service between the Optionee and the Company, or, if there is no such employment or service agreement or such term is not defined therein, “Cause” shall mean (i) gross negligence or willful malfeasance by the Optionee in connection with the performance of his or her duties with respect to the Company, (ii) the Optionee’s conviction of, or pleading guilty or *nolo contendere* to any felony, (iii) theft, embezzlement, fraud or other similar conduct by the Optionee in connection with the performance of his or her duties with the Company, or (iv) the Optionee’s willful and material breach of any other applicable agreements with the Company including, without limitation, engaging in any action in breach of any applicable restrictive covenants.

##### Section 1.2. Company

“Company” shall mean Laureate and its Subsidiaries.

Section 1.3. Eligible Individual

“Eligible Individual” shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate’s securities.

Section 1.4. Intentionally Omitted

Section 1.5. Option

“Option” shall mean the option granted under Section 2.1 of this Agreement.

Section 1.6. Permanent Disability

“Permanent Disability” shall mean “Disability” as such term is defined in any employment agreement between the Optionee and the Company, or, if there is no such employment agreement or such term is not defined therein, “Permanent Disability” shall mean a total and permanent disability as defined in the long-term disability plan of Laureate or the Subsidiary, as applicable, with which the Optionee is employed on the date as of which the existence of a Permanent Disability is to be determined.

Section 1.7. Retirement

“Retirement” shall mean the voluntary termination of the Optionee’s employment with the Company if (a) the Optionee has provided the Company with no less than twelve months’ written notice of the Optionee’s intention to terminate employment; (b) the Optionee signs and returns to the Company a release of claims for the benefit of the Company, in the form provided by the Company, that has become irrevocable by its terms; and (c) on the effective date of Optionee’s termination of employment, the sum of (1) the length of time the Optionee has been in the continuous employment of Company (which must be no fewer than five (5) years) and (2) the age of the Optionee equals seventy (70) or more. For the avoidance of doubt, service with the Company in any capacity other than as an employee of the Company will not be counted toward the determination of the Optionee’s length of continuous employment nor will employment with any entity prior to the Company’s acquisition of such entity be counted toward the requisite five year period of continuous employment.

Section 1.8. Secretary

“Secretary” shall mean the Secretary of Laureate.

Section 1.9. Share

“Share” shall mean a share of Common Stock.

## ARTICLE II

### GRANT OF OPTION

#### Section 2.1. Grant of Option

For good and valuable consideration, on and as of the Grant Date, Laureate grants to the Optionee an Option to purchase the number of Shares set forth on the signature page hereof, on the terms and conditions set forth in this Agreement.

#### Section 2.2. Exercise Price

Subject to Section 2.5, the exercise price per Share covered by the Option (the “Exercise Price”) shall be as set forth on the signature page hereof.

#### Section 2.3. No Guarantee of Employment or Service Relationship

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ or service of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the employment or service of the Optionee at any time for any reason whatsoever, with or without cause or notice, subject to the applicable provisions of, if any, the Optionee’s employment or service agreement with or offer letter provided by the Company to the Optionee and subject to applicable law. Nothing in this Agreement or in the Plan shall serve as a limitation of the right of the Company to discharge the Optionee at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the failure of any portion of the Option to become exercisable or any other adverse effect on the Optionee’s interests under the Plan.

#### Section 2.4. Nonqualified Nature of the Option

The Option is not intended to qualify as an incentive stock option within the meaning of Code section 422, and this Agreement shall be so construed.

#### Section 2.5. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 10, 11 and 12 of the Plan.

## ARTICLE III

### PERIOD OF EXERCISABILITY

#### Section 3.1. Commencement of Exercisability

(a) So long as the Optionee continues to be an Eligible Individual performing bona fide services to or for the Company through the applicable vesting dates, the Option shall become vested and exercisable with respect to the following percentages of Shares subject to the Option upon the Compensation Committee’s determination that the Company attained the applicable

Adjusted EBITDA Target in the chart below in the applicable Fiscal Year (such determination date being the vesting date), as follows:

If, in this Fiscal Year:	The Company achieves this Adjusted EBITDA Target:	Then this Percentage of Shares subject to the Option will vest:
2018	\$864 million	33.33%
2019	\$942 million	66.66%

If the Compensation Committee determines that the Company has not attained the Adjusted EBITDA Target for a Fiscal Year, then the portion of the Shares eligible to vest based on that Fiscal Year's performance shall be forfeited immediately upon such determination and be of no further effect.

Vesting is rounded down to the nearest Share on the interim vesting date and rounded up on the final vesting date.

For purposes of this Agreement, "Adjusted EBITDA" is defined on **Exhibit A** hereto and "Fiscal Year" means the twelve-month period ending December 31 of any given calendar year.

(b) Notwithstanding the foregoing, if on or within the eighteen (18) months after a Change in Control, the Optionee ceases to be an Eligible Individual because the Company or its successor terminates the Optionee's employment or other service relationship without Cause the Option shall become exercisable as to 100% of the Shares subject to the Option on such termination date (but only to the extent such Option has not otherwise terminated or become exercisable).

(c) In the event that the Optionee's employment with the Company is terminated by reason of death or Permanent Disability, any portion of the Option which could, but for the termination of employment, have vested with respect to the Fiscal Year during which the termination of employment occurred if the applicable Adjusted EBITDA Target for such year of termination is achieved, will remain outstanding until the Compensation Committee determines whether the applicable Adjusted EBITDA Target has been achieved and will become vested, if at all, when and to the extent that the Compensation Committee determines that the applicable Adjusted EBITDA Target has been achieved, and the balance of the unvested portion of the Option shall terminate on the date on which the Compensation Committee's determination is made.

(d) Except as provided in this Section 3.1, no portion of the Option shall become exercisable as to any additional Shares following the time the Optionee ceases to be an Eligible Individual, and any portion of the Option which is unexercisable as of the Optionee's cessation of service as an Eligible Individual shall immediately expire without payment therefor.



### Section 3.2. Expiration of Option

The Optionee may not exercise any vested portion of the Option to any extent after the first to occur of the following events:

- (a) The tenth anniversary of the Grant Date so long as the Optionee remains an Eligible Individual through such date;
- (b) The fifth anniversary of the date of the Optionee's termination of employment with the Company, if the Optionee's employment is terminated by reason of Retirement;
- (c) The second anniversary of the date of the Optionee's termination of employment with the Company, if the Optionee's employment is terminated by reason of death or Permanent Disability;
- (d) Except as otherwise provided in this Section 3, ninety (90) days after the date the Optionee ceases to be an Eligible Individual by reason of the Optionee's voluntary resignation or the Company's termination of the employment or service relationship without Cause (for any reason other than as set forth in clause (b) above), or by reason of the entity for which services are performed by the Optionee ceasing to be Laureate or a Subsidiary;
- (e) Immediately upon the date the Optionee ceases to be an Eligible Individual for Cause; or
- (f) At the discretion of the Company, if the Administrator so determines pursuant to Section 11 of the Plan.

In no event may the Option be exercised after the Expiration Date of the Option set forth on the signature page hereof.

## ARTICLE IV

### EXERCISE OF OPTION

#### Section 4.1. Person Eligible to Exercise

During the lifetime of the Optionee, only the Optionee (or his or her duly authorized legal representative) may exercise the Option or any portion thereof. After the death of the Optionee, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.2, be exercised by his personal representative or by any person empowered to do so under the Optionee's last will and testament or under the then applicable laws of descent and distribution.

#### Section 4.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof

becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares only.

#### Section 4.3. Manner of Exercise

The Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) (i) Full payment (in cash, by check or by a combination thereof) for the Shares with respect to which such Option or portion thereof is exercised, (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Optionee to Laureate pursuant to clause (i) of this subsection (b), or (iii) a broker-assisted cashless exercise through a brokerage firm designated or approved by the Administrator;

(c) (i) Full payment (in cash, by check or by a combination thereof) to satisfy the withholding tax obligation with respect to which such Option or portion thereof is exercised or (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee upon exercise of such Option (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such exercise, equal to the payment to satisfy the minimum withholding tax obligation that would otherwise be required to be made by the Optionee to the Company pursuant to clause (i) of this subsection (c); and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

(e) At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due to the Optionee and otherwise agrees to make adequate provision for foreign (non-US), federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Option. The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Option or issuance of Shares upon exercise.

#### Section 4.4. Conditions to Issuance of Stock Certificates

The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares, which have then been

reacquired by Laureate. Such Shares shall be fully paid and nonassessable. In its discretion, Laureate may deliver share certificates or may retain such Shares in uncertificated book-entry form. Laureate shall not be required to issue Shares or deliver any certificate or certificates for shares of stock purchased upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Administrator shall, in its reasonable and good faith discretion, determine to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

#### Section 4.5. Rights as Stockholder

The holder of an Option shall not be, nor have any of the rights or privileges of, a stockholder of Laureate in respect of any Shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares shall have been issued by Laureate to such holder upon satisfaction of the conditions set forth in Section 4.4 or unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian. Upon fulfillment of such conditions, Laureate shall be required to issue and deliver such certificate or certificates, unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian.

### ARTICLE V

#### RESTRICTIVE COVENANTS

##### Section 5.1. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit

(a) In consideration of this Option grant, unless otherwise provided in any employment or severance agreement entered into by and between the Optionee and the Company (in which case the corresponding provisions therein shall control), the Optionee hereby agrees effective as of the date of the Optionee's commencement of employment with the Company, without the Company's prior written consent, the Optionee shall not, directly or indirectly:

(i) at any time during or after the Optionee's employment with the Company, disclose or use any Confidential Information (as defined below) pertaining to the business of the Company or Affiliates, except when required to perform Optionee's duties to the Company, by law or judicial process;

(ii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of the Optionee's employment employed by the Company or Affiliates.

For the purposes of subsection (a)(ii) above, the Optionee may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if the Optionee (I) is not a controlling person of, or a member of a group which controls, such entity, and (II) does not, directly or indirectly, own 5% or more of any class of securities of such entity.

If the Optionee is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because the Optionee's services are unique and because the Optionee has had access to Confidential Information, the Optionee agrees that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that the Optionee breaches any of the provisions of this Section, in addition to all other remedies that may be available to the Company, the Option shall terminate immediately for no consideration, and if any portion of the Option was exercised, the Optionee shall be required to pay to the Company the amount by which, at the time of exercise, the Fair

Market Value of the Shares was greater than the aggregate Exercise Price paid for the Shares, on a net after-tax basis.

For purposes of this Section, “Confidential Information” shall mean all non-public information concerning trade secret, know how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media.

## ARTICLE VI

### MISCELLANEOUS

#### Section 6.1. Administration

The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

#### Section 6.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

#### Section 6.3. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to Laureate in care of its Secretary, and any notice to be given to the Optionee shall be addressed to the Secretary at the physical or electronic address given beneath the Secretary’s signature hereto. By a notice given pursuant to this Section 6.3, either party may hereafter designate a different address for notices to be given to him or it. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee’s personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 6.3. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid,

deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier, or (iv) delivered by email to an electronic mail address provided by the Optionee.

#### Section 6.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

#### Section 6.5. Applicability of Plan and Recoupment Policy

The Option and the Shares issued to the Optionee (or other proper holder of the Option) upon exercise of the Option shall be subject to all of the terms and provisions of the Plan. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control. The Optionee acknowledges that the Optionee has received a copy of the Recoupment Policy and acknowledges and agrees that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued as a result of the Optionee's exercise of the Option.

#### Section 6.6. Service and Employment Acknowledgments.

By accepting the Option and signing this Agreement, the Optionee acknowledges and agrees that:

- (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this Agreement;
- (ii) the Optionee is voluntarily participating in the Plan;
- (iii) the award of an Option is a one-time benefit which does not create any contractual or other right to receive future awards of Options, or compensation or benefits in lieu of Options, even if Options have been awarded repeatedly in the past;
- (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Options shall be awarded or shall become vested or exercisable and the number of Options subject to each award, will be at the sole discretion of the Administrator;
- (v) the value of the Option is an extraordinary item of compensation which is outside the scope of the Optionee's employment or service contract, if any;
- (vi) the value of the Option is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits;
- (vii) the vesting of the Option ceases upon termination of service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement;
- (viii) the value of the Options and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value;
- (ix) if the Optionee is not an employee of the Company, the Option grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon the Optionee any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate the Optionee's service as a director, an employee or consultant, as the case may be, at any time,

subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan or the Optionee's acquisition or sale of the Shares underlying the Option; and (x) no claim or entitlement to compensation or damages arises if the value of the Option or the underlying Shares decreases and in consideration for the grant of the Option the Optionee irrevocably releases the Company from any claim or entitlement to compensation or damages that does arise in connection with the Option.

#### Section 6.7. Personal Data.

For purposes of the implementation, administration and management of the Option and the Plan or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "Corporate Transaction"), the Optionee explicitly and unambiguously consents, by accepting this Agreement, to the collection, receipt, use, retention and transfer, in electronic or other form, of the Optionee's personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. The Optionee understands that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Options awarded, cancelled, vested and unvested) is held by the Company and may be transferred to any broker designated by the Administrator or third parties assisting in the implementation, administration and management of the Options or the Plan or the effectuation of a Corporate Transaction and the Optionee expressly authorizes such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. The Optionee understands that these recipients may be located in the Optionee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that personal data will be held only as long as is necessary to implement, administer and manage the Option or Plan or effect a Corporate Transaction. The Optionee understands that, to the extent required by applicable law, the Optionee may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Secretary. The Optionee understands, however, that refusing or withdrawing the Optionee's consent may affect the Optionee's ability to accept an award of Options or otherwise participate in the Plan.

#### Section 6.8. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, this Agreement, information with respect to the Plan or the Option, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. The Optionee may receive from the Company, at no cost, a paper copy of any electronically delivered documents by contacting the Secretary.



(b) Consent and Acknowledgment. By signing this Agreement, the Optionee (i) consents to the electronic delivery of this Agreement, all information with respect to the Plan and the Option and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledges that the Optionee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing; (iii) further acknowledges that the Optionee may revoke the Optionee's consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledges that the Optionee understands that the Optionee is not required to consent to electronic delivery of documents.

Section 6.9. Amendment; Entire Agreement

This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Option or Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by the Optionee and the Company. This Agreement constitutes the entire agreement among the parties with respect to any agreements regarding the equity-based incentive awards referenced on the Optionee's signature page hereto and supersedes all prior and contemporaneous agreements (including any change in control, executive retention, employment or other agreements regarding the vesting of the equity-based incentive awards referenced on the Optionee's signature page hereto, or payment of cash or Shares in respect of these equity-based awards upon a termination of the Optionee's employment with the Company or other termination of status as an Eligible Individual), discussions, understandings and negotiations, whether written or oral, with respect to any of the foregoing.

Section 6.10. Governing Law

The laws of the State of Maryland shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.11. Resolution of Disputes

Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. The Optionee agrees that before the Optionee may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement the Optionee will first exhaust his or her administrative remedies before the Administrator. The Optionee further agrees that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to the Optionee's satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.



Section 6.12. Section 409A

This Agreement and the Option granted hereunder are intended to be exempt from Section 409A of the Code. This Agreement and the Option shall be administered, interpreted and construed in a manner consistent with this intent. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. Should any provision of the Plan or this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Administrator and without requiring the Optionee's consent, in such manner as the Administrator determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee or warranty by the Company of any particular tax effect to the Optionee.

Section 6.13. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

*Signature Pages to follow.*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

**LAUREATE EDUCATION, INC.**

By:

Name: Robert W. Zentz

Title: Senior Vice President, Secretary  
and General Counsel

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*[signature page to the Stock Option Agreement]*

**OPTIONEE NAME:** [INSERT]

I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued upon exercise of the Option. I also consent to electronic delivery of all notices or other information with respect to the Option or the Company.

**OPTIONEE SIGNATURE:** \_\_\_\_\_

Address: (to be completed by Optionee:) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Shares subject to Option:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Exercise Price:** \_\_\_\_\_

**Expiration Date: 10 years from the Grant Date**

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*[signature page to the Stock Option Agreement]*

## Exhibit A

“Adjusted EBITDA” for any fiscal year will mean the Operating Income (Loss), as stated on the audited Consolidated Statement of Income of Laureate Education, Inc. and Subsidiaries (collectively “Laureate” or “the Company”), PLUS/(MINUS) (to the extent included in Operating Income), all calculated on an Fx Neutral basis, all fairly and appropriately adjusted for Additional Adjustments:

1. depreciation and amortization expenses;
  2. share-based compensation expenses, as defined by ASC 718;
  3. impairment costs as recognized on the Company’s financial statements for tangible or intangible assets to the extent described in the financial statements;
  4. transaction expenses in connection with financings, including fees and costs related to the issuance or modification of any indebtedness;
  5. (gains)/charges, net of insurance proceeds, resulting from a Force Majeure event in any of the Company’s operating regions;
  6. charges, expenses and VAT relating to tax efficient repatriation strategies;
  7. (gains)/losses on the disposition of the Company’s assets (excluding (gains)/losses on dispositions of furniture and equipment in the ordinary course of business), investments, operations that qualify as businesses under ASC 805, and/or entities as defined under ASC 810;
  8. all expenses related to any public or private offering of the Company’s securities that are not netted with the offering proceeds and have not been capitalized;
  9. costs related to the restructuring or reduction in force (as defined in ASC 420 or ASC 712), to the extent described in the financial statements;
  10. (gains)/expenses related to the establishment or changes in contingent liabilities and indemnification assets or contingent liabilities where there is an unrecorded indemnification asset booked in connection with the acquisition of business but only if attributable to a period prior to
-

the acquisition of a business;

11. (gains)/expenses for a litigation case, net of insurance proceeds or indemnification, if applicable, if the (gains)/expenses are in excess of \$5 million; and

12. expenses related to implementation of the Company's EiP initiative, to the extent quantified in the footnotes to the financial statements.

"Additional Adjustments" shall mean:

1. Adjusted EBITDA (as defined above to the extent such items are disclosed in the financial statements of the affiliate) for any affiliate accounted for as an equity method investment;

2. implications from the expropriation or deconsolidation of Company assets or a Company business required by or resulting from the actions of any government or government agency; with the Adjusted EBITDA from any such business during the LTM prior to expropriation, multiplied by an earnings growth rate of 1.09 compounded annually from the date of expropriation or deconsolidation, added to that fiscal year's Adjusted EBITDA; and

3. changes in US GAAP, or the application thereof, subsequent to the issuance of the Company's 2015 audited financial statements, promulgated by accounting standard setters or changes in local laws and regulations.

If the Company makes an acquisition or disposition of a business or a segment of a business in any year, the Adjusted EBITDA result for such year and subsequent years will be adjusted to exclude the financial results from any such acquisition or to include the prospective forecasted results for any such disposition consummated during the relevant period.

Notwithstanding any provision hereof to the contrary, to the extent any goal or target has been adjusted to include or exclude any of the foregoing adjustments, such adjustment will be excluded from the calculation of Adjusted EBITDA hereunder. For the avoidance of doubt, the applicable targets under this award have been so adjusted (for purposes of this Agreement, the "Retention Adjusted EBITDA Targets").

"Fx Neutral" shall mean the application of the Foreign Exchange Spot Rates, as defined below, to the audited financial statements of the Company for each fiscal year for which an Adjusted EBITDA target is calculated.

“Foreign Exchange Spot Rates” shall equal the foreign exchange spot rates used to translate the audited Balance Sheet of Laureate Education, Inc. and Consolidated Subsidiaries at December 31, 2016.

## STOCK OPTION AGREEMENT

THIS AGREEMENT (the “Agreement”), dated as of \_\_\_\_\_ (the “Grant Date”) is made by and between Laureate Education, Inc., a Delaware public benefit corporation (hereinafter referred to as “Laureate”), and the individual whose name is set forth on the signature page hereof, who is an Eligible Individual, hereinafter referred to as the “Optionee.” Any capitalized terms herein not otherwise defined in this Agreement shall have the meaning set forth in the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as it may be amended from time to time (the “Plan”).

WHEREAS, Laureate wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Administrator has determined that it would be to the advantage and best interest of Laureate and its shareholders to grant the Option provided for herein to the Optionee as an incentive for increased efforts during the Optionee’s service relationship with the Company, and has advised Laureate thereof and instructed the undersigned officers to issue said Option.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary.

##### Section 1.1. Cause

“Cause” shall mean “Cause” as such term may be defined in any employment or service agreement in effect at the time of termination of employment or service between the Optionee and the Company, or, if there is no such employment or service agreement or such term is not defined therein, “Cause” shall mean (i) gross negligence or willful malfeasance by the Optionee in connection with the performance of his or her duties with respect to the Company, (ii) the Optionee’s conviction of, or pleading guilty or *nolo contendere* to any felony, (iii) theft, embezzlement, fraud or other similar conduct by the Optionee in connection with the performance of his or her duties with the Company, or (iv) the Optionee’s willful and material breach of any other applicable agreements with the Company including, without limitation, engaging in any action in breach of any applicable restrictive covenants.

##### Section 1.2. Company

“Company” shall mean Laureate and its Subsidiaries.

Section 1.3. Eligible Individual

“Eligible Individual” shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate’s securities.

Section 1.4. Intentionally Omitted

Section 1.5. Option

“Option” shall mean the option granted under Section 2.1 of this Agreement.

Section 1.6. Permanent Disability

“Permanent Disability” shall mean “Disability” as such term is defined in any employment agreement between the Optionee and the Company, or, if there is no such employment agreement or such term is not defined therein, “Permanent Disability” shall mean a total and permanent disability as defined in the long-term disability plan of Laureate or the Subsidiary, as applicable, with which the Optionee is employed on the date as of which the existence of a Permanent Disability is to be determined.

Section 1.7. Retirement

“Retirement” shall mean the voluntary termination of the Optionee’s employment with the Company if (a) the Optionee has provided the Company with no less than twelve months’ written notice of the Optionee’s intention to terminate employment; (b) the Optionee signs and returns to the Company a release of claims for the benefit of the Company, in the form provided by the Company, that has become irrevocable by its terms; and (c) on the effective date of Optionee’s termination of employment, the sum of (1) the length of time the Optionee has been in the continuous employment of Company (which must be no fewer than five (5) years) and (2) the age of the Optionee equals seventy (70) or more. For the avoidance of doubt, service with the Company in any capacity other than as an employee of the Company will not be counted toward the determination of the Optionee’s length of continuous employment nor will employment with any entity prior to the Company’s acquisition of such entity be counted toward the requisite five year period of continuous employment.

Section 1.8. Secretary

“Secretary” shall mean the Secretary of Laureate.

Section 1.9. Share

“Share” shall mean a share of Common Stock.



## ARTICLE II

### GRANT OF OPTION

#### Section 2.1. Grant of Option

For good and valuable consideration, on and as of the Grant Date, Laureate grants to the Optionee an Option to purchase the number of Shares set forth on the signature page hereof, on the terms and conditions set forth in this Agreement.

#### Section 2.2. Exercise Price

Subject to Section 2.5, the exercise price per Share covered by the Option (the “Exercise Price”) shall be as set forth on the signature page hereof.

#### Section 2.3. No Guarantee of Employment or Service Relationship

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ or service of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the employment or service of the Optionee at any time for any reason whatsoever, with or without cause or notice, subject to the applicable provisions of, if any, the Optionee’s employment or service agreement with or offer letter provided by the Company to the Optionee and subject to applicable law. Nothing in this Agreement or in the Plan shall serve as a limitation of the right of the Company to discharge the Optionee at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the failure of any portion of the Option to become exercisable or any other adverse effect on the Optionee’s interests under the Plan.

#### Section 2.4. Nonqualified Nature of the Option

The Option is not intended to qualify as an incentive stock option within the meaning of Code section 422, and this Agreement shall be so construed.

#### Section 2.5. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 10, 11 and 12 of the Plan.

## ARTICLE III

### PERIOD OF EXERCISABILITY

### Section 3.1. Commencement of Exercisability

(a) So long as the Optionee continues to be an Eligible Individual performing bona fide services to or for the Company through the applicable vesting date(s) below (each, a “Vesting Date”), the Option shall become vested and exercisable pursuant to the following schedule:

<u>Vesting Date</u>	<u>Number of Option Shares that become vested:</u>
---------------------	--

December 31, 2017	_____
-------------------	-------

December 31, 2018	_____
-------------------	-------

December 31, 2019	_____
-------------------	-------

(b) Notwithstanding the foregoing, if, before the final Vesting Date, but on or within the eighteen (18) months after a Change in Control, the Optionee ceases to be an Eligible Individual because the Company or its successor terminates the Optionee’s employment or other service relationship without Cause the Option shall become exercisable as to 100% of the Shares subject to the Option on such termination date (but only to the extent such Option has not otherwise terminated or become exercisable).

(c) If, before a Vesting Date, the Optionee ceases to be an Eligible Individual due to the Optionee’s death or Permanent Disability, the Optionee will vest on the Optionee’s termination date in the number of Shares subject to the Option that would have vested had the Optionee remained employed until the next scheduled Vesting Date.

(d) No portion of the Option shall become exercisable as to any additional Shares following the time the Optionee ceases to be an Eligible Individual, and any portion of the Option which is unexercisable as of the Optionee’s cessation of service as an Eligible Individual shall immediately expire without payment therefor.

### Section 3.2. Expiration of Option

The Optionee may not exercise any vested portion of the Option to any extent after the first to occur of the following events:

(a) The tenth anniversary of the Grant Date so long as the Optionee remains an Eligible Individual through such date;

(b) The fifth anniversary of the date of the Optionee’s termination of employment with the Company, if the Optionee’s employment is terminated by reason of Retirement;

(c) The second anniversary of the date of the Optionee’s termination of employment with the Company, if the Optionee’s employment is terminated by reason of death or Permanent Disability;

(d) Except as otherwise provided in this Section 3, ninety (90) days after the date the Optionee ceases to be an Eligible Individual by reason of the Optionee's voluntary resignation or the Company's termination of the employment or service relationship without Cause (for any reason other than as set forth in clause (b) above), or by reason of the entity for which services are performed by the Optionee ceasing to be Laureate or a Subsidiary;

(e) Immediately upon the date the Optionee ceases to be an Eligible Individual for Cause; or

(f) At the discretion of the Company, if the Administrator so determines pursuant to Section 11 of the Plan.

In no event may the Option be exercised after the Expiration Date of the Option set forth on the signature page hereof.

## ARTICLE IV

### EXERCISE OF OPTION

#### Section 4.1. Person Eligible to Exercise

During the lifetime of the Optionee, only the Optionee (or his or her duly authorized legal representative) may exercise the Option or any portion thereof. After the death of the Optionee, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.2, be exercised by his personal representative or by any person empowered to do so under the Optionee's last will and testament or under the then applicable laws of descent and distribution.

#### Section 4.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares only.

#### Section 4.3. Manner of Exercise

The Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) (i) Full payment (in cash, by check or by a combination thereof) for the Shares with respect to which such Option or portion thereof is exercised, (ii) to the extent permitted

by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Optionee to Laureate pursuant to clause (i) of this subsection (b), or (iii) a broker-assisted cashless exercise through a brokerage firm designated or approved by the Administrator;

(c) (i) Full payment (in cash, by check or by a combination thereof) to satisfy the withholding tax obligation with respect to which such Option or portion thereof is exercised or (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee upon exercise of such Option (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such exercise, equal to the payment to satisfy the minimum withholding tax obligation that would otherwise be required to be made by the Optionee to the Company pursuant to clause (i) of this subsection (c); and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

(e) At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due to the Optionee and otherwise agrees to make adequate provision for foreign (non-US), federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Option. The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Option or issuance of Shares upon exercise.

#### Section 4.4. Conditions to Issuance of Stock Certificates

The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by Laureate. Such Shares shall be fully paid and nonassessable. In its discretion, Laureate may deliver share certificates or may retain such Shares in uncertificated book-entry form. Laureate shall not be required to issue Shares or deliver any certificate or certificates for shares of stock purchased upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Administrator shall, in its reasonable and good faith discretion, determine to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

#### Section 4.5. Rights as Stockholder

The holder of an Option shall not be, nor have any of the rights or privileges of, a stockholder of Laureate in respect of any Shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares shall have been issued by Laureate to such holder upon satisfaction of the conditions set forth in Section 4.4 or unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian. Upon fulfillment of such conditions, Laureate shall be required to issue and deliver such certificate or certificates, unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian.

### ARTICLE V

#### RESTRICTIVE COVENANTS

##### Section 5.1. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit

(a) In consideration of this Option grant, unless otherwise provided in any employment or severance agreement entered into by and between the Optionee and the Company (in which case the corresponding provisions therein shall control), the Optionee hereby agrees effective as of the date of the Optionee's commencement of employment with the Company, without the Company's prior written consent, the Optionee shall not, directly or indirectly:

(i) at any time during or after the Optionee's employment with the Company, disclose or use any Confidential Information (as defined below) pertaining to the business of the Company or Affiliates, except when required to perform Optionee's duties to the Company, by law or judicial process;

(ii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of the Optionee's employment employed by the Company or Affiliates.

For the purposes of subsection (a)(ii) above, the Optionee may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if the Optionee (I) is not a controlling person of, or a member of a group which controls, such entity, and (II) does not, directly or indirectly, own 5% or more of any class of securities of such entity.

If the Optionee is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because the Optionee's services are unique and because the Optionee has had access to Confidential Information, the Optionee agrees that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that the Optionee breaches any of the provisions of this Section, in addition to all other remedies that may be available to the Company, the Option shall terminate immediately for no consideration, and if any portion of the Option was exercised, the Optionee shall be required to pay to the Company the amount by which, at the time of exercise, the Fair Market Value of the Shares was greater than the aggregate Exercise Price paid for the Shares, on a net after-tax basis.

For purposes of this Section, "Confidential Information" shall mean all non-public information concerning trade secret, know how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media.

## ARTICLE VI

### MISCELLANEOUS

#### Section 6.1. Administration

The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent

therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

#### Section 6.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

#### Section 6.3. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to Laureate in care of its Secretary, and any notice to be given to the Optionee shall be addressed to the Secretary at the physical or electronic address given beneath the Secretary's signature hereto. By a notice given pursuant to this Section 6.3, either party may hereafter designate a different address for notices to be given to him or it. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 6.3. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier, or (iv) delivered by email to an electronic mail address provided by the Optionee.

#### Section 6.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

#### Section 6.5. Applicability of Plan and Recoupment Policy

The Option and the Shares issued to the Optionee (or other proper holder of the Option) upon exercise of the Option shall be subject to all of the terms and provisions of the Plan. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.



The Optionee acknowledges that the Optionee has received a copy of the Recoupment Policy and acknowledges and agrees that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued as a result of the Optionee's exercise of the Option.

Section 6.6. Service and Employment Acknowledgments.

By accepting the Option and signing this Agreement, the Optionee acknowledges and agrees that: (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this Agreement; (ii) the Optionee is voluntarily participating in the Plan; (iii) the award of an Option is a one-time benefit which does not create any contractual or other right to receive future awards of Options, or compensation or benefits in lieu of Options, even if Options have been awarded repeatedly in the past; (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Options shall be awarded or shall become vested or exercisable and the number of Options subject to each award, will be at the sole discretion of the Administrator; (v) the value of the Option is an extraordinary item of compensation which is outside the scope of the Optionee's employment or service contract, if any; (vi) the value of the Option is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits; (vii) the vesting of the Option ceases upon termination of service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (viii) the value of the Options and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value; (ix) if the Optionee is not an employee of the Company, the Option grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon the Optionee any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate the Optionee's service as a director, an employee or consultant, as the case may be, at any time, subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan or the Optionee's acquisition or sale of the Shares underlying the Option; and (x) no claim or entitlement to compensation or damages arises if the value of the Option or the underlying Shares decreases and in consideration for the grant of the Option the Optionee irrevocably releases the Company from any claim or entitlement to compensation or damages that does arise in connection with the Option.

Section 6.7. Personal Data.

For purposes of the implementation, administration and management of the Option and the Plan or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "Corporate Transaction"), the Optionee explicitly and unambiguously consents, by accepting this Agreement, to the collection, receipt, use, retention and transfer, in electronic or other



form, of the Optionee's personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. The Optionee understands that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Options awarded, cancelled, vested and unvested) is held by the Company and may be transferred to any broker designated by the Administrator or third parties assisting in the implementation, administration and management of the Options or the Plan or the effectuation of a Corporate Transaction and the Optionee expressly authorizes such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. The Optionee understands that these recipients may be located in the Optionee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that personal data will be held only as long as is necessary to implement, administer and manage the Option or Plan or effect a Corporate Transaction. The Optionee understands that, to the extent required by applicable law, the Optionee may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Secretary. The Optionee understands, however, that refusing or withdrawing the Optionee's consent may affect the Optionee's ability to accept an award of Options or otherwise participate in the Plan.

#### Section 6.8. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, this Agreement, information with respect to the Plan or the Option, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. The Optionee may receive from the Company, at no cost, a paper copy of any electronically delivered documents by contacting the Secretary.

(b) Consent and Acknowledgment. By signing this Agreement, the Optionee (i) consents to the electronic delivery of this Agreement, all information with respect to the Plan and the Option and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledges that the Optionee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing; (iii) further acknowledges that the Optionee may revoke the Optionee's consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledges that the Optionee understands that the Optionee is not required to consent to electronic delivery of documents.

#### Section 6.9. Amendment; Entire Agreement

This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Option or Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by the Optionee and

the Company. This Agreement constitutes the entire agreement among the parties with respect to any agreements regarding the equity-based incentive awards referenced on the Optionee's signature page hereto and supersedes all prior and contemporaneous agreements (including any change in control, executive retention, employment or other agreements regarding the vesting of the equity-based incentive awards referenced on the Optionee's signature page hereto, or payment of cash or Shares in respect of these equity-based awards upon a termination of the Optionee's employment with the Company or other termination of status as an Eligible Individual), discussions, understandings and negotiations, whether written or oral, with respect to any of the foregoing.

Section 6.10. Governing Law

The laws of the State of Maryland shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.11. Resolution of Disputes

Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. The Optionee agrees that before the Optionee may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement the Optionee will first exhaust his or her administrative remedies before the Administrator. The Optionee further agrees that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to the Optionee's satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.

Section 6.12. Section 409A

This Agreement and the Option granted hereunder are intended to be exempt from Section 409A of the Code. This Agreement and the Option shall be administered, interpreted and construed in a manner consistent with this intent. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. Should any provision of the Plan or this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Administrator and without requiring the Optionee's consent, in such manner as the Administrator determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee or warranty by the Company of any particular tax effect to the Optionee.

### Section 6.13. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

*Signature Pages to follow.*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

**LAUREATE EDUCATION, INC.**

By:

Name: Robert W. Zentz

Title: Senior Vice President, Secretary  
and General Counsel

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*[signature page to the Stock Option Agreement]*

**OPTIONEE NAME:** \_\_\_\_\_

I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued upon exercise of the Option. I also consent to electronic delivery of all notices or other information with respect to the Option or the Company.

**OPTIONEE SIGNATURE:** \_\_\_\_\_

Address: (to be completed by Optionee:) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Shares subject to Option:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Exercise Price:** \_\_\_\_\_

**Expiration Date: 10 years from the Grant Date**

*[signature page to the Stock Option Agreement]*

**LAUREATE EDUCATION, INC.**  
**RESTRICTED STOCK UNITS NOTICE**  
**UNDER THE**  
**LAUREATE EDUCATION, INC.**  
**AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN**

**Name of Grantee:** \_\_\_\_\_

This Notice evidences the award of restricted stock units (each, an “**RSU**,” and collectively, the “**RSUs**”) of Laureate Education, Inc., a Delaware public benefit corporation (“**Laureate**”), that have been granted to you pursuant to the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as may be amended from time to time (the “**Plan**”) and conditioned upon your agreement to the terms of the attached Restricted Stock Units Agreement (the “**Agreement**”). This Notice constitutes part of and is subject to the terms and provisions of the Agreement and the Plan, which are incorporated by reference herein. Each RSU is equivalent in value to one share of Laureate’s Common Stock and represents Laureate’s commitment to issue one share of Laureate’s Common Stock at a future date, subject to the terms of the Agreement and the Plan.

Grant Date: \_\_\_\_\_

Number of RSUs: \_\_\_\_\_

Vesting Schedule: All of the RSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual (as defined in the Agreement) continuously from the Grant Date through the applicable vesting dates below (each, a “**Vesting Date**”), the RSUs shall become vested pursuant to the following schedule:

<u><b>Vesting Date</b></u>	<u><b>Number of RSUs that become vested:</b></u>
December 31, 2017	_____
December 31, 2018	_____
December 31, 2019	_____

If, before a Vesting Date, you cease to be an Eligible Individual due to your death or Disability, you will vest on your termination date in the number of RSUs that would have vested had you remained employed until the next scheduled Vesting Date.

If, before the final Vesting Date, but on or within the eighteen (18) months after a Change in Control, you cease to be an Eligible Individual because the Company or its successor terminates your employment or other service relationship without Cause, you will become fully vested in all remaining unvested RSUs on your termination date.

\_\_\_\_\_  
Laureate Education, Inc.

\_\_\_\_\_  
Date

I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the RSUs, and any Shares issued upon settlement of the RSUs. I also consent to electronic delivery of all notices or other information with respect to the RSUs or the Company.

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Signature of Grantee

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Date

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LAUREATE EDUCATION, INC.

RESTRICTED STOCK UNITS AGREEMENT  
UNDER THE  
LAUREATE EDUCATION, INC.  
AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN

1. Terminology. Unless otherwise provided in this Agreement or the Notice, capitalized terms used herein are defined in the Glossary at the end of this Agreement or in the Plan.

2. Vesting. All of the RSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual continuously from the Grant Date through the applicable Vesting Date, the RSUs will become vested and nonforfeitable in accordance with the vesting provisions set forth in the Notice. None of the RSUs will become vested and nonforfeitable after you cease to be an Eligible Individual.

3. Termination of Employment or Service. Unless otherwise provided in the Notice, if you cease to be an Eligible Individual for any reason, all RSUs that are not then vested and nonforfeitable will be forfeited to the Company immediately and automatically upon such cessation without payment of any consideration therefor and you will have no further right, title or interest in or to such RSUs or the underlying shares of Common Stock.

4. Restrictions on Transfer. Neither this Agreement nor any of the RSUs may be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, and the RSUs shall not be subject to execution, attachment or similar process. All rights with respect to this Agreement and the RSUs shall be exercisable during your lifetime only by you or your guardian or legal representative. Notwithstanding the foregoing, the RSUs may be transferred upon your death by last will and testament or under the laws of descent and distribution.

5. Settlement of RSUs.

(a) Manner of Settlement. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the RSUs. Laureate will issue to you, in settlement of your RSUs and subject to the provisions of Section 6 below, the number of whole shares of Common Stock that equals the number of whole RSUs that become vested, and such vested RSUs will terminate and cease to be outstanding upon such issuance of the shares. Upon issuance of such shares, Laureate will determine the form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) and may deliver such shares on your behalf electronically to Laureate's designated stock plan administrator or such other broker-dealer as Laureate may choose at its sole discretion, within reason.

(b) Timing of Settlement. Your RSUs will be settled by Laureate, via the issuance of Common Stock as described herein, on or within thirty (30) days after the date that the RSUs become vested and nonforfeitable. However, if a scheduled issuance date falls on a Saturday, Sunday or federal holiday, such issuance date shall instead fall on the next following day that the principal executive offices of the Company are open for business. Notwithstanding the foregoing, in the event that (i) you are subject to Laureate's policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time or you are otherwise prohibited from selling shares of Laureate's Common Stock in the public market and any shares covered by your RSUs are scheduled to be issued on a day (the "**Original Distribution Date**") that does not occur during an open "window period" applicable to you, as determined by Laureate in accordance with such policy, or does not occur on a date when you are otherwise permitted to sell shares of Laureate's Common Stock in the open market, and (ii) the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be issued and delivered on such Original Distribution Date and shall instead be issued and delivered on the first business day of the next occurring open "window period" applicable to you pursuant to such policy (regardless of whether you are still providing continuous services at such time) or the next business day when you are not prohibited from selling shares of

Laureate's Common Stock in the open market, but in no event later than the fifteenth day of the third calendar month of the calendar year following the calendar year in which the Original Distribution Date occurs. In all cases, the issuance and delivery of shares under this Agreement is intended to comply with Treasury Regulation 1.409A-1(b)(4) and shall be construed and administered in such a manner.

6. **Tax Withholding.** On or before the time you receive a distribution of the shares subject to your RSUs, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company which arise in connection with your RSUs (the "**Withholding Taxes**"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your RSUs by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; (iii) permitting you to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**") whereby you irrevocably elect to sell a portion of the shares to be delivered under the Agreement to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the RSUs with a Fair Market Value (measured as of the date shares of Common Stock are issued to you pursuant to Section 5) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed, by more than the Fair Market Value of one share of Common Stock, the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (except as otherwise permitted by the Administrator and would not create an adverse accounting consequence or cost). Unless the tax withholding obligations of the Company are satisfied, Laureate shall have no obligation to deliver to you any Common Stock. In the event Laureate's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

7. **Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.**

(a) In consideration of this Award, unless otherwise provided in any employment or severance agreement entered into by and between the Company and you (in which case the corresponding provisions therein shall control), you hereby agree effective as of the date of your commencement of employment with the Company, without the Company's prior written consent, you will not, directly or indirectly:

(i) at any time during or after your employment with the Company, disclose or use any Confidential Information pertaining to the business of the Company or Affiliates, except when required to perform your duties to the Company, by law or judicial process;

(ii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of your employment employed by the Company or Affiliates.



For the purposes of subsection (a)(ii) above, you may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if you (I) are not a controlling person of, or a member of a group which controls, such entity, and (II) do not, directly or indirectly, own 5% or more of any class of securities of such entity.

If you are bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because your services are unique and because you have had access to Confidential Information, you agree that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that you breach any of the provisions of this Section, in addition to all other remedies that may be available to the Company, all vested and unvested RSUs shall be cancelled for no consideration and you must account for and pay over to the Company all compensation, profits, monies, or other benefits derived or received by you under this Agreement, including any portion of the PSUs that have been settled or proceeds thereon realized by you and all amounts paid to you upon the sale of shares of Common Stock you received under this Agreement.

#### 8. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding RSUs shall, without further action of the Administrator, be adjusted to reflect such event; provided, however, that any fractional RSUs resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation and Other Events. If Laureate shall be the surviving or resulting corporation in any merger or consolidation and the Common Stock shall be converted into other securities, the RSUs shall pertain to and apply to the securities to which a holder of the number of shares of Common Stock subject to the RSUs would have been entitled. If the stockholders of Laureate receive by reason of any distribution in total or partial liquidation or pursuant to any merger of Laureate or acquisition of its assets, securities of another entity or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of Laureate's successor, and this Agreement shall apply to the securities or other property (including cash) to which a holder of the number of shares of Common Stock subject to the RSUs would have been entitled, in the same manner and to the same extent as the RSUs.

9. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any nonvested and forfeitable RSUs or any other adverse effect on your interests under the Plan.

10. Rights as Stockholder. You shall not have any of the rights of a stockholder with respect to any shares of Common Stock that may be issued in settlement of the RSUs until such shares of Common Stock have been issued to you. No adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 10 of the Plan.

11. The Company's Rights. The existence of the RSUs shall not affect in any way the right or power of Laureate or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12. Restrictions on Issuance of Shares. The issuance of shares of Common Stock upon settlement of the RSUs shall be subject to and in compliance with all applicable requirements of federal, state, or foreign law with respect to such securities. No shares of Common Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares subject to the RSUs shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the RSUs, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company, or in the case of notices delivered to the Company by you, addressed to the Administrator, care of the Company for the attention of its Secretary at its principal executive office or, in either case, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this award of RSUs by electronic means or to request your consent to participate in the Plan or accept this award of RSUs by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. Entire Agreement. This Agreement, together with the relevant Notice and the Plan, contain the entire agreement between the parties with respect to the RSUs granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the RSUs granted hereunder shall be void and ineffective for all purposes.

15. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the RSUs as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

16. Section 409A. This Agreement and the RSUs granted hereunder are intended to fit within the "short-term deferral" exemption from Section 409A of the Code as set forth in Treasury Regulation Section 1.409A-1(b)(4). In administering this Agreement, the Company shall interpret this Agreement in a manner consistent with such exemption. Notwithstanding the foregoing, if it is determined

that the RSUs fail to satisfy the requirements of the short-term deferral rule and are otherwise deferred compensation subject to Section 409A, and if you are a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Section 409A of the Code and Treasury Regulation Section 1.409A-2(b)(2).

17. No Obligation to Minimize Taxes. The Company has no duty or obligation to minimize the tax consequences to you of this award of RSUs and shall not be liable to you for any adverse tax consequences to you arising in connection with this award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this award and by signing the Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

18. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

19. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the grant of RSUs.

20. Effect on Other Employee Benefit Plans. The value of the RSUs subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's employee benefit plans.

21. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Baltimore, Maryland or any state court in the district which includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

22. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.



23. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

24. Electronic Delivery of Documents. By your signing the Notice, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the RSUs, and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

25. No Future Entitlement. By your signing the Notice, you acknowledge and agree that: (i) the grant of a RSU award is a one-time benefit which does not create any contractual or other right to receive future grants of RSUs, or compensation in lieu of RSUs, even if RSUs have been granted repeatedly in the past; (ii) all determinations with respect to any such future grants and the terms thereof will be at the sole discretion of the Administrator; (iii) the value of the RSUs is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (iv) the value of the RSUs is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension or retirement benefits; (v) the vesting of the RSUs ceases when you cease to be an Eligible Individual, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (vi) the Company does not guarantee any future value of the RSUs; and (vii) no claim or entitlement to compensation or damages arises if the RSUs decrease or do not increase in value and you irrevocably release the Company from any such claim that does arise.

26. Personal Data. For purposes of the implementation, administration and management of the RSUs or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "**Corporate Transaction**"), you consent, by execution of the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social security number, tax identification number, date of birth, nationality, job and payroll location, data for tax withholding purposes and shares awarded, cancelled, vested and unvested) may be transferred to third parties assisting in the implementation, administration and management of the RSUs or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data by the recipient(s). You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that data will be held only as long as is necessary to implement, administer and manage the RSUs or effect a Corporate Transaction. You understand that you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Secretary. You understand, however, that refusing or withdrawing your consent may affect your ability to accept a RSU award.

*{Glossary begins on next page}*

## GLOSSARY

(a) “**Administrator**” means the Board of Directors of Laureate Education, Inc. or such committee or committees appointed by the Board to administer the Plan.

(b) “**Agreement**” means this document, as amended from time to time, together with the Plan which is incorporated herein by reference.

(c) “**Cause**” means “Cause” as such term may be defined in any employment agreement in effect at the time of termination of employment between you and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Cause” shall mean (i) your gross negligence or willful malfeasance in connection with the performance of your duties with respect to the Company, (ii) your conviction of, or pleading guilty or nolo contendere to any felony, (iii) theft, embezzlement, fraud or other similar conduct by you in connection with the performance of your duties with the Company, or (iv) your willful and material breach of any other applicable agreements with the Company including, without limitation, engaging in any action in breach of any applicable restrictive covenants.

(d) “**Change in Control**” means the first of the following to occur: (i) a Change in Ownership of Laureate or Wengen, or (ii) a Change in the Ownership of Assets of Laureate, as described herein and construed in accordance with Code section 409A.

(i) A “Change in Ownership of Laureate or Wengen” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, in a single transaction or a series of related transactions, ownership of:

(A) the capital stock of Laureate that, together with the stock held by such Person or Group, constitutes more than 50% of the total voting power of the capital stock of Laureate. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50% of the total voting power of the capital stock of Laureate, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of Laureate or to cause a Change in Effective Control of Laureate (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which Laureate acquires its stock in exchange for property will be treated as an acquisition of stock; or

(B) partnership interests of Wengen that, together with the partnership interests held by such Person or Group, constitutes more than 50% of the partnership interests of Wengen. However, if any one Person is, or Persons Acting as a Group are, considered under the Wengen Limited Partnership Agreement, as the same is in effect from time to time, to own two percent (2%) or more of the partnership interests of Wengen on the effective date of this Plan, the acquisition of additional partnership interests by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of Laureate or Wengen.

(ii) A “Change in the Ownership of Assets of Laureate” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from Laureate that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all of the assets of Laureate immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of Laureate, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

The following rules of construction apply in interpreting the definition of Change in Control:



(A) A Person means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than (1) employee benefit plans sponsored or maintained by Laureate and by entities controlled by Laureate, (2) Wengen or entities controlled by Wengen, or (3) an underwriter of the capital stock of Laureate in a registered public offering.

(B) Persons will be considered to be Persons Acting as a Group (or Group) if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(C) A Change in Control shall not include a transfer of assets to a related person as described in Code section 409A or a public offering of capital stock of Laureate.

(D) For purposes of the definition of Change in Control, Section 318(a) of the Code applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

(e) “**Code**” means the Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance promulgated thereunder.

(f) “**Common Stock**” means the Class A common stock, US\$.004 par value per share, of Laureate Education, Inc.

(g) “**Company**” means Laureate and its Subsidiaries.

(h) “**Disability**” means “Disability” as such term may be defined in any employment agreement in effect at the time of termination of employment between you and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Disability” shall mean a total and permanent disability as defined in the long-term disability plan of Laureate or the Subsidiary, as applicable, with which you are employed on the date as of which the existence of a Disability is to be determined.

(i) “**Eligible Individual**” shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate’s securities.

(j) “**Grant Date**” means the effective date of a grant of RSUs made to you as set forth in the Notice.

(k) “**Notice**” means the statement, letter or other written notification provided to you by the Company setting forth the terms of a grant of RSUs made to you.

(l) “**You**” or “**Your**” means the recipient of the RSUs as reflected on the applicable Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the RSUs may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

*{End of Agreement}*

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**LAUREATE EDUCATION, INC.**  
**PERFORMANCE SHARE UNITS NOTICE**  
**UNDER THE**  
**LAUREATE EDUCATION, INC.**  
**AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN**

**Name of Grantee:** \_\_\_\_\_

This Notice evidences the award of Performance Share Units (each, a “**PSU**,” and collectively, the “**PSUs**”) of Laureate Education, Inc., a Delaware public benefit corporation (“**Laureate**”), that have been granted to you pursuant to the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as may be amended from time to time (the “**Plan**”) and conditioned upon your agreement to the terms of the attached Performance Share Units Agreement (the “**Agreement**”). This Notice constitutes part of and is subject to the terms and provisions of the Agreement and the Plan, which are incorporated by reference herein. Each PSU is equivalent in value to one share of Laureate’s Common Stock and represents Laureate’s commitment to issue one share of Laureate’s Common Stock at a future date, subject to the terms of the Agreement and the Plan.

**Grant Date:** \_\_\_\_\_

**Number of PSUs:** \_\_\_\_\_

**Vesting Schedule:** All of the PSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual (as defined in the Agreement) continuously from the Grant Date through the applicable Vesting Dates (noted in the chart below), this Award shall become vested with respect to the following percentages of PSUs subject to this Award upon the applicable Vesting Date if the Compensation Committee determines that the Company attained the applicable Adjusted EBITDA Target in the chart below in the applicable Fiscal Year, as follows:

If, in this Fiscal Year:	The Company achieves this Adjusted EBITDA Target:	Then this Percentage of PSUs will vest:	On the following Vesting Date:
2018	\$864 million	33.33%	March 15, 2019
2019	\$942 million	66.66%	March 15, 2020

If the Compensation Committee determines that the Company has not attained the Adjusted EBITDA Target for a Fiscal Year, then the portion of the PSUs eligible to vest based on that Fiscal Year’s performance shall be forfeited immediately upon such determination and be of no further effect. The Compensation Committee’s determination will be final and binding on you and all other interested parties. Vesting is rounded down to the nearest whole PSU on the interim vesting date and rounded up on the final vesting date. Unless earlier forfeited in accordance with the Notice and Agreement, all unvested PSUs will be forfeited as of March 15, 2020.

\_\_\_\_\_  
LAUREATE EDUCATION, INC.

\_\_\_\_\_  
Date

I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the PSUs and any Shares issued upon settlement of the PSUs. I also consent to electronic delivery of all notices or other information with respect to the PSUs or the Company.

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Signature of Grantee

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Date

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**LAUREATE EDUCATION, INC.**  
**PERFORMANCE SHARE UNITS AGREEMENT**  
**UNDER THE**  
**LAUREATE EDUCATION, INC.**  
**AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN**

1. Terminology. Unless otherwise provided in this Agreement or the Notice, capitalized terms used herein are defined in the Glossary at the end of this Agreement or in the Plan.

2. Vesting. All of the PSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual continuously from the Grant Date through the applicable date upon which vesting is scheduled to occur, the PSUs will become vested and nonforfeitable in accordance with the vesting provisions set forth in the Notice. None of the PSUs will become vested and nonforfeitable after you cease to be an Eligible Individual.

3. Termination of Employment or Service. If you cease to be an Eligible Individual for any reason, all PSUs that are not then vested and nonforfeitable will be forfeited to the Company immediately and automatically upon such cessation without payment of any consideration therefor and you will have no further right, title or interest in or to such PSUs or the underlying shares of Common Stock.

4. Restrictions on Transfer. Neither this Agreement nor any of the PSUs may be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, and the PSUs shall not be subject to execution, attachment or similar process. All rights with respect to this Agreement and the PSUs shall be exercisable during your lifetime only by you or your guardian or legal representative. Notwithstanding the foregoing, the PSUs may be transferred upon your death by last will and testament or under the laws of descent and distribution.

5. Settlement of PSUs.

(a) Manner of Settlement. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the PSUs. Laureate will issue to you, in settlement of your PSUs and subject to the provisions of Section 6 below, the number of whole shares of Common Stock that equals the number of whole PSUs that become vested, and such vested PSUs will terminate and cease to be outstanding upon such issuance of the shares. Upon issuance of such shares, Laureate will determine the form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) and may deliver such shares on your behalf electronically to Laureate's designated stock plan administrator or such other broker-dealer as Laureate may choose at its sole discretion, within reason.

(b) Timing of Settlement. Your PSUs will be settled by Laureate, via the issuance of Common Stock as described herein, on or within thirty (30) days after the date that the PSUs become vested and nonforfeitable. However, if a scheduled issuance date falls on a Saturday, Sunday or federal holiday, such issuance date shall instead fall on the next following day that the principal executive offices of the Company are open for business. Notwithstanding the foregoing, in the event that (i) you are subject to Laureate's policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time or you are otherwise prohibited from selling shares of Laureate's Common Stock in the public market and any shares covered by your PSUs are scheduled to be issued on a day (the "**Original Distribution Date**") that does not occur during an open "window period" applicable to you, as determined by Laureate in accordance with such policy, or does not occur on a date when you are otherwise permitted to sell shares of Laureate's Common Stock in the open market, and (ii) the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be issued and delivered on such Original Distribution Date and shall instead be issued and delivered on the first business day of the next occurring open "window period" applicable to you pursuant to such policy (regardless of whether you are still providing continuous services at such time) or the next business day when you are not prohibited from selling shares of Laureate's Common Stock in the open market, but in no event later than the fifteenth day of the third calendar month of the calendar

year following the calendar year in which the Original Distribution Date occurs. In all cases, the issuance and delivery of shares under this Agreement is intended to comply with Treasury Regulation 1.409A-1(b)(4) and shall be construed and administered in such a manner.

6. Tax Withholding. On or before the time you receive a distribution of the shares subject to your PSUs, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company which arise in connection with your PSUs (the "**Withholding Taxes**"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your PSUs by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; (iii) permitting you to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**") whereby you irrevocably elect to sell a portion of the shares to be delivered under the Agreement to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the PSUs with a Fair Market Value (measured as of the date shares of Common Stock are issued to you pursuant to Section 5) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed, by more than the Fair Market Value of one share of Common Stock, the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (except as otherwise permitted by the Administrator and would not create an adverse accounting consequence or cost). Unless the tax withholding obligations of the Company are satisfied, Laureate shall have no obligation to deliver to you any Common Stock. In the event Laureate's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

7. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.

(a) In consideration of this Award, unless otherwise provided in any employment or severance agreement entered into by and between the Company and you (in which case the corresponding provisions therein shall control), you hereby agree effective as of the date of your commencement of employment with the Company, without the Company's prior written consent, you will not, directly or indirectly:

(i) at any time during or after your employment with the Company, disclose or use any Confidential Information pertaining to the business of the Company or Affiliates, except when required to perform your duties to the Company, by law or judicial process;

(ii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of your employment employed by the Company or Affiliates.

For the purposes of subsection (a)(ii) above, you may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if you (I) are not a controlling person of, or a member of a group which controls, such entity, and (II) do not, directly or indirectly, own 5% or more of any class of securities of such entity.

If you are bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because your services are unique and because you have had access to Confidential Information, you agree that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that you breach any of the provisions of this Section, in addition to all other remedies that may be available to the Company, all vested and unvested PSUs shall be cancelled for no consideration and you must account for and pay over to the Company all compensation, profits, monies, or other benefits derived or received by you under this Agreement, including any portion of the PSUs that have been settled or proceeds thereon realized by you and all amounts paid to you upon the sale of shares of Common Stock you received under this Agreement.

#### 8. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding PSUs shall, without further action of the Administrator, be adjusted to reflect such event; provided, however, that any fractional PSUs resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation and Other Events. If Laureate shall be the surviving or resulting corporation in any merger or consolidation and the Common Stock shall be converted into other securities, the PSUs shall pertain to and apply to the securities to which a holder of the number of shares of Common Stock subject to the PSUs would have been entitled. If the stockholders of Laureate receive by reason of any distribution in total or partial liquidation or pursuant to any merger of Laureate or acquisition of its assets, securities of another entity or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of Laureate's successor, and this Agreement shall apply to the securities or other property (including cash) to which a holder of the number of shares of Common Stock subject to the PSUs would have been entitled, in the same manner and to the same extent as the PSUs.

9. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any nonvested and forfeitable PSUs or any other adverse effect on your interests under the Plan.



10. Rights as Stockholder. You shall not have any of the rights of a stockholder with respect to any shares of Common Stock that may be issued in settlement of the PSUs until such shares of Common Stock have been issued to you. No adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 10 of the Plan.

11. The Company's Rights. The existence of the PSUs shall not affect in any way the right or power of Laureate or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12. Restrictions on Issuance of Shares. The issuance of shares of Common Stock upon settlement of the PSUs shall be subject to and in compliance with all applicable requirements of federal, state, or foreign law with respect to such securities. No shares of Common Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of Laureate to obtain from any regulatory body having jurisdiction the authority, if any, deemed by Laureate's legal counsel to be necessary to the lawful issuance of any shares subject to the PSUs shall relieve Laureate of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the PSUs, Laureate may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by Laureate to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to Laureate, or in the case of notices delivered to Laureate by you, addressed to the Administrator, care of Laureate for the attention of its Secretary at its principal executive office or, in either case, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Notwithstanding the foregoing, Laureate may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this award of PSUs by electronic means or to request your consent to participate in the Plan or accept this award of PSUs by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by Laureate or another third party designated by Laureate.

14. Entire Agreement. This Agreement, together with the relevant Notice and the Plan, contain the entire agreement between the parties with respect to the PSUs granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the PSUs granted hereunder shall be void and ineffective for all purposes.

15. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the PSUs as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

16. Section 409A. This Agreement and the PSUs granted hereunder are intended to fit within the "short-term deferral" exemption from Section 409A of the Code as set forth in Treasury Regulation Section 1.409A-1(b)(4). In administering this Agreement, Laureate shall interpret this Agreement in a manner consistent with such exemption. Notwithstanding the foregoing, if it is determined that the PSUs

fail to satisfy the requirements of the short-term deferral rule and are otherwise deferred compensation subject to Section 409A, and if you are a “Specified Employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Section 409A of the Code and Treasury Regulation Section 1.409A-2(b)(2).

17. No Obligation to Minimize Taxes. The Company has no duty or obligation to minimize the tax consequences to you of this award of PSUs and shall not be liable to you for any adverse tax consequences to you arising in connection with this award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this award and by signing the Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

18. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

19. No Funding. This Agreement constitutes an unfunded and unsecured promise by Laureate to issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of Laureate as a result of receiving the grant of PSUs.

20. Effect on Other Employee Benefit Plans. The value of the PSUs subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company’s employee benefit plans.

21. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Baltimore, Maryland or any state court in the district which includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

22. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator’s decision.

23. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

24. Electronic Delivery of Documents. By your signing the Notice, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the PSUs, and any reports of the Company provided generally to Laureate's stockholders; (ii) acknowledge that you may receive from Laureate a paper copy of any documents delivered electronically at no cost to you by contacting Laureate by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying Laureate of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

25. No Future Entitlement. By your signing the Notice, you acknowledge and agree that: (i) the grant of a PSU award is a one-time benefit which does not create any contractual or other right to receive future grants of PSUs, or compensation in lieu of PSUs, even if PSUs have been granted repeatedly in the past; (ii) all determinations with respect to any such future grants and the terms thereof will be at the sole discretion of the Administrator; (iii) the value of the PSUs is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (iv) the value of the PSUs is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension or retirement benefits; (v) the vesting of the PSUs ceases when you cease to be an Eligible Individual, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (vi) the Company does not guarantee any future value of the PSUs; and (vii) no claim or entitlement to compensation or damages arises if the PSUs decrease or do not increase in value and you irrevocably release the Company from any such claim that does arise.

26. Personal Data. For purposes of the implementation, administration and management of the PSUs or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving Laureate (a "**Corporate Transaction**"), you consent, by execution of the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social security number, tax identification number, date of birth, nationality, job and payroll location, data for tax withholding purposes and shares awarded, cancelled, vested and unvested) may be transferred to third parties assisting in the implementation, administration and management of the PSUs or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data by the recipient(s). You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that data will be held only as long as is necessary to implement, administer and manage the PSUs or effect a Corporate Transaction. You understand that you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Laureate's Secretary. You understand, however, that refusing or withdrawing your consent may affect your ability to accept a PSU award.

*{Glossary begins on next page}*

## GLOSSARY

(a) “**Adjusted EBITDA**” for any fiscal year will mean the Operating Income (Loss), as stated on the audited Consolidated Statement of Income of Laureate Education, Inc. and Subsidiaries (collectively “Laureate” or “the Company”), PLUS/(MINUS) (to the extent included in Operating Income), all calculated on an Fx Neutral basis, all fairly and appropriately adjusted for Additional Adjustments:

1. depreciation and amortization expenses;
2. share-based compensation expenses, as defined by ASC 718;
3. impairment costs as recognized on the Company’s financial statements for tangible or intangible assets to the extent described in the financial statements;
4. transaction expenses in connection with financings, including fees and costs related to the issuance or modification of any indebtedness;
5. (gains)/charges, net of insurance proceeds, resulting from a Force Majeure event in any of the Company’s operating regions;
6. charges, expenses and VAT relating to tax efficient repatriation strategies;
7. (gains)/losses on the disposition of the Company’s assets (excluding (gains)/losses on dispositions of furniture and equipment in the ordinary course of business), investments, operations that qualify as businesses under ASC 805, and/or entities as defined under ASC 810;
8. all expenses related to any public or private offering of the Company’s securities that are not netted with the offering proceeds and have not been capitalized;
9. costs related to the restructuring or reduction in force (as defined in ASC 420 or ASC 712), to the extent described in the financial statements;
10. (gains)/expenses related to the establishment or changes in contingent liabilities and indemnification assets or contingent liabilities where there is an unrecorded indemnification asset booked in connection with the acquisition of business but only if attributable to a period prior to the acquisition of a business;
11. (gains)/expenses for a litigation case, net of insurance proceeds or indemnification, if applicable, if the (gains)/expenses are in excess of \$5 million; and
12. expenses related to implementation of the Company’s EiP initiative, to the extent quantified in the footnotes to the financial statements.

“Additional Adjustments” shall mean:

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1. Adjusted EBITDA (as defined above to the extent such items are disclosed in the financial statements of the affiliate) for any affiliate accounted for as an equity method investment;
2. implications from the expropriation or deconsolidation of Company assets or a Company business required by or resulting from the actions of any government or government agency; with the Adjusted EBITDA from any such business during the LTM prior to expropriation, multiplied by an earnings growth rate of 1.09 compounded annually from the date of expropriation or deconsolidation, added to that fiscal year's Adjusted EBITDA; and
3. changes in US GAAP, or the application thereof, subsequent to the issuance of the Company's 2015 audited financial statements, promulgated by accounting standard setters or changes in local laws and regulations.

If the Company makes an acquisition or disposition of a business or a segment of a business in any year, the Adjusted EBITDA result for such year and subsequent years will be adjusted to exclude the financial results from any such acquisition or to include the prospective forecasted results for any such disposition consummated during the relevant period.

Notwithstanding any provision hereof to the contrary, to the extent any goal or target has been adjusted to include or exclude any of the foregoing adjustments, such adjustment will be excluded from the calculation of Adjusted EBITDA hereunder. For the avoidance of doubt, the applicable targets under this award have been so adjusted (for purposes of this Agreement, the "Retention Adjusted EBITDA Targets").

"Fx Neutral" shall mean the application of the Foreign Exchange Spot Rates, as defined below, to the audited financial statements of the Company for each fiscal year for which an Adjusted EBITDA target is calculated.

"Foreign Exchange Spot Rates" shall equal the foreign exchange spot rates used to translate the audited Balance Sheet of Laureate Education, Inc. and Consolidated Subsidiaries at December 31, 2016.

(b) "**Agreement**" means this document, as amended from time to time, together with the Plan which is incorporated herein by reference.

(c) "**Code**" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance promulgated thereunder.

(d) "**Company**" means Laureate and its Subsidiaries.

(e) "**Confidential Information**" means all non-public information concerning trade secret, know how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media.

(f) "**Eligible Individual**" shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate's securities.

(g) "**Fiscal Year**" means the twelve month period ending December 31 of any given calendar year.

(h) “**Grant Date**” means the effective date of a grant of PSUs made to you as set forth in the Notice.

(i) “**Notice**” means the statement, letter or other written notification provided to you by the Company setting forth the terms of a grant of PSUs made to you.

(j) “**You**” or “**Your**” means the recipient of the PSUs as reflected on the applicable Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the PSUs may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

*{End of Agreement}*

## STOCK OPTION AGREEMENT

THIS AGREEMENT (the “Agreement”), dated as of \_\_\_\_\_ (the “Grant Date”) is made by and between Laureate Education, Inc., a Delaware public benefit corporation (hereinafter referred to as “Laureate”), and the individual whose name is set forth on the signature page hereof, who is an Eligible Individual, hereinafter referred to as the “Optionee.” Any capitalized terms herein not otherwise defined in this Agreement shall have the meaning set forth in the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as it may be amended from time to time (the “Plan”).

WHEREAS, Laureate wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Administrator has determined that it would be to the advantage and best interest of Laureate and its shareholders to grant the Option provided for herein to the Optionee as an incentive for increased efforts during the Optionee’s service relationship with the Company, and has advised Laureate thereof and instructed the undersigned officers to issue said Option.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary.

##### Section 1.1. Cause

“Cause” shall mean “Cause” as such term may be defined in any employment or service agreement in effect at the time of termination of employment or service between the Optionee and the Company, or, if there is no such employment or service agreement or such term is not defined therein, “Cause” shall mean (i) gross negligence or willful malfeasance by the Optionee in connection with the performance of his or her duties with respect to the Company, (ii) the Optionee’s conviction of, or pleading guilty or *nolo contendere* to any felony, (iii) theft, embezzlement, fraud or other similar conduct by the Optionee in connection with the performance of his or her duties with the Company, or (iv) the Optionee’s willful and material breach of any other applicable agreements with the Company including, without limitation, engaging in any action in breach of any applicable restrictive covenants.

##### Section 1.2. Company

“Company” shall mean Laureate and its Subsidiaries.



### Section 1.3. Eligible Individual

“Eligible Individual” shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate’s securities.

### Section 1.4. Good Reason

“Good Reason” shall mean “Good Reason” as such term may be defined in any employment agreement in effect at the time of termination of employment between the Optionee and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Good Reason” shall mean, without the consent of the Optionee, (i) a material reduction in base salary (other than a general reduction in base salary that affects all similarly situated employees), (ii) a substantial diminution in the Optionee’s title, duties and responsibilities, other than any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith, or (iii) a transfer of the Optionee’s primary workplace by more than fifty (50) miles from his or her current workplace; provided, however, that in any event, such conduct is not cured within ten (10) business days after the Optionee gives the Company notice of such event.

### Section 1.5. Option

“Option” shall mean the option granted under Section 2.1 of this Agreement.

### Section 1.6. Permanent Disability

“Permanent Disability” shall mean “Disability” as such term is defined in any employment agreement between the Optionee and the Company, or, if there is no such employment agreement or such term is not defined therein, “Permanent Disability” shall mean a total and permanent disability as defined in the long-term disability plan of Laureate or the Subsidiary, as applicable, with which the Optionee is employed on the date as of which the existence of a Permanent Disability is to be determined.

### Section 1.7. Retirement

“Retirement” shall mean the voluntary termination of the Optionee’s employment with the Company if (a) the Optionee has provided the Company with no less than twelve months’ written notice of the Optionee’s intention to terminate employment; (b) the Optionee signs and returns to the Company a release of claims for the benefit of the Company, in the form provided by the Company, that has become irrevocable by its terms; and (c) on the effective date of Optionee’s termination of employment, the sum of (1) the length of time the Optionee has been in the continuous employment of Company (which must be no fewer than five (5) years) and (2) the age of the Optionee equals seventy (70) or more. For the avoidance of doubt, service with the Company in any capacity other than as an employee of the Company will not be counted toward the determination of the Optionee’s length of continuous employment nor will employment with any



entity prior to the Company's acquisition of such entity be counted toward the requisite five year period of continuous employment.

Section 1.8. Secretary

"Secretary" shall mean the Secretary of Laureate.

Section 1.9. Share

"Share" shall mean a share of Common Stock.

ARTICLE II

GRANT OF OPTION

Section 2.1. Grant of Option

For good and valuable consideration, on and as of the Grant Date, Laureate grants to the Optionee an Option to purchase the number of Shares set forth on the signature page hereof, on the terms and conditions set forth in this Agreement.

Section 2.2. Exercise Price

Subject to Section 2.5, the exercise price per Share covered by the Option (the "Exercise Price") shall be as set forth on the signature page hereof.

Section 2.3. No Guarantee of Employment or Service Relationship

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ or service of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the employment or service of the Optionee at any time for any reason whatsoever, with or without cause or notice, subject to the applicable provisions of, if any, the Optionee's employment or service agreement with or offer letter provided by the Company to the Optionee and subject to applicable law. Nothing in this Agreement or in the Plan shall serve as a limitation of the right of the Company to discharge the Optionee at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the failure of any portion of the Option to become exercisable or any other adverse effect on the Optionee's interests under the Plan.

Section 2.4. Nonqualified Nature of the Option

The Option is not intended to qualify as an incentive stock option within the meaning of Code section 422, and this Agreement shall be so construed.

## Section 2.5. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 10, 11 and 12 of the Plan.

### ARTICLE III

#### PERIOD OF EXERCISABILITY

## Section 3.1. Commencement of Exercisability

(a) So long as the Optionee continues to be an Eligible Individual performing bona fide services to or for the Company through the applicable vesting dates, the Option shall become vested and exercisable with respect to the following percentages of Shares subject to the Option upon the Compensation Committee's determination that the Company attained the applicable Adjusted EBITDA Target in the chart below in the applicable Fiscal Year (such determination date being the vesting date), as follows:

If, in this Fiscal Year:	The Company achieves this Adjusted EBITDA Target:	Then this Percentage of Shares subject to the Option will vest:
2018	\$864 million	33.33%
2019	\$942 million	66.66%

If the Compensation Committee determines that the Company has not attained the Adjusted EBITDA Target for a Fiscal Year, then the portion of the Shares eligible to vest based on that Fiscal Year's performance shall be forfeited immediately upon such determination and be of no further effect.

Vesting is rounded down to the nearest Share on the interim vesting date and rounded up on the final vesting date.

For purposes of this Agreement, "Adjusted EBITDA" is defined on Exhibit A hereto and "Fiscal Year" means the twelve-month period ending December 31 of any given calendar year.

(b) Notwithstanding the foregoing, if on or within the eighteen (18) months after a Change in Control, the Optionee ceases to be an Eligible Individual either because the Company or its successor terminates the Optionee's employment or other service relationship without Cause or the Optionee terminates due to Good Reason the Option shall become exercisable as to 100% of the Shares subject to the Option on such termination date (but only to the extent such Option has not otherwise terminated or become exercisable).

(c) In the event that the Optionee's employment with the Company is terminated by reason of death or Permanent Disability, any portion of the Option which could, but for the termination of employment, have vested with respect to the Fiscal Year during which the termination of employment occurred if the applicable Adjusted EBITDA Target for such year of termination is achieved, will remain outstanding until the Compensation Committee determines

whether the applicable Adjusted EBITDA Target has been achieved and will become vested, if at all, when and to the extent that the Compensation Committee determines that the applicable Adjusted EBITDA Target has been achieved, and the balance of the unvested portion of the Option shall terminate on the date on which the Compensation Committee's determination is made.

(d) Except as provided in this Section 3.1, no portion of the Option shall become exercisable as to any additional Shares following the time the Optionee ceases to be an Eligible Individual, and any portion of the Option which is unexercisable as of the Optionee's cessation of service as an Eligible Individual shall immediately expire without payment therefor.

### Section 3.2. Expiration of Option

The Optionee may not exercise any vested portion of the Option to any extent after the first to occur of the following events:

(a) The tenth anniversary of the Grant Date so long as the Optionee remains an Eligible Individual through such date;

(b) The fifth anniversary of the date of the Optionee's termination of employment with the Company, if the Optionee's employment is terminated by reason of Retirement;

(c) The second anniversary of the date of the Optionee's termination of employment with the Company, if the Optionee's employment is terminated by reason of death or Permanent Disability;

(d) Except as otherwise provided in this Section 3, ninety (90) days after the date the Optionee ceases to be an Eligible Individual by reason of the Optionee's voluntary resignation or the Company's termination of the employment or service relationship without Cause (for any reason other than as set forth in clause (b) above), or by reason of the entity for which services are performed by the Optionee ceasing to be Laureate or a Subsidiary;

(e) Immediately upon the date the Optionee ceases to be an Eligible Individual for Cause; or

(f) At the discretion of the Company, if the Administrator so determines pursuant to Section 11 of the Plan.

In no event may the Option be exercised after the Expiration Date of the Option set forth on the signature page hereof.

## ARTICLE IV

### EXERCISE OF OPTION

#### Section 4.1. Person Eligible to Exercise

During the lifetime of the Optionee, only the Optionee (or his or her duly authorized legal representative) may exercise the Option or any portion thereof. After the death of the Optionee, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.2, be exercised by his personal representative or by any person empowered to do so under the Optionee's last will and testament or under the then applicable laws of descent and distribution.

#### Section 4.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares only.

#### Section 4.3. Manner of Exercise

The Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) (i) Full payment (in cash, by check or by a combination thereof) for the Shares with respect to which such Option or portion thereof is exercised, (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Optionee to Laureate pursuant to clause (i) of this subsection (b), or (iii) a broker-assisted cashless exercise through a brokerage firm designated or approved by the Administrator;

(c) (i) Full payment (in cash, by check or by a combination thereof) to satisfy the withholding tax obligation with respect to which such Option or portion thereof is exercised or (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee upon exercise of such Option (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such exercise, equal to the payment to satisfy the minimum withholding tax obligation that would otherwise be required to be made by the Optionee to the Company pursuant to clause (i) of this subsection (c); and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

(e) At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due to the Optionee and otherwise agrees to make adequate provision for foreign (non-US), federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Option. The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Option or issuance of Shares upon exercise.

#### Section 4.4. Conditions to Issuance of Stock Certificates

The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by Laureate. Such Shares shall be fully paid and nonassessable. In its discretion, Laureate may deliver share certificates or may retain such Shares in uncertificated book-entry form. Laureate shall not be required to issue Shares or deliver any certificate or certificates for shares of stock purchased upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Administrator shall, in its reasonable and good faith discretion, determine to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

#### Section 4.5. Rights as Stockholder

The holder of an Option shall not be, nor have any of the rights or privileges of, a stockholder of Laureate in respect of any Shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares shall have been issued by Laureate to such holder upon satisfaction of the conditions set forth in Section 4.4 or unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian. Upon fulfillment of such conditions, Laureate shall be required to issue and deliver such certificate or certificates, unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian.

## ARTICLE V

### RESTRICTIVE COVENANTS

#### Section 5.1. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit

(a) In consideration of this Option grant, unless otherwise provided in any employment or severance agreement entered into by and between the Optionee and the Company (in which case the corresponding provisions therein shall control), the Optionee hereby agrees effective as of the date of the Optionee's commencement of employment with the Company, without the Company's prior written consent, the Optionee shall not, directly or indirectly:

(i) at any time during or after the Optionee's employment with the Company, disclose or use any Confidential Information (as defined below) pertaining to the business of the Company or Affiliates, except when required to perform Optionee's duties to the Company, by law or judicial process;

(ii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of the Optionee's employment employed by the Company or Affiliates.

For the purposes of subsection (a)(ii) above, the Optionee may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if the Optionee (I) is not a controlling person of, or a member of a group which controls, such entity, and (II) does not, directly or indirectly, own 5% or more of any class of securities of such entity.

If the Optionee is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because the Optionee's services are unique and because the Optionee has had access

to Confidential Information, the Optionee agrees that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that the Optionee breaches any of the provisions of this Section, in addition to all other remedies that may be available to the Company, the Option shall terminate immediately for no consideration, and if any portion of the Option was exercised, the Optionee shall be required to pay to the Company the amount by which, at the time of exercise, the Fair Market Value of the Shares was greater than the aggregate Exercise Price paid for the Shares, on a net after-tax basis.

For purposes of this Section, “Confidential Information” shall mean all non-public information concerning trade secret, know how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media.

## ARTICLE VI

### MISCELLANEOUS

#### Section 6.1. Administration

The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

#### Section 6.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.



### Section 6.3. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to Laureate in care of its Secretary, and any notice to be given to the Optionee shall be addressed to the Secretary at the physical or electronic address given beneath the Secretary's signature hereto. By a notice given pursuant to this Section 6.3, either party may hereafter designate a different address for notices to be given to him or it. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 6.3. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier, or (iv) delivered by email to an electronic mail address provided by the Optionee.

### Section 6.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

### Section 6.5. Applicability of Plan and Recoupment Policy

The Option and the Shares issued to the Optionee (or other proper holder of the Option) upon exercise of the Option shall be subject to all of the terms and provisions of the Plan. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control. The Optionee acknowledges that the Optionee has received a copy of the Recoupment Policy and acknowledges and agrees that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued as a result of the Optionee's exercise of the Option.

### Section 6.6. Service and Employment Acknowledgments.

By accepting the Option and signing this Agreement, the Optionee acknowledges and agrees that: (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this Agreement; (ii) the Optionee is voluntarily participating in the Plan; (iii) the award of an Option is a one-time benefit which does not create any contractual or other right to receive future awards of Options, or compensation or benefits in lieu of Options, even if Options have been awarded repeatedly in the past; (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Options shall be awarded or shall become vested or exercisable and the number of Options subject to each award, will be at the sole discretion of the Administrator; (v) the value of the Option is an extraordinary item of compensation which is outside the scope of the Optionee's employment or service contract, if any; (vi) the value of the Option is not part of normal or expected compensation or salary for any purpose,



including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits; (vii) the vesting of the Option ceases upon termination of service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (viii) the value of the Options and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value; (ix) if the Optionee is not an employee of the Company, the Option grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon the Optionee any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate the Optionee's service as a director, an employee or consultant, as the case may be, at any time, subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan or the Optionee's acquisition or sale of the Shares underlying the Option; and (x) no claim or entitlement to compensation or damages arises if the value of the Option or the underlying Shares decreases and in consideration for the grant of the Option the Optionee irrevocably releases the Company from any claim or entitlement to compensation or damages that does arise in connection with the Option.

#### Section 6.7. Personal Data.

For purposes of the implementation, administration and management of the Option and the Plan or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "Corporate Transaction"), the Optionee explicitly and unambiguously consents, by accepting this Agreement, to the collection, receipt, use, retention and transfer, in electronic or other form, of the Optionee's personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. The Optionee understands that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Options awarded, cancelled, vested and unvested) is held by the Company and may be transferred to any broker designated by the Administrator or third parties assisting in the implementation, administration and management of the Options or the Plan or the effectuation of a Corporate Transaction and the Optionee expressly authorizes such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. The Optionee understands that these recipients may be located in the Optionee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that personal data will be held only as long as is necessary to implement, administer and manage the Option or Plan or effect a Corporate Transaction. The Optionee understands that, to the extent required by applicable law, the Optionee may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case

without cost, by contacting in writing the Company's Secretary. The Optionee understands, however, that refusing or withdrawing the Optionee's consent may affect the Optionee's ability to accept an award of Options or otherwise participate in the Plan.

Section 6.8. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, this Agreement, information with respect to the Plan or the Option, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. The Optionee may receive from the Company, at no cost, a paper copy of any electronically delivered documents by contacting the Secretary.

(b) Consent and Acknowledgment. By signing this Agreement, the Optionee (i) consents to the electronic delivery of this Agreement, all information with respect to the Plan and the Option and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledges that the Optionee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing; (iii) further acknowledges that the Optionee may revoke the Optionee's consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledges that the Optionee understands that the Optionee is not required to consent to electronic delivery of documents.

Section 6.9. Amendment; Entire Agreement

This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Option or Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by the Optionee and the Company. This Agreement constitutes the entire agreement among the parties with respect to any agreements regarding the equity-based incentive awards referenced on the Optionee's signature page hereto and supersedes all prior and contemporaneous agreements (including any change in control, executive retention, employment or other agreements regarding the vesting of the equity-based incentive awards referenced on the Optionee's signature page hereto, or payment of cash or Shares in respect of these equity-based awards upon a termination of the Optionee's employment with the Company or other termination of status as an Eligible Individual), discussions, understandings and negotiations, whether written or oral, with respect to any of the foregoing.

Section 6.10. Governing Law

The laws of the State of Maryland shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.11. Resolution of Disputes

Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. The Optionee agrees that before the Optionee may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement the Optionee will first exhaust his or her administrative remedies before the Administrator. The Optionee further agrees that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to the Optionee's satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.

Section 6.12. Section 409A

This Agreement and the Option granted hereunder are intended to be exempt from Section 409A of the Code. This Agreement and the Option shall be administered, interpreted and construed in a manner consistent with this intent. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. Should any provision of the Plan or this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Administrator and without requiring the Optionee's consent, in such manner as the Administrator determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee or warranty by the Company of any particular tax effect to the Optionee.

Section 6.13. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

*Signature Pages to follow.*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

**LAUREATE EDUCATION, INC.**

By:

Name: Robert W. Zentz

Title: Senior Vice President, Secretary  
and General Counsel

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*[signature page to the Stock Option Agreement]*

**OPTIONEE NAME:** \_\_\_\_\_

I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued upon exercise of the Option. I also consent to electronic delivery of all notices or other information with respect to the Option or the Company.

**OPTIONEE SIGNATURE:** \_\_\_\_\_

Address: (to be completed by Optionee:) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Shares subject to Option:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Exercise Price:** \_\_\_\_\_

**Expiration Date: 10 years from the Grant Date**

*[signature page to the Stock Option Agreement]*

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## Exhibit A

“Adjusted EBITDA” for any fiscal year will mean the Operating Income (Loss), as stated on the audited Consolidated Statement of Income of Laureate Education, Inc. and Subsidiaries (collectively “Laureate” or “the Company”), PLUS/(MINUS) (to the extent included in Operating Income), all calculated on an Fx Neutral basis, all fairly and appropriately adjusted for Additional Adjustments:

1. depreciation and amortization expenses;
  2. share-based compensation expenses, as defined by ASC 718;
  3. impairment costs as recognized on the Company’s financial statements for tangible or intangible assets to the extent described in the financial statements;
  4. transaction expenses in connection with financings, including fees and costs related to the issuance or modification of any indebtedness;
  5. (gains)/charges, net of insurance proceeds, resulting from a Force Majeure event in any of the Company’s operating regions;
  6. charges, expenses and VAT relating to tax efficient repatriation strategies;
  7. (gains)/losses on the disposition of the Company’s assets (excluding (gains)/losses on dispositions of furniture and equipment in the ordinary course of business), investments, operations that qualify as businesses under ASC 805, and/or entities as defined under ASC 810;
  8. all expenses related to any public or private offering of the Company’s securities that are not netted with the offering proceeds and have not been capitalized;
  9. costs related to the restructuring or reduction in force (as defined in ASC 420 or ASC 712), to the extent described in the financial statements;
  10. (gains)/expenses related to the establishment or changes in contingent liabilities and indemnification assets or contingent liabilities where there is an unrecorded indemnification asset booked in connection with the acquisition of business but only if attributable to a period prior to
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the acquisition of a business;

11. (gains)/expenses for a litigation case, net of insurance proceeds or indemnification, if applicable, if the (gains)/expenses are in excess of \$5 million; and

12. expenses related to implementation of the Company's EiP initiative, to the extent quantified in the footnotes to the financial statements.

"Additional Adjustments" shall mean:

1. Adjusted EBITDA (as defined above to the extent such items are disclosed in the financial statements of the affiliate) for any affiliate accounted for as an equity method investment;

2. implications from the expropriation or deconsolidation of Company assets or a Company business required by or resulting from the actions of any government or government agency; with the Adjusted EBITDA from any such business during the LTM prior to expropriation, multiplied by an earnings growth rate of 1.09 compounded annually from the date of expropriation or deconsolidation, added to that fiscal year's Adjusted EBITDA; and

3. changes in US GAAP, or the application thereof, subsequent to the issuance of the Company's 2015 audited financial statements, promulgated by accounting standard setters or changes in local laws and regulations.

If the Company makes an acquisition or disposition of a business or a segment of a business in any year, the Adjusted EBITDA result for such year and subsequent years will be adjusted to exclude the financial results from any such acquisition or to include the prospective forecasted results for any such disposition consummated during the relevant period.

Notwithstanding any provision hereof to the contrary, to the extent any goal or target has been adjusted to include or exclude any of the foregoing adjustments, such adjustment will be excluded from the calculation of Adjusted EBITDA hereunder. For the avoidance of doubt, the applicable targets under this award have been so adjusted (for purposes of this Agreement, the "Retention Adjusted EBITDA Targets").

"Fx Neutral" shall mean the application of the Foreign Exchange Spot Rates, as defined below, to the audited financial statements of the Company for each fiscal year for which an Adjusted EBITDA target is calculated.

“Foreign Exchange Spot Rates” shall equal the foreign exchange spot rates used to translate the audited Balance Sheet of Laureate Education, Inc. and Consolidated Subsidiaries at December 31, 2016.



## STOCK OPTION AGREEMENT

THIS AGREEMENT (the “Agreement”), dated as of June 14, 2017 (the “Grant Date”) is made by and between Laureate Education, Inc., a Delaware public benefit corporation (hereinafter referred to as “Laureate”), and the individual whose name is set forth on the signature page hereof, who is an Eligible Individual, hereinafter referred to as the “Optionee.” Any capitalized terms herein not otherwise defined in this Agreement shall have the meaning set forth in the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as it may be amended from time to time (the “Plan”).

WHEREAS, Laureate wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Administrator has determined that it would be to the advantage and best interest of Laureate and its shareholders to grant the Option provided for herein to the Optionee as an incentive for increased efforts during the Optionee’s service relationship with the Company, and has advised Laureate thereof and instructed the undersigned officers to issue said Option.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary.

##### Section 1.1. Cause

“Cause” shall mean “Cause” as such term may be defined in any employment or service agreement in effect at the time of termination of employment or service between the Optionee and the Company, or, if there is no such employment or service agreement or such term is not defined therein, “Cause” shall mean (i) gross negligence or willful malfeasance by the Optionee in connection with the performance of his or her duties with respect to the Company, (ii) the Optionee’s conviction of, or pleading guilty or *nolo contendere* to any felony, (iii) theft, embezzlement, fraud or other similar conduct by the Optionee in connection with the performance of his or her duties with the Company, or (iv) the Optionee’s willful and material breach of any other applicable agreements with the Company including, without limitation, engaging in any action in breach of any applicable restrictive covenants.

##### Section 1.2. Company

“Company” shall mean Laureate and its Subsidiaries.

### Section 1.3. Eligible Individual

“Eligible Individual” shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate’s securities.

### Section 1.4. Good Reason

“Good Reason” shall mean “Good Reason” as such term may be defined in any employment agreement in effect at the time of termination of employment between the Optionee and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Good Reason” shall mean, without the consent of the Optionee, (i) a material reduction in base salary (other than a general reduction in base salary that affects all similarly situated employees), (ii) a substantial diminution in the Optionee’s title, duties and responsibilities, other than any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith, or (iii) a transfer of the Optionee’s primary workplace by more than fifty (50) miles from his or her current workplace; provided, however, that in any event, such conduct is not cured within ten (10) business days after the Optionee gives the Company notice of such event.

### Section 1.5. Option

“Option” shall mean the option granted under Section 2.1 of this Agreement.

### Section 1.6. Permanent Disability

“Permanent Disability” shall mean “Disability” as such term is defined in any employment agreement between the Optionee and the Company, or, if there is no such employment agreement or such term is not defined therein, “Permanent Disability” shall mean a total and permanent disability as defined in the long-term disability plan of Laureate or the Subsidiary, as applicable, with which the Optionee is employed on the date as of which the existence of a Permanent Disability is to be determined.

### Section 1.7. Retirement

“Retirement” shall mean the voluntary termination of the Optionee’s employment with the Company if (a) the Optionee has provided the Company with no less than twelve months’ written notice of the Optionee’s intention to terminate employment; (b) the Optionee signs and returns to the Company a release of claims for the benefit of the Company, in the form provided by the Company, that has become irrevocable by its terms; and (c) on the effective date of Optionee’s termination of employment, the sum of (1) the length of time the Optionee has been in the continuous employment of Company (which must be no fewer than five (5) years) and (2) the age of the Optionee equals seventy (70) or more. For the avoidance of doubt, service with the Company in any capacity other than as an employee of the Company will not be counted toward the determination of the Optionee’s length of continuous employment nor will employment with any

entity prior to the Company's acquisition of such entity be counted toward the requisite five year period of continuous employment.

Section 1.8. Secretary

"Secretary" shall mean the Secretary of Laureate.

Section 1.9. Share

"Share" shall mean a share of Common Stock.

ARTICLE II

GRANT OF OPTION

Section 2.1. Grant of Option

For good and valuable consideration, on and as of the Grant Date, Laureate grants to the Optionee an Option to purchase the number of Shares set forth on the signature page hereof, on the terms and conditions set forth in this Agreement.

Section 2.2. Exercise Price

Subject to Section 2.5, the exercise price per Share covered by the Option (the "Exercise Price") shall be as set forth on the signature page hereof.

Section 2.3. No Guarantee of Employment or Service Relationship

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ or service of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the employment or service of the Optionee at any time for any reason whatsoever, with or without cause or notice, subject to the applicable provisions of, if any, the Optionee's employment or service agreement with or offer letter provided by the Company to the Optionee and subject to applicable law. Nothing in this Agreement or in the Plan shall serve as a limitation of the right of the Company to discharge the Optionee at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the failure of any portion of the Option to become exercisable or any other adverse effect on the Optionee's interests under the Plan.

Section 2.4. Nonqualified Nature of the Option

The Option is not intended to qualify as an incentive stock option within the meaning of Code section 422, and this Agreement shall be so construed.

Section 2.5. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 10, 11 and 12 of the Plan.

### ARTICLE III

#### PERIOD OF EXERCISABILITY

##### Section 3.1. Commencement of Exercisability

(a) So long as the Optionee continues to be an Eligible Individual performing bona fide services to or for the Company through the applicable vesting date(s) below (each, a “Vesting Date”), the Option shall become vested and exercisable pursuant to the following schedule:

<u>Vesting Date</u>	<u>Number of Option Shares that become vested:</u>
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December 31, 2017	_____
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December 31, 2018	_____
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December 31, 2019	_____
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(b) Notwithstanding the foregoing, if, before the final Vesting Date, but on or within the eighteen (18) months after a Change in Control, the Optionee ceases to be an Eligible Individual either because the Company or its successor terminates the Optionee’s employment or other service relationship without Cause or the Optionee terminates due to Good Reason the Option shall become exercisable as to 100% of the Shares subject to the Option on such termination date (but only to the extent such Option has not otherwise terminated or become exercisable).

(c) If, before a Vesting Date, the Optionee ceases to be an Eligible Individual due to the Optionee’s death or Permanent Disability, the Optionee will vest on the Optionee’s termination date in the number of Shares subject to the Option that would have vested had the Optionee remained employed until the next scheduled Vesting Date.

(d) No portion of the Option shall become exercisable as to any additional Shares following the time the Optionee ceases to be an Eligible Individual, and any portion of the Option which is unexercisable as of the Optionee’s cessation of service as an Eligible Individual shall immediately expire without payment therefor.

##### Section 3.2. Expiration of Option

The Optionee may not exercise any vested portion of the Option to any extent after the first to occur of the following events:

(a) The tenth anniversary of the Grant Date so long as the Optionee remains an Eligible Individual through such date;

(b) The fifth anniversary of the date of the Optionee’s termination of employment with the Company, if the Optionee’s employment is terminated by reason of Retirement;

(c) The second anniversary of the date of the Optionee's termination of employment with the Company, if the Optionee's employment is terminated by reason of death or Permanent Disability;

(d) Except as otherwise provided in this Section 3, ninety (90) days after the date the Optionee ceases to be an Eligible Individual by reason of the Optionee's voluntary resignation or the Company's termination of the employment or service relationship without Cause (for any reason other than as set forth in clause (b) above), or by reason of the entity for which services are performed by the Optionee ceasing to be Laureate or a Subsidiary;

(e) Immediately upon the date the Optionee ceases to be an Eligible Individual for Cause; or

(f) At the discretion of the Company, if the Administrator so determines pursuant to Section 11 of the Plan.

In no event may the Option be exercised after the Expiration Date of the Option set forth on the signature page hereof.

## ARTICLE IV

### EXERCISE OF OPTION

#### Section 4.1. Person Eligible to Exercise

During the lifetime of the Optionee, only the Optionee (or his or her duly authorized legal representative) may exercise the Option or any portion thereof. After the death of the Optionee, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.2, be exercised by his personal representative or by any person empowered to do so under the Optionee's last will and testament or under the then applicable laws of descent and distribution.

#### Section 4.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares only.

#### Section 4.3. Manner of Exercise

The Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) (i) Full payment (in cash, by check or by a combination thereof) for the Shares with respect to which such Option or portion thereof is exercised, (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Optionee to Laureate pursuant to clause (i) of this subsection (b), or (iii) a broker-assisted cashless exercise through a brokerage firm designated or approved by the Administrator;

(c) (i) Full payment (in cash, by check or by a combination thereof) to satisfy the withholding tax obligation with respect to which such Option or portion thereof is exercised or (ii) to the extent permitted by the Administrator in a manner that is compliant with the terms of the Plan, indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee upon exercise of such Option (or portion thereof) reduced by a number of Shares having an aggregate Fair Market Value, on the date of such exercise, equal to the payment to satisfy the minimum withholding tax obligation that would otherwise be required to be made by the Optionee to the Company pursuant to clause (i) of this subsection (c); and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

(e) At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due to the Optionee and otherwise agrees to make adequate provision for foreign (non-US), federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Option. The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Option or issuance of Shares upon exercise.

#### Section 4.4. Conditions to Issuance of Stock Certificates

The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by Laureate. Such Shares shall be fully paid and nonassessable. In its discretion, Laureate may deliver share certificates or may retain such Shares in uncertificated book-entry form. Laureate shall not be required to issue Shares or deliver any certificate or certificates for shares of stock purchased upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Administrator shall, in its reasonable and good faith discretion, determine to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

#### Section 4.5. Rights as Stockholder

The holder of an Option shall not be, nor have any of the rights or privileges of, a stockholder of Laureate in respect of any Shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares shall have been issued by Laureate to such holder upon satisfaction of the conditions set forth in Section 4.4 or unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian. Upon fulfillment of such conditions, Laureate shall be required to issue and deliver such certificate or certificates, unless book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian.

### ARTICLE V

#### RESTRICTIVE COVENANTS

##### Section 5.1. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit

(a) In consideration of this Option grant, unless otherwise provided in any employment or severance agreement entered into by and between the Optionee and the Company (in which case the corresponding provisions therein shall control), the Optionee hereby agrees effective as of the date of the Optionee's commencement of employment with the Company, without the Company's prior written consent, the Optionee shall not, directly or indirectly:

(i) at any time during or after the Optionee's employment with the Company, disclose or use any Confidential Information (as defined below) pertaining to the business of the Company or Affiliates, except when required to perform Optionee's duties to the Company, by law or judicial process;

(ii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during the Optionee's employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such

customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of the Optionee's employment employed by the Company or Affiliates.

For the purposes of subsection (a)(ii) above, the Optionee may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if the Optionee (I) is not a controlling person of, or a member of a group which controls, such entity, and (II) does not, directly or indirectly, own 5% or more of any class of securities of such entity.

If the Optionee is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because the Optionee's services are unique and because the Optionee has had access to Confidential Information, the Optionee agrees that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that the Optionee breaches any of the provisions of this Section, in addition to all other remedies that may be available to the Company, the Option shall terminate immediately for no consideration, and if any portion of the Option was exercised, the Optionee shall be required to pay to the Company the amount by which, at the time of exercise, the Fair Market Value of the Shares was greater than the aggregate Exercise Price paid for the Shares, on a net after-tax basis.

For purposes of this Section, "Confidential Information" shall mean all non-public information concerning trade secret, know how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media.



## ARTICLE VI

### MISCELLANEOUS

#### Section 6.1. Administration

The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

#### Section 6.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

#### Section 6.3. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to Laureate in care of its Secretary, and any notice to be given to the Optionee shall be addressed to the Secretary at the physical or electronic address given beneath the Secretary's signature hereto. By a notice given pursuant to this Section 6.3, either party may hereafter designate a different address for notices to be given to him or it. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 6.3. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier, or (iv) delivered by email to an electronic mail address provided by the Optionee.

#### Section 6.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

#### Section 6.5. Applicability of Plan and Recoupment Policy

The Option and the Shares issued to the Optionee (or other proper holder of the Option) upon exercise of the Option shall be subject to all of the terms and provisions of the Plan. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control. The Optionee acknowledges that the Optionee has received a copy of the Recoupment Policy and acknowledges and agrees that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued as a result of the Optionee's exercise of the Option.

#### Section 6.6. Service and Employment Acknowledgments.

By accepting the Option and signing this Agreement, the Optionee acknowledges and agrees that:

- (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this Agreement;
- (ii) the Optionee is voluntarily participating in the Plan;
- (iii) the award of an Option is a one-time benefit which does not create any contractual or other right to receive future awards of Options, or compensation or benefits in lieu of Options, even if Options have been awarded repeatedly in the past;
- (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Options shall be awarded or shall become vested or exercisable and the number of Options subject to each award, will be at the sole discretion of the Administrator;
- (v) the value of the Option is an extraordinary item of compensation which is outside the scope of the Optionee's employment or service contract, if any;
- (vi) the value of the Option is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits;
- (vii) the vesting of the Option ceases upon termination of service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement;
- (viii) the value of the Options and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value;
- (ix) if the Optionee is not an employee of the Company, the Option grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon the Optionee any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate the Optionee's service as a director, an employee or consultant, as the case may be, at any time, subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan or the Optionee's acquisition or sale of the Shares underlying the Option; and
- (x) no claim or entitlement to compensation or damages arises if the value of the Option or the underlying Shares decreases and in consideration for the grant of the Option the Optionee irrevocably releases the Company from any claim or entitlement to compensation or damages that does arise in connection with the Option.

## Section 6.7. Personal Data.

For purposes of the implementation, administration and management of the Option and the Plan or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a “Corporate Transaction”), the Optionee explicitly and unambiguously consents, by accepting this Agreement, to the collection, receipt, use, retention and transfer, in electronic or other form, of the Optionee’s personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. The Optionee understands that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Options awarded, cancelled, vested and unvested) is held by the Company and may be transferred to any broker designated by the Administrator or third parties assisting in the implementation, administration and management of the Options or the Plan or the effectuation of a Corporate Transaction and the Optionee expressly authorizes such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. The Optionee understands that these recipients may be located in the Optionee’s country or elsewhere, and that the recipient’s country may have different data privacy laws and protections than the Optionee’s country. The Optionee understands that personal data will be held only as long as is necessary to implement, administer and manage the Option or Plan or effect a Corporate Transaction. The Optionee understands that, to the extent required by applicable law, the Optionee may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company’s Secretary. The Optionee understands, however, that refusing or withdrawing the Optionee’s consent may affect the Optionee’s ability to accept an award of Options or otherwise participate in the Plan.

## Section 6.8. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company’s website, this Agreement, information with respect to the Plan or the Option, any amendments to the Agreement, and any reports of the Company provided generally to the Company’s stockholders. The Optionee may receive from the Company, at no cost, a paper copy of any electronically delivered documents by contacting the Secretary.

(b) Consent and Acknowledgment. By signing this Agreement, the Optionee (i) consents to the electronic delivery of this Agreement, all information with respect to the Plan and the Option and any reports of the Company provided generally to the Company’s stockholders; (ii) acknowledges that the Optionee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing; (iii) further acknowledges that the Optionee may revoke the Optionee’s consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent

by telephone, postal service or electronic mail; and (iv) further acknowledges that the Optionee understands that the Optionee is not required to consent to electronic delivery of documents.

Section 6.9. Amendment; Entire Agreement

This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Option or Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by the Optionee and the Company. This Agreement constitutes the entire agreement among the parties with respect to any agreements regarding the equity-based incentive awards referenced on the Optionee's signature page hereto and supersedes all prior and contemporaneous agreements (including any change in control, executive retention, employment or other agreements regarding the vesting of the equity-based incentive awards referenced on the Optionee's signature page hereto, or payment of cash or Shares in respect of these equity-based awards upon a termination of the Optionee's employment with the Company or other termination of status as an Eligible Individual), discussions, understandings and negotiations, whether written or oral, with respect to any of the foregoing.

Section 6.10. Governing Law

The laws of the State of Maryland shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.11. Resolution of Disputes

Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. The Optionee agrees that before the Optionee may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement the Optionee will first exhaust his or her administrative remedies before the Administrator. The Optionee further agrees that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to the Optionee's satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.

Section 6.12. Section 409A

This Agreement and the Option granted hereunder are intended to be exempt from Section 409A of the Code. This Agreement and the Option shall be administered, interpreted and construed in a manner consistent with this intent. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. Should any provision of the Plan or this

Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Administrator and without requiring the Optionee's consent, in such manner as the Administrator determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee or warranty by the Company of any particular tax effect to the Optionee.

Section 6.13. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

*Signature Pages to follow.*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

**LAUREATE EDUCATION, INC.**

By:

Name: Robert W. Zentz

Title: Senior Vice President, Secretary  
and General Counsel

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*[signature page to the Stock Option Agreement]*

**OPTIONEE NAME:** \_\_\_\_\_

I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the Option and any Shares issued upon exercise of the Option. I also consent to electronic delivery of all notices or other information with respect to the Option or the Company.

**OPTIONEE SIGNATURE:** \_\_\_\_\_

Address: (to be completed by Optionee:) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Shares subject to Option:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Exercise Price:** \_\_\_\_\_

**Expiration Date: 10 years from the Grant Date**

*[signature page to the Stock Option Agreement]*

**LAUREATE EDUCATION, INC.**  
**RESTRICTED STOCK UNITS NOTICE**  
**UNDER THE**  
**LAUREATE EDUCATION, INC.**  
**AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN**

**Name of Grantee:** \_\_\_\_\_

This Notice evidences the award of restricted stock units (each, an “**RSU**,” and collectively, the “**RSUs**”) of Laureate Education, Inc., a Delaware public benefit corporation (“**Laureate**”), that have been granted to you pursuant to the Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan, as may be amended from time to time (the “**Plan**”) and conditioned upon your agreement to the terms of the attached Restricted Stock Units Agreement (the “**Agreement**”). This Notice constitutes part of and is subject to the terms and provisions of the Agreement and the Plan, which are incorporated by reference herein. Each RSU is equivalent in value to one share of Laureate’s Common Stock and represents Laureate’s commitment to issue one share of Laureate’s Common Stock at a future date, subject to the terms of the Agreement and the Plan.

Grant Date: \_\_\_\_\_

Number of RSUs: \_\_\_\_\_

Vesting Schedule: All of the RSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual (as defined in the Agreement) continuously from the Grant Date through the applicable vesting dates below (each, a “**Vesting Date**”), the RSUs shall become vested pursuant to the following schedule:

<u><b>Vesting Date</b></u>	<u><b>Number of RSUs that become vested:</b></u>
December 31, 2017	_____
December 31, 2018	_____
December 31, 2019	_____

If, before a Vesting Date, you cease to be an Eligible Individual due to your death or Disability, you will vest on your termination date in the number of RSUs that would have vested had you remained employed until the next scheduled Vesting Date.

If, before the final Vesting Date, but on or within the eighteen (18) months after a Change in Control, you cease to be an Eligible Individual either because the Company or its successor terminates your employment or other service relationship without Cause, or you terminate with Good Reason you will become fully vested in all remaining unvested RSUs on your termination date.

\_\_\_\_\_  
Laureate Education, Inc.

\_\_\_\_\_  
Date



I acknowledge that I have carefully read the Agreement, the Plan, and Plan prospectus. I agree to be bound by all of the provisions set forth in the Agreement and Plan. I acknowledge that I have received a copy of the Recoupment Policy and acknowledge and agree that the terms of the Recoupment Policy shall be applicable to the RSUs, and any Shares issued upon settlement of the RSUs. I also consent to electronic delivery of all notices or other information with respect to the RSUs or the Company.

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Signature of Grantee

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Date

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LAUREATE EDUCATION, INC.

RESTRICTED STOCK UNITS AGREEMENT  
UNDER THE  
LAUREATE EDUCATION, INC.  
AMENDED AND RESTATED 2013 LONG-TERM INCENTIVE PLAN

1. Terminology. Unless otherwise provided in this Agreement or the Notice, capitalized terms used herein are defined in the Glossary at the end of this Agreement or in the Plan.

2. Vesting. All of the RSUs are nonvested and forfeitable as of the Grant Date. So long as you remain an Eligible Individual continuously from the Grant Date through the applicable Vesting Date, the RSUs will become vested and nonforfeitable in accordance with the vesting provisions set forth in the Notice. None of the RSUs will become vested and nonforfeitable after you cease to be an Eligible Individual.

3. Termination of Employment or Service. Unless otherwise provided in the Notice, if you cease to be an Eligible Individual for any reason, all RSUs that are not then vested and nonforfeitable will be forfeited to the Company immediately and automatically upon such cessation without payment of any consideration therefor and you will have no further right, title or interest in or to such RSUs or the underlying shares of Common Stock.

4. Restrictions on Transfer. Neither this Agreement nor any of the RSUs may be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, and the RSUs shall not be subject to execution, attachment or similar process. All rights with respect to this Agreement and the RSUs shall be exercisable during your lifetime only by you or your guardian or legal representative. Notwithstanding the foregoing, the RSUs may be transferred upon your death by last will and testament or under the laws of descent and distribution.

5. Settlement of RSUs.

(a) Manner of Settlement. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the RSUs. Laureate will issue to you, in settlement of your RSUs and subject to the provisions of Section 6 below, the number of whole shares of Common Stock that equals the number of whole RSUs that become vested, and such vested RSUs will terminate and cease to be outstanding upon such issuance of the shares. Upon issuance of such shares, Laureate will determine the form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) and may deliver such shares on your behalf electronically to Laureate's designated stock plan administrator or such other broker-dealer as Laureate may choose at its sole discretion, within reason.

(b) Timing of Settlement. Your RSUs will be settled by Laureate, via the issuance of Common Stock as described herein, on or within thirty (30) days after the date that the RSUs become vested and nonforfeitable. However, if a scheduled issuance date falls on a Saturday, Sunday or federal holiday, such issuance date shall instead fall on the next following day that the principal executive offices of the Company are open for business. Notwithstanding the foregoing, in the event that (i) you are subject to Laureate's policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time or you are otherwise prohibited from selling shares of Laureate's Common Stock in the public market and any shares covered by your RSUs are scheduled to be issued on a day (the "**Original Distribution Date**") that does not occur during an open "window period" applicable to you, as determined by Laureate in accordance with such policy, or does not occur on a date when you are otherwise permitted to sell shares of Laureate's Common Stock in the open market, and (ii) the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be issued and delivered on such Original Distribution Date and shall instead be issued and delivered on the first business day of the next occurring open "window period" applicable to you pursuant to such policy (regardless of whether you are still providing continuous services at such time) or the next business day when you are not prohibited from selling shares of

Laureate's Common Stock in the open market, but in no event later than the fifteenth day of the third calendar month of the calendar year following the calendar year in which the Original Distribution Date occurs. In all cases, the issuance and delivery of shares under this Agreement is intended to comply with Treasury Regulation 1.409A-1(b)(4) and shall be construed and administered in such a manner.

6. Tax Withholding. On or before the time you receive a distribution of the shares subject to your RSUs, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company which arise in connection with your RSUs (the "**Withholding Taxes**"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your RSUs by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; (iii) permitting you to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**") whereby you irrevocably elect to sell a portion of the shares to be delivered under the Agreement to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the RSUs with a Fair Market Value (measured as of the date shares of Common Stock are issued to you pursuant to Section 5) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed, by more than the Fair Market Value of one share of Common Stock, the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (except as otherwise permitted by the Administrator and would not create an adverse accounting consequence or cost). Unless the tax withholding obligations of the Company are satisfied, Laureate shall have no obligation to deliver to you any Common Stock. In the event Laureate's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

7. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.

(a) In consideration of this Award, unless otherwise provided in any employment or severance agreement entered into by and between the Company and you (in which case the corresponding provisions therein shall control), you hereby agree effective as of the date of your commencement of employment with the Company, without the Company's prior written consent, you will not, directly or indirectly:

(i) at any time during or after your employment with the Company, disclose or use any Confidential Information pertaining to the business of the Company or Affiliates, except when required to perform your duties to the Company, by law or judicial process;

(ii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly competes, at the relevant determination date, with the post-secondary business of the Company or any of its Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services; and

(iii) at any time during your employment with the Company and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company or Affiliates to terminate their relationship with the Company or Affiliates or otherwise solicit such customers or clients to compete with any business of the Company or Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of your employment employed by the Company or Affiliates.



For the purposes of subsection (a)(ii) above, you may, directly or indirectly own, solely as an investment, securities of any entity engaged in the business of the Company or its Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if you (I) are not a controlling person of, or a member of a group which controls, such entity, and (II) do not, directly or indirectly, own 5% or more of any class of securities of such entity.

If you are bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Section shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because your services are unique and because you have had access to Confidential Information, you agree that money damages will be an inadequate remedy for any breach of this Section. In the event of a breach or threatened breach of this Section, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that you breach any of the provisions of this Section, in addition to all other remedies that may be available to the Company, all vested and unvested RSUs shall be cancelled for no consideration and you must account for and pay over to the Company all compensation, profits, monies, or other benefits derived or received by you under this Agreement, including any portion of the PSUs that have been settled or proceeds thereon realized by you and all amounts paid to you upon the sale of shares of Common Stock you received under this Agreement.

#### 8. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding RSUs shall, without further action of the Administrator, be adjusted to reflect such event; provided, however, that any fractional RSUs resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation and Other Events. If Laureate shall be the surviving or resulting corporation in any merger or consolidation and the Common Stock shall be converted into other securities, the RSUs shall pertain to and apply to the securities to which a holder of the number of shares of Common Stock subject to the RSUs would have been entitled. If the stockholders of Laureate receive by reason of any distribution in total or partial liquidation or pursuant to any merger of Laureate or acquisition of its assets, securities of another entity or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of Laureate's successor, and this Agreement shall apply to the securities or other property (including cash) to which a holder of the number of shares of Common Stock subject to the RSUs would have been entitled, in the same manner and to the same extent as the RSUs.

9. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any nonvested and forfeitable RSUs or any other adverse effect on your interests under the Plan.

10. Rights as Stockholder. You shall not have any of the rights of a stockholder with respect to any shares of Common Stock that may be issued in settlement of the RSUs until such shares of Common Stock have been issued to you. No adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 10 of the Plan.

11. The Company's Rights. The existence of the RSUs shall not affect in any way the right or power of Laureate or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

12. Restrictions on Issuance of Shares. The issuance of shares of Common Stock upon settlement of the RSUs shall be subject to and in compliance with all applicable requirements of federal, state, or foreign law with respect to such securities. No shares of Common Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares subject to the RSUs shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the RSUs, the Company may require you to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company, or in the case of notices delivered to the Company by you, addressed to the Administrator, care of the Company for the attention of its Secretary at its principal executive office or, in either case, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this award of RSUs by electronic means or to request your consent to participate in the Plan or accept this award of RSUs by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. Entire Agreement. This Agreement, together with the relevant Notice and the Plan, contain the entire agreement between the parties with respect to the RSUs granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the RSUs granted hereunder shall be void and ineffective for all purposes.

15. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the RSUs as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

16. Section 409A. This Agreement and the RSUs granted hereunder are intended to fit within the "short-term deferral" exemption from Section 409A of the Code as set forth in Treasury Regulation Section 1.409A-1(b)(4). In administering this Agreement, the Company shall interpret this Agreement in a manner consistent with such exemption. Notwithstanding the foregoing, if it is determined

that the RSUs fail to satisfy the requirements of the short-term deferral rule and are otherwise deferred compensation subject to Section 409A, and if you are a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Section 409A of the Code and Treasury Regulation Section 1.409A-2(b)(2).

17. No Obligation to Minimize Taxes. The Company has no duty or obligation to minimize the tax consequences to you of this award of RSUs and shall not be liable to you for any adverse tax consequences to you arising in connection with this award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this award and by signing the Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

18. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

19. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the grant of RSUs.

20. Effect on Other Employee Benefit Plans. The value of the RSUs subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's employee benefit plans.

21. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Baltimore, Maryland or any state court in the district which includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

22. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than twenty-four (24) months after the Administrator's decision.



23. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

24. Electronic Delivery of Documents. By your signing the Notice, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the RSUs, and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

25. No Future Entitlement. By your signing the Notice, you acknowledge and agree that: (i) the grant of a RSU award is a one-time benefit which does not create any contractual or other right to receive future grants of RSUs, or compensation in lieu of RSUs, even if RSUs have been granted repeatedly in the past; (ii) all determinations with respect to any such future grants and the terms thereof will be at the sole discretion of the Administrator; (iii) the value of the RSUs is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (iv) the value of the RSUs is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension or retirement benefits; (v) the vesting of the RSUs ceases when you cease to be an Eligible Individual, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (vi) the Company does not guarantee any future value of the RSUs; and (vii) no claim or entitlement to compensation or damages arises if the RSUs decrease or do not increase in value and you irrevocably release the Company from any such claim that does arise.

26. Personal Data. For purposes of the implementation, administration and management of the RSUs or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "**Corporate Transaction**"), you consent, by execution of the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social security number, tax identification number, date of birth, nationality, job and payroll location, data for tax withholding purposes and shares awarded, cancelled, vested and unvested) may be transferred to third parties assisting in the implementation, administration and management of the RSUs or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data by the recipient(s). You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that data will be held only as long as is necessary to implement, administer and manage the RSUs or effect a Corporate Transaction. You understand that you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Secretary. You understand, however, that refusing or withdrawing your consent may affect your ability to accept a RSU award.

*{Glossary begins on next page}*

## GLOSSARY

(a) “**Administrator**” means the Board of Directors of Laureate Education, Inc. or such committee or committees appointed by the Board to administer the Plan.

(b) “**Agreement**” means this document, as amended from time to time, together with the Plan which is incorporated herein by reference.

(c) “**Cause**” means “Cause” as such term may be defined in any employment agreement in effect at the time of termination of employment between you and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Cause” shall mean (i) your gross negligence or willful malfeasance in connection with the performance of your duties with respect to the Company, (ii) your conviction of, or pleading guilty or nolo contendere to any felony, (iii) theft, embezzlement, fraud or other similar conduct by you in connection with the performance of your duties with the Company, or (iv) your willful and material breach of any other applicable agreements with the Company including, without limitation, engaging in any action in breach of any applicable restrictive covenants.

(d) “**Change in Control**” means the first of the following to occur: (i) a Change in Ownership of Laureate or Wengen, or (ii) a Change in the Ownership of Assets of Laureate, as described herein and construed in accordance with Code section 409A.

(i) A “Change in Ownership of Laureate or Wengen” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, in a single transaction or a series of related transactions, ownership of:

(A) the capital stock of Laureate that, together with the stock held by such Person or Group, constitutes more than 50% of the total voting power of the capital stock of Laureate. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50% of the total voting power of the capital stock of Laureate, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of Laureate or to cause a Change in Effective Control of Laureate (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which Laureate acquires its stock in exchange for property will be treated as an acquisition of stock; or

(B) partnership interests of Wengen that, together with the partnership interests held by such Person or Group, constitutes more than 50% of the partnership interests of Wengen. However, if any one Person is, or Persons Acting as a Group are, considered under the Wengen Limited Partnership Agreement, as the same is in effect from time to time, to own two percent (2%) or more of the partnership interests of Wengen on the effective date of this Plan, the acquisition of additional partnership interests by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of Laureate or Wengen.

(ii) A “Change in the Ownership of Assets of Laureate” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from Laureate that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all of the assets of Laureate immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of Laureate, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

The following rules of construction apply in interpreting the definition of Change in Control:

(A) A Person means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than (1) employee benefit plans sponsored or maintained by Laureate and by entities controlled by Laureate, (2) Wengen or entities controlled by Wengen, or (3) an underwriter of the capital stock of Laureate in a registered public offering.

(B) Persons will be considered to be Persons Acting as a Group (or Group) if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(C) A Change in Control shall not include a transfer of assets to a related person as described in Code section 409A or a public offering of capital stock of Laureate.

(D) For purposes of the definition of Change in Control, Section 318(a) of the Code applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

(e) “**Code**” means the Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance promulgated thereunder.

(f) “**Common Stock**” means the Class A common stock, US\$.004 par value per share, of Laureate Education, Inc.

(g) “**Company**” means Laureate and its Subsidiaries.

(h) “**Disability**” means “Disability” as such term may be defined in any employment agreement in effect at the time of termination of employment between you and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Disability” shall mean a total and permanent disability as defined in the long-term disability plan of Laureate or the Subsidiary, as applicable, with which you are employed on the date as of which the existence of a Disability is to be determined.

(i) “**Eligible Individual**” shall mean an officer or employee of, and other individual, including a non-employee director, who is a natural person providing bona fide services to or for, Laureate or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Laureate’s securities.

(j) “**Good Reason**” means “Good Reason” as such term may be defined in any employment agreement in effect at the time of termination of employment between you and Laureate or any of its Subsidiaries, or, if there is no such employment agreement or such term is not defined therein, “Good Reason” shall mean, without your consent, (i) a material reduction in base salary (other than a general reduction in base salary that affects all similarly situated employees), (ii) a substantial diminution in your title, duties and responsibilities, other than any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith, or (iii) a transfer of your primary workplace by more than fifty (50)

miles from your current workplace; provided, however, that in any event, such conduct is not cured within ten (10) business days after you give the Company notice of such event.

(k) “**Grant Date**” means the effective date of a grant of RSUs made to you as set forth in the Notice.

(l) “**Notice**” means the statement, letter or other written notification provided to you by the Company setting forth the terms of a grant of RSUs made to you.

(m) “**You**” or “**Your**” means the recipient of the RSUs as reflected on the applicable Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the RSUs may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

*{End of Agreement}*

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**LAUREATE**  
EDUCATION INC.

2017-2018 Laureate Executive Cash Long Term Bonus Plan



**LAUREATE**  
EDUCATION INC.

# Form of 2017-2018 Laureate Executive Cash Long Term Bonus Plan



Prepared for [Name, Title]  
Laureate Education Inc.



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## Purpose

This **Long Term Bonus Plan (“LTB”)** is a performance-based incentive plan designed to maximize results in financial and business areas critical to the success of Laureate Education, Inc. (together with its affiliates and subsidiaries, the “Company”) during the two-year period beginning January 1, 2017 and ending December 31, 2018 (“the Performance Period”). Bonuses will be earned if 1) the Company achieves or exceeds pre-determined goals based on the criteria described below and 2) the participant continues to be employed through the date that the bonus is paid.

This LTB is a one-time incentive and is not intended to be a recurrent plan.

## Eligibility

The Compensation Committee of the Company’s Board of Directors approved your participation in this LTB.

## Incentive Bonus

You can earn up to 100% of the award amount set forth below if targeted Laureate results are attained by the Company and you continue your employment with the Company through the time that the Performance Award is paid, which is expected to be in or around March 2019. The total target bonus is [ ] USD per year with an opportunity for up to an additional [ ] USD for the second year portion of the award. The total opportunity is up to [ ] USD.

2017 LTB Performance Award	2018 LTB Performance Award
Target: [ ]	Target: [ ]

## Performance Goals

You may receive a performance cash award if Laureate exceeds 100% of the performance criteria targets set forth below.

2017 Adjusted EBITDA Target – Performance Award					
Performance Criteria	Source of Target	2017 LTB Adjusted EBITDA Target	% of 2017 Adj. EBITDA Needed to Receive 2017 LTB Bonus	% of Total Bonus Target	Award
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]



2018 Adjusted EBITDA Target – Performance Award					
Performance Criteria	Source of Target	2018 LTB Adjusted EBITDA Target	% of 2018 Adj. EBITDA Needed to Receive 2018 LTB Bonus	% of Total Bonus Target	Award
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

2018 Adjusted EBITDA Outperformance			
Performance Criteria	Source of Target	2018 LTB Adjusted EBITDA Maximum	Additional Award for Outperformance of 2018 Cash LTB Target
[ ]	[ ]	[ ]	[ ]

## Adjusted EBITDA

“Adjusted EBITDA” for any fiscal year will have the meaning set forth in Exhibit A.

If the Company makes an acquisition or disposition of a business or a segment of a business in any year, the Adjusted EBITDA result for such year and subsequent years may be adjusted to exclude the financial results from any such acquisition or to include the prospective forecasted results for any such disposition consummated during the relevant period.

## Timing of Bonus Payments; Continuous Employment

The LTB Performance Award, if paid at all, will be paid as soon as administratively practicable after December 31, 2018 and the Company’s certification of achievement of the Performance Goals based on the Company’s audited consolidated financial statements for the Performance Period.

To be eligible for an LTB award, you must have been actively employed by the Company from the date you became eligible through and including the date the applicable LTB performance award is paid. If there is a substantial change to your role and/or the organization, this incentive and document will be updated accordingly in the Company’s reasonable discretion.



## Additional Information

This LTB may be amended, revised, replaced, or terminated at any time unilaterally by the Company. The Company reserves the right to interpret and implement the terms of this LTB in its sole discretion.

This LTB shall be governed by the laws of the State of Maryland.

Nothing herein guarantees to you the right to continued employment with the Company.

## Acknowledgement

In order to be eligible to receive a payment under this LTB, you must review the content of this form, read the statement below, sign this form and return it to Corporate Human Resources.

I, [\_\_\_\_], [\_\_\_\_], Laureate Education Inc., acknowledge that I have received, read, and understand this document reviewing the details of this LTB.

Please sign and date this document, and return it to Corporate Human Resources within 30 days of receipt. If not signed and returned within 30 days of the date above, this incentive plan will be null and void.

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**Signature**

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**Name**

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**Date**

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Confidential 5

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Confidential 6

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## Exhibit A

“Adjusted EBITDA” for any fiscal year will mean the Operating Income (Loss), as stated on the audited Consolidated Statement of Income of Laureate Education, Inc. and Subsidiaries (collectively “Laureate” or “the Company”), Plus/(Minus) (to the extent included in Operating Income), all fairly and appropriately adjusted for items as described below, all on an FX Neutral basis:

### Core Operating Performance Adjustments

1. depreciation and amortization expenses;
2. share-based compensation expenses, as defined by ASC 718;
3. impairment costs as recognized on the Company’s financial statements for tangible or intangible assets to the extent described in the financial statements;
4. expenses related to implementation of the Company’s EiP initiative, to the extent quantified in the footnotes to the financial statements;
5. (gains)/expenses related to the establishment or changes in contingent liabilities and indemnification assets or contingent liabilities where there is an unrecorded indemnification asset booked in connection with the acquisition of business but only if attributable to a period prior to the acquisition of a business (“Pre-acquisition FAS5”).

### Financing/Restructuring Adjustments

6. transaction expenses in connection with financings, including fees and costs related to the issuance or modification of any indebtedness;
7. all expenses related to any public or private offering of the Company’s securities that are not netted with the offering proceeds and have not been capitalized;
8. costs related to the restructuring or reduction in force (as defined in ASC 420 or ASC 712), to the extent described in the financial statements;
9. (gains)/losses on the disposition of the Company’s assets (excluding (gains)/losses on dispositions of furniture and equipment in the ordinary course of business), investments, operations that qualify as businesses under ASC 805, and/or entities as defined under ASC 810;
10. If the Company makes an acquisition or disposition of a business or a segment of a business in any year, the Adjusted EBITDA result for such year and subsequent years will be adjusted to exclude the financial results from any such acquisition or to include the prospective forecasted results for any such disposition consummated during the relevant period, except to the extent excluded from the target.

### Other Adjustments subject to approval of the Compensation Committee of the Company’s Board of Directors

11. (gains)/charges, net of insurance proceeds, resulting from a Force Majeure event in any of the Company’s operating regions;
12. (gains)/expenses for a litigation case, net of insurance proceeds or indemnification, if applicable, if the (gains)/expenses are in excess of \$5 million for Corporate and \$1 million for entities below Corporate;
13. implications from the expropriation or deconsolidation of Company assets or a Company business required by or resulting from the actions of any government or government agency with the Adjusted EBITDA from any such business to be added back to the fiscal year’s EBITDA to the extent it was included in the baseline for the established target;
14. changes in US GAAP, or the application thereof, subsequent to the issuance of the Company’s audited financial statements for the plan baseline year, promulgated by accounting standard setters or changes in local laws and regulations;
15. Adjusted EBITDA (as defined above to the extent such items are disclosed in the financial statements of the affiliate) for any affiliate accounted for as an equity method investment;
16. charges, expenses and VAT beyond normal run rate relating to tax efficient repatriation strategies.

“**Fx Neutral**” shall mean the application of the Foreign Exchange Rates, as applied to each fiscal year for which an Adjusted EBITDA target is calculated.

“**Foreign Exchange Spot Rates**” shall equal the foreign exchange spot rates used to translate the audited Balance Sheet of Laureate Education, Inc. and Consolidated Subsidiaries at December 31, 2016.



## **SEPARATION AGREEMENT AND GENERAL RELEASE**

This SEPARATION AGREEMENT AND GENERAL RELEASE (this “**Agreement**”) is by and between Alfonso Martinez (“**Executive**”) and Laureate Education, Inc. (the “**Company**”).

WHEREAS, Executive’s full-time service as Chief Human Resources Officer of the Company will terminate as of May 31, 2017;

WHEREAS, the Company is offering to continue to employ Executive to provide transition services as requested by the Company until December 31, 2017, unless the Company terminates Executive’s employment earlier due to Executive’s breach of this Agreement, any other written agreement with the Company or any written Company policy (the effective date Executive’s employment terminates shall be referred to as the “**Separation Date**”); and

WHEREAS, the parties desire and intend to fully settle, release, and resolve any and all claims arising out of or relating in any way to Executive’s employment or termination of employment with the Company, on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the releases, promises, covenants, understandings, obligations, and agreements contained herein, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Separation from Employment.**

(a) **Separation Date; Resignations.** Effective as of the Separation Date, Executive’s employment with the Company will terminate and Executive will resign as an officer of the Company and as an officer and/or director, as applicable, of all of its affiliated entities. Following the Separation Date, Executive shall have no role or relationship with the Company. The Company will provide Executive with his regular base salary (but, except as provided in **Section 2**, not bonus) and payment for any unused vacation accrued through the Separation Date. The Company will also reimburse Executive for reasonable business expenses incurred prior to the Separation Date, pursuant to the Company’s expense reimbursement policy.

(b) **Benefits.** If Executive is currently participating in the Company’s group health and welfare benefit plan, Executive’s participation as an employee will end on the Separation Date. After that, to the extent provided by the Consolidated Omnibus Reconciliation Act of 1985, as amended (“**COBRA**”), Executive will be eligible to continue his group health coverage at his own expense. Executive will receive a separate notice explaining his right to continuation of his group health coverage under COBRA.

2. **Separation Benefit.** Provided Executive executes, does not revoke, and complies with this Agreement, and enters into, does not revoke, and complies with a General Release of Claims in a form satisfactory to the Company effective as of the Separation Date or within 28 days after the Separation Date (the “**Second Release**”), the Company will (a) provide Executive with a separation payment equal to \$ 127,970.00, which is a prorated portion of the Executive’s target bonus for 2017, less applicable taxes and withholdings (the “**Separation Benefit**”), to which he was not otherwise entitled, payable in a single lump sum through the Company’s payroll, no later than the second payroll period following the Effective Date as set forth in the Second Release; and (b) transfer ownership of Executive’s Company-issued cell phone, tablet, and laptop (the “**Devices**”) to Executive effective as of the later of the Effective Date of the Second Release and the date the Company has removed all Company data and licensed materials and software from such Devices. The Devices shall be transferred to Executive in their “as

is” condition without representation or warranty of any kind, and Executive shall be solely responsible for all costs associated with such Devices.

3. Equity. The following summarizes the effect of Executive’s termination of employment pursuant to this Agreement on Executive’s outstanding equity compensation grants under the Company’s 2013 Long-Term Incentive Plan, as amended (the “***Plan***”). If Executive’s Separation Date occurs earlier than right after the close of business on December 31, 2017, then all of Executive’s outstanding unvested awards under the Plan will be immediately forfeited as of such termination. If Executive’s Separation Date occurs right after the close of business on December 31, 2017, then Executive will become vested in the number of option shares and units in the column titled “12/31/2017 Time Vested Awards” and will be eligible to vest in early 2018 in the number of option shares and units in the column titled “2017 Performance Awards” upon the Compensation Committee’s determination that the 2017 performance goals have been attained. All other unvested awards under the Plan will terminate for no consideration upon the Separation Date, and performance awards that do not vest based on performance will terminate for no consideration upon the Compensation Committee’s determination.

	Grant Date	Exercise Price	12/31/2017 Time Vested Awards	2017 Performance Awards
<b>Options</b>	10/2/2013	\$23.20	1,400	1,400
	7/10/2014	\$23.20	585	292
	3/4/2015	\$5.80	588	294
	5/2/2016	\$5.81	633	0
<b>Restricted Stock Units (RSUs)</b>	10/2/2013	N/A	1,500	N/A
	5/2/2016	N/A	327	N/A
	10/25/2016	N/A	12,500	N/A
<b>Performance Share Units (PSUs)</b>	10/2/2013	N/A	N/A	1,500
	7/10/2014	N/A	N/A	154
	3/4/2015	N/A	N/A	154

All equity grants described herein reflect the Company’s 4 to 1 reverse stock split in January 2017 and the option repricing effective June 17, 2016. Executive will have until the 90th day after the Separation Date to exercise

outstanding vested options to purchase shares under the Plan, on which day the options will expire and be of no further effect.

4. Tax Matters.

(a) Withholding. The Company will withhold required federal, state and local taxes from any and all payments contemplated by this Agreement and make all tax reporting it determines it should make based on this Agreement.

(b) Responsibility for Taxes. Other than the Company obligation and right to withhold federal, state and local taxes and to pay the employer portion of FICA, Executive will be responsible for any and all taxes, interest, and penalties that may be imposed with respect to the vesting of equity grants under the Plan and payments previously made or contemplated by this Agreement (including, but not limited to, those imposed under Internal Revenue Code Section 409A).

5. Acknowledgments. Executive acknowledges and agrees that the Separation Benefit exceeds any payment, benefit, or other thing of value to which Executive might otherwise be entitled under any policy, plan, or procedure of the Company or under applicable law. Executive acknowledges and agrees that the payments and benefits set forth in this Agreement constitute the entirety of the compensation and benefits of any nature due to Executive by the Company. Executive specifically acknowledges and agrees that, in exchange for the Separation Benefit provided pursuant to this Agreement, Executive waives and relinquishes any claim or right to any payment or any other benefit (if any) due or provided pursuant to his employment with the Company. For the avoidance of doubt, Executive specifically acknowledges and agrees that Executive does not dispute the wages that have been paid to Executive and that, other than as set forth in this Agreement, no other compensation, salary, bonus payments, severance payments, equity, debt or option grants, or any other amounts are due and owing to Executive from the Company, either in connection with Executive's employment or otherwise, or pursuant to any other agreement or arrangement.

6. General Release of All Claims.

(a) General Release. "**Executive**" (defined for the purpose of this Section as Executive and Executive's agents, representatives, attorneys, assigns, heirs, executors, and administrators) fully and unconditionally releases the "**Released Parties**" (hereby defined as the Company and any of its parents, equity holders, affiliates, subsidiaries, predecessors, successors, and assigns, and any of its past or present employees, officers, partners, members, managers, portfolio companies, trustees, investors, agents, insurers, attorneys, administrators, officials, directors, shareholders, divisions, employee benefit plans, and the sponsors, fiduciaries, or administrators of employee benefit plans) from, and agrees not to bring any action, proceeding or suit against any of the Released Parties regarding, any and all known or unknown claims, causes of action, liabilities, damages, fees, or remunerations of any sort, arising out of or are in any way related to events, acts, conduct, or omissions occurring at any time up to and including the Effective Date, including but not limited to claims:

(i) that are in any way related to events, acts, conduct, or omissions occurring in connection with Executive's employment with or termination of employment from the Company or with Executive's equity interests in the Company; and/or

(ii) for violation of any written or unwritten contract, agreement, policy, benefit plan, retirement or pension plan, equity incentive or option plan or agreement with the Company, or covenant of any kind, or failure to pay wages, bonuses, employee benefits, other compensation, attorneys' fees, damages, or any other remuneration (including any equity, ownership interest, distributions, dividends or participation or ownership in any business venture related to the Company); and/or



(iii) for discrimination, harassment, or retaliation on the basis of any characteristic protected under applicable law, including but not limited to race, color, national origin, sex, sexual orientation, religion, immigration status, disability, marital or parental status, age, union activity or other protected activity; and/or

(iv) for violation of, or denial of protection or benefits under, any statute, ordinance, employee order, or regulation, including but not limited to claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Age Discrimination in Employment Act (“ADEA”), the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Family and Medical Leave Act of 1993 (“FMLA”), the Workers’ Adjustment and Retraining Notification, the Employee Retirement Income Security Act of 1974, the Equal Pay Act, the National Labor Relations Act (the “NLRA”), the Rehabilitation Act of 1973, Sections 1981 through 1988 of Title 42 of the United States Code, the Genetic Information Nondiscrimination Act, Maryland’s anti-discrimination statute (MD. CODE ANN., STATE GOV’T §§ 20-101 to 20-1203), and the Maryland Constitution, each as may have been amended, or any other federal, state or local law, statute, ordinance, or any other federal, state or local statute, ordinance, or regulation regarding employment, termination of employment, wage and hour issues, discrimination, harassment, retaliation, or other employment-related matter; and/or

(v) for violation of any public policy or common law of any state relating to employment or personal injury, including but not limited to claims for wrongful discharge, defamation, invasion of privacy, infliction of emotional distress, fraud, negligence, or interference with contract; and/or

(vi) for any breach of fiduciary duty, or implied duty of good faith, or any other similar duty or obligation, or any matter related to Executive’s employment with the Company.

(b) ADEA Waiver and Effective Date. Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given to him for the waiver and release in this Agreement is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA and the Older Workers Benefit Protection Act, that: (a) his waiver and release does not apply to any rights or claims that may arise after the date he signs this Agreement; (b) he should consult with an attorney prior to signing this Agreement (although he may voluntarily decide not to do so); (c) he has twenty-one (21) days to consider this Agreement (although he may choose voluntarily to sign this Agreement sooner); (d) he has seven (7) days following the date he executes this Agreement to revoke this Agreement; (e) this Agreement will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after Executive signs this Agreement provided that he does not revoke it (the “Effective Date”). If this Agreement is revoked, Executive will not be entitled to the Separation Benefit under this Agreement. Nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law.

(c) Excluded Claims. Notwithstanding the broad scope of the general release, the following are not included in the Released Claims (the “Excluded Claims”): (i) any rights or claims for indemnification Executive may have pursuant to any written indemnification agreement with the Company to which Executive is a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (ii) any rights that, as a matter of law, whether by statute or otherwise, may not be waived, such as claims for workers’ compensation benefits or unemployment insurance benefits; however, to the extent permitted by law, Executive waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on any Excluded Claims in

which any of the Released Parties is a party; and (iii) any claims for breach of this Agreement. In addition, nothing in this Agreement prevents Executive from filing a charge or complaint, reporting to, cooperating with, communicating with, or participating in any proceeding before the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the United States Department of Labor, the National Labor Relations Board, or other similar state or local agency (the “**Government Agencies**”), or from exercising any rights pursuant to Section 7 of the NLRA, or from taking any action protected under the whistleblower provisions of any federal securities law (“**Protected Activities**”), none of which activities shall constitute a breach of the release, cooperation, non-disparagement or confidentiality clauses of this Agreement. Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information to any parties other than the Government Agencies. Executive further understands that “Protected Activity” does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company’s written consent shall constitute a material breach of this Agreement.

(d) **Acknowledgement**. By his signature below, Executive represents that: (a) the consideration given to him in exchange for the waiver and release in this Agreement is in addition to anything of value to which he was already entitled; (b) Executive has been provided by the Company all wages, severance, vacation, benefits, commissions, bonuses, expense reimbursements, or other amounts owed to Executive by the Company, other than benefits and the severance pay specifically promised in this Agreement; (c) Executive has not been denied any request for leave to which he believes he was legally entitled, and Executive was not otherwise deprived of any of his rights under the FMLA or any similar state or local statute; (d) Executive is knowingly and voluntarily executing this Agreement waiving and releasing any claims he may have as of the date he executes it; and (e) he has not assigned or transferred, or purported to assign or transfer, to any person, entity, or individual whatsoever, any of the Released Claims. Executive affirms that he has not filed or caused to be filed, and is not presently a party to, a Released Claim against any of the Released Parties. Executive further affirms that he has no known workplace injuries or occupational diseases for which Executive has not already filed a claim. Executive represents and warrants that he has not willfully engaged in conduct that would constitute fraud or material dishonesty with respect to his job duties for the Company.

7. **Post-Termination Obligations**. Executive acknowledges and agrees that the post-employment obligations and restrictions in the Confidentiality, Non-Competition and Non-Solicit Agreement by and between the Company and the Executive (“**Confidentiality Agreement**”) remain in effect and Executive hereby agrees to comply with such obligations and restrictions. In addition, Executive will continue to be subject to the Management Stockholder’s Agreements dated October 2, 2013, July 10, 2014, and March 4, 2015, Sale Participation Agreements dated October 2, 2013, July 10, 2014, and March 4, 2015, and Executive’s lock-up letter agreement dated January 1, 2017, with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC, and Barclays Capital Inc.

8. **Return of Company Material**. Executive agrees that he has returned, or will return not later than three (3) days after the Effective Date, to the Company all Company property including, without limitation, all keys, phones, access cards, credit cards, computers, hardware, software, documents, records, policies, marketing information, design information, specification and plans, database information and lists, and any other property or information that he may have relating to the Company or reflecting or embodying its confidential and proprietary information. Executive agrees that he will make a diligent search to locate any such documents, property and information within the required timeframe. In addition, Executive agrees to furnish to the Company any personal computers, storage devices, media, or network/web-based storage services (including any cloud accounts) on which Company documents or work product may be stored so that the Company may recover such documents and work product and delete it from Executive’s personal property before returning such property to Executive.

Executive agrees that, after the applicable timeframes noted above, he will neither use nor possess any Company property. Notwithstanding the foregoing, Executive and Company agree that Executive will be permitted to retain the Devices pursuant to Section 2 above.

9. No Disparagement or Encouragement of Claims. Executive shall not make any oral or written statement that disparages or places any of the Released Parties (including any of their respective past or present partners, members, officers, employees, products or services, and policies or practices) in a false or negative light, or encourage or assist any person or entity who may or who has filed a lawsuit, charge, claim or complaint against the Released Parties (as defined in Section 6 above). Nothing herein shall prevent Executive from engaging in Protected Activity or responding to a lawful subpoena or complying with any legal obligation; provided, if Executive receives any subpoena or becomes subject to any legal obligation that implicates this Section, Executive will provide prompt written notice of that fact to the Company to the attention of Mr. Sean Mulcahy, Vice President and Assistant General Counsel, or his successor, and enclose a copy of the subpoena and any other documents describing the legal obligation, unless the Executive is engaging in Protected Activity or such notice is prohibited by applicable law.

10. No Admission of Liability. This Agreement does not constitute an admission by the Company that any action it took with respect to Executive was wrongful, unlawful, or susceptible of inflicting any damages or injury on Executive, and the Company specifically denies any wrongdoing. This Agreement is entered into solely to resolve fully all matters related to or arising out of Executive's employment with and separation from the Company, and neither this Agreement nor testimony regarding its execution or implementation may be admitted or used as evidence in a subsequent proceeding of any kind, except one alleging a breach of this Agreement.

11. Cooperation. The parties agree that certain matters in which Executive has been involved during his employment may necessitate his cooperation with the Company in the future. Accordingly, during the time that Executive is receiving payments under this Agreement, to the extent reasonably requested by the Company, Executive agrees to cooperate in connection with matters arising out of his service to the Company; provided that, the Company will make reasonable efforts to minimize disruption to Executive's other activities. The Company shall reimburse Executive for reasonable out-of-pocket expenses incurred in connection with such cooperation.

12. Confidentiality of Agreement. Except as may be specifically required by law, Executive will not in any manner disclose or communicate any part of this Agreement to any other person except Executive's spouse, accountant, financial advisor and/or attorney. Before any such authorized disclosure, Executive will inform each such person to whom disclosure is to be made that every term of this Agreement is confidential and obtain such person's agreement to maintain the confidentiality of the entire Agreement. Executive affirms that Executive has not done anything before signing this Agreement that would violate this Section. If Executive is specifically required by law to disclose any of the terms of this Agreement, Executive will provide prompt written notice of that fact to the Company to the attention of Mr. Sean Mulcahy, or his successor, and enclose a copy of the subpoena and any other documents describing the legal obligation, unless Executive is engaging in Protected Activity or such notice is prohibited by applicable law.

13. Severability; Waiver. The provisions of this Agreement shall be severable such that the invalidity of any provision shall not affect the validity of other provisions; *provided, however*, that if a court or other binding authority holds that any release in Section 6 is illegal, void or unenforceable, Executive agrees to promptly execute a release and agreement that is legal and enforceable. The Company's failure to insist upon strict compliance with any provision of this Agreement, or its failure to assert any right that it may have hereunder, will not be considered a waiver of such provision or right or any other provision of or right under this Agreement.

14. Governing Law; Waiver of Jury Trial; Choice of Venue. This Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State of Maryland, without regard to its principles of conflicts of laws. Executive and the Company waive their respective rights to a jury trial of any claims and causes of action arising under this Agreement, and each party agrees to have any matter heard and decided solely by a court of competent jurisdiction located in Baltimore, Maryland.

15. Contingent Separation Benefit. The Company's continuing obligations under this Agreement are contingent upon Executive's compliance with all terms and conditions provided for in this Agreement. In the event that Executive breaches any of his obligations under this Agreement, Executive agrees that the Company may cease making any payments due under this Agreement, and recover all payments already made under this Agreement, in addition to all other available legal remedies.

16. Specific Performance; Further Actions. The parties agree to execute any further instruments and to take any further action as may reasonably be necessary to carry out the intent of this Agreement. Executive's obligations under this Agreement are of a unique character that gives them particular value; Executive's breach of any of such obligations will result in irreparable and continuing damage to the Company. The Company will be entitled to injunctive relief and/or a decree for specific performance, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. Any equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief. Executive agrees that if the Company is successful in whole or part in any legal or equitable action against Executive under this Agreement, Executive agrees to pay all of the costs, including reasonable attorney's fees, incurred by the Company in enforcing the terms of this Agreement.

17. Entire Agreement. This Agreement represents the entire agreement and understanding concerning Executive's separation from the Company. Except as provided in Section 7 above, this Agreement supersedes and replaces any and all prior agreements, understandings, discussions, negotiations, or proposals concerning the matters addressed herein and Executive's employment with and termination from the Company. In deciding to sign this Agreement, Executive has not relied on any express or implied promise, statement, or representation by the Company, whether oral or written, except as set forth herein.

**To be valid and binding, this Agreement must be signed by Executive and submitted to the Company no later than twenty-one (21) days after it is received by Executive. If this Agreement is not received by such time, Executive shall not be eligible for any of the consideration set forth herein other than the benefits that the Company is required by law to provide.**

**ACCEPTED AND AGREED BY:**

**"EXECUTIVE"      "COMPANY"**

**ALFONSO MARTINEZ      LAUREATE EDUCATION, INC.**

/s/ Alfonso Martinez      /s/ Douglas L. Becker

Date: May 26, 2017      By: Douglas L. Becker

Title: Chairman and CEO

Date: May 30, 2017

## 21.1

**Laureate Education, Inc.**  
**List of Subsidiaries as of July 28, 2017**

Company	Jurisdiction of Organization	D/B/A
ACNT Health Holdings Pty Ltd	Australia	
Blue Mountains International Hotel Management School Pty Limited	Australia	
BM Hospitality Holdings Pty Ltd	Australia	
GNUCO Pty Ltd	Australia	
Laureate Education Services Australia Pty. Ltd.	Australia	
LEI Australia Education, Pty. Ltd.	Australia	
LEI Australia Holdings Pty Ltd	Australia	
LEI Higher Education Holdings Pty Ltd	Australia	
LESA Education Services Holding Pty Ltd	Australia	
Monash South Africa Ltd	Australia	
Think: Colleges Pty Ltd		APM College of Business and Communication, Australasian College of Natural Therapies, Billy Blue College of Design, Jansen Newman Institute, Southern School of Natural Therapies, William Blue College of Hospitality Management, Australian National College of Beauty, CATC Design School
	Australia	
Think: Education Group Pty Ltd	Australia	
Think: Education Services Pty Ltd	Australia	
Torrens University Australia Limited	Australia	
Educacao Interativa do Brasil, Ltda.	Brazil	
FACS Serviços Educacionais Ltda.	Brazil	Universidade Salvador
Faculdades Metropolitanas Unidas Educacionais Ltda.	Brazil	Centro Universitario das Faculdades Metropolitanas Unidas ("FMU")
FADERGS—Faculdade de Desenvolvimento do Rio Grande do Sul Ltda.	Brazil	
Fundação Encontro das Aguas	Brazil	Centro Universitario do Norte
Instituto Brasileiro de Medicina de Reabilitação, Ltda.	Brazil	Centro Universitario IBMR
ISCP—Sociedade Educacional Ltda.	Brazil	Universidade Anhembí Morumbi
Rede Internacional de Universidades Laureate Ltda.	Brazil	
Sociedade Capibaribe de Educação e Cultura Ltda.	Brazil	Faculdade dos Guararapes
Sociedade de Cultura e Ensino Ltda.		Faculdades Integradas: Alcântara
	Brazil	Machado—Faculdade de artes Alcântara
		Machado—Centro Universitário
Sociedade de Desenvolvimento Cultural do Amazonas Ltda.	Brazil	Centro Universitario do Norte—UniNorte
Sociedade de Educação Ritter dos Reis Ltda	Brazil	Centro Universitario Ritter dos Reis—Uniritter
Sociedade de Ensino Superior da Bahia	Brazil	
Sociedade Educacional Luiz Tarquinio	Brazil	



Sociedade Educacional Sul-Rio-Grandense Ltda.	Brazil	Faculdade Porto-Alegrense—FAPA
Sociedade Paraibana de Educação e Cultura Ltda.	Brazil	Faculdade Internacional da Paraíba
Sociedade Potiguar de Educação e Cultura Ltda.	Brazil	Universidade Potiguar
Uniao Educacional de Sao Paulo Ltda.	Brazil	Faculdades Integradas de São Paulo
LEI Combination Holdings Limited	Cayman Islands	
LE University Holding Company Limited	Cayman Islands	
CAMPVS Mater, SpA	Chile	
Center for Executive Education IEDE SpA	Chile	
Centro de Formación Técnica Instituto AIEP Regional SpA	Chile	
Centro de Formación Técnica Instituto AIEP SpA	Chile	
Centro de Innovación y Emprendimiento UVV Limitada	Chile	
Corporación Universidad Nacional Andrés Bello	Chile	Universidad Andrés Bello
Fleet Street Development Company SpA	Chile	
IEDE Chile Institute for Executive Development SpA	Chile	
Inmobiliaria e Inversiones San Genaro Dos SpA	Chile	
Inmobiliaria e Inversiones San Genaro SpA	Chile	
Inmobiliaria Educacional SpA	Chile	
Instituto Nacional de Computación y Administración de Empresas INDAE Limitada	Chile	
Instituto Profesional AIEP SpA	Chile	
Instituto Profesional Escuela Moderna de Musica SpA	Chile	
Laureate Chile II SpA	Chile	
Laureate Desarrollos Educacionales SpA	Chile	
Servicios Andinos SpA	Chile	
Servicios Profesionales Andrés Bello SpA	Chile	
Sociedad Educacional Campvs SpA	Chile	
Universidad de Las Américas	Chile	
Universidad de Viña del Mar	Chile	Universidad Viña del Mar
Beijing INTI Management College	China	
Blue Mountains Hotel Management Consulting (Shanghai) Co. Ltd.	China	Blue Mountains International Hotel Management School
Hunan International Economics University	China	
Hunan International Economics University Vocational Skills Training Center	China	
Hunan Lie Ying Industry Co., Ltd.	China	
Hunan Lie Ying Mechanic School	China	
Hunan Lie Ying Property Management Co., Ltd.	China	
Laureate Investment Consulting (Shanghai) Co., Ltd.	China	
Laureate Holding Costa Rica S.R.L.	Costa Rica	
Lusitania S.R.L.	Costa Rica	Universidad Latina de Costa Rica
Universidad Americana UAM S.R.L.	Costa Rica	
Universidad U Latina S.R.L.	Costa Rica	Universidad Latina de Costa Rica
A.S. Cyprus College (Larnaca) Limited	Cyprus	
Ermis Research and Incubator Center (ERIC), Ltd.	Cyprus	
EUC Health Services Ltd	Cyprus	

European University—Cyprus Ltd	Cyprus	
S P S Institute of Education Ltd.	Cyprus	
Servicios Profesionales Ad Portas Cia. Ltda.	Ecuador	
University of Applied Sciences Europe – Iserlohn, Berlin, Hamburg GmbH	Germany	University of Applied Sciences Europe – Iserlohn, Berlin, Hamburg GmbH
HSM Deutschland GmbH	Germany	
Laureate Academies GmbH	Germany	HTK Academy of Design; BTK Academy of Design
Laureate Germany Holding GmbH	Germany	
Fleet Street Development Company Honduras, S. de R.L. de C.V.	Honduras	
Fundación Para el Desarrollo de la Educación y Fomento de la Iniciativa Empresarial	Honduras	
Laureate Honduras, S. de R.L. de C.V.	Honduras	
Universidad Tecnológica Centroamericana	Honduras	Universidad Tecnológica Centroamericana; Centro Universitario Tecnológico
INTI College Hong Kong Ltd	Hong Kong	
INTI Education (International) Ltd	Hong Kong	
Jia Yue Investment Limited	Hong Kong	
Laureate Education Asia Limited	Hong Kong	
LEI China Limited	Hong Kong	
LEI Holdings, Limited	Hong Kong	
LEI Lie Ying Limited	Hong Kong	
Merit International (HK) Limited	Hong Kong	
Academe Education Private Limited	India	
Collegiate Educational Services Private Limited	India	
Creative Arts Education Society	India	Pearl Academy of Fashion; Pearl Academy of Fashion Management
Data Ram Sons Private Limited	India	
Energy Education	India	
Hydrocarbons Education & Research Society	India	
India Centric Education Hub Private Limited	India	
Laureate Education India Private Limited	India	
M-Power Energy India Private Limited	India	
NuovoEtude Intellect Advisory Services Private Limited	India	
Pearl Retail Solutions Private Limited	India	Indian Retail School
Sagacity Education Solutions Private Limited	India	
Scholastic Knowledge Private Limited	India	
South Asia International Institute Charitable Society	India	
Sylvan Learning India Private Limited	India	
University of Petroleum and Energy Studies	India	
Laureate Italy, S.r.l.	Italy	
Nuova Accademia S.r.l.	Italy	Nuova Accademia di Belle Arti Milano; Domus Academy
LEI Japan Holdings K.K.	Japan	
Fleet Street Investments Sarl	Luxembourg	
Erti Utama Sdn Bhd	Malaysia	
Exeter Street Holdings Sdn. Bhd.	Malaysia	

Genting INTI Education Sdn. Bhd.	Malaysia	Genting INTI International College
Human Capital Development Academy Sdn Bhd	Malaysia	
INTI Asset Management Sdn Bhd	Malaysia	
INTI Assets Holdings Sdn Bhd	Malaysia	
INTI Education Holdings Sdn Bhd	Malaysia	
INTI Education Sdn Bhd	Malaysia	
INTI Higher Learning Centre Sdn Bhd	Malaysia	
INTI IABS Sdn. Bhd	Malaysia	INTI College Sarawak
INTI Instruments (M) Sdn Bhd	Malaysia	INTI International College Subang
INTI International College Kuala Lumpur Sdn Bhd	Malaysia	INTI International College Kuala Lumpur
INTI International College Penang Sdn Bhd	Malaysia	INTI International College Penang
INTI International Education Sdn Bhd	Malaysia	INTI International University
INTI Kinabalu Sdn Bhd	Malaysia	INTI College Sabah
INTI Management Services Sdn Bhd	Malaysia	
INTI Universal Holdings Sdn. Bhd.	Malaysia	
LEI Management Asia, Sdn Bhd	Malaysia	
MIM-IMS Education Sdn Bhd	Malaysia	MIM-INTI Management Institute
PJ College of Art & Design Sdn Bhd	Malaysia	
Colegio Americano de Veracruz, S.C.	Mexico	Universidad del Valle de Mexico
Colegio Villa Rica Coatzacoalcas, S.C.	Mexico	Universidad del Valle de Mexico
Colegio Villa Rica, S.C.	Mexico	Universidad del Valle de Mexico
Corporación Educativa de Celaya, S.C.	Mexico	
Fundación Laureate S.C.	Mexico	
Estrater, S.A. de C.V. SOFOM ENR	Mexico	
Grupo Educativo UVM, S.C.	Mexico	Universidad del Valle de Mexico
Institute for Executive Development Mexico S.A. de C.V.	Mexico	
Laureate Education Mexico, S. de R.L. de C.V.	Mexico	
Planeacion de Sistemas, S.A.P.I. de C.V.	Mexico	
Servicios Regionales Universitarios LE, S.C.	Mexico	
Universidad Autónoma de Veracruz, S.C.	Mexico	Universidad del Valle de Mexico
Universidad del Valle de Mexico del Noreste, S.C.	Mexico	Universidad del Valle de Mexico
Universidad del Valle de México, S.C.	Mexico	Universidad del Valle de Mexico
Universidad Tecnológica de Mexico, S.C.	Mexico	Universidad Tecnológica de México; Universidad del Valle de Mexico
UVM Educación, S.C.	Mexico	Universidad del Valle de Mexico
UVM Formación, S.C.	Mexico	Universidad del Valle de Mexico
Laureate Somed Education Holding	Morocco	Université Internationale de Casablanca
CH Holding Netherlands B.V.	Netherlands	
Education Trademark B.V.	Netherlands	
Fleet Street International Universities C.V.	Netherlands	
Hispano Trademark Holding, B.V.	Netherlands	
Laureate I B.V.	Netherlands	
Laureate Coöperatie U.A.	Netherlands	
Laureate Education—Turkey B.V.	Netherlands	
Laureate International B.V.	Netherlands	
Laureate Middle East Holdings B.V.	Netherlands	



Laureate Online Education B.V.	Netherlands	University of Liverpool; University of Roehampton
Laureate Real Estate Holdings B.V.	Netherlands	
Laureate Trademark Holding B.V.	Netherlands	
Laureate-University of Liverpool Ventures B.V.	Netherlands	
LEI AMEA Investments B.V.	Netherlands	
LEI Bahrain Investments B.V.	Netherlands	
LEI European Investments, B.V.	Netherlands	
LEI New Zealand Holdings B.V.	Netherlands	
Online Higher Education B.V.	Netherlands	
LEI New Zealand	New Zealand	
Media Design School	New Zealand	
Visam Properties Limited	New Zealand	
Castro Harrigan Asociados Panamá, S. de R.L.	Panama	
Desarrollos Urbanos Educativas, S. de R.L.	Panama	
Laureate Panamá S. de R.L.	Panama	
Ulatec, S. de R.L.	Panama	
Universidad Interamericana de Panamá, S. de R.L.	Panama	
Cibertec Perú S.A.C.	Peru	CIBERTEC; Instituto Tecnológico del Norte
Inversiones Educativas Perú S.R.L.	Peru	
Laureate Education Perú S.R.L.	Peru	
Metramark S.A.C.	Peru	
Universidad Peruana de Ciencias Aplicadas S.A.C.	Peru	
Universidad Privada del Norte S.A.C.	Peru	
OIE Support spółka z ograniczoną odpowiedzialnością w organizacji	Poland	
Associação de Estudos e de Investigação	Portugal	Cientifica do Isla Lisboa
Ensilis—Educação e Formação, Ltda.	Portugal	Universidade Europeia
Europeia ID—Associação para a Investigação em Design, Marketing e Comunicação	Portugal	
Laureate Vocational Saudi Limited	Saudi Arabia	
Laureate Middle East Saudi Arabia Limited	Saudi Arabia	
LEI Singapore Holdings Pte. Ltd.	Singapore	
Laureate South Africa Pty. Ltd.	South Africa	
Fundacion General de la Universidad Europea de Madrid	Spain	
ICE Inversiones Brazil, S.L.	Spain	
Iniciativa Educativa UEA, SLU.	Spain	
Iniciativas Culturales de España SL	Spain	
Iniciativas Educativas de Mallorca, SLU.	Spain	
Universidad Europea de Canarias S.L.U.	Spain	
Universidad Europea de Madrid, S.L.U.		Universidad Europea de Madrid; IEDE Business School; Collaboration with Real Madrid International School
	Spain	
Universidad Europea de Valencia S.L.U.		Universidad Europea de Valencia; Escuela de Negocios Estema; Centro Superior de Edificación, Arquitectura e Ingeniería (PROY3CTA)
	Spain	
Stamford International University	Thailand	
Thai Education Holdings Company Limited	Thailand	

Bilgi Egitim Ve Kultur Vakfi	Turkey
Bilgili Halkla İlişkiler ve İletişim Limited Şirketi	Turkey
Bilgi İletişim Grubu Yayıncılık Müzik Yapım Ve Haber Ajansı Ltd. Şti	Turkey
Bilgili Temizlik ve Tadilat Hizmetleri Limited Şirketi	Turkey
Bilgili Yapımcılık Ticaret Limited Şirketi	Turkey
Istanbul Bilgi University	Turkey
Media Com Halkla İlişkiler Ve İletişim Limited Şirketi	Turkey
Öztañ Temizlik Ve Tadilat Hizmetleri Ticaret Ltd. Şti	Turkey
Ulet Uluslararası Danışmanlık Eğitim Teknolojileri Sanayi ve Ticaret Limited Şirketi Ortaklar Kurulu Kararı	Turkey
Laureate-Obeikan, Ltd.	United Arabs Emirates
Canter and Associates, LLC	Delaware, USA
Educational Satellite Services, Inc.	Delaware, USA
Exeter Street Holdings LLC	Maryland, USA
Fleet Street Aviation, LLC	Washington, USA
Fleet Street International University Holdings, LLC	Maryland, USA
FSIUH Holding Company	Maryland, USA
International University Ventures, Ltd.	Maryland, USA
Kendall College LLC	Illinois, USA
Laureate Bagby Investors, LLC	Maryland, USA
Laureate Education International Ltd.	Delaware, USA
Laureate International Universities, Inc.	Maryland, USA
Laureate Properties, LLC (Delaware)	Delaware, USA
Laureate Ventures, Inc.	Delaware, USA
LEI Administration, LLC	Maryland, USA
LTBC LLC	Delaware, USA
National Hispanic University, LLC	California, USA
NewSchool of Architecture and Design, LLC	California, USA
Post-Secondary Education Acquisition Corporation	Delaware, USA
The Canter Group of Companies, LLC	California, USA
Tuition Finance, Inc.	Maryland, USA
University of St. Augustine for Health Sciences, LLC	California, USA
Walden e-Learning, LLC	Delaware, USA
Walden University, LLC	Florida, USA
Wall Street International Holdings-US I, Inc.	Maryland, USA

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Douglas L. Becker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laureate Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information related to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Paragraph omitted in accordance with SEC transition instructions.];
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ DOUGLAS L. BECKER

Douglas L. Becker

Chairman and Chief Executive Officer

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Eilif Serck-Hanssen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laureate Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information related to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Paragraph omitted in accordance with SEC transition instructions.];
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ EILIF SERCK-HANSSEN

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Eilif Serck-Hanssen

President, Chief Administrative Officer and Chief  
Financial Officer

**Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report of Laureate Education, Inc. on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of Laureate Education, Inc. does hereby certify, to the best of such officer's knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2017

/s/ DOUGLAS L. BECKER

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Douglas L. Becker

Chairman and Chief Executive Officer

/s/ EILIF SERCK-HANSSEN

---

Eilif Serck-Hanssen

President, Chief Administrative Officer and Chief  
Financial Officer

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of Laureate Education, Inc. or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Laureate Education, Inc. and will be retained by Laureate Education, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Document and Entity  
Information**

**6 Months Ended  
Jun. 30, 2017  
shares**

**Document Information [Line Items]**

<u>Document Type</u>	10-Q
<u>Amendment Flag</u>	false
<u>Document Period End Date</u>	Jun. 30, 2017
<u>Document Fiscal Year Focus</u>	2017
<u>Document Fiscal Period Focus</u>	Q2
<u>Trading Symbol</u>	LAUR
<u>Entity Registrant Name</u>	LAUREATE EDUCATION, INC.
<u>Entity Central Index Key</u>	0000912766
<u>Current Fiscal Year End Date</u>	--12-31
<u>Entity Filer Category</u>	Non-accelerated Filer
<u>Class A Common Stock</u>	

**Document Information [Line Items]**

<u>Entity Common Stock, Shares Outstanding</u>	35,466,508
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Class B Common Stock

**Document Information [Line Items]**

<u>Entity Common Stock, Shares Outstanding</u>	133,120,777
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**Consolidated Statements of  
Operations - USD (\$)  
\$ in Thousands**

**3 Months Ended    6 Months Ended  
Jun. 30,   Jun. 30,   Jun. 30,   Jun. 30,  
2017       2016       2017       2016**

**Income Statement [Abstract]**

Revenues

\$	\$	\$	\$
1,277,439	1,231,910	2,133,372	2,138,444

**Costs and expenses:**

Direct costs

942,246	963,794	1,795,478	1,833,617
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General and administrative expenses

91,343	57,548	156,911	105,416
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Operating income

243,850	210,568	180,983	199,411
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Interest income

4,460	4,062	9,154	9,868
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Interest expense

(98,962)	(105,833)	(201,595)	(209,602)
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Loss on debt extinguishment

(6,915)	(1,681)	(8,430)	(1,681)
---------	---------	---------	---------

Gain (loss) on derivatives

26,970	1,999	39,117	(8,751)
--------	-------	--------	---------

Other income (expense), net

(380)	(1,276)	56	(1,317)
-------	---------	----	---------

Foreign currency exchange (loss) gain, net

(9,726)	26,252	(7,436)	53,934
---------	--------	---------	--------

(Loss) gain on sales of subsidiaries, net

(172)	243,261	(172)	243,261
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Income from continuing operations before income taxes and equity in net income of affiliates

159,125	377,352	11,677	285,123
---------	---------	--------	---------

Income tax expense

(42,028)	(28,393)	(14,934)	(38,351)
----------	----------	----------	----------

Equity in net income of affiliates, net of tax

1	279	1	20
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Net (loss) income

117,098	349,238	(3,256)	246,792
---------	---------	---------	---------

Net income attributable to noncontrolling interests

(712)	(1,849)	(3,166)	(2,570)
-------	---------	---------	---------

Net (loss) income attributable to Laureate Education, Inc.

116,386	347,389	(6,422)	244,222
---------	---------	---------	---------

Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity

(69,212)	(438)	(108,081)	1,077
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Net (loss) income available to common stockholders

\$ 47,174	\$ 346,951	\$ (114,503)	\$ 245,299
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**Basic and diluted earnings per share:**

Basic (loss) earnings per share (in dollars per share)

\$ 0.28	\$ 2.60	\$ (0.71)	\$ 1.84
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Diluted (loss) earnings per share (in dollars per share)

\$ 0.28	\$ 2.59	\$ (0.71)	\$ 1.83
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**Consolidated Statements of  
Comprehensive Income -  
USD (\$)  
\$ in Thousands**

**Statement of Comprehensive Income [Abstract]**

Net (loss) income

**Other comprehensive income (loss):**

Foreign currency translation adjustment, net of tax of \$0 for all periods

Unrealized gain on derivative instruments, net of tax of \$0 for all periods

Minimum pension liability adjustment, net of tax of \$0 and \$1,900 for three and six months ended June 30, 2017 and 2016, respectively

Total other comprehensive income (loss)

Comprehensive income

Net comprehensive income attributable to noncontrolling interests

Comprehensive income attributable to Laureate Education, Inc.

<b>3 Months Ended</b>		<b>6 Months Ended</b>	
<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>
\$	\$	\$	\$
117,098	349,238	(3,256)	246,792
28,455	(58,088)	131,851	(29,113)
3,507	1,910	6,099	3,123
0	8,885	0	8,885
31,962	(47,293)	137,950	(17,105)
149,060	301,945	134,694	229,687
(1,269)	(1,508)	(4,055)	(2,689)
\$	\$	\$	\$
147,791	300,437	130,639	226,998



**Consolidated Statements of  
Comprehensive Income  
(Parenthetical) - USD (\$)  
\$ in Thousands**

**3 Months Ended**

**6 Months Ended**

**Jun. 30, 2017 Jun. 30, 2016 Jun. 30, 2017 Jun. 30, 2016**

**Statement of Comprehensive Income [Abstract]**

<u>Foreign currency translation adjustment, tax</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>Unrealized gain on derivative instruments, tax</u>	0	0	0	0
<u>Minimum pension liability adjustment, tax</u>	\$ 0	\$ 1,900	\$ 0	\$ 1,900

**Consolidated Balance Sheets**  
**- USD (\$)**  
**\$ in Thousands**

	<b>Jun. 30,</b>	<b>Dec. 31,</b>
	<b>2017</b>	<b>2016</b>
<b><u>Current assets:</u></b>		
<u>Cash and cash equivalents (includes VIE amounts of \$114,684 and \$169,074, see Note 2)</u>	\$ 367,163	\$ 464,965
<u>Restricted cash and investments</u>	193,305	189,319
<b><u>Receivables:</u></b>		
<u>Accounts and notes receivable</u>	669,039	494,646
<u>Other receivables</u>	21,524	23,758
<u>Related party receivables</u>	5,830	6,931
<u>Allowance for doubtful accounts</u>	(196,987)	(190,499)
<u>Receivables, net</u>	499,406	334,836
<u>Income tax receivable</u>	37,088	29,447
<u>Prepaid expenses and other current assets</u>	145,520	97,234
<u>Total current assets (includes VIE amounts of \$350,678 and \$322,210, see Note 2)</u>	1,242,482	1,115,801
<u>Notes receivable, net</u>	7,138	61,157
<b><u>Property and equipment:</u></b>		
<u>Land</u>	418,754	396,821
<u>Buildings</u>	1,295,766	1,219,783
<u>Furniture, equipment and software</u>	1,251,255	1,160,350
<u>Leasehold improvements</u>	432,428	399,555
<u>Construction in-progress</u>	73,364	103,205
<u>Accumulated depreciation and amortization</u>	(1,263,167)	(1,128,081)
<u>Property and equipment, net</u>	2,208,400	2,151,633
<u>Land use rights, net</u>	45,741	45,275
<u>Goodwill</u>	2,020,620	1,934,464
<b><u>Other intangible assets:</u></b>		
<u>Tradenames</u>	1,332,523	1,307,633
<u>Other intangible assets, net</u>	44,735	46,700
<u>Deferred costs, net</u>	61,529	57,748
<u>Deferred income taxes</u>	147,882	142,130
<u>Derivative instruments</u>	49,171	4,464
<u>Other assets</u>	209,515	195,465
<u>Total assets (includes VIE amounts of \$1,340,653 and \$1,309,113, see Note 2)</u>	7,369,736	7,062,470
<b><u>Current liabilities:</u></b>		
<u>Accounts payable</u>	82,878	86,699
<u>Accrued expenses</u>	314,209	368,973
<u>Accrued compensation and benefits</u>	225,186	239,495
<u>Deferred revenue and student deposits</u>	380,164	362,891
<u>Current portion of long-term debt</u>	212,568	178,989
<u>Current portion of due to shareholders of acquired companies</u>	133,083	118,679
<u>Income taxes payable</u>	23,154	30,371
<u>Derivative instruments</u>	0	5,218

<u>Other current liabilities</u>	43,960	48,917
<u>Total current liabilities (includes VIE amounts of \$295,819 and \$320,922, see Note 2)</u>	1,415,202	1,440,232
<u>Long-term debt, less current portion</u>	3,291,713	3,629,375
<u>Due to shareholders of acquired companies, less current portion</u>	82,380	92,269
<u>Deferred compensation</u>	14,399	14,128
<u>Income taxes payable</u>	111,687	135,140
<u>Deferred income taxes</u>	459,283	452,084
<u>Derivative instruments</u>	7,941	7,750
<u>Other long-term liabilities</u>	281,972	270,267
<u>Total liabilities (includes VIE amounts of \$405,181 and \$424,297, see Note 2)</u>	5,664,577	6,041,245
<b><u>Stockholders' equity:</u></b>		
<u>Preferred stock, par value \$0.001 per share – 49,488 shares authorized, no shares issued and outstanding as of June 30, 2017 and December 31, 2016</u>	0	0
<u>Common stock</u>		534
<u>Additional paid-in capital</u>	3,371,395	2,721,432
<u>Accumulated deficit</u>	(1,044,123)	(1,037,701)
<u>Accumulated other comprehensive loss</u>	(914,994)	(1,052,055)
<u>Total Laureate Education, Inc. stockholders' equity</u>	1,412,953	632,210
<u>Noncontrolling interests</u>	34,654	32,182
<u>Total stockholders' equity</u>	1,447,607	664,392
<u>Total liabilities and stockholders' equity</u>	7,369,736	7,062,470
<u>Series A Convertible Redeemable Preferred Stock</u>		
<b><u>Current liabilities:</u></b>		
<u>Total redeemable noncontrolling interests and equity</u>	232,030	332,957
<u>Puttable Arrangements - Common and Preferred Stock</u>		
<b><u>Current liabilities:</u></b>		
<u>Total redeemable noncontrolling interests and equity</u>	25,522	\$ 23,876
<u>Class A Common Stock</u>		
<b><u>Stockholders' equity:</u></b>		
<u>Common stock</u>	142	
<u>Class B Common Stock</u>		
<b><u>Stockholders' equity:</u></b>		
<u>Common stock</u>	\$ 533	

**Consolidated Balance Sheets**  
**(Parenthetical) - USD (\$)**  
**\$ in Thousands**

**Jun. 30, 2017 Dec. 31, 2016**

<a href="#"><u>Cash and cash equivalents</u></a>	\$ 367,163	\$ 464,965
<a href="#"><u>Current assets</u></a>	1,242,482	1,115,801
<a href="#"><u>Assets</u></a>	7,369,736	7,062,470
<a href="#"><u>Current liabilities</u></a>	1,415,202	1,440,232
<a href="#"><u>Liabilities</u></a>	\$ 5,664,577	\$ 6,041,245
<a href="#"><u>Preferred stock, par value (in dollars per share)</u></a>	\$ 0.001	\$ 0.001
<a href="#"><u>Preferred stock, shares authorized (in shares)</u></a>	49,488,000	49,488,000
<a href="#"><u>Preferred stock, shares issued (in shares)</u></a>	0	0
<a href="#"><u>Preferred stock, shares outstanding (in shares)</u></a>	0	0
<a href="#"><u>Common stock, par value (in dollars per share)</u></a>	\$ 0.004	\$ 0.004
<a href="#"><u>Common stock, shares authorized (in shares)</u></a>	0	175,000,000
<a href="#"><u>Common stock, shares issued (in shares)</u></a>	0	133,376,000
<a href="#"><u>Common stock, shares outstanding (in shares)</u></a>	0	133,376,000
<a href="#"><u>Series A Convertible Redeemable Preferred Stock</u></a>		
<a href="#"><u>Convertible redeemable preferred stock, par value (in dollars per share)</u></a>	\$ 0.001	\$ 0.001
<a href="#"><u>Convertible redeemable preferred stock, shares authorized (in shares)</u></a>	512,000	512,000
<a href="#"><u>Convertible redeemable preferred stock, shares issued (in shares)</u></a>	400,000	343,000
<a href="#"><u>Convertible redeemable preferred stock, shares outstanding (in shares)</u></a>	400,000	343,000
<a href="#"><u>Class A Common Stock</u></a>		
<a href="#"><u>Common stock, par value (in dollars per share)</u></a>	\$ 0.004	
<a href="#"><u>Common stock, shares authorized (in shares)</u></a>	700,000,000	
<a href="#"><u>Common stock, shares issued (in shares)</u></a>	35,467,000	
<a href="#"><u>Common stock, shares outstanding (in shares)</u></a>	35,467,000	
<a href="#"><u>Class B Common Stock</u></a>		
<a href="#"><u>Common stock, par value (in dollars per share)</u></a>	\$ 0.004	
<a href="#"><u>Common stock, shares authorized (in shares)</u></a>	175,000,000	
<a href="#"><u>Common stock, shares issued (in shares)</u></a>	133,120,000	
<a href="#"><u>Common stock, shares outstanding (in shares)</u></a>	133,120,000	
<a href="#"><u>Variable Interest Entity, Primary Beneficiary</u></a>		
<a href="#"><u>Cash and cash equivalents</u></a>	\$ 114,684	\$ 169,074
<a href="#"><u>Current assets</u></a>	350,678	322,210
<a href="#"><u>Assets</u></a>	1,340,653	1,309,113
<a href="#"><u>Current liabilities</u></a>	295,819	320,922
<a href="#"><u>Liabilities</u></a>	\$ 405,181	\$ 424,297

**Consolidated Statements of  
Cash Flows - USD (\$)  
\$ in Thousands**

**6 Months Ended  
Jun. 30, Jun. 30,  
2017 2016**

**Cash flows from operating activities**

Net income (loss) \$ (3,256) \$ 246,792

**Adjustments to reconcile net (loss) income to net cash used in operating activities:**

Depreciation and amortization 131,465 135,911  
Loss (gain) on sale of subsidiary and disposal of property and equipment 1,927 (243,261)  
(Gain) loss on derivative instruments (39,386) 7,883  
Loss on debt extinguishment 8,430 1,681  
Payment of redemption and call premiums and fees on debt modification (65,225) 0  
Non-cash interest expense 22,359 28,312  
Non-cash share-based compensation expense 35,337 20,909  
Bad debt expense 51,439 56,114  
Deferred income taxes (3,196) (12,535)  
Unrealized foreign currency exchange loss (gain) 11,756 (58,656)  
Non-cash loss from non-income tax contingencies 3,813 7,758  
Other, net (1,052) (1,090)

**Changes in operating assets and liabilities:**

Restricted cash 318 (6,089)  
Receivables (162,375) (148,198)  
Prepaid expenses and other assets (99,019) (68,340)  
Accounts payable and accrued expenses (86,368) 6,766  
Income tax receivable/payable, net (21,868) 7  
Deferred revenue and other liabilities 9,231 (37,377)  
Net cash used in operating activities (205,670) (63,413)

**Cash flows from investing activities**

Purchase of property and equipment (86,793) (86,224)  
Expenditures for deferred costs (8,248) (8,753)  
Receipts from sale of subsidiary and property and equipment 1,001 340,096  
Property insurance recoveries 370 1,431  
Settlement of derivatives related to sale of subsidiaries 0 (10,297)  
Business acquisitions, net of cash acquired (835) 0  
Proceeds from affiliates 85 0  
Payments (to) from related parties (593) 1,045  
Change in restricted cash and investments (639) (9,629)  
Net cash (used in) provided by investing activities (95,652) 227,669

**Cash flows from financing activities**

Proceeds from issuance of long-term debt, net of original issue discount 2,110,859 262,696  
Payments on long-term debt (2,415,530) (477,008)  
Payments of deferred purchase price for acquisitions (6,329) (7,746)  
Payments to purchase noncontrolling interests 0 (25,665)  
Proceeds from issuance of convertible redeemable preferred stock, net of issuance costs 55,290 0

<u>Payment of dividends to noncontrolling interest holders</u>	0	(89)
<u>Proceeds from initial public offering, net of issuance costs</u>	456,561	0
<u>Proceeds from exercise of stock options</u>	0	245
<u>Withholding of shares to satisfy tax withholding for vested stock awards and exercised stock options</u>	(1,277)	(1,308)
<u>Payments of debt issuance costs</u>	(11,244)	(1,443)
<u>Noncontrolling interest holder's loan to subsidiaries</u>	943	492
<u>Distributions to noncontrolling interest holders</u>	(847)	(1,447)
<u>Net cash provided by (used in) financing activities</u>	188,426	(251,273)
<u>Effects of exchange rate changes on cash</u>	15,094	14,449
<u>Change in cash included in current assets held for sale</u>	0	(1,337)
<u>Net change in cash and cash equivalents</u>	(97,802)	(73,905)
<u>Cash and cash equivalents at beginning of period</u>	464,965	458,673
<u>Cash and cash equivalents at end of period</u>	\$ 367,163	\$ 384,768

## Description of Business

6 Months Ended

Jun. 30, 2017

### [Organization, Consolidation and Presentation of](#)

### [Financial Statements](#)

### [\[Abstract\]](#)

### [Description of Business](#)

## Description of Business

Laureate Education, Inc. and subsidiaries (hereinafter Laureate, we, us, our, or the Company) provide higher education programs and services to students through an international network of licensed universities and higher education institutions (institutions). Laureate's programs are provided through institutions that are campus-based and internet-based, or through electronically distributed educational programs (online). On October 1, 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.

On February 6, 2017, the Company completed an initial public offering (IPO) of shares of its Class A common stock, a newly established class of the Company's common stock of which 700,000 shares were authorized and, as of February 1, 2017, the Company's shares became listed on the Nasdaq Global Select Market under the symbol "LAUR". The Company sold 35,000 shares of its Class A common stock in the IPO at a price of \$14.00 per share, resulting in net proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses payable by us, of \$456,561. On January 31, 2017, in connection with our IPO, our Amended and Restated Certificate of Incorporation was accepted for filing by the Secretary of State of the State of Delaware, and effective upon such filing, a 4 to 1 reverse stock split for our common stock was consummated and each share of our common stock then outstanding was automatically reclassified into one fourth of one share of Class B Common Stock, a newly established class of the Company's common stock, with any resulting fractional shares rounded down to the next whole share. These financial statements reflect the reverse stock split.

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, these financial statements include all adjustments considered necessary to present a fair statement of our consolidated results of operations, financial position and cash flows. Operating results for any interim period are not necessarily indicative of the results that may be expected for the full year. These unaudited Consolidated Financial Statements should be read in conjunction with Laureate's audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the 2016 Form 10-K).

## Significant Accounting Policies

6 Months Ended  
Jun. 30, 2017

[Accounting Policies](#)

[\[Abstract\]](#)

[Significant Accounting Policies](#)

### Significant Accounting Policies

#### *The Variable Interest Entity (VIE) Arrangements*

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 therefore 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 herein: (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."

Selected Consolidated Statements of Operations information for these VIEs was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<b>Selected Statements of Operations information:</b>				
Revenues, by segment:				
LatAm	\$153,262	\$112,223	\$216,948	\$169,430
EMEAA	67,302	73,233	133,515	145,568
Revenues	220,564	185,456	350,463	314,998
Depreciation and amortization	12,651	12,974	25,473	25,768
Operating income (loss), by segment:				
LatAm	31,514	(2,009)	(9,554)	(42,598)
EMEAA	8,019	8,910	19,895	19,665
Operating income (loss)	39,533	6,901	10,341	(22,933)
Net income (loss)	43,152	9,486	23,040	(20,080)
Net income (loss) attributable to Laureate Education, Inc.	41,955	8,134	21,019	(21,181)

The following table reconciles the Net income (loss) attributable to Laureate Education, Inc. as presented in the table above, to the amounts in our Consolidated Statements of Operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016



<b>Net income (loss) attributable to Laureate Education, Inc.:</b>				
Variable interest entities	\$ 41,955	\$ 8,134	\$ 21,019	\$ (21,181)
Other operations	183,817	277,470	214,374	325,580
Corporate and eliminations	(109,386)	61,785	(241,815)	(60,177)
Net income (loss) attributable to Laureate Education, Inc.	\$ 116,386	\$ 347,389	\$ (6,422)	\$ 244,222

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 the general credit of Laureate.

Selected Consolidated Balance Sheet amounts for these VIEs were as follows:

	June 30, 2017		December 31, 2016	
	VIE	Consolidated	VIE	Consolidated
<b>Balance Sheets data:</b>				
Cash and cash equivalents	\$ 114,684	\$ 367,163	\$ 169,074	\$ 464,965
Other current assets	235,994	875,319	153,136	650,836
Total current assets	350,678	1,242,482	322,210	1,115,801
Goodwill	188,620	2,020,620	181,669	1,934,464
Tradenames	106,005	1,332,523	104,117	1,307,633
Other intangible assets, net	—	44,735	—	46,700
Other long-term assets	695,350	2,729,376	701,117	2,657,872
Total assets	1,340,653	7,369,736	1,309,113	7,062,470
Current liabilities	295,819	1,415,202	320,922	1,440,232
Long-term debt and other long-term liabilities	109,362	4,249,375	103,375	4,601,013
Total liabilities	405,181	5,664,577	424,297	6,041,245
Total stockholders' equity	935,472	1,447,607	884,816	664,392
Total stockholders' equity attributable to Laureate Education, Inc.	915,158	1,412,953	866,997	632,210

### Recently Issued Accounting Standards Not Yet Adopted

*Accounting Standards Update (ASU) No. 2017-04 (ASU 2017-04), Intangibles - Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*

In January 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-04 in order to simplify the test for goodwill impairment by eliminating Step 2, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for Laureate beginning on January 1, 2020 and early adoption is permitted for interim or annual goodwill impairment

tests performed on testing dates after January 1, 2017. We are still evaluating the impact of ASU 2017-04 on our Consolidated Financial Statements and whether we will early adopt this ASU.

*ASU No. 2016-02 (ASU 2016-02), Leases (Topic 842)*

On February 25, 2016, the FASB issued ASU 2016-02. Lessees will need to recognize on their balance sheet a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. The standard is effective for Laureate beginning January 1, 2019. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. We are completing our diagnostic assessment and assessing the data that will be used to transition to the new standard. We anticipate that ASU 2016-02 will have a material impact on our Consolidated Balance Sheets, as we will record significant asset and liability balances in connection with our leased properties. We are still evaluating the impact to our Consolidated Statements of Operations.

*ASU No. 2014-09, (ASU 2014-09): Revenue from Contracts with Customers (Topic 606)*

On May 28, 2014, the FASB issued ASU 2014-09, which supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition” and most industry-specific guidance. The core 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 fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Laureate) 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 have completed our diagnostic assessment and are designing policies and processes to implement this ASU, which we plan to adopt effective January 1, 2018. We do not expect the adoption of this ASU to result in a significant change to our method of recognizing tuition revenues; however, we are still evaluating other components of revenue. We plan to elect modified retrospective adoption of this new standard.

**Recently Adopted Accounting Standards**

*ASU No. 2015-17 (ASU 2015-17), Income Taxes (Topic 740)*

In November 2015, the FASB issued ASU 2015-17 as a part of the Simplification Initiative and in response to concerns that the current requirement that entities separate deferred income tax liabilities and assets into current and noncurrent amounts results in little or no benefit to users of the financial statements. The amendments in this ASU aim to simplify this presentation by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 was effective for Laureate beginning January 1, 2017 and we adopted this guidance on a retrospective basis. Accordingly, as of June 30, 2017 all deferred tax assets and liabilities are classified as noncurrent and we reclassified current deferred tax assets and liabilities of approximately \$110,000 and \$6,000, respectively, as of December 31, 2016 to noncurrent.

*ASU No. 2016-09 (ASU 2016-09), Compensation—Stock compensation (Topic 718): Improvements to Employee Share-based Payment Accounting*

On March 30, 2016, the FASB issued ASU 2016-09 as part of its initiative to reduce complexity in accounting standards. The areas for simplification in this ASU involve several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance was effective for Laureate beginning January 1, 2017. Laureate has elected to continue estimating forfeitures when determining the amount of share-based compensation expense to be recognized each period. The Company adopted this standard prospectively in the first quarter of 2017 and it did not have a material impact on our Consolidated Financial Statements.

## Acquisitions

**6 Months Ended  
Jun. 30, 2017**

### [Business Combinations](#)

#### [\[Abstract\]](#)

#### [Acquisitions](#)

## Acquisitions

### 2017 Acquisitions

During the three months ended June 30, 2017, Laureate consummated the business acquisition outlined below, which is included in our Consolidated Financial Statements commencing from the date of acquisition.

#### *Australia*

In June 2017, our EMEAA segment acquired the assets and business of the nursing division of Careers Australia (CA Nursing), a vocational institution in Australia, for a cash purchase price of AUD 1,107 (US \$835 at the date of acquisition) plus debt assumed of AUD 9,850 (US \$7,433 at the acquisition date). We accounted for this acquisition as a business combination. For this acquisition, Revenues, Operating income and Net (loss) income attributable to Laureate Education, Inc. were immaterial for the three months ended June 30, 2017.

The Consolidated Financial Statements include the operating results of CA Nursing from the date of acquisition. The following table summarizes the estimated fair value of all assets acquired and the liabilities assumed at the date of acquisition.

	CA Nursing Australia
Current assets	\$ 610
Property and equipment	9,657
Goodwill	1,791
Other intangible assets	3,988
Total assets acquired	16,046
Current portion of long-term debt	166
Other current liabilities	6,034
Long-term debt, less current portion	7,267
Other long-term liabilities	1,744
Total liabilities	15,211
Net assets acquired attributable to Laureate Education, Inc.	835
Debt assumed	7,433
Net assets acquired attributable to Laureate Education, Inc. plus debt assumed	\$ 8,268
Net assets acquired	\$ 835
Net cash paid at acquisition	\$ 835

#### *2017 Summary*

The amounts recorded in the 2017 acquisition are provisional and Laureate is in the process of finalizing the amounts recorded for the assets and liabilities primarily related to goodwill,

intangible assets and deferred revenue. None of the goodwill related to the 2017 acquisition is expected to be deductible for income tax purposes.

### Due to Shareholders of Acquired Companies

The amounts due to shareholders of acquired companies generally arise in connection with Laureate's acquisition of a majority or all of the ownership interest of these companies. Promissory notes payable to the sellers of acquired companies, referred to as "seller notes," are commonly used as a means of payment for business acquisitions. Seller note payments are generally classified as Payments of deferred purchase price for acquisitions within financing activities in our Consolidated Statements of Cash Flows. The amounts due to shareholders of acquired companies, currencies, and interest rates applied were as follows:

	June 30, 2017	December 31, 2016	Nominal Currency	Interest Rate %
Faculdades Metropolitanas Unidas Educacionais (FMU)	\$ 105,811	\$ 100,382	BRL	CDI
Universidade Anhembi Morumbi (UAM Brazil)	54,435	52,043	BRL	CDI + 2%
Monash South Africa (MSA)	30,081	27,462	AUD	n/a, 6.75%
University of St. Augustine for Health Sciences, LLC (St. Augustine)	11,550	11,550	USD	7%
Universidad Tecnologica Centroamericana (UNITEC Honduras)	4,566	5,196	HNL	IIBC
CH Holding Netherlands B.V. (CH Holding)	3,798	8,587	USD	n/a
Faculdade-Porto-Alegrense (FAPA)	2,952	2,973	BRL	IGP-M
IADE Group	2,270	2,755	EUR	3%
Total due to shareholders of acquired companies	215,463	210,948		
Less: Current portion of due to shareholders of acquired companies	133,083	118,679		
Due to shareholders of acquired companies, less current portion	\$ 82,380	\$ 92,269		

AUD: Australian Dollar

BRL: Brazilian Real

EUR: European Euro

HNL: Honduran Lempira

USD: United States Dollar

CDI: Certificados de Depósitos Interbancários (Brazil)

IIBC: Índice de Inflación del Banco Central (Honduras)

IGP-M: General Index of Market Prices (Brazil)

#### IADE Group

A working capital adjustment was recorded during the year ended December 31, 2015 in accordance with the purchase agreement entered into in connection with this acquisition. This liability of EUR 639 (US \$694 at the date of payment) was settled during the quarter ended June 30, 2017. The remaining balance outstanding relates to two EUR 1,000 tranches to be paid 36 months and 60 months from the March 27, 2015 date of acquisition.

**Due to Shareholders of  
Acquired Companies**

**6 Months Ended  
Jun. 30, 2017**

**Business Combinations**

**[Abstract]**

**Due to Shareholders of  
Acquired Companies**

**Acquisitions**

**2017 Acquisitions**

During the three months ended June 30, 2017, Laureate consummated the business acquisition outlined below, which is included in our Consolidated Financial Statements commencing from the date of acquisition.

*Australia*

In June 2017, our EMEAA segment acquired the assets and business of the nursing division of Careers Australia (CA Nursing), a vocational institution in Australia, for a cash purchase price of AUD 1,107 (US \$835 at the date of acquisition) plus debt assumed of AUD 9,850 (US \$7,433 at the acquisition date). We accounted for this acquisition as a business combination. For this acquisition, Revenues, Operating income and Net (loss) income attributable to Laureate Education, Inc. were immaterial for the three months ended June 30, 2017.

The Consolidated Financial Statements include the operating results of CA Nursing from the date of acquisition. The following table summarizes the estimated fair value of all assets acquired and the liabilities assumed at the date of acquisition.

	CA Nursing Australia
Current assets	\$ 610
Property and equipment	9,657
Goodwill	1,791
Other intangible assets	3,988
Total assets acquired	16,046
Current portion of long-term debt	166
Other current liabilities	6,034
Long-term debt, less current portion	7,267
Other long-term liabilities	1,744
Total liabilities	15,211
Net assets acquired attributable to Laureate Education, Inc.	835
Debt assumed	7,433
Net assets acquired attributable to Laureate Education, Inc. plus debt assumed	\$ 8,268
Net assets acquired	\$ 835
Net cash paid at acquisition	\$ 835

*2017 Summary*

The amounts recorded in the 2017 acquisition are provisional and Laureate is in the process of finalizing the amounts recorded for the assets and liabilities primarily related to goodwill,

intangible assets and deferred revenue. None of the goodwill related to the 2017 acquisition is expected to be deductible for income tax purposes.

### Due to Shareholders of Acquired Companies

The amounts due to shareholders of acquired companies generally arise in connection with Laureate's acquisition of a majority or all of the ownership interest of these companies. Promissory notes payable to the sellers of acquired companies, referred to as "seller notes," are commonly used as a means of payment for business acquisitions. Seller note payments are generally classified as Payments of deferred purchase price for acquisitions within financing activities in our Consolidated Statements of Cash Flows. The amounts due to shareholders of acquired companies, currencies, and interest rates applied were as follows:

	June 30, 2017	December 31, 2016	Nominal Currency	Interest Rate %
Faculdades Metropolitanas Unidas Educacionais (FMU)	\$ 105,811	\$ 100,382	BRL	CDI
Universidade Anhembi Morumbi (UAM Brazil)	54,435	52,043	BRL	CDI + 2%
Monash South Africa (MSA)	30,081	27,462	AUD	n/a, 6.75%
University of St. Augustine for Health Sciences, LLC (St. Augustine)	11,550	11,550	USD	7%
Universidad Tecnologica Centroamericana (UNITEC Honduras)	4,566	5,196	HNL	IIBC
CH Holding Netherlands B.V. (CH Holding)	3,798	8,587	USD	n/a
Faculdade-Porto-Alegrense (FAPA)	2,952	2,973	BRL	IGP-M
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#### IADE Group

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## Business and Geographic Segment Information

6 Months Ended  
Jun. 30, 2017

### [Segment Reporting](#)

#### [\[Abstract\]](#)

### [Business and Geographic Segment Information](#)

## Business and Geographic Segment Information

Laureate's educational services are offered through three operating segments: LatAm, EMEAA (as defined below) and GPS. Laureate determines its operating segments based on information utilized by the chief operating decision maker to allocate resources and assess performance.

As previously disclosed in our 2016 Form 10-K and our Quarterly Report on Form 10-Q for the period ended March 31, 2017, effective March 31, 2017, we combined our previously separate Europe and AMEA segments in order to reflect our belief that we will be able to operate the institutions in those segments more successfully and efficiently under common management. The combined segment is called EMEAA (Europe, Middle East, Africa and Asia Pacific). This change has been reflected in the quarterly segment information beginning in the first quarter of 2017, the period in which the change occurred. As required, the 2016 segment information that is presented for comparative purposes has also been revised to reflect this segment change.

The LatAm segment consists of campus-based institutions and has operations in Brazil, Chile, Costa Rica, Honduras, Mexico, Panama and Peru and has contractual relationships with a licensed institution in Ecuador. These institutions offer an education that emphasizes professional-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. 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-sponsored student financing programs, while in other countries students generally finance their own education.

The EMEAA segment consists of campus-based institutions with operations in the European countries of Cyprus, Germany, Italy, Portugal, Spain and Turkey as well as locations in the Middle East, Africa and Asia Pacific consisting of campus-based institutions with operations in Australia, China, India, Malaysia, Morocco, New Zealand, South Africa and Thailand. Additionally, EMEAA manages nine licensed institutions in the Kingdom of Saudi Arabia and manages one additional institution in China through a joint venture arrangement. These institutions generate revenues by providing professional-oriented undergraduate and graduate degree programs. Several institutions have begun to introduce online and hybrid programs. Students in the EMEAA segment typically self-finance their education or seek third-party financing programs. In certain markets in the EMEAA segment, such as Australia and to a lesser extent China, Thailand and Malaysia, there are various forms of government-supported student financing programs. In the Kingdom of Saudi Arabia, our students' tuition is fully funded by the government.

The GPS segment consists of accredited online institutions, which serve students globally, and campus-based institutions serving students in the United States. The online institutions primarily serve working adults with undergraduate and graduate degree programs. The campus-based institutions primarily serve traditional students seeking undergraduate and graduate degrees. In the United States, students have access to government-supported financing programs.

Intersegment transactions are accounted for in a similar manner as third party transactions and are eliminated in consolidation. The "Corporate" amounts presented in the following tables includes corporate charges that were not allocated to our reportable segments and adjustments to eliminate intersegment items.

We evaluate segment performance based on Adjusted EBITDA, which is a non-GAAP profit measure defined as Income (loss) from continuing operations before income taxes and equity in net income of affiliates, adding back the following items: (Loss) gain on sales of subsidiaries,



net, Foreign currency exchange (loss) gain, net, Other income (expense), net, Gain (loss) on derivatives, Loss on debt extinguishment, Interest expense, Interest income, Depreciation and amortization expense, Loss on impairment of assets, Share-based compensation expense and expenses related to our Excellence-in-Process (EiP) initiative. EiP is an enterprise-wide initiative to optimize and standardize Laureate's processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It includes the establishment of regional shared services organizations (SSOs) around the world, as well as improvements to the Company's system of internal controls over financial reporting. The increased EiP expenses during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 relates primarily to severance costs that are predominantly contractual termination benefits recognized in accordance with ASC 712, "Compensation—Nonretirement Postemployment Benefits."

When we review Adjusted EBITDA on a segment basis, we exclude intercompany revenues and expenses, related to network fees and royalties between our segments, which eliminate in consolidation. We use total assets as the measure of assets for reportable segments.

Effective August 1, 2017, we changed our operating segments; see Note 18, Subsequent Events, for further description.

The following tables provide financial information for our reportable segments, including a reconciliation of Adjusted EBITDA to Income (loss) from continuing operations before income taxes and equity in net income of affiliates, as reported in the Consolidated Statements of Operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<b>Revenues</b>				
LatAm	\$ 831,118	\$ 733,255	\$ 1,252,554	\$ 1,137,152
EMEAA	245,480	261,084	472,665	505,097
GPS	204,595	241,656	412,885	502,081
Corporate	(3,754)	(4,085)	(4,732)	(5,886)
Revenues	\$ 1,277,439	\$ 1,231,910	\$ 2,133,372	\$ 2,138,444
<b>Adjusted EBITDA of reportable segments</b>				
LatAm	\$ 300,025	\$ 224,073	\$ 264,236	\$ 203,847
EMEAA	52,891	52,748	106,340	107,210
GPS	54,825	65,265	118,429	134,993
Total Adjusted EBITDA of reportable segments	407,741	342,086	489,005	446,050
<b>Reconciling items:</b>				
Corporate	(65,913)	(33,884)	(98,580)	(63,876)
Depreciation and amortization expense	(66,950)	(69,704)	(131,465)	(135,911)
Loss on impairment of assets	—	—	—	—
Share-based compensation expense	(12,949)	(13,745)	(35,337)	(20,909)
EiP expenses	(18,079)	(14,185)	(42,640)	(25,943)
Operating income	243,850	210,568	180,983	199,411
Interest income	4,460	4,062	9,154	9,868
Interest expense	(98,962)	(105,833)	(201,595)	(209,602)
Loss on debt extinguishment	(6,915)	(1,681)	(8,430)	(1,681)
Gain (loss) on derivatives	26,970	1,999	39,117	(8,751)
Other (expense) income, net	(380)	(1,276)	56	(1,317)

Foreign currency exchange (loss) gain, net	(9,726)	26,252	(7,436)	53,934
(Loss) gain on sales of subsidiaries, net	(172)	243,261	(172)	243,261
Income from continuing operations before income taxes and equity in net income of affiliates	\$ 159,125	\$ 377,352	\$ 11,677	\$ 285,123

	June 30, 2017	December 31, 2016
<b>Assets</b>		
LatAm	\$4,099,520	\$ 3,932,679
EMEA	1,355,507	1,333,297
GPS	1,438,153	1,505,242
Corporate	476,556	291,252
Total assets	\$7,369,736	\$ 7,062,470

## Goodwill

**6 Months Ended  
Jun. 30, 2017**

[Goodwill and Intangible Assets  
Disclosure \[Abstract\]](#)

[Goodwill](#)

## Goodwill

The change in the net carrying amount of Goodwill from December 31, 2016 through June 30, 2017 was composed of the following items:

	LatAm	EMEAA	GPS	Total
Goodwill	\$1,313,046	\$243,861	\$537,452	\$2,094,359
Accumulated impairment loss	(77,094)	(63,141)	(19,660)	(159,895)
<b>Balance at December 31, 2016</b>	<b>1,235,952</b>	<b>180,720</b>	<b>517,792</b>	<b>1,934,464</b>
Acquisitions	—	1,791	—	1,791
Dispositions	—	(488)	—	(488)
Impairments	—	—	—	—
Currency translation adjustments	72,478	11,769	606	84,853
Adjustments to prior acquisitions	—	—	—	—
<b>Balance at June 30, 2017</b>	<b>\$1,308,430</b>	<b>\$193,792</b>	<b>\$518,398</b>	<b>\$2,020,620</b>

## Debt

**6 Months Ended**  
**Jun. 30, 2017**

[Debt Disclosure \[Abstract\]](#)  
[Debt](#)

## Debt

Outstanding long-term debt was as follows:

	June 30, 2017	December 31, 2016
Senior long-term debt:		
Senior Secured Credit Facility (stated maturity dates April 2022 and April 2024 as of June 30, 2017; stated maturity dates June 2018, June 2019 and March 2021 as of December 31, 2016), net of discount	\$ 1,580,352	\$ 1,497,869
Senior Notes (stated maturity dates May 2025 and September 2019), net of discount	1,048,662	1,388,036
Total senior long-term debt	2,629,014	2,885,905
Other debt:		
Lines of credit	65,971	66,081
Notes payable and other debt	660,434	650,184
Total senior and other debt	3,355,419	3,602,170
Capital lease obligations and sale-leaseback financings	260,651	250,842
Total long-term debt	3,616,070	3,853,012
Less: total unamortized deferred financing costs	111,789	44,648
Less: current portion of long-term debt	212,568	178,989
Long-term debt, less current portion	\$ 3,291,713	\$ 3,629,375

## Debt Refinancing

During the second quarter of 2017, the Company completed refinancing transactions that resulted in repayment of the previous senior credit facility and the redemption of the 9.250% Senior Notes due 2019 (the Senior Notes due 2019) (other than \$250,000 in aggregate principal amount of the Senior Notes due 2019 that the Company exchanged on April 21, 2017 for substantially identical but non-redeemable notes issued under a new indenture (the Exchanged Notes)).

### Senior Notes

On April 26, 2017, we completed an offering of \$800,000 aggregate principal amount of 8.250% Senior Notes due 2025 (the Senior Notes due 2025). The Senior Notes due 2025 were issued at par and will mature on May 1, 2025. Interest on the Senior Notes due 2025 is payable semi-annually on May 1 and November 1, and the first interest payment date is November 1, 2017. We may redeem the Senior Notes due 2025, in whole or in part, at any time on or after May 1, 2020, at redemption prices starting at 106.188% of the principal amount thereof and decreasing from there each year thereafter until May 1, 2023, plus accrued and unpaid interest. From and after May 1, 2023, we may redeem all or part of the Senior Notes due 2025 at a redemption price of 100%, plus accrued and unpaid interest. We may also redeem up to 40% of the Senior Notes due 2025 using the proceeds of certain equity offerings completed before May 1, 2020, at a redemption price equal to 108.250% of the principal amount thereof, plus accrued and unpaid interest. In addition, at any time prior to May 1, 2020, we may redeem the Senior Notes due 2025, in whole or in part, at a price equal to 100% of the principal amount, plus a “make-whole” premium, plus accrued and unpaid interest.

On April 28, 2017, the Company elected to redeem all of its outstanding Senior Notes due 2019 (other than the Exchanged Notes) and on May 31, 2017 (the Redemption Date), the Senior Notes due 2019 (other than the Exchanged Notes) were redeemed. The Exchanged Notes were not redeemed and remained outstanding as of June 30, 2017, net of discount. The aggregate principal amount outstanding of the Senior Notes due 2019 (excluding the Exchanged Notes) was \$1,125,443. The redemption price for the Senior Notes due 2019 that were redeemed was equal to 104.625% of the principal amount thereof, for a total redemption price of \$1,177,495, plus accrued and unpaid interest and special interest to the Redemption Date, for an aggregate payment to holders of the Senior Notes of \$1,205,630. As of June 30, 2017, the outstanding balance of our senior notes was \$1,048,662, which consisted of \$800,000 of Senior Notes due 2025 and \$248,662 of the Exchanged Notes, net of a debt discount. As of December 31, 2016, the outstanding balance under our Senior Notes due 2019 was \$1,388,036, net of a debt discount.

#### *Senior Secured Credit Facility*

Substantially concurrently with the issuance of the Senior Notes due 2025, we consummated a refinancing of our Senior Secured Credit Facility by means of an amendment and restatement of the existing amended and restated credit agreement (the Second Amended and Restated Credit Agreement) to provide a new revolving credit facility of \$385,000 maturing in April 2022 (the Revolving Credit Facility) and a new syndicated term loan of \$1,600,000 maturing in April 2024 (the 2024 Term Loan). The old senior credit facility was fully repaid, and that repayment amount is included in Payments on long-term debt in the Consolidated Statement of Cash Flows for the six months ended June 30, 2017, with the exception of approximately \$283,000 of loan principal related to the old term loan that was rolled over by certain lenders into the 2024 Term Loan. Accordingly, that rollover amount was a non-cash transaction.

As a subfacility under the Revolving Credit Facility, the Second Amended and Restated Credit Agreement provides for letter of credit commitments in the aggregate amount of \$141,000. The Second Amended and Restated Credit Agreement also provides, subject to the satisfaction of certain conditions, for incremental revolving and term loan facilities, at the request of the Company, not to exceed \$300,000 plus additional amounts so long as both immediately before and after giving effect to such incremental facilities the Company's Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement, on a pro forma basis, does not exceed 2.75x.

The maturity date for the Revolving Credit Facility is April 26, 2022 and the maturity date for the 2024 Term Loan is April 26, 2024. The Revolving Credit Facility bears interest at a per annum interest rate, at the option of the Borrower, at either the LIBOR rate or the ABR rate plus an applicable margin of 3.75% per annum or 3.50% per annum for LIBOR rate loans, and 2.75% per annum or 2.50% per annum for ABR rate loans, in each case, based on the Company's Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement. As of June 30, 2017, there was no balance outstanding under the Revolving Credit Facility.

The 2024 Term Loan bears interest at a per annum rate, at the option of the Borrower, at either the LIBOR rate or the ABR rate plus an applicable margin of 4.50% per annum or 4.25% per annum for LIBOR rate loans, and 3.50% per annum or 3.25% per annum for ABR rate loans, in each case, based on the Company's Consolidated Total Debt to Consolidated EBITDA ratio. As of June 30, 2017, all loans outstanding under the 2024 Term Loan were LIBOR loans and had a total interest rate of 5.73%. A discount equal to 1% of the 2024 Term Loan's original principal amount, or \$16,000, was paid at issuance and will be amortized to interest expense over the term of the loan. The 2024 Term Loan amortizes at an annual amount equal to 1% of the original principal amount of the 2024 Term Loan, which annual amount is payable in quarterly payments, with the remaining unpaid principal amount payable on the maturity date. Quarterly principal payments on the 2024 Term Loan commenced June 30, 2017. On or prior to October 26, 2017, except for prepayments made from transactions expressly permitted, the 2024 Term Loan can be prepaid at price equal to 101% of the principal amount prepaid. After October 26, 2017, the 2024 Term Loan can be prepaid at price equal to 100% of the principal amount prepaid.

### *Loss on Debt Extinguishment, Debt Modification and Debt Issuance Costs*

As a result of the refinancing transactions described above, Laureate recorded a Loss on debt extinguishment of \$6,915 during the three months ended June 30, 2017 related to the write off of unamortized deferred financing costs associated with certain lenders that did not participate in the new debt instruments. In addition, approximately \$22,800 was charged to General and administrative expenses related to new third-party costs paid in connection with the portion of the refinancing transactions that was deemed to be a modification. Also in connection with the refinancing transactions, approximately \$70,800 of new deferred financing costs were recorded, which related primarily to the excess of the redemption price over the principal amount of the Senior Notes due 2019 that were redeemed and the call premium that applied to a portion of the repaid senior credit facilities.

### **Estimated Fair Value of Debt**

The estimated fair value of our debt was determined using observable market prices, as the majority of our securities, including the Senior Secured Credit Facility and the Senior Notes due 2025, are traded in a brokered market, as were the Senior Notes due 2019 prior to their redemption (other than the Exchanged Notes). The fair value of our remaining debt instruments approximates carrying value based on their terms. As of June 30, 2017 and December 31, 2016, our long-term debt was classified as Level 2 within the fair value hierarchy, based on the frequency and volume of trading in the brokered market. The estimated fair value of our debt was as follows:

	June 30, 2017		December 31, 2016	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Total senior and other debt	\$3,355,419	\$3,417,320	\$3,602,170	\$3,632,853

### **Senior Notes due 2019 - Note Exchange Transaction**

On April 15, 2016, Laureate entered into separate, privately negotiated note exchange agreements (the Note Exchange Agreements) with certain existing holders (the Existing Holders) of the Senior Notes due 2019 pursuant to which we agreed to exchange (the Note Exchange) \$250,000 in aggregate principal amount of Senior Notes due 2019 for shares of the Company's Class A common stock. The exchange is to be completed within one year and one day after the consummation of an initial public offering of our common stock that generates gross proceeds of at least \$400,000 or 10% of the equity value of the Company (a Qualified Public Offering). As discussed in Note 1, Description of Business, on February 6, 2017, the Company completed an initial public offering of its Class A common stock at a price per share of \$14.00 that qualified as a Qualified Public Offering.

On August 11, 2017, Laureate will issue 18,683 shares of Class A common stock which is equal to 104.625% of the aggregate principal amount of Senior Notes due 2019 to be exchanged, or \$261,600, divided by \$14.00, the initial public offering price per share of common stock in the Qualified Public Offering. Upon completion of the Note Exchange, the Company will also pay cash to the exchanging holders in an amount equal to the interest and special interest accrued with respect to the Exchanged Notes to, but excluding, the date of consummation of the Note Exchange. Shares of the Company's Class A common stock to be issued in the Note Exchange have been reserved for issuance by the Company and will be listed on the Nasdaq Global Select Market.

The Note Exchange Agreements also provided that, within 60 days after the consummation of a Qualified Public Offering, at the option of the Existing Holders or their transferees, we would repurchase up to an additional \$62,500 aggregate principal amount of Senior Notes due 2019 at the redemption price set forth in Section 3.07 of the indenture governing the Senior Notes due 2019 that is applicable as of the date of pricing of the Qualified Public Offering, plus accrued and unpaid interest and special interest. On March 1, 2017, in accordance with the terms of the Note Exchange Agreements, we repurchased Senior Notes due 2019 with an aggregate principal

amount of \$22,556 at a repurchase price of 104.625% of the aggregate principal amount, for a total payment of \$23,599; the difference was recognized as Loss on debt extinguishment along with the portion of unamortized debt issuance costs that were written off. See Note 18, Subsequent Events, for additional information.

### **Certain Covenants**

As of June 30, 2017, our senior long-term debt contained 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. The Second Amended and Restated Credit Agreement provides, solely with respect to the Revolving Credit Facility, that the Company shall not permit its Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement, to exceed 4.50x as of the last day of each quarter ending June 30, 2017 through September 30, 2017, 3.75x as of the last day of each quarter ending December 31, 2017 through March 31, 2018, and 3.50x as of the last day of each quarter ending June 30, 2018 and thereafter. However, the agreement also provides that if (i) the Company's Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the Second Amended and Restated Credit Agreement, is not greater than 4.75x as of such date and (ii) less than 25% of the Revolving Credit Facility is utilized, then such financial covenant shall not apply. As of June 30, 2017, the conditions were satisfied and, therefore, we were not subject to the financial maintenance covenant. In addition, notes payable at some of our locations contain financial maintenance covenants.

## Commitments and Contingencies

6 Months Ended  
Jun. 30, 2017

### [Commitments and Contingencies Disclosure](#)

#### [\[Abstract\]](#)

### [Commitments and Contingencies](#)

## Commitments and Contingencies

### Noncontrolling Interest Holder Put Arrangements and Company Call Arrangements

The following section provides a summary table and description of the various noncontrolling interest holder put arrangements that Laureate had outstanding as of June 30, 2017. Laureate has elected to accrete changes in the arrangements' redemption values over the period from the date of issuance to the earliest redemption date. The redeemable noncontrolling interests are recorded at the greater of the accreted redemption value or the traditional noncontrolling interest. Until the first exercise date, the put instruments' reported values may be lower than the final amounts that will be required to settle the minority put arrangements. As of June 30, 2017, the carrying value of all noncontrolling interest holder put arrangements was \$23,215, which includes accreted incremental value of \$22,715 in excess of traditional noncontrolling interests.

If the minority put arrangements were all exercisable at June 30, 2017, Laureate would be obligated to pay the noncontrolling interest holders an estimated amount of \$23,215, as summarized in the following table:

	Nominal Currency	First Exercisable Date		Estimated Value as of June 30, 2017 redeemable within 12-months:	Reported Value
<b>Noncontrolling interest holder put arrangements</b>					
INTI Education Holdings Sdn Bhd (INTI) - 10%	MYR	Current	\$	9,828	\$ 9,828
Pearl Retail Solutions Private Limited and Creative Arts Education Society (Pearl) - 45%	INR	Current		13,329	13,329
Stamford International University (STIU) - Puttable preferred stock of TEDCO	THB	Current		58	58
Total noncontrolling interest holder put arrangements				23,215	23,215
<b>Puttable common stock - currently redeemable</b>	USD	Current		4	4
<b>Puttable common stock - not currently redeemable</b>	USD	*		—	2,303
Total redeemable noncontrolling interests and equity			\$	23,219	\$ 25,522

\* Contingently redeemable

MYR: Malaysian Ringgit  
INR: Indian Rupee  
THB: Thai Baht



Laureate's noncontrolling interest put arrangements are specified in agreements with each noncontrolling interest holder. The terms of these agreements determine the measurement of the redemption value of the put options based on a non-GAAP measure of earnings before interest, taxes, depreciation and amortization (EBITDA, or recurring EBITDA), the definition of which varies for each particular contract.

Commitments and contingencies are generally denominated in foreign currencies.

#### *Pearl*

As part of the acquisition of Pearl, the minority owners have a put option to require Laureate to purchase the remaining 45% noncontrolling interest, and Laureate has a call option to require the minority owners to sell to Laureate up to 35% of the total equity of Pearl that is still owned by the noncontrolling interest holders (i.e. approximately 78% of the remaining 45% noncontrolling interest).

On June 19, 2017, Laureate and the noncontrolling interest holders of Pearl amended the put and call option agreements in order to clarify certain aspects of the formula for determining the purchase price of the noncontrolling interests. The modifications to the agreement resulted in the exclusion of certain campus costs and liabilities in the purchase price calculation. As of June 30, 2017, we have recorded the put option at its total estimated redemption value of \$13,329.

As described in Note 18, Subsequent Events, on July 11, 2017, the noncontrolling interest holders of Pearl notified Laureate of their election to exercise their put option for a portion of their total noncontrolling interest, which will require Laureate to purchase an additional 35% equity interest in Pearl. The purchase price for the 35% equity interest is approximately \$11,500, and has been agreed to by the parties.

#### **Series A Convertible Redeemable Preferred Stock Offering**

As disclosed in our 2016 Form 10-K, on December 4, 2016, we signed a subscription agreement with six investors, including Kohlberg, Kravis and Roberts Co. L.P. and Snow Phipps Group LLC, both of which are affiliates of ours, pursuant to which we agreed to issue and sell to those investors an aggregate of 400 shares of a new series of our convertible redeemable preferred stock (the Series A Preferred Stock), consisting of 23 shares of Series A-1 Preferred Stock and 377 shares of Series A-2 Preferred Stock, in a private offering for total net proceeds of approximately \$383,000. The closing of this transaction, for 343 shares, occurred on December 20, 2016 and we received net proceeds, after issuance costs, of approximately \$328,000. One investor funded a portion of its purchase price for 57 shares, equal to \$57,000 (approximately \$55,000 net of issuance costs), in January 2017. The issuance costs are being accreted to the carrying value of the Series A Preferred Stock over the five-year redemption period.

The Series A Preferred Stock includes a Beneficial Conversion Feature (BCF) that was contingent on a qualified IPO (as defined in the Certificate of Designations governing the terms of the Series A Preferred Stock), which was consummated on February 6, 2017. Accordingly, during the first quarter of 2017, the Company recorded the BCF at its estimated fair value of \$261,794 as a reduction of the carrying value of the Series A Preferred Stock and an increase to Additional Paid-In Capital. Beginning in the first quarter of 2017, the accretion of this BCF reduces net income available to common stockholders in the calculation of earnings per share, as shown in Note 14, Earnings (Loss) Per Share. The BCF will be accreted using a constant yield approach over a one-year period. For the six months ended June 30, 2017, we have recorded total accretion on the Series A Preferred Stock of \$101,194, and as of June 30, 2017 the Series A Preferred Stock had a carrying value of \$232,030. As of December 31, 2016, prior to the January 2017 funding of purchase price for the additional 57 shares of Series A Preferred Stock, and prior to the IPO and the recording of the IPO-contingent BCF, the Series A Preferred Stock had a carrying value of \$332,957.

#### **Other Loss Contingencies**

Laureate is subject to legal actions arising in the ordinary course of its business. In management's opinion, we have adequate legal defenses, insurance coverage and/or accrued liabilities with respect to the eventuality of such actions. We do not believe that any settlement would have a material impact on our Consolidated Financial Statements.

#### *Contingent Liabilities for Taxes*

As of June 30, 2017 and December 31, 2016, Laureate has recorded cumulative liabilities totaling \$61,290 and \$67,192, respectively, for taxes other-than-income tax, principally payroll-tax-related uncertainties due to acquisitions of companies primarily in LatAm. The changes in this recorded liability are 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 10 years. This liability is included in Other long-term liabilities on the Consolidated Balance Sheets. We have also recorded current liabilities for taxes other-than-income tax of \$1,205 and \$1,896, respectively, as of June 30, 2017 and December 31, 2016, in Other current liabilities on the Consolidated Balance Sheets. The recorded value of contingent liabilities is reduced when they are extinguished or the related statutes of limitations expire.

In addition, as of June 30, 2017 and December 31, 2016, Laureate has recorded cumulative liabilities for income tax contingencies of \$108,542 and \$103,471, respectively. In addition, we have identified certain tax-related contingencies that we have assessed as being reasonably possible of loss, but not probable of loss, and could have an adverse effect on the Company's results of operations if the outcomes are unfavorable. In most cases, Laureate has received indemnifications from the former owners and/or noncontrolling interest holders of the acquired businesses for contingencies, and therefore, we do not believe we will sustain an economic loss even if we are required to pay these additional amounts. As of June 30, 2017 and December 31, 2016, indemnification assets primarily related to acquisition contingencies were \$93,203 and \$97,607, respectively. These indemnification assets primarily covered contingencies for income taxes and taxes other-than-income taxes.

#### *Other Loss Contingencies*

Laureate has accrued liabilities for certain civil actions against our institutions, a portion of which existed prior to our acquisition of these entities. As of June 30, 2017 and December 31, 2016, approximately \$22,000 and \$18,000, respectively, of loss contingencies were included in Other long-term liabilities and Other current liabilities on the Consolidated Balance Sheets. Laureate intends to vigorously defend against these lawsuits.

Hunan International Economics University (HIEU), our institution in China, is named as one of five defendants in a civil case involving a loan transaction that was entered into by certain noncontrolling interest holders of HIEU as borrowers, and was allegedly guaranteed by HIEU. The amount of the loan is approximately \$29,000, including interest and penalties. The noncontrolling interest holders are the primary defendants in this civil case, with HIEU added in its alleged role as guarantor. Due to developments in the case that occurred during the second quarter of 2017, we determined that the probability of incurring a loss in this legal matter became reasonably possible as of June 30, 2017, but not probable, and therefore a liability has not been recorded. HIEU intends to defend itself in this matter.

### **Material Guarantees – Student Financing**

#### *Chile*

The accredited Chilean institutions in the Laureate network also participate in a government-sponsored student financing program known as Crédito con Aval del Estado (the CAE Program). The CAE Program was formally implemented by the Chilean government in 2006 to promote higher education in Chile for lower socio-economic level students in good academic standing. The CAE Program involves tuition financing and guarantees that are provided by our institutions and the government. 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, and the guarantees are assumed entirely by the government upon the student's graduation. When a student leaves one of Laureate's institutions and enrolls in another CAE-qualified institution, the Laureate institution will remain guarantor of the tuition loans that have been granted up to the date of transfer, and until the student's graduation from a CAE-qualified institution. The maximum potential amount of payments our institutions could be required to make under the CAE Program was approximately \$496,000 and \$479,000 at June 30, 2017 and December 31, 2016, 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 June 30, 2017 and December 31, 2016, we recorded \$27,854 and \$20,636, respectively, as estimated long-term guarantee liabilities for these obligations.

### **Material Guarantees – Other**

In conjunction with the purchase of UNP, Laureate 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, Laureate may be required to transfer the books and management of UNP to the former owners.

Laureate acquired the remaining 49% ownership interest in UAM Brazil in April 2013. As part of the agreement to purchase the 49% ownership interest, Laureate pledged 49% of its 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, Laureate 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. Laureate 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 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, Surety Bonds and Other Commitments**

As of June 30, 2017 and December 31, 2016, Laureate's outstanding letters of credit (LOCs) and surety bonds primarily consisted of the items discussed below.

As of both June 30, 2017 and December 31, 2016, we had approximately \$105,600 posted as LOCs in favor of the United States Department of Education (DOE). These LOCs were required to allow Walden, Kendall, NewSchool, and St. Augustine to continue participating in the DOE Title IV program. These LOCs are fully collateralized with cash equivalents and certificates of deposit, which are classified as Restricted cash and investments on our June 30, 2017 Consolidated Balance Sheet.

As of June 30, 2017 and December 31, 2016, we had \$37,768 and \$34,746, respectively, posted as cash-collateral for LOCs related to the Spain Tax Audits. The cash collateral for these LOCs was classified as Restricted cash and investments on our June 30, 2017 Consolidated Balance Sheet.

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 June 30, 2017 and December 31, 2016, the total face amount of these surety bonds was \$11,544 and \$12,162, respectively. These bonds are fully collateralized with cash, which is classified as Restricted cash and investments on our June 30, 2017 Consolidated Balance Sheet.

In November 2016, in order to continue participating in Prouni, a federal program that offers tax benefits designed to increase higher education participation rates in Brazil, UAM Brazil posted a guarantee in the amount of \$15,300. In connection with the issuance of the guarantee, UAM Brazil obtained a non-collateralized surety bond from a third party in order to secure the guarantee. The cost of the surety bond was \$1,400, of which half was reimbursed by the former owner of UAM Brazil, and is being amortized over the five-year term. The Company believes that this matter will not have a material impact on our Consolidated Financial Statements.

## Financing Receivables

**6 Months Ended  
Jun. 30, 2017**

[Receivables \[Abstract\]](#)  
[Financing Receivables](#)

### Financing Receivables

Laureate's financing receivables consist primarily of trade receivables related to student tuition financing programs with an initial term in excess of one year. We have offered long-term financing through the execution of note receivable agreements with students at some of our institutions. Our disclosures include financing receivables that are classified in our Consolidated Balance Sheets as both current and long-term, reported in accordance with ASC 310, "Receivables."

Laureate's financing receivables balances were as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Financing receivables	\$ 24,249	\$ 29,776
Allowance for doubtful accounts	(7,904)	(9,175)
Financing receivables, net of allowances	\$ 16,345	\$ 20,601

We do not purchase financing receivables in the ordinary course of our business. We may sell certain receivables that are significantly past due. No material amounts of financing receivables were sold during the periods reported herein.

Delinquency is the primary indicator of credit quality for our financing receivables. Receivable balances are considered delinquent when contractual payments on the loan become past due. Delinquent financing receivables are placed on non-accrual status for interest income. The accrual of interest is resumed when the financing receivable becomes contractually current and when collection of all remaining amounts due is reasonably assured. We record an Allowance for doubtful accounts to reduce our financing receivables to their net realizable value. The Allowance for doubtful accounts is based on the age of the receivables, the status of past-due amounts, historical collection trends, current economic conditions, and student enrollment status. Each of our institutions evaluates its balances for potential impairment. We consider impaired loans to be those that are past due one year or greater, and those that are modified as a troubled debt restructuring (TDR). The aging of financing receivables grouped by country portfolio was as follows:

	<b>Chile</b>	<b>Other</b>	<b>Total</b>
<b>As of June 30, 2017</b>			
Amounts past due less than one year	\$ 7,973	\$ 941	\$ 8,914
Amounts past due one year or greater	2,856	1,468	4,324
Total past due (on non-accrual status)	10,829	2,409	13,238
Not past due	8,326	2,685	11,011
Total financing receivables	\$ 19,155	\$ 5,094	\$ 24,249
<b>As of December 31, 2016</b>			
Amounts past due less than one year	\$ 8,711	\$ 834	\$ 9,545
Amounts past due one year or greater	3,899	1,482	5,381
Total past due (on non-accrual status)	12,610	2,316	14,926
Not past due	11,758	3,092	14,850
Total financing receivables	\$ 24,368	\$ 5,408	\$ 29,776

The following is a rollforward of the Allowance for doubtful accounts related to financing receivables for the six months ended June 30, 2017 and 2016, grouped by country portfolio:

	<b>Chile</b>	<b>Other</b>	<b>Total</b>
Balance at December 31, 2016	\$ (6,209)	\$ (2,966)	\$ (9,175)
Charge-offs	2,033	353	2,386
Recoveries	—	(9)	(9)
Reclassifications	—	—	—
Provision	(1,112)	161	(951)
Currency adjustments	(100)	(55)	(155)
<b>Balance at June 30, 2017</b>	<b>\$ (5,388)</b>	<b>\$ (2,516)</b>	<b>\$ (7,904)</b>
Balance at December 31, 2015	\$ (7,240)	\$ (3,336)	\$ (10,576)
Charge-offs	1,805	56	1,861
Recoveries	—	—	—
Reclassifications	—	75	75
Provision	(861)	336	(525)
Currency adjustments	(204)	27	(177)
<b>Balance at June 30, 2016</b>	<b>\$ (6,500)</b>	<b>\$ (2,842)</b>	<b>\$ (9,342)</b>

### Restructured Receivables

A TDR is a financing receivable in which the borrower is experiencing financial difficulty and Laureate has granted an economic concession to the student debtor that we would not otherwise consider. When we modify financing receivables in a TDR, Laureate typically offers the student debtor an extension of the loan maturity and/or a reduction in the accrued interest balance. In certain situations, we may offer to restructure a financing receivable in a manner that ultimately results in the forgiveness of contractually specified principal balances. Our only TDRs are in Chile.

The number of financing receivable accounts and the pre- and post-modification account balances modified under the terms of a TDR during the six months ended June 30, 2017 and 2016 were as follows:

	<b>Number of Financing Receivable Accounts</b>	<b>Pre-Modification Balance Outstanding</b>	<b>Post- Modification Balance Outstanding</b>
2017	326	\$ 1,466	\$ 1,336
2016	436	\$ 7,489	\$ 5,132

The preceding table represents accounts modified under the terms of a TDR during the six months ended June 30, 2017, whereas the following table represents accounts modified as a TDR between January 1, 2016 and June 30, 2017 that subsequently defaulted during the six months ended June 30, 2017:

	<b>Number of Financing Receivable Accounts</b>	<b>Balance at Default</b>
Total	124	\$ 531

The following table represents accounts modified as a TDR between January 1, 2015 and June 30, 2016 that subsequently defaulted during the six months ended June 30, 2016:

	<b>Number of Financing Receivable Accounts</b>	<b>Balance at Default</b>
Total	231	\$ 700

## Share-based Compensation

**6 Months Ended  
Jun. 30, 2017**

[Disclosure of Compensation  
Related Costs, Share-based  
Payments \[Abstract\]](#)

[Share-based Compensation](#)

## Share-based Compensation

Share-based compensation expense was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Stock options, net of estimated forfeitures	\$ 9,550	\$ 11,141	\$ 28,831	\$ 16,296
Restricted stock awards	3,399	2,390	6,506	4,315
Total non-cash stock compensation	12,949	13,531	35,337	20,611
Deferred compensation arrangement	—	214	—	298
Total	\$ 12,949	\$ 13,745	\$ 35,337	\$ 20,909

## Stock Option Grant

On January 31, 2017, in connection with the Executive Profits Interests (EPI) agreement, we granted our CEO options (the EPI Options) to purchase 2,773 shares of our Class B common stock. The EPI Options vested upon consummation of the IPO on February 6, 2017. The exercise price of the EPI Options is equal to (i) \$17.00 with respect to 50% of the shares of Class B common stock subject to the EPI Option and (ii) \$21.32 with respect to 50% of the shares of Class B common stock subject to the EPI Option. The EPI Options are exercisable until December 31, 2019. The Company recorded approximately \$14,600 of share-based compensation expense for the EPI Options in the first quarter of 2017.

## Amendment to 2013 Long-Term Incentive Plan

On June 19, 2017, the Company's Board of Directors (the Board) approved, subject to stockholder approval, an amendment and restatement of the Laureate Education, Inc. 2013 Long-Term Incentive Plan (as amended and restated, the 2013 Plan). Among other things, the amendment (i) increases the number of shares of Class A common stock that may be issued pursuant to awards under the 2013 Plan to 14,714; (ii) adds performance metrics, the ability to grant cash awards, and annual limits on grants, intended to qualify awards as performance-based awards that are not subject to certain limits on tax deductibility of compensation payable to certain executives; and (iii) extends the term of the 2013 Plan to June 18, 2027, the day before the 10th anniversary of the date of adoption of the amendment. On June 19, 2017, the holder of the majority of the voting power of the Company's outstanding stock (the Majority Holder) approved by written consent the amended and restated 2013 Plan and it became effective.

## Stock Option Repricing

On June 19, 2017, the Board and the Majority Holder approved a stock option repricing (the Option Repricing). Pursuant to the Option Repricing, the exercise price of each Relevant Option (as defined below) was amended to reduce such exercise price to the average closing price of a share of the Company's Class A common stock as reported on the Nasdaq Global Select Market over the 20 calendar-day period following the mailing of the Notice and Information Statement to our stockholders. The average closing price of the Company's Class A common stock over such



20-day period was \$17.44; accordingly, the exercise price of the Relevant Options was adjusted to \$17.44.

Relevant Options were all outstanding stock options as of June 19, 2017 (vested or unvested) to acquire shares of Class B common stock granted under the 2013 Plan during calendar years 2013 through 2016, and totaled approximately 5,300 options. Since the modification of the terms of the awards occurred on June 19, 2017, the Company recorded incremental stock compensation expense during the second quarter of 2017 of approximately \$5,100 for options that were vested at the modification date. Additionally, approximately \$2,500 of incremental stock compensation expense related to options that were not yet vested at the modification date will be recognized over the remaining vesting period.

# Stockholders' Equity

6 Months Ended  
Jun. 30, 2017

[Equity \[Abstract\]](#)  
[Stockholders' Equity](#)

## Stockholders' Equity

The components of net changes in stockholders' equity were as follows:

	Laureate Education, Inc. Stockholders										
	Class A Common Stock		Class B Common Stock		Common Stock		Additional paid-in capital	(Accumulated deficit) retained earnings	Accumulated other comprehensive (loss) income	Non- controlling interests	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2016	—	\$ —	—	\$ —	133,376	\$ 534	\$2,721,432	\$ (1,037,701)	\$ (1,052,055)	\$ 32,182	\$ 664,392
Non-cash stock compensation	—	—	—	—	—	—	35,337	—	—	—	35,337
Reclassification of Common stock into Class B common stock on January 31, 2017	—	—	133,376	534	(133,376)	(534)	—	—	—	—	—
Issuance of Class A common stock in initial public offering	35,000	140	—	—	—	—	456,421	—	—	—	456,561
Conversion of Class B shares to Class A shares	444	2	(444)	(2)	—	—	—	—	—	—	—
Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding	23	—	188	1	—	—	(1,278)	—	—	—	(1,277)
Reclassification to equity upon expiration of put right on share-based awards	—	—	—	—	—	—	5,500	—	—	—	5,500
Dividends to noncontrolling interests	—	—	—	—	—	—	(587)	—	—	—	(587)
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(847)	(847)
Accretion of redeemable noncontrolling interests and equity	—	—	—	—	—	—	(6,030)	—	—	—	(6,030)
Accretion of Series A Convertible Redeemable Preferred Stock	—	—	—	—	—	—	(101,194)	—	—	—	(101,194)
Beneficial conversion feature for Series A Convertible Redeemable Preferred Stock	—	—	—	—	—	—	261,794	—	—	—	261,794
Reclassification of redeemable noncontrolling	—	—	—	—	—	—	—	—	—	(736)	(736)

interests and equity												
Net (loss) income	—	—	—	—	—	—	—	(6,422)	—	3,166	(3,256)	
Foreign currency translation adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	130,962	889	131,851	
Unrealized gain on derivatives, net of tax of \$0	—	—	—	—	—	—	—	—	6,099	—	6,099	
Balance at June 30, 2017	35,467	\$ 142	133,120	\$ 533	—	\$ —	\$3,371,395	\$ (1,044,123)	\$ (914,994)	\$ 34,654	\$ 1,447,607	

### Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (AOCI) in our Consolidated Balance Sheets includes the accumulated translation adjustments arising from translation of foreign subsidiaries' financial statements, the unrealized losses on derivatives designated as cash flow hedges, and the accumulated net gains or losses that are not recognized as components of net periodic benefit cost for our minimum pension liability. The components of these balances were as follows:

	June 30, 2017			December 31, 2016		
	Laureate Education, Inc.	Noncontrolling Interests	Total	Laureate Education, Inc.	Noncontrolling Interests	Total
Foreign currency translation loss	\$ (913,260)	\$ (1,415)	\$(914,675)	\$(1,044,222)	\$ (2,304)	\$(1,046,526)
Unrealized gain (loss) on derivatives	881	—	881	(5,218)	—	(5,218)
Minimum pension liability adjustment	(2,615)	—	(2,615)	(2,615)	—	(2,615)
Accumulated other comprehensive loss	\$ (914,994)	\$ (1,415)	\$(916,409)	\$(1,052,055)	\$ (2,304)	\$(1,054,359)

## Derivative Instruments

**6 Months Ended  
Jun. 30, 2017**

[Derivative Instruments and  
Hedging Activities  
Disclosure \[Abstract\]  
Derivative Instruments](#)

### Derivative Instruments

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We may seek to control a portion of these risks through a risk management program that includes the use of derivative instruments.

The interest and principal payments for Laureate's senior long-term debt arrangements are to be paid primarily in USD. Our ability to make debt payments is subject to fluctuations in the value of the USD against foreign currencies, since a majority of our operating cash used to make these payments is generated by subsidiaries with functional currencies other than USD. As part of our overall risk management policies, Laureate has at times entered into foreign currency swap contracts and floating-to-fixed interest rate swap contracts. In addition, we occasionally enter into foreign exchange forward contracts to reduce the impact of other non-functional currency-denominated receivables and payables.

We do not enter into speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes. We generally intend to hold our derivatives until maturity.

Laureate reports all derivatives at fair value. These contracts are recognized as either assets or liabilities, depending upon the derivative's fair value. Gains or losses associated with the change in the fair value of these swaps are recognized in our Consolidated Statements of Operations on a current basis over the term of the contracts, unless designated and effective as a hedge. For swaps that are designated and effective as cash flow hedges, gains or losses associated with the change in fair value of the swaps are recognized in our Consolidated Balance Sheets as a component of AOCI and amortized into earnings as a component of Interest expense over the term of the related hedged items.

The reported fair values of our derivatives, which are classified in Derivative instruments on our Consolidated Balance Sheets, were as follows:

	June 30, 2017	December 31, 2016
<b>Derivatives designated as hedging instruments:</b>		
Long-term assets:		
Interest rate swaps	\$ 881	\$ —
Current liabilities:		
Interest rate swaps	—	5,218
<b>Derivatives not designated as hedging instruments:</b>		
Long-term assets:		
Contingent redemption features - Series A Preferred Stock	48,290	4,464
Long-term liabilities:		
Cross currency and interest rate swaps	7,663	7,420
Interest rate swaps	278	330
Total derivative instrument assets	\$ 49,171	\$ 4,464
Total derivative instrument liabilities	\$ 7,941	\$ 12,968

## Derivatives Designated as Hedging Instruments

### 2024 Term Loan Interest Rate Swaps

In May 2017, Laureate entered into, and designated as cash flow hedges, four pay-fixed, receive-floating amortizing interest rate swaps with notional amounts of \$100,000, \$100,000, \$200,000 and \$300,000, respectively. These notional amounts match the corresponding principal of the 2024 Term Loan borrowings of which these swaps are effectively hedging the interest payments. As such, the notional values amortize annually based on the terms of the agreements to match the principal borrowings as they are repaid. Refer to Note 7, Debt, for further information regarding the underlying borrowings. These swaps effectively fix the floating interest rate on the term loan to reduce exposure to variability in cash flows attributable to changes in the USD-LIBOR-BBA swap rate. All four swaps have an effective date of May 31, 2017 and mature on May 31, 2022. The terms of the swaps require Laureate to pay interest on the basis of fixed rates of 1.756%, 1.796%, 1.796% and 1.763% on the \$100,000, \$100,000, \$200,000 and \$300,000 notional values, respectively. Laureate will receive interest for all four swaps on the basis of one-month USD-LIBOR-BBA, with a floor of 1%. As of June 30, 2017, these interest rate swaps had an estimated fair value of \$881.

### Interest Rate Swaps

In September 2011, Laureate entered into two forward interest rate swap agreements that were designated as cash flow hedges. The swaps effectively fixed interest rates on existing variable-rate borrowings in order to manage our exposure to future interest rate volatility. Both swaps had an effective date of June 30, 2014 and matured on June 30, 2017. The terms of the swaps required Laureate to pay interest on the basis of fixed rates of 2.61% on a \$450,000 notional amount swap and 2.71% on a \$300,000 notional amount swap, and receive interest for both swaps on the basis of three-month LIBOR, with a floor of 1.25%. The gain or loss on these swaps was deferred in AOCI and then reclassified into earnings as a component of Interest expense in the same periods during which the hedged forecasted transactions affected earnings. As of June 30, 2017, all of the gain or loss previously deferred in AOCI had been recognized in earnings since the swaps had matured. As of December 31, 2016, these interest rate swaps had an estimated fair value of \$5,218.

The table below shows the total recorded unrealized gain (loss) of these swaps in Comprehensive income (loss). The impact of derivative instruments designated as hedging instruments on Comprehensive income (loss), Interest expense and AOCI were as follows:

For the three months ended June 30:

	Gain Recognized in Comprehensive Income (Effective Portion)		Income Statement Location	Loss Reclassified from AOCI to Income (Effective Portion)	
	2017	2016		2017	2016
Interest rate swaps	\$ 3,508	\$ 1,910	Interest expense	\$ (3,047)	\$ (2,658)

For the six months ended June 30:

	Gain Recognized in Comprehensive Income (Effective Portion)		Income Statement Location	Loss Reclassified from AOCI to Income (Effective Portion)	
	2017	2016		2017	2016
Interest rate swaps	\$ 6,099	\$ 3,123	Interest expense	\$ (5,733)	\$ (5,315)

## Derivatives Not Designated as Hedging Instruments

### *Derivatives related to Series A Preferred Stock Offering*

The Company identified several derivatives associated with the issuance of the Series A Preferred Stock as discussed in Note 8, Commitments and Contingencies. The embedded derivatives are related to certain contingent redemption features of the Series A Preferred Stock. As of June 30, 2017 and December 31, 2016, the estimated fair values of these derivatives were assets of \$48,290 and \$4,464, respectively, and were recorded in Derivative instruments as noncurrent assets on the Consolidated Balance Sheets. During the first quarter of 2017, \$4,384 was bifurcated from the carrying value of the Series A Preferred Stock and recorded as derivative assets. The increase in estimated fair value during the six months ended June 30, 2017 of \$39,442 was recorded as an unrealized gain on derivatives in the Consolidated Statement of Operations. These derivatives are not designated as hedges for accounting purposes thus the changes in estimated fair value are recognized as a component of earnings.

### *CLP to Unidad de Fomento (UF) Cross Currency and Interest Rate Swaps*

The cross currency and interest rate swap agreements are intended to provide a better correlation between our debt obligations and operating currencies. In 2010, one of our subsidiaries in Chile entered into four cross currency and interest rate swap agreements. One of the swaps matures on December 1, 2024, and the remaining three mature on July 1, 2025 (the CLP to UF cross currency and interest rate swaps). The UF is a Chilean inflation-adjusted unit of account. The four swaps have an aggregate notional amount of approximately \$31,000, and convert CLP-denominated, floating-rate debt to fixed-rate UF-denominated debt. The CLP to UF cross currency and interest rate swaps were not designated as hedges for accounting purposes. As of June 30, 2017 and December 31, 2016, these swaps had an estimated fair value of \$7,663 and \$7,420, respectively, which was recorded in Derivative instruments as a long-term liability.

### *THINK Interest Rate Swaps*

Laureate acquired THINK on December 20, 2013, and financed a portion of the purchase price by borrowing AUD 45,000 (US \$34,223 at June 30, 2017) under a syndicated facility agreement in the form of two term loans of AUD 22,500 each. The terms of the syndicated facility agreement required THINK to enter into an interest rate swap within 45 days from the agreement's December 20, 2013 effective date, in order to convert at least 50% of the AUD 45,000 of term loan debt from a variable interest rate based on the BBSY bid rate, an Australia bank rate, to a fixed interest rate. Accordingly, on January 31, 2014, THINK executed an interest rate swap agreement with an original notional amount of AUD 22,500 to satisfy this requirement and converted AUD 22,500 (US \$17,111 at June 30, 2017) of the variable rate component of the term loan debt to a fixed interest rate of 3.86%. The notional amount of the swap decreases quarterly based on the terms of the agreement, and the swap matures on December 20, 2018. This interest rate swap was not designated as a hedge for accounting purposes, and had an estimated fair value of \$278 and \$330 at June 30, 2017 and December 31, 2016, respectively, which was recorded in Derivative instruments as a long-term liability.

Components of the reported Gain (loss) on derivatives not designated as hedging instruments in the Consolidated Statements of Operations were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<i>Unrealized Gain (Loss)</i>				
Contingent redemption features - Series A Preferred	\$ 27,219	\$ —	\$ 39,442	\$ —
Cross currency and interest rate swaps	(145)	12,463	(127)	2,465
Interest rate swaps	45	(50)	71	(51)
	27,119	12,413	39,386	2,414
<i>Realized Loss</i>				

Cross currency and interest rate swaps	(149)	(10,365)	(269)	(11,069)
Interest rate swaps	—	(49)	—	(96)
	(149)	(10,414)	(269)	(11,165)
<i>Total Gain (Loss)</i>				
Contingent redemption features - Series A Preferred	27,219	—	39,442	—
Cross currency and interest rate swaps	(294)	2,098	(396)	(8,604)
Interest rate swaps	45	(99)	71	(147)
Gain (loss) on derivatives, net	\$ 26,970	\$ 1,999	\$ 39,117	\$ (8,751)

The realized loss on derivatives during the three and six months ended June 30, 2016 was from a deal-contingent forward exchange swap agreement related to the sale of our Swiss and associated institutions. In June 2016 we completed the sale of those institutions and the swap was settled.

### Credit Risk and Credit-Risk-Related Contingent Features

Laureate's derivatives expose us to credit risk to the extent that the counterparty may possibly fail to perform its contractual obligation. The amount of our credit risk exposure is equal to the fair value of the derivative when any of the derivatives are in a net gain position. As of June 30, 2017 and December 31, 2016, the estimated fair values of derivatives in a gain position were \$49,171 and \$4,464, respectively; however, this carrying value relates almost entirely to the redemption rights of the holders of the Series A Preferred Stock, which do not expose us to credit risk. Our counterparty credit risk is currently limited to the 2024 Term Loan Interest Rate Swaps with aggregate fair values in a gain position of \$881 as of June 30, 2017.

Laureate has limited its credit risk by only entering into derivative transactions with highly rated major financial institutions. We have not entered into collateral agreements with our derivatives' counterparties. At June 30, 2017, one institution which was rated Aa3, four institutions which were rated A1 and one institution which was rated A3 by the global rating agency of Moody's Investors Service accounted for all of Laureate's derivative credit risk exposure.

Laureate's agreements with its derivative counterparties contain a provision under which we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to a default on the indebtedness. As of June 30, 2017 and December 31, 2016, we had not breached any default provisions and had not posted any collateral related to these agreements. If we had breached any of these provisions, we could have been required to settle the obligations under the derivative agreements for an amount that we believe would approximate their estimated fair value of \$7,941 as of June 30, 2017 and \$12,968 as of December 31, 2016.

## Income Taxes

**6 Months Ended  
Jun. 30, 2017**

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Income Taxes](#)

### Income Taxes

Laureate uses the liability method to account for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For interim purposes, we also apply ASC 740-270, "Income Taxes - Interim Reporting."

Laureate's income tax provisions for all periods consist of federal, state and foreign income taxes. The tax provisions for the six months ended June 30, 2017 and 2016 were based on estimated full-year effective tax rates, after giving effect to significant items related specifically to the interim periods, including the mix of income for the period between higher-taxed and lower-taxed jurisdictions. Laureate has operations in multiple countries, many of which have statutory tax rates lower than the United States or are tax-exempt entities, and other operations that are loss-making entities for which it is not more likely than not that a tax benefit will be realized on the loss. Generally, lower tax rates in these foreign jurisdictions along with Laureate's intent and ability to indefinitely reinvest foreign earnings outside of the United States results in an effective tax rate significantly lower than the statutory rate in the United States.



## Earnings (Loss) Per Share

**6 Months Ended  
Jun. 30, 2017**

### [Earnings Per Share](#)

### [\[Abstract\]](#)

### [Earnings \(Loss\) Per Share](#)

### Earnings (Loss) Per Share

As discussed in Note 1, Description of Business, on January 31, 2017 our common stock was reclassified into shares of Class B common stock and, on February 6, 2017, we completed our IPO of Class A common stock. Other than voting rights, the Class B common stock has the same rights as the Class A common stock and therefore both are treated as the same class of stock for purposes of the earnings per share calculation. Laureate computes basic earnings per share (EPS) by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted EPS reflects the potential dilution that would occur if share-based compensation awards/arrangements or contingently issuable shares were exercised or converted into common stock. To calculate the diluted EPS, the basic weighted average number of shares is increased by the dilutive effect of stock options, restricted stock, and other share-based compensation arrangements determined using the treasury stock method.

The following tables summarize the computations of basic and diluted earnings per share:

<b>For the three months ended June 30,</b>	<b>2017</b>	<b>2016</b>
<b>Numerator used in basic and diluted earnings per common share:</b>		
Income from continuing operations attributable to Laureate Education, Inc.	\$ 116,386	\$ 347,389
Accretion of redemption value of redeemable noncontrolling interests and equity	(6,352)	749
Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value	(919)	(1,108)
Accretion of Series A convertible redeemable preferred stock	(61,934)	—
Distributed and undistributed earnings to participating securities	(7)	(79)
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(69,212)	(438)
Net income available to common stockholders	\$ 47,174	\$ 346,951
<b>Denominator used in basic and diluted earnings per common share:</b>		
Basic weighted average shares outstanding	168,591	133,291
Effect of dilutive stock options	—	851
Effect of dilutive restricted stock units	66	55
Dilutive weighted average shares outstanding	168,657	134,197
<b>Basic and diluted earnings per share:</b>		
Basic earnings per share	\$ 0.28	\$ 2.60
Diluted earnings per share	\$ 0.28	\$ 2.59

<b>For the six months ended June 30,</b>	<b>2017</b>	<b>2016</b>
<b>Numerator used in basic and diluted (loss) earnings per common share:</b>		

(Loss) income from continuing operations attributable to Laureate Education, Inc.	\$ (6,422)	\$ 244,222
Accretion of redemption value of redeemable noncontrolling interests and equity	(530)	2,112
Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value	(6,357)	(957)
Accretion of redemption value of Series A Preferred Stock	(101,194)	—
Distributed and undistributed earnings to participating securities	—	(78)
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(108,081)	1,077
Net (loss) income available to common stockholders	\$ (114,503)	\$ 245,299
<b>Denominator used in basic and diluted (loss) earnings per common share:</b>		
Basic weighted average shares outstanding	161,620	133,285
Effect of dilutive stock options	—	862
Effect of dilutive restricted stock units	—	54
Dilutive weighted average shares outstanding	161,620	134,201
<b>Basic and diluted (loss) earnings per share:</b>		
Basic (loss) earnings per share	\$ (0.71)	\$ 1.84
Diluted (loss) earnings per share	\$ (0.71)	\$ 1.83

The shares of Class A common stock that would be issued upon completion of the Note Exchange and conversion of the Series A Preferred Stock are not included in the calculation of diluted EPS as the effect would have been antidilutive. The following table summarizes the number of stock options and shares of restricted stock that were excluded from the diluted EPS calculations because the effect would have been antidilutive:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Stock options	13,149	5,523	12,724	5,512
Restricted stock	173	141	529	114

## Related Party Transactions

6 Months Ended

Jun. 30, 2017

[Related Party Transactions](#)

[\[Abstract\]](#)

[Related Party Transactions](#)

## Related Party Transactions

### Corporate

*Santa Fe University of Arts and Design (SFUAD)*

SFUAD is owned by Wengen Alberta, Limited Partnership (Wengen), our controlling stockholder. Laureate is affiliated with SFUAD, but does not own or control it and, accordingly, SFUAD is not included in the financial results of Laureate. On May 18, 2016, SFUAD announced that it had signed an agreement to be acquired by a private education provider with a global network of colleges and universities that focus on art and design education. This agreement was terminated by the parties thereto on March 29, 2017. On April 12, 2017, SFUAD announced that it plans to close after the end of the 2017-2018 academic year and will work with its students on a phased teach-out and transfer process for students who are eligible to complete their degrees by May 2018 and appropriate transfer opportunities for other students. The teach-out plan is subject to approval by the Higher Learning Commission (HLC).

*Transactions between Laureate and Affiliates, Directors and a Former Executive*

During the first quarter of 2017, Laureate made a charitable contribution of \$2,000 to the Sylvan Laureate Foundation, a non-profit foundation that supports programs designed to promote education and best practices and principles in teaching. The payment was accrued in prior periods.

An affiliate of one of the Wengen investors acted as a financial adviser in connection with our IPO and we paid this affiliate \$1,500 for its services during the six months ended June 30, 2017.

During the six months ended June 30, 2017, we made payments of approximately \$580 in the aggregate to members of our Board for their services as directors.

During the first quarter of 2017, the Company paid in full a note payable to a former executive of approximately \$4,280, which represented the original note payable of \$3,771 plus accrued interest. As previously disclosed in our 2016 Form 10-K, the note payable was issued in 2014 in exchange for vested share-based compensation and was payable upon consummation of the IPO.

### EMEA

#### **Morocco**

*Transactions between Laureate and Noncontrolling Interest Holder of Laureate Samed Education Holding SA (LSEH)*

LSEH is 60% owned and consolidated by Laureate and is the entity that operates Université Internationale de Casablanca, our institution in Morocco. The 40% noncontrolling interest holder of LSEH has made loans to LSEH, and as of December 31, 2016, we had a related party payable of \$7,936 to the noncontrolling interest holder for the outstanding balance of and accrued interest on these loans, all of which was recorded as current.

During the six months ended June 30, 2017, the maturity dates of five loans made by the noncontrolling interest holder were extended. The first loan was made by the noncontrolling interest holder in December 2013 and the maturity date was extended from December 2016 to December 2018. The second loan was made by the noncontrolling interest holder in March 2015 and the maturity date was extended from September 2016 to September 2019. The third loan

was made by the noncontrolling interest holder in June 2015 and the maturity date was extended from December 2016 to December 2018. The fourth loan was made by the noncontrolling interest holder in April 2014 and the maturity date was extended from April 2017 to April 2019. The fifth loan was made by the noncontrolling interest holder in October 2015 and the maturity date was extended from April 2017 to October 2019. The total outstanding balance of these five loans, including accrued interest, at the extension dates was Moroccan Dirham (MAD) 74,262 (approximately US \$7,604 at June 30, 2017). Each of these loans bears an interest rate of 4.5% per annum.

As of June 30, 2017, we had total related party payables of \$8,476 to the noncontrolling interest holder of LSEH for the outstanding balance on these loans plus accrued interest, of which \$844 and \$7,632 was recorded as current and noncurrent, respectively.

## **China**

### *Transactions between China businesses and Noncontrolling Interest Holders of HIEU*

A portion of real property that HIEU has paid for, including land and buildings, is mortgaged as collateral for corporate loans that the entity controlled by certain noncontrolling interest holders of HIEU has entered into with third-party banks. In December 2013, the noncontrolling interest holders of HIEU signed an agreement with Laureate and committed to: (1) remove all encumbrances on HIEU's real property no later than September 30, 2014 and (2) cause the entity to complete the transfer of title relating to the encumbered real property to HIEU no later than December 31, 2014. Under the terms of this agreement, the noncontrolling interest holders also agreed to pay any and all transfer taxes, fees and other costs that are required in connection with the removal of the encumbrances and the transfer of titles, which are estimated to be approximately \$2,000. As collateral for their performance under the agreement, the noncontrolling interest holders pledged to Laureate their 30% equity interest in the sponsoring entity of HIEU. The noncontrolling interest holders of HIEU have not completed their commitment to remove the encumbrances over the real property or completed the transfer of the real property. Under the terms of the agreement, Laureate has the right to receive the sale proceeds of the noncontrolling interest holders' 30% equity interest, up to the amount owing to it under the equity pledge, in priority to other creditors of the noncontrolling interest holders. On February 22, 2016, certain creditors of the noncontrolling interest holders initiated an enforcement process against the noncontrolling interest holders. The creditors have requested the court to auction a portion of the equity interest of the noncontrolling interest holders. The court auction was originally scheduled for March 2017; however no bids were received at the originally scheduled court auction. A subsequent auction was held but no purchase of the equity interest was finalized. As a result, the court has set another auction date for August 22, 2017. As the registered pledgee, Laureate has the right to receive the sale proceeds of the noncontrolling interest holders' equity interest, up to the amount owing to it under the equity pledge, in priority to other creditors of the noncontrolling interest holders. As of both June 30, 2017 and December 31, 2016, Laureate's net carrying value of the encumbered real property was approximately \$12,000.

## **South Africa**

### *Transactions between Laureate and Noncontrolling Interest Holder of Monash South Africa (MSA)*

During the first quarter of 2017, we received an additional loan from the noncontrolling interest holder of MSA in the amount of \$943. The loan matures in January 2026 and bears interest at a rate of 10.5% per annum.

Laureate is subject to legal proceedings arising in the ordinary course of business. In management's opinion, we have adequate legal defenses, insurance coverage, and/or accrued liabilities with respect to the eventuality of these actions. Management believes that any settlement would not have a material impact on Laureate's financial position, results of operations, or cash flows. For further description, see our 2016 Form 10-K. Discussed below are those matters that had material developments during the six months ended June 30, 2017.

#### **Turkish Regulation - Bilgi Annual Audit**

The Company previously disclosed in its 2016 Form 10-K that the Turkish Higher Education Council (the YÖK), which regulates Istanbul Bilgi University (Bilgi), a member of the Laureate International Universities network located in Istanbul, Turkey, was conducting its annual audit of Bilgi's operations (the Annual Audit). On April 18, 2017, Bilgi received from the YÖK the results of the Annual Audit. The Annual Audit report requires, among other things, that (i) with respect to the 2017-2018 academic year, there be a reduction in the quota for the number of new students permitted to be admitted into Bilgi's degree programs and (ii) Bilgi be reimbursed approximately \$29,000 for payments previously made by Bilgi to a subsidiary of the Company for certain management, operational and student services, and intellectual property. The Company and Bilgi believe the charges to Bilgi for these services were at fair value and Bilgi intends to contest the findings of the Annual Audit that they constituted an improper wealth transfer. Demands also are made in the Annual Audit for the return or payment to Bilgi of other amounts involving approximately \$8,000.

The Company believes that Bilgi is in compliance with all laws and regulations. Bilgi exercised its right to appeal this decision to the YÖK to demonstrate the validity and value of the services procured from the Company subsidiary. Under the YÖK's rules, the YÖK was required to rule on Bilgi's appeal not later than August 8, 2017. If the YÖK did not rule by that date, the appeal would be deemed to have been rejected. As of the close of business in Turkey on August 8, 2017, Bilgi had not been informed of any ruling by the YÖK. Bilgi intends to appeal the YÖK's rejection of its appeal to the Turkish court system and it has been advised that the YÖK will not take any action against it relating to payments made to the Company's subsidiary for the services described above during the pendency of this appeal. As the Company currently consolidates Bilgi under the variable interest entity model, if the Company is unable to provide services under its contracts with Bilgi and receive the economic benefits from those contracts as a result of the determinations in the Annual Audit, deconsolidation of Bilgi could be required. Deconsolidation, if required, could have a material adverse effect on the Company's business, financial condition and results of operations, including possible write-off of all or a portion of the Company's investment in Bilgi and a reduction in operating income. At June 30, 2017 and December 31, 2016, Bilgi had total assets of approximately \$84,000 and \$83,000, respectively, and total liabilities of \$54,000 and \$63,000, respectively. Total liabilities include approximately \$28,000 and \$19,000 of net intercompany liabilities as of June 30, 2017 and December 31, 2016, respectively. During fiscal year 2016, Bilgi generated approximately \$106,000 of the Company's consolidated revenue and approximately \$26,000 of the Company's consolidated operating income and incurred approximately \$6,000 of depreciation and amortization expense.

#### **Chilean Regulation - Higher Education Bill**

On July 5, 2016, the Chilean President submitted to the Chilean Congress a bill (the "2016 Higher Education Bill") that was intended to change the entire regulatory landscape of higher education

in Chile by, among other things, creating new special government administrative agencies and enhancing the requirements for institutional accreditation of higher education institutions. Following its submission to the Chilean Congress, the 2016 Higher Education Bill was subject to national debate among different constituencies in the higher education system. As a result of these discussions, the Chilean executive branch decided to replace the 2016 Higher Education Bill with a new submission that would take into consideration the main concerns that were raised during those discussions. These discussions identified, among other things, (i) the need to reinforce, improve and enhance the state-owned universities, separating their regulation from the regulation applicable to other educational institutions, (ii) the need to develop special regulations for technical education, (iii) the need to improve regulations concerning the compliance by private universities with the requirement that they not be operated for profit, and (iv) the need to grant universal access to educational institutions.

In furtherance of these goals, on April 7, 2017, the Chilean executive branch submitted to the Chilean Congress a new bill (the “2017 Higher Education Bill”), which entirely supersedes the 2016 Higher Education Bill. The 2017 Higher Education Bill represents a simplified version of the 2016 Higher Education Bill and was based on the same principles and ideas as the earlier bill, as informed by the subsequent national debate on that bill. The 2017 Higher Education Bill considers the higher education system to be a mixed system composed of two subsystems, one for university education (including both state-owned institutions and private universities recognized by the state) and another for technical education (both state-owned technical training centers and private technical training centers and professional institutes).

Among other things, the 2017 Higher Education Bill would create the Undersecretary of Higher Education, who would propose policies on higher education to the Ministry of Education and policies regarding access, inclusion, retention and graduation of higher education students. The Undersecretary of Higher Education would also propose the allocation and management of public funds and manage the procedures relating to the granting and revocation of the official recognition of higher education institutions. The Undersecretary of Higher Education would also generate and coordinate instances of participation and dialogue with and among higher education institutions, promoting the connection between these institutions and the secondary education system.

The 2017 Higher Education Bill also includes new regulations applicable to not-for-profit educational institutions that would: (i) provide that their controllers and members can only be individuals, other not-for-profits or state-owned entities; (ii) create the obligation to use their resources and reinvest their surplus or profits in the pursuit of their objectives and in enhancing the quality of the education they provide; (iii) create the obligation to have a board of directors, which cannot delegate its functions, and whose members cannot be removed unless approved by the majority of the board and for serious reasons; and (iv) prohibit related party transactions with their founders, controllers, members of the board, rector and their relatives or related entities, unless the counterparty to the transaction is another not-for-profit entity, or if the transaction involves entering into a labor agreement to carry out academic work for the educational institution. The bill provides further that in the event the educational institution enters into a related party transaction consistent with the above, or if such educational institution enters into a related party transaction with a different entity than those described above, such transaction also comply with the following requirements: (i) that it contribute to the best interests of the educational institution and to its mission and purpose; (ii) that the transaction be agreed under market conditions as to the price and general terms and conditions prevailing for such types of transactions; and (iii) that it be approved by a majority of the institution’s board of directors. The 2017 Higher Education Bill also would establish a new criminal felony of incompatible negotiations for those persons who, in their capacity of managing the educational institution’s assets, enter into any transaction with related parties having any personal interest or granting benefits to third parties without complying with the foregoing requirements. Among the sanctions for breaching such regulations, the person may be subject to imprisonment plus a fine of double the amount of the benefit that such person or entity had obtained.

On July 17, 2017, the Chamber of Deputies, which is the lower house of the Chilean Congress, passed the 2017 Higher Education Bill, substantially in the form described above. The 2017 Higher Education Bill has now moved to the Chilean Senate, where it has been referred for consideration

by the Senate Education Commission. Members of the Chamber of Deputies have announced that they intend to bring constitutional challenges to 16 provisions of the bill passed by the Chamber of Deputies. If the 2017 Higher Education Bill is passed by the Chilean Senate without resolving the challenged provisions, those provisions would be referred to the Chilean Constitutional Court for resolution prior to the bill taking effect.

We are currently evaluating the effect the proposed 2017 Higher Education Bill would have on the Chilean institutions in the *Laureate International Universities* network if it is adopted in the form introduced in the Chilean Congress and approved by the Chamber of Deputies. We cannot predict whether or not the proposed 2017 Higher Education Bill will be adopted in this form or if it, or any part of it, will survive constitutional challenge, or if any higher education legislation will be adopted that would affect the institutions in the *Laureate International Universities* network. However, if any such legislation is adopted, it could have a material adverse effect on our results of operations and financial condition.

As the Company currently consolidates certain of its institutions in Chile under the variable interest entity model, the Company will review such consolidation upon passage of any new higher education bill. Deconsolidation of one or more of our Chilean institutions, if required, could have a material adverse effect on the Company's business, financial condition and results of operations.



## Fair Value Measurement

6 Months Ended  
Jun. 30, 2017

### [Fair Value Disclosures](#)

### [\[Abstract\]](#)

### [Fair Value Measurement](#)

## Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, which are described below:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – Observable inputs other than quoted prices that are either directly or indirectly observable for the asset or liability;
- Level 3 – Unobservable inputs that are supported by little or no market activity.

These levels are not necessarily an indication of the risk of liquidity associated with the financial assets or liabilities disclosed. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement, as required under ASC 820-10, "Fair Value Measurement."

**Derivative instruments** – Laureate uses derivative instruments as economic hedges for bank debt and interest rate risk. Their 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 valuation models also reflect measurements for credit risk. Laureate concluded that the fair values of our derivatives are based on unobservable inputs, or Level 3 assumptions. The significant unobservable input used in the fair value measurement of the Company's derivative instruments is our own credit risk. Holding other inputs constant, a significant increase (decrease) in our own credit risk would result in a significantly lower (higher) fair value measurement for the Company's derivative instruments.

Laureate's financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2017 were as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Derivative instruments	\$ 49,171	\$ —	\$ —	\$ 49,171
<b>Liabilities</b>				
Derivative instruments	\$ 7,941	\$ —	\$ —	\$ 7,941

Laureate's financial assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2016 were as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Derivative instruments	\$ 4,464	\$ —	\$ —	\$ 4,464
<b>Liabilities</b>				
Derivative instruments	\$ 12,968	\$ —	\$ —	\$ 12,968

The changes in our Level 3 Derivative instruments measured at fair value on a recurring basis for the six months ended June 30, 2017 were as follows:



	<b>Total Assets (Liabilities)</b>
Balance December 31, 2016	\$ (8,504)
Gain (loss) included in earnings:	
Unrealized gains, net	39,386
Realized losses, net	(269)
Included in other comprehensive income	6,099
Included in issuance of Series A convertible redeemable Preferred Stock	4,384
Settlements	269
Currency translation adjustment	(135)
Balance June 30, 2017	\$ 41,230
Unrealized gain, net relating to derivatives held at June 30, 2017	\$ 39,386

The following table presents quantitative information regarding the significant unobservable inputs utilized in the fair value measurements of the Company's assets/(liabilities) classified as Level 3 as of June 30, 2017:

	<b>Fair Value at June 30, 2017</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range/ Input Value</b>
Contingent redemption features - Series A Preferred Stock	\$ 48,290	Monte Carlo Simulation Method	Credit Risk	5.45%
Derivative instruments - cross currency and interest rate swaps	\$ (7,060)	Discounted Cash Flow	Credit Risk	4.41%

## Subsequent Events

**6 Months Ended  
Jun. 30, 2017**

[Subsequent Events](#)

[\[Abstract\]](#)

[Subsequent Events](#)

## Subsequent Events

### Segment Change

Effective August 1, 2017, we changed our operating segments in order to realign our segments according to how our chief operating decision maker will now allocate resources and assess performance. The segment changes will result in Laureate increasing its number of operating segments from three operating segments to six operating segments, and is consistent with our goal of flattening our organizational structure to improve decision speed and operating effectiveness.

The change includes the creation of three operating segments (Brazil, Mexico and Andean & Iberian) from the current LatAm segment. Our institutions in Spain and Portugal (Iberian) will move from the EMEAA segment and combine with our institutions in Chile and Peru to form the Andean & Iberian segment. In addition, our institutions in Central America, which were previously part of the LatAm segment, will combine with our campus-based institutions in the United States, which were previously part of the GPS segment, to form the Central America and U.S. Campuses segment. The Online & Partnerships segment will consist of the online institutions that were previously part of the GPS segment. In summary, our six operating segments will be as follows:

- Brazil;
- Mexico;
- Andean & Iberian;
- Central America & U.S. Campuses;
- Online & Partnerships; and
- EMEAA.

This change will be reflected in the segment information beginning in the third quarter of 2017, the period in which the change occurred.

### Pearl Put Exercise

As discussed in Note 8, Commitments and Contingencies, on July 11, 2017, the noncontrolling interest holders of Pearl notified Laureate of their election to exercise their put option for a portion of their total noncontrolling interest, which will require Laureate to purchase an additional 35% equity interest in Pearl. The purchase price for the 35% equity interest is approximately \$11,500 and is expected to be paid during the third quarter of 2017.

### Consummation of Note Exchange Transaction

As described in Note 7, Debt, on April 15, 2016, the Company entered into the Note Exchange Agreements pursuant to which we agreed to exchange \$250,000 in aggregate principal amount of Senior Notes due 2019 for shares of the Company's Class A common stock. On August 2, 2017, we sent notices to the holders of these notes indicating that the closing of the exchange contemplated by the Note Exchange Agreements is expected to be consummated on Friday, August 11, 2017. At closing, the Senior Notes due 2019 will be exchanged for a total of 18,683 shares of the Company's Class A common stock and the Senior Notes due 2019 would be canceled.

## Significant Accounting Policies (Policies)

**6 Months Ended  
Jun. 30, 2017**

### [Accounting Policies](#)

#### [\[Abstract\]](#)

#### [Basis of Presentation](#)

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, these financial statements include all adjustments considered necessary to present a fair statement of our consolidated results of operations, financial position and cash flows. Operating results for any interim period are not necessarily indicative of the results that may be expected for the full year. These unaudited Consolidated Financial Statements should be read in conjunction with Laureate's audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the 2016 Form 10-K).

#### [The Variable Interest Entity \(VIE\) Arrangements](#)

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 therefore 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 herein: (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."

#### [Recently Issued Accounting Standards](#)

#### **Recently Issued Accounting Standards Not Yet Adopted**

*Accounting Standards Update (ASU) No. 2017-04 (ASU 2017-04), Intangibles - Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*

In January 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-04 in order to simplify the test for goodwill impairment by eliminating Step 2, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for Laureate beginning on January 1, 2020 and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are still evaluating the impact of ASU 2017-04 on our Consolidated Financial Statements and whether we will early adopt this ASU.

*ASU No. 2016-02 (ASU 2016-02), Leases (Topic 842)*

On February 25, 2016, the FASB issued ASU 2016-02. Lessees will need to recognize on their balance sheet a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are

largely similar to those applied in current lease accounting, but without explicit bright lines. The standard is effective for Laureate beginning January 1, 2019. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. We are completing our diagnostic assessment and assessing the data that will be used to transition to the new standard. We anticipate that ASU 2016-02 will have a material impact on our Consolidated Balance Sheets, as we will record significant asset and liability balances in connection with our leased properties. We are still evaluating the impact to our Consolidated Statements of Operations.

*ASU No. 2014-09, (ASU 2014-09): Revenue from Contracts with Customers (Topic 606)*

On May 28, 2014, the FASB issued ASU 2014-09, which supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition” and most industry-specific guidance. The core 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 fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Laureate) 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 have completed our diagnostic assessment and are designing policies and processes to implement this ASU, which we plan to adopt effective January 1, 2018. We do not expect the adoption of this ASU to result in a significant change to our method of recognizing tuition revenues; however, we are still evaluating other components of revenue. We plan to elect modified retrospective adoption of this new standard.

**Recently Adopted Accounting Standards**

*ASU No. 2015-17 (ASU 2015-17), Income Taxes (Topic 740)*

In November 2015, the FASB issued ASU 2015-17 as a part of the Simplification Initiative and in response to concerns that the current requirement that entities separate deferred income tax liabilities and assets into current and noncurrent amounts results in little or no benefit to users of the financial statements. The amendments in this ASU aim to simplify this presentation by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 was effective for Laureate beginning January 1, 2017 and we adopted this guidance on a retrospective basis. Accordingly, as of June 30, 2017 all deferred tax assets and liabilities are classified as noncurrent and we reclassified current deferred tax assets and liabilities of approximately \$110,000 and \$6,000, respectively, as of December 31, 2016 to noncurrent.

*ASU No. 2016-09 (ASU 2016-09), Compensation—Stock compensation (Topic 718): Improvements to Employee Share-based Payment Accounting*

On March 30, 2016, the FASB issued ASU 2016-09 as part of its initiative to reduce complexity in accounting standards. The areas for simplification in this ASU involve several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance was effective for Laureate beginning January 1, 2017. Laureate has elected to continue estimating forfeitures when determining the amount of share-based compensation expense to be recognized each period. The Company adopted this standard prospectively in the first quarter of 2017 and it did not have a material impact on our Consolidated Financial Statements.

Laureate’s educational services are offered through three operating segments: LatAm, EMEAA (as defined below) and GPS. Laureate determines its operating segments based on information utilized by the chief operating decision maker to allocate resources and assess performance.

As previously disclosed in our 2016 Form 10-K and our Quarterly Report on Form 10-Q for the period ended March 31, 2017, effective March 31, 2017, we combined our previously separate Europe and AMEA segments in order to reflect our belief that we will be able to operate the institutions in those segments more successfully and efficiently under common management. The combined segment is called EMEAA (Europe, Middle East, Africa and Asia Pacific). This change has been reflected in the quarterly segment information beginning in the first quarter of 2017, the period in which the change occurred. As required, the 2016 segment information that is presented for comparative purposes has also been revised to reflect this segment change.

The LatAm segment consists of campus-based institutions and has operations in Brazil, Chile, Costa Rica, Honduras, Mexico, Panama and Peru and has contractual relationships with a licensed institution in Ecuador. These institutions offer an education that emphasizes professional-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. 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-sponsored student financing programs, while in other countries students generally finance their own education.

The EMEAA segment consists of campus-based institutions with operations in the European countries of Cyprus, Germany, Italy, Portugal, Spain and Turkey as well as locations in the Middle East, Africa and Asia Pacific consisting of campus-based institutions with operations in Australia, China, India, Malaysia, Morocco, New Zealand, South Africa and Thailand. Additionally, EMEAA manages nine licensed institutions in the Kingdom of Saudi Arabia and manages one additional institution in China through a joint venture arrangement. These institutions generate revenues by providing professional-oriented undergraduate and graduate degree programs. Several institutions have begun to introduce online and hybrid programs. Students in the EMEAA segment typically self-finance their education or seek third-party financing programs. In certain markets in the EMEAA segment, such as Australia and to a lesser extent China, Thailand and Malaysia, there are various forms of government-supported student financing programs. In the Kingdom of Saudi Arabia, our students' tuition is fully funded by the government.

The GPS segment consists of accredited online institutions, which serve students globally, and campus-based institutions serving students in the United States. The online institutions primarily serve working adults with undergraduate and graduate degree programs. The campus-based institutions primarily serve traditional students seeking undergraduate and graduate degrees. In the United States, students have access to government-supported financing programs.

Intersegment transactions are accounted for in a similar manner as third party transactions and are eliminated in consolidation. The "Corporate" amounts presented in the following tables includes corporate charges that were not allocated to our reportable segments and adjustments to eliminate intersegment items.

We evaluate segment performance based on Adjusted EBITDA, which is a non-GAAP profit measure defined as Income (loss) from continuing operations before income taxes and equity in net income of affiliates, adding back the following items: (Loss) gain on sales of subsidiaries, net, Foreign currency exchange (loss) gain, net, Other income (expense), net, Gain (loss) on derivatives, Loss on debt extinguishment, Interest expense, Interest income, Depreciation and amortization expense, Loss on impairment of assets, Share-based compensation expense and expenses related to our Excellence-in-Process (EiP) initiative. EiP is an enterprise-wide initiative to optimize and standardize Laureate's processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It includes the establishment of regional shared services organizations (SSOs) around the world, as well as improvements to the Company's system of internal controls over financial reporting. The increased EiP expenses during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 relates primarily to severance costs that are predominantly contractual termination benefits recognized in accordance with ASC 712, "Compensation—Nonretirement Postemployment Benefits."

## Financing Receivables

## Financing Receivable, Allowance for Credit Losses

## Derivative Instruments

When we review Adjusted EBITDA on a segment basis, we exclude intercompany revenues and expenses, related to network fees and royalties between our segments, which eliminate in consolidation. We use total assets as the measure of assets for reportable segments.

Laureate's financing receivables consist primarily of trade receivables related to student tuition financing programs with an initial term in excess of one year. We have offered long-term financing through the execution of note receivable agreements with students at some of our institutions. Our disclosures include financing receivables that are classified in our Consolidated Balance Sheets as both current and long-term, reported in accordance with ASC 310, "Receivables."

Delinquency is the primary indicator of credit quality for our financing receivables. Receivable balances are considered delinquent when contractual payments on the loan become past due. Delinquent financing receivables are placed on non-accrual status for interest income. The accrual of interest is resumed when the financing receivable becomes contractually current and when collection of all remaining amounts due is reasonably assured. We record an Allowance for doubtful accounts to reduce our financing receivables to their net realizable value. The Allowance for doubtful accounts is based on the age of the receivables, the status of past-due amounts, historical collection trends, current economic conditions, and student enrollment status. Each of our institutions evaluates its balances for potential impairment. We consider impaired loans to be those that are past due one year or greater, and those that are modified as a troubled debt restructuring (TDR).

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We may seek to control a portion of these risks through a risk management program that includes the use of derivative instruments.

The interest and principal payments for Laureate's senior long-term debt arrangements are to be paid primarily in USD. Our ability to make debt payments is subject to fluctuations in the value of the USD against foreign currencies, since a majority of our operating cash used to make these payments is generated by subsidiaries with functional currencies other than USD. As part of our overall risk management policies, Laureate has at times entered into foreign currency swap contracts and floating-to-fixed interest rate swap contracts. In addition, we occasionally enter into foreign exchange forward contracts to reduce the impact of other non-functional currency-denominated receivables and payables.

We do not enter into speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes. We generally intend to hold our derivatives until maturity.

Laureate reports all derivatives at fair value. These contracts are recognized as either assets or liabilities, depending upon the derivative's fair value. Gains or losses associated with the change in the fair value of these swaps are recognized in our Consolidated Statements of Operations on a current basis over the term of the contracts, unless designated and effective as a hedge. For swaps that are designated and effective as cash flow hedges, gains or losses associated with the change in fair value of the swaps are recognized in our Consolidated Balance Sheets as a component of AOCI and amortized into earnings as a component of Interest expense over the term of the related hedged items.

## Income Taxes

Laureate uses the liability method to account for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For interim purposes, we also apply ASC 740-270, "Income Taxes - Interim Reporting."

Laureate's income tax provisions for all periods consist of federal, state and foreign income taxes. The tax provisions for the six months ended June 30, 2017 and 2016 were based on estimated full-year effective tax rates, after giving effect to significant items related specifically to the interim periods, including the mix of income for the period between higher-taxed and lower-taxed jurisdictions. Laureate has operations in multiple countries, many of which have statutory tax rates lower than the United States or are tax-exempt entities, and other operations that are loss-making entities for which it is not more likely than not that a tax benefit will be realized on the loss. Generally, lower tax rates in these foreign jurisdictions along with Laureate's intent and ability to indefinitely reinvest foreign earnings outside of the United States results in an effective tax rate significantly lower than the statutory rate in the United States.



## Earnings (Loss) Per Share

Laureate computes basic earnings per share (EPS) by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted EPS reflects the potential dilution that would occur if share-based compensation awards/arrangements or contingently issuable shares were exercised or converted into common stock. To calculate the diluted EPS, the basic weighted average number of shares is increased by the dilutive effect of stock options, restricted stock, and other share-based compensation arrangements determined using the treasury stock method.

## Fair Value Measurement

### **Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, which are described below:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – Observable inputs other than quoted prices that are either directly or indirectly observable for the asset or liability;
- Level 3 – Unobservable inputs that are supported by little or no market activity.

These levels are not necessarily an indication of the risk of liquidity associated with the financial assets or liabilities disclosed. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement, as required under ASC 820-10, "Fair Value Measurement."

**Derivative instruments** – Laureate uses derivative instruments as economic hedges for bank debt and interest rate risk. Their 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 valuation models also reflect measurements for credit risk. Laureate concluded that the fair values of our derivatives are based on unobservable inputs, or Level 3 assumptions. The significant unobservable input used in the fair value measurement of the Company's derivative instruments is our own credit risk. Holding other inputs constant, a significant increase (decrease) in our own credit risk would result in a significantly lower (higher) fair value measurement for the Company's derivative instruments.

**Significant Accounting  
Policies (Tables)**

**6 Months Ended  
Jun. 30, 2017**

[Accounting Policies](#)

[\[Abstract\]](#)

[Schedule of variable interest  
entities](#)

Selected Consolidated Statements of Operations information for these VIEs was as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Selected Statements of Operations information:</b>				
Revenues, by segment:				
LatAm	\$ 153,262	\$ 112,223	\$ 216,948	\$ 169,430
EMEAA	67,302	73,233	133,515	145,568
Revenues	220,564	185,456	350,463	314,998
Depreciation and amortization	12,651	12,974	25,473	25,768
Operating income (loss), by segment:				
LatAm	31,514	(2,009)	(9,554)	(42,598)
EMEAA	8,019	8,910	19,895	19,665
Operating income (loss)	39,533	6,901	10,341	(22,933)
Net income (loss)	43,152	9,486	23,040	(20,080)
Net income (loss) attributable to Laureate Education, Inc.	41,955	8,134	21,019	(21,181)

The following table reconciles the Net income (loss) attributable to Laureate Education, Inc. as presented in the table above, to the amounts in our Consolidated Statements of Operations:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Net income (loss) attributable to Laureate Education, Inc.:</b>				
Variable interest entities	\$ 41,955	\$ 8,134	\$ 21,019	\$ (21,181)
Other operations	183,817	277,470	214,374	325,580
Corporate and eliminations	(109,386)	61,785	(241,815)	(60,177)
Net income (loss) attributable to Laureate Education, Inc.	\$ 116,386	\$ 347,389	\$ (6,422)	\$ 244,222

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 the general credit of Laureate.

Selected Consolidated Balance Sheet amounts for these VIEs were as follows:

	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
	<b>VIE</b>	<b>Consolidated</b>	<b>VIE</b>	<b>Consolidated</b>

**Balance Sheets data:**



Cash and cash equivalents	\$ 114,684	\$ 367,163	\$ 169,074	\$ 464,965
Other current assets	235,994	875,319	153,136	650,836
Total current assets	350,678	1,242,482	322,210	1,115,801
Goodwill	188,620	2,020,620	181,669	1,934,464
Tradenames	106,005	1,332,523	104,117	1,307,633
Other intangible assets, net	—	44,735	—	46,700
Other long-term assets	695,350	2,729,376	701,117	2,657,872
Total assets	1,340,653	7,369,736	1,309,113	7,062,470
Current liabilities	295,819	1,415,202	320,922	1,440,232
Long-term debt and other long-term liabilities	109,362	4,249,375	103,375	4,601,013
Total liabilities	405,181	5,664,577	424,297	6,041,245
Total stockholders' equity	935,472	1,447,607	884,816	664,392
Total stockholders' equity attributable to Laureate Education, Inc.	915,158	1,412,953	866,997	632,210

## Acquisitions (Tables)

### [Business Combinations \[Abstract\]](#)

#### [Summary of the Estimated Fair Values of All Assets Acquired and Liabilities Assumed](#)

**6 Months Ended  
Jun. 30, 2017**

The following table summarizes the estimated fair value of all assets acquired and the liabilities assumed at the date of acquisition.

	CA Nursing Australia
Current assets	\$ 610
Property and equipment	9,657
Goodwill	1,791
Other intangible assets	3,988
Total assets acquired	16,046
Current portion of long-term debt	166
Other current liabilities	6,034
Long-term debt, less current portion	7,267
Other long-term liabilities	1,744
Total liabilities	15,211
Net assets acquired attributable to Laureate Education, Inc.	835
Debt assumed	7,433
Net assets acquired attributable to Laureate Education, Inc. plus debt assumed	\$ 8,268
Net assets acquired	\$ 835
Net cash paid at acquisition	\$ 835

**Due to Shareholders of  
Acquired Companies  
(Tables)**

**Business Combinations [Abstract]**

**Summary of amounts due to  
shareholders of acquired companies**

**6 Months Ended**

**Jun. 30, 2017**

The amounts due to shareholders of acquired companies, currencies, and interest rates applied were as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>	<b>Nominal Currency</b>	<b>Interest Rate %</b>
Faculdades Metropolitanas Unidas Eduacionais (FMU)	\$105,811	\$ 100,382	BRL	CDI
Universidade Anhembi Morumbi (UAM Brazil)	54,435	52,043	BRL	CDI + 2%
Monash South Africa (MSA)	30,081	27,462	AUD	n/a, 6.75%
University of St. Augustine for Health Sciences, LLC (St. Augustine)	11,550	11,550	USD	7%
Universidad Tecnologica Centroamericana (UNITEC Honduras)	4,566	5,196	HNL	IIBC
CH Holding Netherlands B.V. (CH Holding)	3,798	8,587	USD	n/a
Faculdade-Porto-Alegrense (FAPA)	2,952	2,973	BRL	IGP-M
IADE Group	2,270	2,755	EUR	3%
Total due to shareholders of acquired companies	215,463	210,948		
Less: Current portion of due to shareholders of acquired companies	133,083	118,679		
Due to shareholders of acquired companies, less current portion	\$ 82,380	\$ 92,269		

AUD: Australian Dollar

BRL: Brazilian Real

EUR: European Euro

HNL: Honduran Lempira

USD: United States Dollar

CDI: Certificados de Depósitos Interbancários  
(Brazil)

IIBC: Índice de Inflación del Banco Central  
(Honduras)

IGP-M: General Index of Market Prices  
(Brazil)

**Business and Geographic  
Segment Information  
(Tables)**

**6 Months Ended**

**Jun. 30, 2017**

**[Segment Reporting](#)**

**[\[Abstract\]](#)**

**[Schedule of segment financial  
information](#)**

The following tables provide financial information for our reportable segments, including a reconciliation of Adjusted EBITDA to Income (loss) from continuing operations before income taxes and equity in net income of affiliates, as reported in the Consolidated Statements of Operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
<b>Revenues</b>				
LatAm	\$ 831,118	\$ 733,255	\$ 1,252,554	\$ 1,137,152
EMEAA	245,480	261,084	472,665	505,097
GPS	204,595	241,656	412,885	502,081
Corporate	(3,754)	(4,085)	(4,732)	(5,886)
Revenues	\$ 1,277,439	\$ 1,231,910	\$ 2,133,372	\$ 2,138,444
<b>Adjusted EBITDA of reportable segments</b>				
LatAm	\$ 300,025	\$ 224,073	\$ 264,236	\$ 203,847
EMEAA	52,891	52,748	106,340	107,210
GPS	54,825	65,265	118,429	134,993
Total Adjusted EBITDA of reportable segments	407,741	342,086	489,005	446,050
<b>Reconciling items:</b>				
Corporate	(65,913)	(33,884)	(98,580)	(63,876)
Depreciation and amortization expense	(66,950)	(69,704)	(131,465)	(135,911)
Loss on impairment of assets	—	—	—	—
Share-based compensation expense	(12,949)	(13,745)	(35,337)	(20,909)
EiP expenses	(18,079)	(14,185)	(42,640)	(25,943)
Operating income	243,850	210,568	180,983	199,411
Interest income	4,460	4,062	9,154	9,868
Interest expense	(98,962)	(105,833)	(201,595)	(209,602)
Loss on debt extinguishment	(6,915)	(1,681)	(8,430)	(1,681)
Gain (loss) on derivatives	26,970	1,999	39,117	(8,751)
Other (expense) income, net	(380)	(1,276)	56	(1,317)
Foreign currency exchange (loss) gain, net	(9,726)	26,252	(7,436)	53,934
(Loss) gain on sales of subsidiaries, net	(172)	243,261	(172)	243,261
Income from continuing operations before income taxes and equity in net income of affiliates	\$ 159,125	\$ 377,352	\$ 11,677	\$ 285,123

**June 30, December 31,  
2017 2016**

<b>Assets</b>		
LatAm	\$4,099,520	\$ 3,932,679
EMEA	1,355,507	1,333,297
GPS	1,438,153	1,505,242
Corporate	476,556	291,252
Total assets	\$7,369,736	\$ 7,062,470

## Goodwill (Tables)

**6 Months Ended**  
**Jun. 30, 2017**

### [Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

#### [Summary of change in the net carrying amount of goodwill](#)

The change in the net carrying amount of Goodwill from December 31, 2016 through June 30, 2017 was composed of the following items:

	LatAm	EMEA	GPS	Total
Goodwill	\$1,313,046	\$243,861	\$537,452	\$2,094,359
Accumulated impairment loss	(77,094)	(63,141)	(19,660)	(159,895)
<b>Balance at December 31, 2016</b>	<b>1,235,952</b>	<b>180,720</b>	<b>517,792</b>	<b>1,934,464</b>
Acquisitions	—	1,791	—	1,791
Dispositions	—	(488)	—	(488)
Impairments	—	—	—	—
Currency translation adjustments	72,478	11,769	606	84,853
Adjustments to prior acquisitions	—	—	—	—
<b>Balance at June 30, 2017</b>	<b>\$1,308,430</b>	<b>\$193,792</b>	<b>\$518,398</b>	<b>\$2,020,620</b>

**Debt (Tables)****6 Months Ended  
Jun. 30, 2017**[Debt Disclosure \[Abstract\]  
Schedule of long-term debt  
outstanding](#)

Outstanding long-term debt was as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Senior long-term debt:		
Senior Secured Credit Facility (stated maturity dates April 2022 and April 2024 as of June 30, 2017; stated maturity dates June 2018, June 2019 and March 2021 as of December 31, 2016), net of discount	\$ 1,580,352	\$ 1,497,869
Senior Notes (stated maturity dates May 2025 and September 2019), net of discount	1,048,662	1,388,036
<b>Total senior long-term debt</b>	<b>2,629,014</b>	<b>2,885,905</b>
Other debt:		
Lines of credit	65,971	66,081
Notes payable and other debt	660,434	650,184
<b>Total senior and other debt</b>	<b>3,355,419</b>	<b>3,602,170</b>
Capital lease obligations and sale-leaseback financings	260,651	250,842
<b>Total long-term debt</b>	<b>3,616,070</b>	<b>3,853,012</b>
Less: total unamortized deferred financing costs	111,789	44,648
Less: current portion of long-term debt	212,568	178,989
<b>Long-term debt, less current portion</b>	<b>\$ 3,291,713</b>	<b>\$ 3,629,375</b>

[Schedule estimated fair values  
of debt](#)

The estimated fair value of our debt was as follows:

	<b>June 30, 2017</b>		<b>December 31, 2016</b>	
	<b>Carrying amount</b>	<b>Estimated fair value</b>	<b>Carrying amount</b>	<b>Estimated fair value</b>
<b>Total senior and other debt</b>	<b>\$3,355,419</b>	<b>\$3,417,320</b>	<b>\$3,602,170</b>	<b>\$3,632,853</b>

**Commitments and  
Contingencies (Tables)**

**6 Months Ended  
Jun. 30, 2017**

**Commitments and  
Contingencies Disclosure**

**[Abstract]**

**Summary of redeemable  
noncontrolling interest**

If the minority put arrangements were all exercisable at June 30, 2017, Laureate would be obligated to pay the noncontrolling interest holders an estimated amount of \$23,215, as summarized in the following table:

	Nominal Currency	First Exercisable Date	Estimated Value as of June 30, 2017 redeemable within 12-months:	Reported Value
<b>Noncontrolling interest holder put arrangements</b>				
INTI Education Holdings Sdn Bhd (INTI) - 10%	MYR	Current	\$ 9,828	\$ 9,828
Pearl Retail Solutions Private Limited and Creative Arts Education Society (Pearl) - 45%	INR	Current	13,329	13,329
Stamford International University (STIU) - Puttable preferred stock of TEDCO	THB	Current	58	58
Total noncontrolling interest holder put arrangements			23,215	23,215
<b>Puttable common stock - currently redeemable</b>	USD	Current	4	4
<b>Puttable common stock - not currently redeemable</b>	USD	*	—	2,303
Total redeemable noncontrolling interests and equity			\$ 23,219	\$ 25,522

\* Contingently redeemable

MYR: Malaysian Ringgit

INR: Indian Rupee

THB: Thai Baht



## Financing Receivables (Tables)

**6 Months Ended  
Jun. 30, 2017**

[Receivables \[Abstract\]  
Schedule of financing  
receivable](#)

Laureate's financing receivables balances were as follows:

	June 30, 2017	December 31, 2016
Financing receivables	\$ 24,249	\$ 29,776
Allowance for doubtful accounts	(7,904)	(9,175)
Financing receivables, net of allowances	\$ 16,345	\$ 20,601

The aging of financing receivables grouped by country portfolio was as follows:

	Chile	Other	Total
<b>As of June 30, 2017</b>			
Amounts past due less than one year	\$ 7,973	\$ 941	\$ 8,914
Amounts past due one year or greater	2,856	1,468	4,324
Total past due (on non-accrual status)	10,829	2,409	13,238
Not past due	8,326	2,685	11,011
Total financing receivables	\$ 19,155	\$ 5,094	\$ 24,249

### As of December 31, 2016

Amounts past due less than one year	\$ 8,711	\$ 834	\$ 9,545
Amounts past due one year or greater	3,899	1,482	5,381
Total past due (on non-accrual status)	12,610	2,316	14,926
Not past due	11,758	3,092	14,850
Total financing receivables	\$ 24,368	\$ 5,408	\$ 29,776

The following is a rollforward of the Allowance for doubtful accounts related to financing receivables for the six months ended June 30, 2017 and 2016, grouped by country portfolio:

	Chile	Other	Total
Balance at December 31, 2016	\$ (6,209)	\$ (2,966)	\$ (9,175)
Charge-offs	2,033	353	2,386
Recoveries	—	(9)	(9)
Reclassifications	—	—	—
Provision	(1,112)	161	(951)
Currency adjustments	(100)	(55)	(155)
<b>Balance at June 30, 2017</b>	<b>\$ (5,388)</b>	<b>\$ (2,516)</b>	<b>\$ (7,904)</b>

Balance at December 31, 2015	\$ (7,240)	\$ (3,336)	\$ (10,576)
Charge-offs	1,805	56	1,861
Recoveries	—	—	—
Reclassifications	—	75	75
Provision	(861)	336	(525)
Currency adjustments	(204)	27	(177)
<b>Balance at June 30, 2016</b>	<b>\$ (6,500)</b>	<b>\$ (2,842)</b>	<b>\$ (9,342)</b>

The number of financing receivable accounts and the pre- and post-modification account balances modified under the terms of a TDR during the six months ended June 30, 2017 and 2016 were as follows:

[Summary of aging of  
financing receivables by  
country](#)

[Summary of allowance for  
credit losses on financing  
receivables](#)

[Summary of troubled debt  
restructuring](#)

	<b>Number of Financing Receivable Accounts</b>		<b>Pre-Modification Balance Outstanding</b>		<b>Post- Modification Balance Outstanding</b>
2017	326	\$	1,466	\$	1,336
2016	436	\$	7,489	\$	5,132

The preceding table represents accounts modified under the terms of a TDR during the six months ended June 30, 2017, whereas the following table represents accounts modified as a TDR between January 1, 2016 and June 30, 2017 that subsequently defaulted during the six months ended June 30, 2017:

	<b>Number of Financing Receivable Accounts</b>		<b>Balance at Default</b>
Total	124	\$	531

The following table represents accounts modified as a TDR between January 1, 2015 and June 30, 2016 that subsequently defaulted during the six months ended June 30, 2016:

	<b>Number of Financing Receivable Accounts</b>		<b>Balance at Default</b>
Total	231	\$	700

**Share-based Compensation  
(Tables)**

[Disclosure of Compensation Related Costs,  
Share-based Payments \[Abstract\]](#)

[Summary of share-based compensation expense](#)

**6 Months Ended  
Jun. 30, 2017**

Share-based compensation expense was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Stock options, net of estimated forfeitures	\$ 9,550	\$ 11,141	\$ 28,831	\$ 16,296
Restricted stock awards	3,399	2,390	6,506	4,315
Total non-cash stock compensation	12,949	13,531	35,337	20,611
Deferred compensation arrangement	—	214	—	298
Total	\$ 12,949	\$ 13,745	\$ 35,337	\$ 20,909

**Stockholders' Equity  
(Tables)**

**6 Months Ended  
Jun. 30, 2017**

[Equity \[Abstract\]](#)

[Components of net changes in  
stockholders' equity](#)

The components of net changes in stockholders' equity were as follows:

	Laureate Education, Inc. Stockholders										
	Class A		Class B		Common Stock		Additional paid-in capital	(Accumulated deficit) retained earnings	Accumulated other comprehensive (loss) income	Non- controlling interests	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2016	—	\$ —	—	\$ —	133,376	\$ 534	\$2,721,432	\$ (1,037,701)	\$ (1,052,055)	\$ 32,182	\$ 664,392
Non-cash stock compensation	—	—	—	—	—	—	35,337	—	—	—	35,337
Reclassification of Common stock into Class B common stock on January 31, 2017	—	—	133,376	534	(133,376)	(534)	—	—	—	—	—
Issuance of Class A common stock in initial public offering	35,000	140	—	—	—	—	456,421	—	—	—	456,561
Conversion of Class B shares to Class A shares	444	2	(444)	(2)	—	—	—	—	—	—	—
Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding	23	—	188	1	—	—	(1,278)	—	—	—	(1,277)
Reclassification to equity upon expiration of put right on share-based awards	—	—	—	—	—	—	5,500	—	—	—	5,500
Dividends to noncontrolling interests	—	—	—	—	—	—	(587)	—	—	—	(587)
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(847)	(847)
Accretion of redeemable noncontrolling interests and equity	—	—	—	—	—	—	(6,030)	—	—	—	(6,030)
Accretion of Series A Convertible Redeemable Preferred Stock	—	—	—	—	—	—	(101,194)	—	—	—	(101,194)
Beneficial conversion feature for Series A Convertible Redeemable Preferred Stock	—	—	—	—	—	—	261,794	—	—	—	261,794
Reclassification of redeemable noncontrolling interests and equity	—	—	—	—	—	—	—	—	—	(736)	(736)

Net (loss) income	—	—	—	—	—	—	—	(6,422)	—	3,166	(3,256)
Foreign currency translation adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	130,962	889	131,851
Unrealized gain on derivatives, net of tax of \$0	—	—	—	—	—	—	—	—	6,099	—	6,099
Balance at June 30, 2017	35,467	\$ 142	133,120	\$ 533	—	\$ —	\$3,371,395	\$ (1,044,123)	\$ (914,994)	\$ 34,654	\$ 1,447,607

[Schedule of accumulated other comprehensive income \(loss\)](#)

The components of these balances were as follows:

	June 30, 2017			December 31, 2016		
	Laureate Education, Inc.	Noncontrolling Interests	Total	Laureate Education, Inc.	Noncontrolling Interests	Total
Foreign currency translation loss	\$ (913,260)	\$ (1,415)	\$(914,675)	\$(1,044,222)	(2,304)	\$(1,046,526)
Unrealized gain (loss) on derivatives	881	—	881	(5,218)	—	(5,218)
Minimum pension liability adjustment	(2,615)	—	(2,615)	(2,615)	—	(2,615)
Accumulated other comprehensive loss	\$ (914,994)	\$ (1,415)	\$(916,409)	\$(1,052,055)	(2,304)	\$(1,054,359)

**Derivative Instruments  
(Tables)**

**6 Months Ended  
Jun. 30, 2017**

**Derivative Instruments and  
Hedging Activities Disclosure  
[Abstract]**

**Summary of fair value of derivatives  
instruments**

The reported fair values of our derivatives, which are classified in Derivative instruments on our Consolidated Balance Sheets, were as follows:

	June 30, 2017	December 31, 2016
<b>Derivatives designated as hedging instruments:</b>		
Long-term assets:		
Interest rate swaps	\$ 881	\$ —
Current liabilities:		
Interest rate swaps	—	5,218
<b>Derivatives not designated as hedging instruments:</b>		
Long-term assets:		
Contingent redemption features - Series A Preferred Stock	48,290	4,464
Long-term liabilities:		
Cross currency and interest rate swaps	7,663	7,420
Interest rate swaps	278	330
Total derivative instrument assets	\$ 49,171	\$ 4,464
Total derivative instrument liabilities	\$ 7,941	\$ 12,968

**Summary of unrealized gain (loss)  
recorded in and reclassified from  
accumulated comprehensive income  
(loss)**

The table below shows the total recorded unrealized gain (loss) of these swaps in Comprehensive income (loss). The impact of derivative instruments designated as hedging instruments on Comprehensive income (loss), Interest expense and AOCI were as follows:

For the three months ended June 30:

	Gain Recognized in Comprehensive Income (Effective Portion)		Income Statement Location	Loss Reclassified from AOCI to Income (Effective Portion)	
	2017	2016		2017	2016
Interest rate swaps	\$ 3,508	\$ 1,910	Interest expense	\$ (3,047)	\$ (2,658)

For the six months ended June 30:

	Gain Recognized in Comprehensive Income (Effective Portion)		Income Statement Location	Loss Reclassified from AOCI to Income (Effective Portion)	
	2017	2016		2017	2016
Interest rate swaps	\$ 6,099	\$ 3,123	Interest expense	\$ (5,733)	\$ (5,315)

**Components of the reported gain  
(loss) on derivatives not designated  
as hedging instruments**

Components of the reported Gain (loss) on derivatives not designated as hedging instruments in the Consolidated Statements of Operations were as follows:

	For the three months ended June 30,	For the six months ended June 30,
--	--	--------------------------------------

	2017	2016	2017	2016
<i>Unrealized Gain (Loss)</i>				
Contingent redemption features - Series A Preferred	\$ 27,219	\$ —	\$ 39,442	\$ —
Cross currency and interest rate swaps	(145)	12,463	(127)	2,465
Interest rate swaps	45	(50)	71	(51)
	27,119	12,413	39,386	2,414
<i>Realized Loss</i>				
Cross currency and interest rate swaps	(149)	(10,365)	(269)	(11,069)
Interest rate swaps	—	(49)	—	(96)
	(149)	(10,414)	(269)	(11,165)
<i>Total Gain (Loss)</i>				
Contingent redemption features - Series A Preferred	27,219	—	39,442	—
Cross currency and interest rate swaps	(294)	2,098	(396)	(8,604)
Interest rate swaps	45	(99)	71	(147)
Gain (loss) on derivatives, net	\$ 26,970	\$ 1,999	\$ 39,117	\$ (8,751)

**Earnings (Loss) Per Share  
(Tables)**

**6 Months Ended  
Jun. 30, 2017**

**Earnings Per Share [Abstract]**

**Schedule of earnings per share, basic  
and diluted**

The following tables summarize the computations of basic and diluted earnings per share:

<b>For the three months ended June 30,</b>	<b>2017</b>	<b>2016</b>
<b>Numerator used in basic and diluted earnings per common share:</b>		
Income from continuing operations attributable to Laureate Education, Inc.	\$ 116,386	\$ 347,389
Accretion of redemption value of redeemable noncontrolling interests and equity	(6,352)	749
Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value	(919)	(1,108)
Accretion of Series A convertible redeemable preferred stock	(61,934)	—
Distributed and undistributed earnings to participating securities	(7)	(79)
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(69,212)	(438)
Net income available to common stockholders	\$ 47,174	\$ 346,951
<b>Denominator used in basic and diluted earnings per common share:</b>		
Basic weighted average shares outstanding	168,591	133,291
Effect of dilutive stock options	—	851
Effect of dilutive restricted stock units	66	55
Dilutive weighted average shares outstanding	168,657	134,197
<b>Basic and diluted earnings per share:</b>		
Basic earnings per share	\$ 0.28	\$ 2.60
Diluted earnings per share	\$ 0.28	\$ 2.59

<b>For the six months ended June 30,</b>	<b>2017</b>	<b>2016</b>
<b>Numerator used in basic and diluted (loss) earnings per common share:</b>		
(Loss) income from continuing operations attributable to Laureate Education, Inc.	\$ (6,422)	\$ 244,222
Accretion of redemption value of redeemable noncontrolling interests and equity	(530)	2,112
Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value	(6,357)	(957)
Accretion of redemption value of Series A Preferred Stock	(101,194)	—
Distributed and undistributed earnings to participating securities	—	(78)
Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity	(108,081)	1,077



[Schedule of antidilutive securities  
excluded from computation of  
earnings per share](#)

Net (loss) income available to common stockholders	\$ (114,503)	\$ 245,299
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**Denominator used in basic and diluted (loss) earnings per common share:**

Basic weighted average shares outstanding	161,620	133,285
Effect of dilutive stock options	—	862
Effect of dilutive restricted stock units	—	54
Dilutive weighted average shares outstanding	161,620	134,201

**Basic and diluted (loss) earnings per share:**

Basic (loss) earnings per share	\$ (0.71)	\$ 1.84
Diluted (loss) earnings per share	\$ (0.71)	\$ 1.83

The following table summarizes the number of stock options and shares of restricted stock that were excluded from the diluted EPS calculations because the effect would have been antidilutive:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Stock options	13,149	5,523	12,724	5,512
Restricted stock	173	141	529	114

## Fair Value Measurement (Tables)

**6 Months Ended  
Jun. 30, 2017**

### [Fair Value Disclosures \[Abstract\]](#)

#### [Summary of financial assets and liabilities measured at fair value on a recurring basis](#)

Laureate's financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2017 were as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Derivative instruments	\$ 49,171	\$ —	\$ —	\$ 49,171
<b>Liabilities</b>				
Derivative instruments	\$ 7,941	\$ —	\$ —	\$ 7,941

Laureate's financial assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2016 were as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Derivative instruments	\$ 4,464	\$ —	\$ —	\$ 4,464
<b>Liabilities</b>				
Derivative instruments	\$ 12,968	\$ —	\$ —	\$ 12,968

#### [Summary of the change in Level 3 derivatives instruments](#)

The changes in our Level 3 Derivative instruments measured at fair value on a recurring basis for the six months ended June 30, 2017 were as follows:

	Total Assets (Liabilities)
Balance December 31, 2016	\$ (8,504)
Gain (loss) included in earnings:	
Unrealized gains, net	39,386
Realized losses, net	(269)
Included in other comprehensive income	6,099
Included in issuance of Series A convertible redeemable Preferred Stock	4,384
Settlements	269
Currency translation adjustment	(135)
Balance June 30, 2017	\$ 41,230
Unrealized gain, net relating to derivatives held at June 30, 2017	\$ 39,386

#### [Fair value inputs, liabilities, quantitative information](#)

The following table presents quantitative information regarding the significant unobservable inputs utilized in the fair value measurements of the Company's assets/(liabilities) classified as Level 3 as of June 30, 2017:

	Fair Value at June 30, 2017	Valuation Technique	Unobservable Input	Range/ Input Value
Contingent redemption features - Series A Preferred Stock	\$ 48,290	Monte Carlo Simulation Method	Credit Risk	5.45%
Derivative instruments - cross currency and interest rate swaps	\$ (7,060)	Discounted Cash Flow	Credit Risk	4.41%

#### [Fair value inputs, assets, quantitative information](#)

The following table presents quantitative information regarding the significant unobservable inputs utilized in the fair value measurements of the Company's assets/(liabilities) classified as Level 3 as of June 30, 2017:

		<b>Fair Value at June 30, 2017</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range/ Input Value</b>
Contingent redemption features			Monte Carlo Simulation		
- Series A Preferred Stock	\$	48,290	Method	Credit Risk	5.45%
Derivative instruments - cross currency and interest rate swaps	\$	(7,060)	Discounted Cash Flow	Credit Risk	4.41%

Description of Business - Additional Information (Details) \$ / shares in Units, \$ in Thousands	3 Months Ended			
	Feb. 06, 2017 \$ / shares shares	Jan. 31, 2017	Jun. 30, 2017 USD (\$) shares	Dec. 31, 2016 shares
<a href="#">Subsidiary, Sale of Stock [Line Items]</a>				
<a href="#">Common stock, shares authorized (in shares)</a>			0	175,000,000
<a href="#">Reverse stock split</a>		0.25		
<a href="#">Class A Common Stock</a>				
<a href="#">Subsidiary, Sale of Stock [Line Items]</a>				
<a href="#">Common stock, shares authorized (in shares)</a>			700,000,000	
<a href="#">IPO   Class A Common Stock</a>				
<a href="#">Subsidiary, Sale of Stock [Line Items]</a>				
<a href="#">Common stock, shares authorized (in shares)</a>	700,000,000			
<a href="#">Shares sold in initial public offering (in shares)</a>	35,000,000			
<a href="#">Sale of common stock in IPO (in dollars per share)   \$ / shares</a>	\$ 14.00			
<a href="#">Net proceeds from initial public offering   \$</a>			\$ 456,561	

**Significant Accounting  
Policies - Schedule of  
Variable Interest Entities  
(Details) - USD (\$)  
\$ in Thousands**

<b>3 Months Ended</b>		<b>6 Months Ended</b>			
<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>

**Selected Statements of Operations information:**

<u>Revenues, by segment:</u>	\$	\$	\$	\$	
	1,277,439	1,231,910	2,133,372	2,138,444	

**Operating income (loss), by segment:**

<u>Operating income (loss)</u>	243,850	210,568	180,983	199,411
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<u>Net income (loss)</u>	117,098	349,238	(3,256)	246,792
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<u>Net income (loss) attributable to Laureate Education, Inc.</u>	116,386	347,389	(6,422)	244,222
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**Balance Sheets data:**

<u>Cash and cash equivalents</u>	367,163	384,768	367,163	384,768	\$ 464,965	\$ 458,673
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<u>Other current assets</u>	875,319		875,319		650,836
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<u>Total current assets (includes VIE amounts of \$350,678 and \$322,210, see Note 2)</u>	1,242,482		1,242,482		1,115,801
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<u>Goodwill</u>	2,020,620		2,020,620		1,934,464
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<u>Tradenames</u>	1,332,523		1,332,523		1,307,633
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<u>Other intangible assets, net</u>	44,735		44,735		46,700
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<u>Other long-term assets</u>	2,729,376		2,729,376		2,657,872
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<u>Total assets (includes VIE amounts of \$1,340,653 and \$1,309,113, see Note 2)</u>	7,369,736		7,369,736		7,062,470
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<u>Current liabilities</u>	1,415,202		1,415,202		1,440,232
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<u>Long-term debt and other long-term liabilities</u>	4,249,375		4,249,375		4,601,013
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<u>Total liabilities (includes VIE amounts of \$405,181 and \$424,297, see Note 2)</u>	5,664,577		5,664,577		6,041,245
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<u>Total stockholders' equity</u>	1,447,607		1,447,607		664,392
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<u>Total stockholders' equity attributable to Laureate Education, Inc.</u>	1,412,953		1,412,953		632,210
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**LatAm**

**Balance Sheets data:**

<u>Goodwill</u>	1,308,430		1,308,430		1,235,952
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**EMEAA**

**Balance Sheets data:**

<u>Goodwill</u>	193,792		193,792		180,720
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**Operating Segments**

**Selected Statements of Operations information:**

<u>Revenues, by segment:</u>	1,277,439	1,231,910	2,133,372	2,138,444
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**Operating Segments | LatAm**

**Selected Statements of Operations information:**

<u>Revenues, by segment:</u>	831,118	733,255	1,252,554	1,137,152
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**Balance Sheets data:**

<u>Total assets (includes VIE amounts of \$1,340,653 and \$1,309,113, see Note 2)</u>	4,099,520	4,099,520	3,932,679
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Operating Segments | EMEAA

**Selected Statements of Operations information:**

<u>Revenues, by segment:</u>	245,480	261,084	472,665	505,097
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**Balance Sheets data:**

<u>Total assets (includes VIE amounts of \$1,340,653 and \$1,309,113, see Note 2)</u>	1,355,507	1,355,507	1,333,297
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Other operations

**Selected Statements of Operations information:**

<u>Depreciation and amortization</u>	66,950	69,704	131,465	135,911
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**Operating income (loss), by segment:**

<u>Operating income (loss)</u>	243,850	210,568	180,983	199,411
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<u>Net income (loss) attributable to Laureate Education, Inc.</u>	183,817	277,470	214,374	325,580
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Corporate and eliminations

**Selected Statements of Operations information:**

<u>Revenues, by segment:</u>	(3,754)	(4,085)	(4,732)	(5,886)
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**Operating income (loss), by segment:**

<u>Net income (loss) attributable to Laureate Education, Inc.</u>	(109,386)	61,785	(241,815)	(60,177)
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Variable Interest Entity, Primary Beneficiary

**Balance Sheets data:**

<u>Cash and cash equivalents</u>	114,684	114,684	169,074
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<u>Other current assets</u>	235,994	235,994	153,136
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<u>Total current assets (includes VIE amounts of \$350,678 and \$322,210, see Note 2)</u>	350,678	350,678	322,210
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<u>Goodwill</u>	188,620	188,620	181,669
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<u>Tradenames</u>	106,005	106,005	104,117
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<u>Other intangible assets, net</u>	0	0	0
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<u>Other long-term assets</u>	695,350	695,350	701,117
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<u>Total assets (includes VIE amounts of \$1,340,653 and \$1,309,113, see Note 2)</u>	1,340,653	1,340,653	1,309,113
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<u>Current liabilities</u>	295,819	295,819	320,922
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<u>Long-term debt and other long-term liabilities</u>	109,362	109,362	103,375
---	---------	---------	---------

<u>Total liabilities (includes VIE amounts of \$405,181 and \$424,297, see Note 2)</u>	405,181	405,181	424,297
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<u>Total stockholders' equity</u>	935,472	935,472	884,816
-----------------------------------	---------	---------	---------

<u>Total stockholders' equity attributable to Laureate Education, Inc.</u>	915,158	915,158	\$ 866,997
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Variable Interest Entity, Primary Beneficiary |

Operating Segments

**Selected Statements of Operations information:**

<u>Revenues, by segment:</u>	220,564	185,456	350,463	314,998
------------------------------	---------	---------	---------	---------

<u>Depreciation and amortization</u>	12,651	12,974	25,473	25,768
<b><u>Operating income (loss), by segment:</u></b>				
<u>Operating income (loss)</u>	39,533	6,901	10,341	(22,933)
<u>Net income (loss)</u>	43,152	9,486	23,040	(20,080)
<u>Net income (loss) attributable to Laureate Education, Inc.</u>	41,955	8,134	21,019	(21,181)
<u>Variable Interest Entity, Primary Beneficiary   Operating Segments   LatAm</u>				
<b><u>Selected Statements of Operations information:</u></b>				
<u>Revenues, by segment:</u>	153,262	112,223	216,948	169,430
<b><u>Operating income (loss), by segment:</u></b>				
<u>Operating income (loss)</u>	31,514	(2,009)	(9,554)	(42,598)
<u>Variable Interest Entity, Primary Beneficiary   Operating Segments   EMEAA</u>				
<b><u>Selected Statements of Operations information:</u></b>				
<u>Revenues, by segment:</u>	67,302	73,233	133,515	145,568
<b><u>Operating income (loss), by segment:</u></b>				
<u>Operating income (loss)</u>	\$ 8,019	\$ 8,910	\$ 19,895	\$ 19,665

**Significant Accounting  
Policies - Additional  
Information (Details) -  
Accounting Standards  
Update 2015-17  
\$ in Thousands**

**Dec. 31, 2016  
USD (\$)**

**New Accounting Pronouncements or Change in Accounting Principle [Line Items]**

<u>Decrease in current deferred tax assets</u>	\$ 110,000
<u>Decrease in current deferred tax liabilities</u>	\$ 6,000



Acquisitions - Additional Information (Details) AUD in Thousands, \$ in Thousands	1 Months Ended		6 Months Ended	
	Jun. 30, 2017 USD (\$)	Jun. 30, 2017 AUD	Jun. 30, 2017 USD (\$)	Jun. 30, 2016 USD (\$)
<a href="#">Business Acquisition [Line Items]</a>				
<a href="#">Business acquisitions, net of cash acquired</a>			\$ 835	\$ 0
<a href="#">Careers Australia</a>				
<a href="#">Business Acquisition [Line Items]</a>				
<a href="#">Business acquisitions, net of cash acquired</a>	\$ 835	AUD 1,107		
<a href="#">Debt assumed</a>	\$ 7,433	AUD 9,850		

<b>Acquisitions - Summary of assets acquired and the liabilities assumed in acquisition (Details) AUD in Thousands, \$ in Thousands</b>	<b>1 Months Ended</b>		<b>6 Months Ended</b>	
	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>
	<b>USD (\$)</b>	<b>AUD</b>	<b>USD (\$)</b>	<b>USD (\$)</b>
<b><u>Business Acquisition [Line Items]</u></b>				
<u>Goodwill</u>	\$		\$	\$
	2,020,620		2,020,620	1,934,464
<u>Net cash paid at acquisition</u>			835	\$ 0
<u>Careers Australia</u>				
<b><u>Business Acquisition [Line Items]</u></b>				
<u>Debt assumed</u>	7,433	AUD 9,850		
<u>Current assets</u>	610		610	
<u>Property and equipment</u>	9,657		9,657	
<u>Goodwill</u>	1,791		1,791	
<u>Other intangible assets</u>	3,988		3,988	
<u>Total assets acquired</u>	16,046		16,046	
<u>Current portion of long-term debt</u>	166		166	
<u>Other current liabilities</u>	6,034		6,034	
<u>Long-term debt, less current portion</u>	7,267		7,267	
<u>Other long-term liabilities</u>	1,744		1,744	
<u>Total liabilities</u>	15,211		15,211	
<u>Net assets acquired attributable to Laureate Education, Inc.</u>	835		835	
<u>Net assets acquired attributable to Laureate Education, Inc. plus debt assumed</u>	8,268		8,268	
<u>Net assets acquired</u>	835		\$ 835	
<u>Net cash paid at acquisition</u>	\$ 835	AUD 1,107		

**Due to Shareholders of  
Acquired Companies -  
Summary of Amounts Due to  
Shareholders of Acquired  
Companies (Details) - USD  
(\$)**

**6 Months  
Ended**

**Jun. 30,  
2017      Dec. 31,  
2016**

**\$ in Thousands**

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies \$ 215,463 \$ 210,948

Less: Current portion of due to shareholders of acquired companies 133,083 118,679

Due to shareholders of acquired companies, less current portion 82,380 92,269

Faculdades Metropolitanas Unidas Educacionais (FMU)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies 105,811 100,382

Universidade Anhembi Morumbi (UAM Brazil)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies 54,435 52,043

Monash South Africa (MSA)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies \$ 30,081 27,462

Monash South Africa (MSA) | Notes Payable

**Business Acquisition [Line Items]**

Interest Rate % 6.75%

University of St. Augustine for Health Sciences, LLC (St. Augustine)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies \$ 11,550 11,550

University of St. Augustine for Health Sciences, LLC (St. Augustine) | Notes Payable

**Business Acquisition [Line Items]**

Interest Rate % 7.00%

CH Holding Netherlands B.V. (CH Holding)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies \$ 4,566 5,196

Universidad Tecnologica Centroamericana (UNITEC Honduras)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies 3,798 8,587

Faculdade-Porto-Alegrense (FAPA)

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies 2,952 2,973

IADE Group

**Business Acquisition [Line Items]**

Total due to shareholders of acquired companies \$ 2,270 \$ 2,755

IADE Group | Notes Payable

**Business Acquisition [Line Items]**

Interest Rate % 3.00%

[Certificados de Depósitos Interbancários \(CDI\) | Universidade Anhembi Morumbi \(UAM Brazil\) | Notes Payable](#)

**[Business Acquisition \[Line Items\]](#)**

[Basis spread on variable rate](#)

2.00%

**Due to Shareholders of  
Acquired Companies -  
Additional Information  
(Details) - 3 months ended  
Jun. 30, 2017 - IADE Group  
€ in Thousands, \$ in  
Thousands**

**USD (\$)**   **EUR (€)**  
**tranche**   **tranche**

**Business Acquisition [Line Items]**

<u>Number of payment tranches   tranche</u>	2	2
<u>Payment tranche, value   €</u>		€ 1,000
<u>Payment term for tranche one</u>	36 months	36 months
<u>Payment term for tranche two</u>	60 months	60 months

Notes Payable

**Business Acquisition [Line Items]**

<u>Liability settled</u>	\$ 694	€ 639
--------------------------	--------	-------

**Business and Geographic  
Segment Information -  
Additional Information  
(Details)**

**6 Months Ended  
Jun. 30, 2017  
licensed\_institution  
segment**

**[Segment Reporting Information \[Line Items\]](#)**

[Number of operating segments \(segment\) | segment](#)

3

[Saudi Arabia](#)

**[Segment Reporting Information \[Line Items\]](#)**

[Number of licensed institutions managed through joint venture arrangements \(licensed institution\)](#)

9

[China](#)

**[Segment Reporting Information \[Line Items\]](#)**

[Number of licensed institutions managed through joint venture arrangements \(licensed institution\)](#)

1

**Business and Geographic  
Segment Information -  
Schedule of Segment  
Financial Information  
(Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended    6 Months Ended**

**Jun. 30,   Jun. 30,   Jun. 30,   Jun. 30,   Dec. 31,  
2017       2016       2017       2016       2016**

**Segment Reporting Information, Revenue for Reportable**

**Segment [Abstract]**

Revenues

\$            \$            \$            \$  
1,277,439 1,231,910 2,133,372 2,138,444

**Adjusted EBITDA of reportable segments**

Adjusted EBITDA of reportable segments

407,741   342,086   489,005   446,050

**Reconciling items:**

Share-based compensation expense

(12,949)   (13,531)   (35,337)   (20,611)

Operating income

243,850   210,568   180,983   199,411

Interest income

4,460       4,062       9,154       9,868

Interest expense

(98,962)   (105,833)   (201,595)   (209,602)

Loss on debt extinguishment

(6,915)   (1,681)       (8,430)   (1,681)

Gain (loss) on derivatives

26,970       1,999       39,117   (8,751)

Other (expense) income, net

(380)       (1,276)       56       (1,317)

Foreign currency exchange (loss) gain, net

(9,726)       26,252       (7,436)       53,934

(Loss) gain on sales of subsidiaries, net

(172)       243,261       (172)       243,261

Income from continuing operations before income taxes and equity in net income of affiliates

159,125   377,352   11,677       285,123

**Assets**

Assets

7,369,736                    7,369,736                    \$  
7,062,470

Operating Segments

**Segment Reporting Information, Revenue for Reportable**

**Segment [Abstract]**

Revenues

1,277,439 1,231,910 2,133,372 2,138,444

Corporate and eliminations

**Segment Reporting Information, Revenue for Reportable**

**Segment [Abstract]**

Revenues

(3,754)   (4,085)   (4,732)   (5,886)

Reconciling items:

**Reconciling items:**

Corporate

(65,913)   (33,884)   (98,580)   (63,876)

Depreciation and amortization expense

(66,950)   (69,704)   (131,465)   (135,911)

Loss on impairment of assets

0            0            0            0

Share-based compensation expense

(12,949)   (13,745)   (35,337)   (20,909)

EiP expenses

(18,079)   (14,185)   (42,640)   (25,943)

Operating income

243,850   210,568   180,983   199,411

Interest income

4,460       4,062       9,154       9,868

<a href="#">Interest expense</a>	(98,962)	(105,833)	(201,595)	(209,602)
<a href="#">Loss on debt extinguishment</a>	(6,915)	(1,681)	(8,430)	(1,681)
<a href="#">Gain (loss) on derivatives</a>	26,970	1,999	39,117	(8,751)
<a href="#">Other (expense) income, net</a>	(380)	(1,276)	56	(1,317)
<a href="#">Foreign currency exchange (loss) gain, net</a>	(9,726)	26,252	(7,436)	53,934
<a href="#">(Loss) gain on sales of subsidiaries, net</a>	(172)	243,261	(172)	243,261
<a href="#">Corporate</a>				
<a href="#">Assets</a>				
<a href="#">Assets</a>	476,556		476,556	291,252
<a href="#">LatAm   Operating Segments</a>				
<a href="#">Segment Reporting Information, Revenue for Reportable Segment [Abstract]</a>				
<a href="#">Revenues</a>	831,118	733,255	1,252,554	1,137,152
<a href="#">Adjusted EBITDA of reportable segments</a>				
<a href="#">Adjusted EBITDA of reportable segments</a>	300,025	224,073	264,236	203,847
<a href="#">Assets</a>				
<a href="#">Assets</a>	4,099,520		4,099,520	3,932,679
<a href="#">EMEA   Operating Segments</a>				
<a href="#">Segment Reporting Information, Revenue for Reportable Segment [Abstract]</a>				
<a href="#">Revenues</a>	245,480	261,084	472,665	505,097
<a href="#">Adjusted EBITDA of reportable segments</a>				
<a href="#">Adjusted EBITDA of reportable segments</a>	52,891	52,748	106,340	107,210
<a href="#">Assets</a>				
<a href="#">Assets</a>	1,355,507		1,355,507	1,333,297
<a href="#">GPS   Operating Segments</a>				
<a href="#">Segment Reporting Information, Revenue for Reportable Segment [Abstract]</a>				
<a href="#">Revenues</a>	204,595	241,656	412,885	502,081
<a href="#">Adjusted EBITDA of reportable segments</a>				
<a href="#">Adjusted EBITDA of reportable segments</a>	54,825	\$ 65,265	118,429	\$ 134,993
<a href="#">Assets</a>				
<a href="#">Assets</a>	\$ 1,438,153		\$ 1,438,153	\$ 1,505,242



**Goodwill - Summary of Change in the Net Carrying Amount of Goodwill (Details) - USD (\$)**

**6 Months Ended**

**Jun. 30, 2017   Dec. 31, 2016**

**\$ in Thousands**

**Goodwill [Line Items]**

<u>Goodwill</u>		\$ 2,094,359
<u>Accumulated impairment loss</u>		(159,895)

**Goodwill [Roll Forward]**

<u>Balance at December 31, 2016</u>	\$ 1,934,464
<u>Acquisitions</u>	1,791
<u>Dispositions</u>	(488)
<u>Impairments</u>	0
<u>Currency translation adjustments</u>	84,853
<u>Adjustments to prior acquisitions</u>	0
<u>Balance at June 30, 2017</u>	2,020,620

LatAm

**Goodwill [Line Items]**

<u>Goodwill</u>	1,313,046
<u>Accumulated impairment loss</u>	(77,094)

**Goodwill [Roll Forward]**

<u>Balance at December 31, 2016</u>	1,235,952
<u>Acquisitions</u>	0
<u>Dispositions</u>	0
<u>Impairments</u>	0
<u>Currency translation adjustments</u>	72,478
<u>Adjustments to prior acquisitions</u>	0
<u>Balance at June 30, 2017</u>	1,308,430

EMEA

**Goodwill [Line Items]**

<u>Goodwill</u>	243,861
<u>Accumulated impairment loss</u>	(63,141)

**Goodwill [Roll Forward]**

<u>Balance at December 31, 2016</u>	180,720
<u>Acquisitions</u>	1,791
<u>Dispositions</u>	(488)
<u>Impairments</u>	0
<u>Currency translation adjustments</u>	11,769
<u>Adjustments to prior acquisitions</u>	0
<u>Balance at June 30, 2017</u>	193,792

GPS

**Goodwill [Line Items]**

<u>Goodwill</u>	537,452
<u>Accumulated impairment loss</u>	\$ (19,660)

**Goodwill [Roll Forward]**

<u>Balance at December 31, 2016</u>	517,792
<u>Acquisitions</u>	0
<u>Dispositions</u>	0
<u>Impairments</u>	0
<u>Currency translation adjustments</u>	606
<u>Adjustments to prior acquisitions</u>	0
<u>Balance at June 30, 2017</u>	\$ 518,398

**Debt - Schedule of Long-term Debt Outstanding**  
**(Details) - USD (\$)**  
**\$ in Thousands**

**Jun. 30, 2017 Dec. 31, 2016**

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	\$ 3,616,070	\$ 3,853,012
<u>Capital lease obligations and sale-leaseback financings</u>	260,651	250,842
<u>Less: total unamortized deferred financing costs</u>	111,789	44,648
<u>Less: current portion of long-term debt</u>	212,568	178,989
<u>Long-term debt, less current portion</u>	3,291,713	3,629,375

Senior Notes

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	1,048,662	1,388,036
-----------------------------	-----------	-----------

Lines of credit

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	65,971	66,081
-----------------------------	--------	--------

Notes payable and other debt

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	660,434	650,184
-----------------------------	---------	---------

Senior and Other Debt

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	3,355,419	3,602,170
-----------------------------	-----------	-----------

Senior Long-term Debt | Senior Notes

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	2,629,014	2,885,905
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Secured Credit Facility | Senior Secured Credit Facility

**Debt Instrument [Line Items]**

<u>Total long-term debt</u>	\$ 1,580,352	\$ 1,497,869
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Debt - Debt Refinancing and Senior Notes Due 2019 Exchange Transaction (Details) - USD (\$) \$ / shares in Units, shares in Thousands	Aug. 11, 2017	Aug. 09, 2017	Jul. 01, 2017	Apr. 26, 2017	Apr. 21, 2017	Mar. 01, 2017	3 Months Ended	6 Months Ended		Feb. 06, 2017	Dec. 31, 2016
							Jun. 30, 2017	Jun. 30, 2017	Jun. 30, 2016		
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Debt outstanding</a>							\$ 3,616,070,000	\$ 3,616,070,000		\$ 3,853,012,000	
<a href="#">Repurchase payments of long term debt</a>								2,415,530,000	\$ 477,008,000		
<a href="#">IPO   Class A Common Stock</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Sale of common stock in IPO (in dollars per share)</a>										\$ 14.00	
<a href="#">Scenario, Forecast   Class A Common Stock</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Required amount of proceeds received in public offering for exchange agreement to occur</a>			\$ 400,000,000								
<a href="#">Gross proceeds from initial public offering, percent of equity value</a>			10.00%								
<a href="#">Scenario, Forecast   IPO   Class A Common Stock</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Sale of common stock in IPO (in dollars per share)</a>	\$ 14.00										
<a href="#">Second Amended and Restated Credit Agreement   Revolving Credit Facility</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Borrowing under credit facility</a>							0	0			
<a href="#">Second Amended and Restated Credit Agreement   Letter of Credit</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Maximum borrowing capacity under credit facility</a>				\$ 141,000,000							
<a href="#">Second Amended and Restated Credit Agreement   Revolving Credit Facility and Term Loan</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Incremental borrowing capacity</a>				\$ 300,000,000							
<a href="#">Debt to consolidated EBITDA ratio</a>				275.00%							
<a href="#">Senior Notes</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Debt outstanding</a>							\$ 1,048,662,000	\$ 1,048,662,000		1,388,036,000	
<a href="#">Senior Notes   Senior Notes Due 2019</a>											
<a href="#">Debt Instrument [Line Items]</a>											
<a href="#">Interest rate</a>							9.25%	9.25%			
<a href="#">Repurchase price, percent</a>								104.625%			
<a href="#">Debt outstanding</a>							\$ 1,125,443,000	\$ 1,125,443,000			
<a href="#">Redemption price</a>								1,177,495,000			

<a href="#">Repurchase of aggregate principal amount</a>		\$		
			22,556,000	
<a href="#">Repurchase payments of long term debt</a>		\$		
			23,599,000	
<a href="#">Senior Notes   Senior Notes Due 2019   Scenario, Forecast</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Amount of debt to be exchanged</a>		\$	250,000,000	
<a href="#">Principal amount redeemed</a>		\$		
			1,205,630,000	
<a href="#">Shares converted (in shares)</a>	18,683			
<a href="#">Common stock shares issuable, percentage of aggregate principal amount</a>	104.625%			
<a href="#">Amount to be divided by initial public offering price per share, to determine number of shares authorized for exchange</a>		\$	261,600,000	
<a href="#">Period for repurchase of additional principal amount</a>		60 days		
<a href="#">Amount able to be purchased after IPO</a>		\$	62,500,000	
<a href="#">Senior Notes   The Senior Notes due 2025</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Debt outstanding</a>			800,000,000	800,000,000
<a href="#">Senior Notes   The Senior Notes due 2025   Debt Instrument, Redemption, Period One</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Interest rate</a>		8.25%		
<a href="#">Repurchase price, percent</a>		106.188%		
<a href="#">Senior Notes   The Senior Notes due 2025   Debt Instrument, Redemption, Period Two</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Repurchase price, percent</a>		100.00%		
<a href="#">Senior Notes   The Senior Notes due 2025   Debt Instrument, Redemption, Period Three</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Repurchase price, percent</a>		108.25%		
<a href="#">Percentage of principal amount redeemed</a>		40.00%		
<a href="#">Senior Notes   The Senior Notes due 2025   Debt Instrument, Redemption, Period Four</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Repurchase price, percent</a>		100.00%		
<a href="#">Convertible Debt   Exchanged Notes</a>				
<a href="#">Debt Instrument [Line Items]</a>				
<a href="#">Amount of debt to be exchanged</a>		\$	250,000,000	
<a href="#">Debt outstanding</a>			248,662,000	248,662,000
<a href="#">Debt issuance costs</a>			70,800,000	70,800,000
<a href="#">Write off of deferred debt issuance costs</a>			(6,915,000)	
<a href="#">Lines of credit</a>				

**Debt Instrument [Line Items]**[Debt outstanding](#)

\$ 65,971,000 65,971,000

\$ 66,081,000

[Lines of credit | New Credit Agreement | Revolving Credit Facility](#)**Debt Instrument [Line Items]**[Maximum borrowing capacity under credit facility](#)

\$ 385,000,000

[Lines of credit | New Credit Facilities | Term Loan](#)**Debt Instrument [Line Items]**[Maximum borrowing capacity under credit facility](#)

\$ 1,600,000,000

[Lines of credit | Senior Secured Credit Facility | Term Loan](#)**Debt Instrument [Line Items]**[Amount of debt converted](#)

\$ 283,000,000

[Lines of credit | Second Amended and Restated Credit Agreement | Revolving Credit Facility | London Interbank Offered Rate \(LIBOR\)](#)**Debt Instrument [Line Items]**[Basis spread on variable rate](#)

3.50%

[Lines of credit | Second Amended and Restated Credit Agreement | Revolving Credit Facility | Alternate Base Rate \(ABR\)](#)**Debt Instrument [Line Items]**[Basis spread on variable rate](#)

2.50%

[Lines of credit | Second Amended and Restated Credit Agreement | Revolving Credit Facility | Maximum](#)**Debt Instrument [Line Items]**[Basis spread on variable rate](#)

3.75%

[Lines of credit | Second Amended and Restated Credit Agreement | Revolving Credit Facility | Minimum](#)**Debt Instrument [Line Items]**[Basis spread on variable rate](#)

2.75%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan](#)**Debt Instrument [Line Items]**[Percentage of discount rate](#)

1.00%

[Debt issuance costs](#)

\$ 16,000,000

[Percentage of amortization of debt discount](#)

1.00%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | Debt Instrument, Covenant, Period One](#)**Debt Instrument [Line Items]**[Percentage of principal amount outstanding prepayment](#)

101.00%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | Debt Instrument, Covenant, Period Two](#)

**[Debt Instrument \[Line Items\]](#)**

[Percentage of principal amount outstanding prepayment](#) 100.00%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | London Interbank Offered Rate \(LIBOR\)](#)

**[Debt Instrument \[Line Items\]](#)**

[Total interest rate](#) 5.73% 5.73%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | Maximum](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 4.50%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | Minimum](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 3.50%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | Minimum | London Interbank Offered Rate \(LIBOR\)](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 4.25%

[Lines of credit | Second Amended and Restated Credit Agreement | Term Loan | Minimum | Alternate Base Rate \(ABR\)](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 3.25%

[General and Administrative Expense | Convertible Debt | Exchanged Notes](#)

**[Debt Instrument \[Line Items\]](#)**

[Loss on modification of debt](#) \$ 22,800,000

**Debt - Schedule Estimated**  
**Fair Values of Debt (Details)**     **Jun. 30, 2017** **Dec. 31, 2016**  
- USD (\$)  
\$ in Thousands

Carrying amount

**Debt Instrument [Line Items]**

Total senior and other debt     \$ 3,355,419     \$ 3,602,170

Estimated fair value

**Debt Instrument [Line Items]**

Total senior and other debt     \$ 3,417,320     \$ 3,632,853



**Debt - Certain Covenants  
(Details) - Second Amended  
and Restated Credit  
Agreement**

**Apr. 26, 2017**

Revolving Credit Facility

**Debt Instrument [Line Items]**

Percentage of utilized line of credit

25.00%

Lines of credit

**Debt Instrument [Line Items]**

Maximum debt to consolidated EBITDA ratio

4.75

Lines of credit | Revolving Credit Facility | Debt Instrument, Covenant, Period One

**Debt Instrument [Line Items]**

Required minimum Debt to Consolidated EBITDA ratio

4.5

Lines of credit | Revolving Credit Facility | Debt Instrument, Covenant, Period Two

**Debt Instrument [Line Items]**

Required minimum Debt to Consolidated EBITDA ratio

3.75

Lines of credit | Revolving Credit Facility | Debt Instrument, Covenant, Period Three

**Debt Instrument [Line Items]**

Required minimum Debt to Consolidated EBITDA ratio

3.5

<b>Commitments and Contingencies - Noncontrolling Interest Holder Put Agreements and Company Call Arrangements (Details) - USD (\$) \$ in Thousands</b>	<b>6 Months Ended</b>	
	<b>Jul. 11, 2017</b>	<b>Jun. 30, 2017</b>
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Accretion of redeemable noncontrolling interests and equity</u>		\$ 22,715
<u>Purchase of noncontrolling interest</u>		\$ 736
<u>Pearl Retail Solutions Private Limited and Creative Arts Education Society</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Noncontrolling interest, noncontrolling owners, ownership percent</u>		45.00%
<u>Puttable Non-controlling Interest</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Total redeemable noncontrolling interests and equity</u>		\$ 23,215
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>		23,215
<u>Puttable Common Stock   Pearl Retail Solutions Private Limited and Creative Arts Education Society</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Total redeemable noncontrolling interests and equity</u>		13,329
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>		\$ 13,329
<u>Noncontrolling interest, noncontrolling owners, ownership percent</u>		45.00%
<u>Puttable Common Stock   Subsequent Event   Pearl Retail Solutions Private Limited and Creative Arts Education Society</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Noncontrolling interest, noncontrolling owners, interest acquired</u>	35.00%	
<u>Purchase of noncontrolling interest</u>	\$ 11,500	
<u>Callable Noncontrolling Interest, Common Stock   Pearl Retail Solutions Private Limited and Creative Arts Education Society</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Noncontrolling interest, noncontrolling owners, ownership percent</u>		35.00%
<u>Percentage of noncontrolling interest of ownership percentage by noncontrolling owners</u>		78.00%

**Commitments and  
Contingencies - Summary of  
Redeemable Noncontrolling  
Interest (Details) - USD (\$)  
\$ in Thousands**

	<b>Jun. 30, 2017</b>	<b>Dec. 31, 2016</b>
<u>INTI Education Holdings Sdn Bhd</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Noncontrolling interest, noncontrolling owners, ownership percent allowed to be sold</u>	10.00%	
<u>Pearl Retail Solutions Private Limited and Creative Arts Education Society</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Noncontrolling interest, noncontrolling owners, ownership percent allowed to be sold</u>	45.00%	
<u>Puttable Common Stock   INTI Education Holdings Sdn Bhd</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	\$ 9,828	
<u>Reported Value</u>	9,828	
<u>Puttable Common Stock   Pearl Retail Solutions Private Limited and Creative Arts Education Society</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	13,329	
<u>Reported Value</u>	\$ 13,329	
<u>Noncontrolling interest, noncontrolling owners, ownership percent allowed to be sold</u>	45.00%	
<u>Puttable Preferred Stock   Stamford International University</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	\$ 58	
<u>Reported Value</u>	58	
<u>Puttable Non-controlling Interest</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	23,215	
<u>Reported Value</u>	23,215	
<u>Puttable common stock - currently redeemable</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	4	
<u>Reported Value</u>	4	
<u>Puttable common stock - not currently redeemable</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	0	
<u>Reported Value</u>	2,303	
<u>Puttable Arrangements - Common and Preferred Stock</u>		
<b><u>Redeemable Noncontrolling Interest [Line Items]</u></b>		
<u>Estimated Value as of June 30, 2017 redeemable within 12-months:</u>	23,219	
<u>Reported Value</u>	\$ 25,522	\$ 23,876

Commitments and Contingencies - Series A Convertible Redeemable Preferred Stock Offering (Details) \$ in Thousands	Dec. 20, 2016 USD (\$) shares	1	3	6	Dec. 31, 2016 USD (\$)
		Months Ended Jan. 31, 2017 USD (\$) shares	Months Ended Jun. 30, 2017 USD (\$)	Months Ended Jun. 30, 2017 USD (\$)	

[Series A Convertible Redeemable Preferred Stock  
Subsidiary, Sale of Stock \[Line Items\]](#)

Total redeemable noncontrolling interests and equity		\$	\$	\$
		232,030	232,030	332,957

[Series A Convertible Redeemable Preferred Stock |  
Additional paid-in capital](#)

[Subsidiary, Sale of Stock \[Line Items\]](#)

Accretion to redemption value		\$
		101,194

[Series A Redeemable Convertible Preferred Stock -  
Beneficial Conversion Feature | Additional paid-in capital](#)

[Subsidiary, Sale of Stock \[Line Items\]](#)

Beneficial conversion feature of preferred stock		\$
		261,794

Accretion period		1 year
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[Private Placement](#)

[Subsidiary, Sale of Stock \[Line Items\]](#)

Number of investors (investor)   investor	6
Net proceeds from sale of stock	\$ 328,000 \$ 383,000 \$ 55,000

Sale of stock, number of shares issued in transaction (in shares)   shares	343,000	57,000
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Sale of stock, amount financed	\$ 57,000
--------------------------------	-----------

Sale of stock redemption period	5 years
---------------------------------	---------

[Private Placement | Series A Convertible Redeemable  
Preferred Stock](#)

[Subsidiary, Sale of Stock \[Line Items\]](#)

Sale of stock, number of shares agreed to be issued in transaction (in shares)   shares	400,000
---	---------

[Private Placement | Series A-1 Redeemable Convertible  
Preferred Stock](#)

[Subsidiary, Sale of Stock \[Line Items\]](#)

Sale of stock, number of shares agreed to be issued in transaction (in shares)   shares	23,000
---	--------

[Private Placement | Series A-2 Redeemable Convertible  
Preferred Stock](#)

**Subsidiary, Sale of Stock [Line Items]**

Sale of stock, number of shares agreed to be issued in transaction (in shares) | shares

377,000

Commitments and Contingencies - Other Loss Contingencies (Details) \$ in Thousands	Sep. 12, 2014	1 Months Ended Apr. 30, 2013	6 Months Ended Jun. 30, 2017 USD (\$) defendant	Dec. 31, 2016 USD (\$)
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Indemnification assets</a>			\$ 93,203	\$ 97,607
<a href="#">UAM Brazil</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Noncontrolling interest, noncontrolling owners, ownership percent</a>		49.00%		
<a href="#">Repayment Guarantee for Loans that Financed a Portion of the Purchase Price</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Percentage of shares as guarantee of payment obligations</a>	75.00%			
<a href="#">Repayment Guarantee for Obligations Under the Purchase Agreement for the Seller Notes</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Percentage of shares as guarantee of payment obligations</a>	25.00%			
<a href="#">Pending Litigation</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Contingent liabilities recorded</a>			\$ 22,000	18,000
<a href="#">Pending Litigation   Hunan International Economics University (HIEU)</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Number of defendants   defendant</a>			5	
<a href="#">Pending Litigation   Hunan International Economics University (HIEU)   Financial Guarantee</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Guarantor obligations, amount of loan</a>			\$ 29,000	
<a href="#">Taxes, Other-Than-Income Tax</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Loss contingency, statues of limitations</a>			10 years	
<a href="#">Income Tax Contingencies</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Contingent liabilities recorded</a>			\$ 108,542	103,471
<a href="#">Guarantee of Indebtedness of Others   Chile</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Loss contingency, noncurrent</a>			27,854	20,636
<a href="#">Guarantee amount, maximum potential amount of payments</a>			496,000	479,000
<a href="#">Guarantee Obligations</a>				
<a href="#">Loss Contingencies [Line Items]</a>				
<a href="#">Percent of shares of company acquired in a business combination, used as a guarantee</a>		49.00%		

Other Noncurrent Liabilities | Taxes, Other-Than-Income Tax

**Loss Contingencies [Line Items]**

Loss contingency, noncurrent

61,290 67,192

Other Current Liabilities | Taxes, Other-Than-Income Tax

**Loss Contingencies [Line Items]**

Loss contingency, current liability

\$ 1,205 \$ 1,896

**Commitments and  
Contingencies - Standby  
Letters of Credit, Surety  
Bonds and Other  
Commitments (Details) -  
USD (\$)**

**1 Months  
Ended**

**Nov. 30,  
2016      Jun. 30,  
2017      Dec. 31,  
2016**

Surety Bond

**Debt Instrument [Line Items]**

Guarantee amount, maximum potential amount of payments

\$                      \$  
11,544,000    12,162,000

Cash Collateralized Letter Of Credit - Spain Tax Audits

**Debt Instrument [Line Items]**

Letters of credit outstanding, amount

37,768,000    34,746,000

Non-Collateralized Surety Bond - UAM Brazil | Surety Bond

**Debt Instrument [Line Items]**

Guarantee amount, maximum potential amount of payments

\$ 15,300,000

Cost of surety bond

\$ 1,400,000

Guarantor obligation, term

P5Y

Kendall College, St. Augustine, Walden University, and NewSchool of  
Architecture and Design

**Debt Instrument [Line Items]**

Letters of credit outstanding, amount

\$                      \$  
105,600,000    105,600,000



**Financing Receivables -  
Schedule of Financing  
Receivables (Details) - USD  
(\$)**

**Jun. 30, 2017 Dec. 31, 2016 Jun. 30, 2016 Dec. 31, 2015**

**\$ in Thousands**

**[Receivables \[Abstract\]](#)**

<u><a href="#">Financing receivables</a></u>	\$ 24,249	\$ 29,776		
<u><a href="#">Allowance for doubtful accounts</a></u>	(7,904)	(9,175)	\$ (9,342)	\$ (10,576)
<u><a href="#">Financing receivables, net of allowances</a></u>	\$ 16,345	\$ 20,601		

**Financing Receivables -  
Summary of Aging of  
Financing Receivables  
(Details) - USD (\$)  
\$ in Thousands**

**Jun. 30, 2017 Dec. 31, 2016**

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due, on non-accrual status</u>	\$ 13,238	\$ 14,926
<u>Amount not past due</u>	11,011	14,850
<u>Total financing receivables</u>	24,249	29,776

Chile

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due, on non-accrual status</u>	10,829	12,610
<u>Amount not past due</u>	8,326	11,758
<u>Total financing receivables</u>	19,155	24,368

Other

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due, on non-accrual status</u>	2,409	2,316
<u>Amount not past due</u>	2,685	3,092
<u>Total financing receivables</u>	5,094	5,408

Financing Receivables, Less Than One Year Past Due

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due</u>	8,914	9,545
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Financing Receivables, Less Than One Year Past Due | Chile

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due</u>	7,973	8,711
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Financing Receivables, Less Than One Year Past Due | Other

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due</u>	941	834
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Financing Receivables, More Than One Year Past Due

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due</u>	4,324	5,381
------------------------	-------	-------

Financing Receivables, More Than One Year Past Due | Chile

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due</u>	2,856	3,899
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Financing Receivables, More Than One Year Past Due | Other

**Financing Receivable, Recorded Investment, Past Due [Line Items]**

<u>Amount past due</u>	\$ 1,468	\$ 1,482
------------------------	----------	----------

**Financing Receivables -  
Allowance For Credit Losses  
Rollforward (Details) - USD  
(\$)**

**6 Months Ended**

**Jun. 30, 2017 Jun. 30, 2016**

**\$ in Thousands**

**Financing Receivable, Allowance for Credit Losses [Roll Forward]**

<u>Beginning balance</u>	\$ (9,175)	\$ (10,576)
<u>Charge-offs</u>	2,386	1,861
<u>Recoveries</u>	(9)	0
<u>Reclassifications</u>	0	75
<u>Provision</u>	(951)	(525)
<u>Currency adjustments</u>	(155)	(177)
<u>Ending balance</u>	(7,904)	(9,342)

**Chile**

**Financing Receivable, Allowance for Credit Losses [Roll Forward]**

<u>Beginning balance</u>	(6,209)	(7,240)
<u>Charge-offs</u>	2,033	1,805
<u>Recoveries</u>	0	0
<u>Reclassifications</u>	0	0
<u>Provision</u>	(1,112)	(861)
<u>Currency adjustments</u>	(100)	(204)
<u>Ending balance</u>	(5,388)	(6,500)

**Other**

**Financing Receivable, Allowance for Credit Losses [Roll Forward]**

<u>Beginning balance</u>	(2,966)	(3,336)
<u>Charge-offs</u>	353	56
<u>Recoveries</u>	(9)	0
<u>Reclassifications</u>	0	75
<u>Provision</u>	161	336
<u>Currency adjustments</u>	(55)	27
<u>Ending balance</u>	\$ (2,516)	\$ (2,842)

**Financing Receivables -  
Summary of Troubled Debt  
Restructurings (Details)  
\$ in Thousands**

**6 Months Ended**  
**Jun. 30,      Jun. 30,**  
**2017          2016**  
**USD (\$)      USD (\$)**  
**loan          loan**

**Receivables [Abstract]**

<a href="#"><u>Financing receivable, modifications, number of contracts (loan)   loan</u></a>	326	436
<a href="#"><u>Financing receivable, modifications, pre-modification recorded investment</u></a>	\$ 1,466	\$ 7,489
<a href="#"><u>Financing receivable, modifications, post-modification recorded investment</u></a>	\$ 1,336	\$ 5,132
<a href="#"><u>Financing receivable, modifications, subsequent default, number of contracts (loan)   loan</u></a>	124	231
<a href="#"><u>Financing receivable, modifications, subsequent default, recorded investment</u></a>	\$ 531	\$ 700

**Share-based Compensation -  
Summary of Share-based  
Compensation Expense  
(Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended 6 Months Ended**  
**Jun. 30, Jun. 30, Jun. 30, Jun. 30,**  
**2017 2016 2017 2016**

**Share-based Compensation Arrangement by Share-based Payment  
Award, Compensation Cost [Line Items]**

<u>Total non-cash stock compensation</u>	\$ 12,949	\$ 13,531	\$ 35,337	\$ 20,611
<u>Deferred compensation arrangement</u>	0	214	0	298
<u>Total</u>	12,949	13,745	35,337	20,909
<u>Employee Stock Option</u>				

**Share-based Compensation Arrangement by Share-based Payment  
Award, Compensation Cost [Line Items]**

<u>Total non-cash stock compensation</u>	9,550	11,141	28,831	16,296
<u>Restricted Stock</u>				

**Share-based Compensation Arrangement by Share-based Payment  
Award, Compensation Cost [Line Items]**

<u>Total non-cash stock compensation</u>	\$ 3,399	\$ 2,390	\$ 6,506	\$ 4,315
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Share-based Compensation - Stock Option Grant (Details) - USD (\$) \$ / shares in Units, \$ in Thousands	3 Months Ended			6 Months Ended	
	Jan. 31, 2017	Jun. 30, 2017	Mar. 31, 2017	Jun. 30, 2016	Jun. 30, 2016
<a href="#">Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</a>					
<a href="#">Stock compensation expense</a>		\$ 12,949	\$ 13,531	\$ 35,337	\$ 20,611
<a href="#">Employee Stock Option</a>					
<a href="#">Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</a>					
<a href="#">Stock compensation expense</a>		9,550	\$ 11,141	\$ 28,831	\$ 16,296
<a href="#">Employee Stock Option   Class B Common Stock</a>					
<a href="#">Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</a>					
<a href="#">Stock compensation expense</a>		\$ 5,100			
<a href="#">Chief Executive Officer   Executive Profits Interests   Employee Stock Option   Class B Common Stock</a>					
<a href="#">Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</a>					
<a href="#">Options granted in the period (in shares)</a>	2,773,000				
<a href="#">Stock compensation expense</a>			\$ 14,600		
<a href="#">Chief Executive Officer   Executive Profits Interests   Employee Stock Option   Class B Common Stock   Tranche One</a>					
<a href="#">Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</a>					
<a href="#">Exercise price of stock options granted in the period (in dollars per share)</a>	\$ 17.00				
<a href="#">Percent of options subject to exercise price range</a>	50.00%				
<a href="#">Chief Executive Officer   Executive Profits Interests   Employee Stock Option   Class B Common Stock   Tranche Two</a>					
<a href="#">Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</a>					
<a href="#">Exercise price of stock options granted in the period (in dollars per share)</a>	\$ 21.32				
<a href="#">Percent of options subject to exercise price range</a>	50.00%				

**Share-based Compensation -  
Amendment to 2013 Long-  
Term Incentive Plan  
(Details)**

**Jun. 19, 2017  
shares**

[Amended And Restated, The 2013 Plan | Employee Stock Option | Class A Common Stock](#)

[Share-based Compensation Arrangement by Share-based Payment Award \[Line Items\]](#)

[Number of shares authorized for issuance \(in shares\)](#)

14,714,000

<b>Share-based Compensation - Stock Option Repricing (Details) - USD (\$) \$ / shares in Units, shares in Thousands, \$ in Thousands</b>	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>
<b><u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u></b>				
<u>Stock compensation expense</u>	\$ 12,949	\$ 13,531	\$ 35,337	\$ 20,611
<u>Employee Stock Option</u>				
<b><u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u></b>				
<u>Stock compensation expense</u>	\$ 9,550	\$ 11,141	\$ 28,831	\$ 16,296
<u>Class A Common Stock   Employee Stock Option</u>				
<b><u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u></b>				
<u>Exercise price of stock options (in dollars per share)</u>				\$ 17.44
<u>Class A Common Stock   Weighted Average</u>				
<b><u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u></b>				
<u>Share price (in dollars per share)</u>				\$ 17.44
<u>Class B Common Stock   Employee Stock Option</u>				
<b><u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u></b>				
<u>Number of stock options outstanding (in shares)</u>	5,300		5,300	
<u>Stock compensation expense</u>	\$ 5,100			
<u>Stock compensation expense not yet recognized</u>	\$ 2,500		\$ 2,500	



**Stockholders' Equity -  
Schedule of Stockholders'  
Equity (Details) - USD (\$)  
\$ in Thousands**

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>
<b><u>Increase (Decrease) in Stockholders' Equity [Roll Forward]</u></b>				
<u>Balance at December 31, 2016 shares outstanding (in shares)</u>			133,376,000	
<u>Balance at December 31, 2016</u>			\$ 664,392	
<u>Non-cash stock compensation</u>			35,337	
<u>Reclassification of Common stock into Class B common stock</u>			0	
<u>Issuance of Class A common stock in initial public offering</u>			456,561	
<u>Conversion of Class B shares to Class A shares</u>			0	
<u>Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding</u>			(1,277)	
<u>Reclassification to equity upon expiration of put right on share-based awards</u>			5,500	
<u>Dividends to noncontrolling interests</u>			(587)	
<u>Noncontrolling Interest, Increase from Business Combination</u>			(847)	
<u>Noncontrolling Interest, Decrease from Redemptions or Purchase of Interests</u>			(736)	
<u>Net (loss) income</u>	\$ 117,098	\$ 349,238	(3,256)	\$ 246,792
<u>Foreign currency translation adjustment, net of tax of \$0 for all periods</u>	28,455	(58,088)	131,851	(29,113)
<u>Foreign currency translation adjustment, tax</u>	0	0	0	0
<u>Unrealized gain on derivative instruments, net of tax of \$0 for all periods</u>	3,507	1,910	6,099	3,123
<u>Unrealized gain on derivative instruments, tax</u>	0	\$ 0	0	\$ 0
<u>Balance at June 30, 2017</u>	\$ 1,447,607		\$ 1,447,607	
<u>Balance at March 31, 2017, shares outstanding (in shares)</u>	0		0	
<u>Common Stock</u>				
<b><u>Increase (Decrease) in Stockholders' Equity [Roll Forward]</u></b>				
<u>Balance at December 31, 2016 shares outstanding (in shares)</u>			133,376,000	
<u>Balance at December 31, 2016</u>			\$ 534	
<u>Reclassification of Common stock into Class B common stock (in shares)</u>			(133,376,000)	
<u>Reclassification of Common stock into Class B common stock</u>			\$ (534)	
<u>Balance at June 30, 2017</u>	\$ 0		\$ 0	
<u>Balance at March 31, 2017, shares outstanding (in shares)</u>	0		0	
<u>Additional paid-in capital</u>				
<b><u>Increase (Decrease) in Stockholders' Equity [Roll Forward]</u></b>				
<u>Balance at December 31, 2016</u>			\$ 2,721,432	
<u>Non-cash stock compensation</u>			35,337	
<u>Issuance of Class A common stock in initial public offering</u>			456,421	

<a href="#">Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding</a>		(1,278)
<a href="#">Reclassification to equity upon expiration of put right on share-based awards</a>		5,500
<a href="#">Dividends to noncontrolling interests</a>		(587)
<a href="#">Balance at June 30, 2017</a>	\$ 3,371,395	3,371,395
<a href="#">(Accumulated deficit) retained earnings</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Balance at December 31, 2016</a>		(1,037,701)
<a href="#">Net (loss) income</a>		(6,422)
<a href="#">Balance at June 30, 2017</a>	(1,044,123)	(1,044,123)
<a href="#">Accumulated other comprehensive (loss) income</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Balance at December 31, 2016</a>		(1,052,055)
<a href="#">Foreign currency translation adjustment, net of tax of \$0 for all periods</a>		130,962
<a href="#">Unrealized gain on derivative instruments, net of tax of \$0 for all periods</a>		6,099
<a href="#">Balance at June 30, 2017</a>	(914,994)	(914,994)
<a href="#">Non-controlling interests</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Balance at December 31, 2016</a>		32,182
<a href="#">Noncontrolling Interest, Increase from Business Combination</a>		(847)
<a href="#">Noncontrolling Interest, Decrease from Redemptions or Purchase of Interests</a>		(736)
<a href="#">Net (loss) income</a>		3,166
<a href="#">Foreign currency translation adjustment, net of tax of \$0 for all periods</a>		889
<a href="#">Balance at June 30, 2017</a>	\$ 34,654	\$ 34,654
<a href="#">Class A Common Stock</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Balance at March 31, 2017, shares outstanding (in shares)</a>	35,467,000	35,467,000
<a href="#">Class A Common Stock   Common Stock</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Issuance of Class A common stock in initial public offering (in shares)</a>		35,000,000
<a href="#">Issuance of Class A common stock in initial public offering</a>		\$ 140
<a href="#">Conversion of Class B shares to Class A shares (in shares)</a>		444,000
<a href="#">Conversion of Class B shares to Class A shares</a>		\$ 2
<a href="#">Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding (in shares)</a>		23,000
<a href="#">Balance at June 30, 2017</a>	\$ 142	\$ 142
<a href="#">Balance at March 31, 2017, shares outstanding (in shares)</a>	35,467,000	35,467,000
<a href="#">Class B Common Stock</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		

<a href="#">Balance at March 31, 2017, shares outstanding (in shares)</a>	133,120,000	133,120,000
<a href="#">Class B Common Stock   Common Stock</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Reclassification of Common stock into Class B common stock (in shares)</a>		133,376,000
<a href="#">Reclassification of Common stock into Class B common stock</a>		\$ 534
<a href="#">Conversion of Class B shares to Class A shares (in shares)</a>		(444,000)
<a href="#">Conversion of Class B shares to Class A shares</a>		\$ (2)
<a href="#">Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding (in shares)</a>		188,000
<a href="#">Vesting of restricted stock and exercise of stock options, net of shares withheld to satisfy tax withholding</a>		\$ 1
<a href="#">Balance at June 30, 2017</a>	\$ 533	\$ 533
<a href="#">Balance at March 31, 2017, shares outstanding (in shares)</a>	133,120,000	133,120,000
<a href="#">Puttable Arrangements - Common and Preferred Stock</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Adjustments to additional paid in capital, increase in carrying amount of redeemable preferred stock</a>		\$ (6,030)
<a href="#">Puttable Arrangements - Common and Preferred Stock   Additional paid-in capital</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Adjustments to additional paid in capital, increase in carrying amount of redeemable preferred stock</a>		(6,030)
<a href="#">Series A Convertible Redeemable Preferred Stock</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Adjustments to additional paid in capital, increase in carrying amount of redeemable preferred stock</a>		(101,194)
<a href="#">Series A Convertible Redeemable Preferred Stock   Additional paid-in capital</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Adjustments to additional paid in capital, increase in carrying amount of redeemable preferred stock</a>		(101,194)
<a href="#">Series A Redeemable Convertible Preferred Stock - Beneficial Conversion Feature</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Adjustments to additional paid in capital, increase in carrying amount of redeemable preferred stock</a>		261,794
<a href="#">Series A Redeemable Convertible Preferred Stock - Beneficial Conversion Feature   Additional paid-in capital</a>		
<b><a href="#">Increase (Decrease) in Stockholders' Equity [Roll Forward]</a></b>		
<a href="#">Adjustments to additional paid in capital, increase in carrying amount of redeemable preferred stock</a>		\$ 261,794

<b>Stockholders' Equity - Accumulated Other Comprehensive Income (Loss) (Details) - USD (\$) \$ in Thousands</b>		<b>Jun. 30, 2017</b>	<b>Dec. 31, 2016</b>
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		\$ 1,447,607	\$ 664,392
<u>Accumulated Foreign Currency Adjustment Attributable to Parent</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		(913,260)	(1,044,222)
<u>Accumulated Foreign Currency Adjustment Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		(1,415)	(2,304)
<u>Accumulated Foreign Currency Adjustment Including Portion Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		(914,675)	(1,046,526)
<u>Accumulated Net Gain (Loss) from Cash Flow Hedges Attributable to Parent</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		881	(5,218)
<u>Accumulated Net Gain (Loss) from Cash Flow Hedges Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		0	0
<u>Accumulated Net Gain (Loss) from Cash Flow Hedges Including Portion Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		881	(5,218)
<u>Accumulated Defined Benefit Plans Adjustment Attributable to Parent</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		(2,615)	(2,615)
<u>Accumulated Defined Benefit Plans Adjustment Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		0	0
<u>Accumulated Defined Benefit Plans Adjustment Including Portion Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		(2,615)	(2,615)
<u>Accumulated other comprehensive (loss) income</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			
<u>Accumulated other comprehensive income (loss)</u>		(914,994)	(1,052,055)
<u>AOCI Attributable to Noncontrolling Interest</u>			
<b><u>Accumulated Other Comprehensive Income (Loss) [Line Items]</u></b>			

<a href="#"><u>Accumulated other comprehensive income (loss)</u></a>	(1,415)	(2,304)
<a href="#"><u>Accumulated other comprehensive (loss) income</u></a>		
<a href="#"><u><b>Accumulated Other Comprehensive Income (Loss) [Line Items]</b></u></a>		
<a href="#"><u>Accumulated other comprehensive income (loss)</u></a>	\$	\$
	(916,409)	(1,054,359)

**Derivative Instruments -  
Summary of Fair Value of  
Derivative Instruments  
(Details) - USD (\$)  
\$ in Thousands**

	<b>Jun. 30, 2017</b>	<b>Dec. 31, 2016</b>
<b><u>Derivative Asset [Abstract]</u></b>		
<u>Derivative instruments</u>	\$ 49,171	\$ 4,464
<b><u>Derivative Liability [Abstract]</u></b>		
<u>Total derivative instrument assets</u>	49,171	4,464
<u>Total derivative instrument liabilities</u>	7,941	12,968
<u>Interest rate swaps   Derivatives designated as hedging instruments:</u>		
<b><u>Derivative Asset [Abstract]</u></b>		
<u>Derivative instruments</u>	881	0
<b><u>Derivative Liability [Abstract]</u></b>		
<u>Derivative liability, current</u>	0	5,218
<u>Interest rate swaps   Derivatives not designated as hedging instruments:</u>		
<b><u>Derivative Liability [Abstract]</u></b>		
<u>Derivative liability, noncurrent</u>	278	330
<u>Contingent redemption features - Series A Preferred Stock   Derivatives not designated as hedging instruments:</u>		
<b><u>Derivative Asset [Abstract]</u></b>		
<u>Derivative instruments</u>	48,290	4,464
<u>Cross currency and interest rate swaps   Derivatives not designated as hedging instruments:</u>		
<b><u>Derivative Liability [Abstract]</u></b>		
<u>Derivative liability, noncurrent</u>	\$ 7,663	\$ 7,420

Derivative Instruments - Derivatives Designated as Hedging Instruments Narrative (Details)	6 Months Ended Jun. 30, 2016 USD (\$)	Jun. 30, 2017 USD (\$)	May 31, 2017 USD (\$) derivative_instrument	Dec. 31, 2016 USD (\$)	Sep. 30, 2011 USD (\$) derivative_instrument
<b>Derivatives, Fair Value [Line Items]</b>					
<a href="#">Derivative asset</a>		\$ 49,171,000		\$ 4,464,000	
<a href="#">Derivative instruments</a>		49,171,000		4,464,000	
<a href="#">Gain or (loss) recognized in income, on the ineffective portion of derivative instruments</a>	\$ 0				
<a href="#">Derivatives designated as hedging instruments:   Interest rate swaps</a>					
<b>Derivatives, Fair Value [Line Items]</b>					
<a href="#">Derivative instruments</a>		881,000		0	
<a href="#">Derivative liability, current</a>		\$ 0		\$ 5,218,000	
<a href="#">Derivatives designated as hedging instruments:   Cash Flow Hedging   Interest rate swaps</a>					
<b>Derivatives, Fair Value [Line Items]</b>					
<a href="#">Number of interest rate derivatives held (derivative instrument)   derivative_instrument</a>		4		2	
<a href="#">Derivative, floor interest rate</a>		1.00%		1.25%	
<a href="#">Derivatives designated as hedging instruments:   Cash Flow Hedging   Interest Rate Swap, Instrument One</a>					
<b>Derivatives, Fair Value [Line Items]</b>					
<a href="#">Derivative, notional amount</a>		\$ 100,000,000			
<a href="#">Derivative, fixed interest rate</a>		1.756%			
<a href="#">Derivatives designated as hedging instruments:   Cash Flow Hedging   Interest Rate Swap, Instrument Two</a>					

**Derivatives, Fair Value [Line Items]**

Derivative, notional amount \$ 100,000,000  
Derivative, fixed interest rate 1.796%

Derivatives designated as hedging instruments: | Cash Flow Hedging | Interest Rate Swap, Instrument Three

**Derivatives, Fair Value [Line Items]**

Derivative, notional amount \$ 200,000,000  
Derivative, fixed interest rate 1.796%

Derivatives designated as hedging instruments: | Cash Flow Hedging | Interest Rate Swap, Instrument Four

**Derivatives, Fair Value [Line Items]**

Derivative, notional amount \$ 300,000,000  
Derivative, fixed interest rate 1.763%

Derivatives designated as hedging instruments: | Cash Flow Hedging | Fixed Rate 2.61% Interest Rate Swap

**Derivatives, Fair Value [Line Items]**

Derivative, notional amount \$ 450,000,000  
Derivative, fixed interest rate 2.61%

Derivatives designated as hedging instruments: | Cash Flow Hedging | Fixed Interest 2.71% Interest Rate Swap

**Derivatives, Fair Value [Line Items]**

Derivative, notional amount \$ 300,000,000  
Derivative, fixed interest rate 2.71%



<b>Derivative Instruments - Summary of Unrealized Gain (Loss) Recorded In and Reclassified From Accumulated Other Comprehensive Income (Details) - Interest rate swaps - Derivatives designated as hedging instruments: - Cash Flow Hedging - USD (\$) \$ in Thousands</b>	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>

**Derivative Instruments, Gain (Loss) [Line Items]**

**Gain Recognized in Comprehensive Income (Effective Portion)**

**Interest expense**

**Derivative Instruments, Gain (Loss) [Line Items]**

**Loss Reclassified from AOCI to Income (Effective Portion)**

\$ 3,508	\$ 1,910	\$ 6,099	\$ 3,123
\$ (3,047)	\$ (2,658)	\$ (5,733)	\$ (5,315)

Derivative Instruments - Derivatives Not Designated as Hedging Instruments (Details) \$ in Thousands	Dec. 20, 2013 AUD loan	3 Months Ended Mar. 31, 2017 USD (\$)	6 Months Ended Jun. 30, 2017 USD (\$)	Dec. 31, 2016 USD (\$)	Jan. 31, 2014 AUD	Dec. 31, 2010 USD (\$) derivative_instrument
<a href="#">Derivative [Line Items]</a>						
<a href="#">Fair value of derivative assets</a>			\$	\$		
			49,171	4,464		
<a href="#">Lines of credit   Term Loan Two   Syndicated Facility Agreement</a>						
<a href="#">Derivative [Line Items]</a>						
<a href="#">Borrowing under credit facility   AUD</a>	AUD 22,500,000					
<a href="#">THINK   Lines of credit   Term Loan   Syndicated Facility Agreement</a>						
<a href="#">Derivative [Line Items]</a>						
<a href="#">Borrowing under credit facility</a>	AUD 45,000,000		34,223			
<a href="#">Number of term loans (loan)   loan</a>	2					
<a href="#">Days to enter into interest rate swap (within)</a>	45 days					
<a href="#">Required percentage of term loan to be converted to fixed interest rate (at least)</a>	50.00%					
<a href="#">THINK   Lines of credit   Term Loan One   Syndicated Facility Agreement</a>						
<a href="#">Derivative [Line Items]</a>						
<a href="#">Borrowing under credit facility   AUD</a>	AUD 22,500,000					
<a href="#">Derivatives not designated as hedging instruments:   Contingent redemption features - Series A Preferred Stock</a>						
<a href="#">Derivative [Line Items]</a>						
<a href="#">Fair value of derivative assets</a>			48,290	4,464		
<a href="#">Included in issuance of Series A convertible redeemable Preferred Stock</a>		\$ 4,384				
<a href="#">Unrealized gain on derivatives</a>			39,442			
<a href="#">Derivatives not designated as hedging instruments:   Cross currency and interest rate swaps</a>						
<a href="#">Derivative [Line Items]</a>						
<a href="#">Derivative liability, noncurrent</a>			7,663	7,420		

Derivatives not designated as hedging instruments: | Cross currency and interest rate swaps | Chile

**Derivative [Line Items]**

Derivative, number of instruments held

(derivative instrument) |

derivative\_instrument

4

Derivative, notional amount

\$ 31,000

Derivative liability, noncurrent

7,663 7,420

Derivatives not designated as hedging instruments: | Cross Currency Interest Rate

Contract, Maturing December 1, 2024 |

Chile

**Derivative [Line Items]**

Derivative, number of instruments held

(derivative instrument) |

derivative\_instrument

1

Derivatives not designated as hedging instruments: | Cross Currency Interest Rate

Contract, Maturing July 1, 2025 | Chile

**Derivative [Line Items]**

Derivative, number of instruments held

(derivative instrument) |

derivative\_instrument

3

Derivatives not designated as hedging instruments: | Interest rate swaps

Derivative [Line Items]

Derivative liability, noncurrent

278 330

Derivatives not designated as hedging instruments: | Interest rate swaps | THINK

Derivative [Line Items]

Derivative, notional amount | AUD

AUD

22,500,000

Derivative liability, noncurrent

278 \$ 330

Variable interest converted

\$ AUD

17,111 22,500,000

Derivative, fixed interest rate

3.86%

<b>Derivative Instruments - Realized and Unrealized Gain (Loss) on Derivatives Not Designated as Hedging Instruments (Details) - Derivatives not designated as hedging instruments: - USD (\$) \$ in Thousands</b>	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>
<b><u>Derivative [Line Items]</u></b>				
<u>Unrealized Gain (Loss)</u>	\$ 27,119	\$ 12,413	\$ 39,386	\$ 2,414
<u>Realized Loss</u>	(149)	(10,414)	(269)	(11,165)
<u>Total Gain (Loss)</u>	26,970	1,999	39,117	(8,751)
<u>Contingent redemption features - Series A Preferred Stock</u>				
<b><u>Derivative [Line Items]</u></b>				
<u>Unrealized Gain (Loss)</u>	27,219	0	39,442	0
<u>Total Gain (Loss)</u>	27,219	0		0
<u>Cross currency and interest rate swaps</u>				
<b><u>Derivative [Line Items]</u></b>				
<u>Unrealized Gain (Loss)</u>	(145)	12,463	(127)	2,465
<u>Realized Loss</u>	(149)	(10,365)	(269)	(11,069)
<u>Total Gain (Loss)</u>	(294)	2,098	(396)	(8,604)
<u>Interest rate swaps</u>				
<b><u>Derivative [Line Items]</u></b>				
<u>Unrealized Gain (Loss)</u>	45	(50)	71	(51)
<u>Realized Loss</u>	0	(49)	0	(96)
<u>Total Gain (Loss)</u>	\$ 45	\$ (99)	\$ 71	\$ (147)

**Derivative Instruments -  
Credit Risk and Credit-Risk-  
Related Contingent Feature  
(Details) - USD (\$)  
\$ in Thousands**

**Jun. 30,      Dec. 31,  
2017          2016**

**Derivative Instruments and Hedging Activities Disclosure [Abstract]**

<u>Derivative asset</u>	\$ 49,171	\$ 4,464
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**Derivative [Line Items]**

<u>Fair value of derivative assets</u>	49,171	4,464
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<u>Derivative liability</u>	7,941	12,968
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Derivatives not designated as hedging instruments: | Contingent redemption features -  
Series A Preferred Stock

**Derivative [Line Items]**

<u>Fair value of derivative assets</u>	\$ 48,290	\$ 4,464
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**Earnings (Loss) Per Share -  
Summary of Earnings (Loss)  
Per Share Basic and Diluted  
(Details) - USD (\$)  
\$ / shares in Units, shares in  
Thousands, \$ in Thousands**

**3 Months Ended 6 Months Ended**

**Jun. 30, 2017 Jun. 30, 2016 Jun. 30, 2017 Jun. 30, 2016**

**Numerator used in basic and diluted earnings per common share:**

<u>Income from continuing operations attributable to Laureate Education, Inc.</u>	\$ 116,386	\$ 347,389	\$ (6,422)	\$ 244,222
<u>Adjusted for: accretion related to noncontrolling interests and equity redeemable at fair value</u>	(919)	(1,108)	(6,357)	(957)
<u>Distributed and undistributed earnings to participating securities</u>	(7)	(79)	0	(78)
<u>Accretion of Series A convertible redeemable preferred stock and other redeemable noncontrolling interests and equity</u>	(69,212)	(438)	(108,081)	1,077
<u>Net (loss) income available to common stockholders</u>	\$ 47,174	\$ 346,951	\$ (114,503)	\$ 245,299

**Denominator used in basic and diluted earnings per common share:**

<u>Basic weighted average shares outstanding (in shares)</u>	168,591	133,291	161,620	133,285
<u>Diluted weighted average shares outstanding (in shares)</u>	168,657	134,197	161,620	134,201

**Basic and diluted earnings per share:**

<u>Basic (loss) earnings per share (in dollars per share)</u>	\$ 0.28	\$ 2.60	\$ (0.71)	\$ 1.84
<u>Diluted (loss) earnings per share (in dollars per share)</u>	\$ 0.28	\$ 2.59	\$ (0.71)	\$ 1.83
<u>Employee Stock Option</u>				

**Denominator used in basic and diluted earnings per common share:**

<u>Effect of dilutive stock (in shares)</u>	0	851	0	862
<u>Restricted Stock Units (RSUs)</u>				

**Denominator used in basic and diluted earnings per common share:**

<u>Effect of dilutive stock (in shares)</u>	66	55	0	54
<u>Puttable Arrangements - Common and Preferred Stock</u>				

**Numerator used in basic and diluted earnings per common share:**

<u>Accretion of temporary equity</u>	\$ (6,352)	\$ 749	\$ (530)	\$ 2,112
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**Series A Convertible Redeemable Preferred Stock**

**Numerator used in basic and diluted earnings per common share:**

<u>Accretion of temporary equity</u>	\$ (61,934)	\$ 0	\$ (101,194)	\$ 0
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**Earnings (Loss) Per Share -  
Antidilutive Securities  
Excluded from Computation  
of Earnings Per Share  
(Details) - shares  
shares in Thousands**

**3 Months Ended**

**6 Months Ended**

**Jun. 30, Jun. 30, Jun. 30, Jun. 30,  
2017 2016 2017 2016**

Employee Stock Option

**Antidilutive Securities Excluded from Computation of Earnings  
Per Share [Line Items]**

Antidilutive securities excluded from computation of earnings per  
share (in shares)

13,149 5,523 12,724 5,512

Restricted Stock

**Antidilutive Securities Excluded from Computation of Earnings  
Per Share [Line Items]**

Antidilutive securities excluded from computation of earnings per  
share (in shares)

173 141 529 114

Related Party Transactions (Details) MAD in Thousands	1 Months Ended	3 Months Ended	6 Months Ended					
	Dec. 31, 2013 USD (\$)	Mar. 31, 2017 USD (\$)	Jun. 30, 2017 USD (\$) loan	Jun. 30, 2016 USD (\$)	Jan. 19, 2017 USD (\$)	Jan. 19, 2017 MAD	Dec. 31, 2016 USD (\$)	Dec. 31, 2014 USD (\$)
<a href="#">Related Party Transaction</a> <a href="#">[Line Items]</a> <a href="#">Noncontrolling interest holder's loan to subsidiaries</a> <a href="#">Laureate Somed Education Holdings SA</a>			\$ 943,000	\$ 492,000				
<a href="#">Related Party Transaction</a> <a href="#">[Line Items]</a> <a href="#">Noncontrolling interest, ownership percentage by parent</a>							60.00%	
<a href="#">Noncontrolling interest, noncontrolling owners, ownership percent</a> <a href="#">Affiliated Entity</a>							40.00%	
<a href="#">Related Party Transaction</a> <a href="#">[Line Items]</a> <a href="#">Noncontrolling interest holder's loan to subsidiaries</a> <a href="#">Affiliated Entity   Transaction Between Laureate And Sylvan Laureate Foundation</a>		\$ 943,000						
<a href="#">Related Party Transaction</a> <a href="#">[Line Items]</a> <a href="#">Related party transaction, amounts of transaction</a> <a href="#">Affiliated Entity   Transaction between Laureate and an affiliate of one of the Wengen investors</a>		\$ 2,000,000						
<a href="#">Related Party Transaction</a> <a href="#">[Line Items]</a> <a href="#">Related party transaction, amounts of transaction</a> <a href="#">Affiliated Entity   Transactions between Laureate and Noncontrolling Interest Holder of Monash South Africa (MSA)</a>			1,500,000					
<a href="#">Related Party Transaction</a> <a href="#">[Line Items]</a>								



<a href="#">Related party loan, interest rate</a>	10.50%		
<a href="#">Board of Directors</a>			
<b><a href="#">Related Party Transaction</a></b>			
<b><a href="#">[Line Items]</a></b>			
<a href="#">Related party transaction, amounts of transaction</a>	580,000		
<a href="#">Former Executive Officer  </a>			
<a href="#">Related Party Notes Payable</a>			
<b><a href="#">Related Party Transaction</a></b>			
<b><a href="#">[Line Items]</a></b>			
<a href="#">Note payable to a former executive</a>	\$ 4,280,000		
<a href="#">Note payable to related party</a>			\$ 3,771,000
<a href="#">Minority Shareholder  </a>			
<a href="#">Transactions between Laureate and Noncontrolling Interest Holder of Laureate Samed Education Holding SA</a>			
<b><a href="#">Related Party Transaction</a></b>			
<b><a href="#">[Line Items]</a></b>			
<a href="#">Due to related party</a>	\$ 8,476,000	\$ 7,604,000	MAD \$ 74,262 7,936,000
<a href="#">Number of loans made by noncontrolling interest holders (loan)   loan</a>	5		
<a href="#">Related party loan, interest rate</a>	4.50%		
<a href="#">Due to related parties, current</a>	\$ 844,000		
<a href="#">Due to related parties, noncurrent</a>	7,632,000		
<a href="#">Minority Shareholder  </a>			
<a href="#">Transactions between China businesses and Noncontrolling Interest Holders of Hunan International Economics University   Hunan International Economics University</a>			
<b><a href="#">Related Party Transaction</a></b>			
<b><a href="#">[Line Items]</a></b>			
<a href="#">Related party transaction, amounts of transaction</a>	\$ 2,000,000		
<a href="#">Noncontrolling equity interest pledged in agreement</a>	30.00%		
<a href="#">Encumbered real property, carrying value</a>	\$ 12,000,000	\$ 12,000,000	

**Legal and Regulatory  
Matters - Turkish Regulation  
and Internal Investigation  
(Details) - USD (\$)  
\$ in Thousands**

	<b>3 Months Ended</b>	<b>6 Months Ended</b>	<b>12 Months Ended</b>
	<b>Jun. 30, 2017</b>	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2016</b>

**Loss Contingencies [Line Items]**

<u>Assets</u>	\$	\$	\$
	7,369,736	7,369,736	7,062,470
<u>Liabilities</u>	5,664,577	5,664,577	6,041,245
<u>Revenues</u>	1,277,439	\$ 1,231,910	\$ 2,133,372
	243,850	\$ 210,568	\$ 199,411

**Variable Interest Entity, Primary Beneficiary**

**Loss Contingencies [Line Items]**

<u>Assets</u>	1,340,653	1,340,653	1,309,113
<u>Liabilities</u>	405,181	405,181	424,297

**Variable Interest Entity, Primary Beneficiary | Istanbul Bilgi University**

**Loss Contingencies [Line Items]**

<u>Required reimbursement, other activities</u>			8,000
<u>Assets</u>	84,000	84,000	83,000
<u>Liabilities</u>	54,000	54,000	63,000
<u>Revenues</u>			106,000
<u>Operating income (loss)</u>			26,000
<u>Depreciation and amortization</u>			6,000

**Variable Interest Entity, Primary Beneficiary | Istanbul Bilgi University | Consolidation Eliminations**

**Loss Contingencies [Line Items]**

<u>Due to related party</u>	\$ 28,000	\$ 28,000	19,000
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**Variable Interest Entity, Primary Beneficiary | Management, Operational And Student Services, And Intellectual Property | Subsidiary of Common Parent | Istanbul Bilgi University**

**Loss Contingencies [Line Items]**

<u>Required reimbursement from related party</u>			\$ 29,000
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**Fair Value Measurement -  
Summary of Financial Assets  
and Liabilities Measured at  
Fair Value on a Recurring  
Basis (Details) - USD (\$)  
\$ in Thousands**

**Jun. 30,  
2017      Dec. 31,  
2016**

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Derivative asset</u>	\$ 49,171	\$ 4,464
<u>Derivative liability</u>	7,941	12,968

Fair Value, Measurements, Recurring

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Derivative asset</u>	49,171	4,464
<u>Derivative liability</u>	7,941	12,968

Fair Value, Measurements, Recurring | Level 1

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Derivative asset</u>	0	0
<u>Derivative liability</u>	0	0

Fair Value, Measurements, Recurring | Level 2

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Derivative asset</u>	0	0
<u>Derivative liability</u>	0	0

Fair Value, Measurements, Recurring | Level 3

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Derivative asset</u>	49,171	4,464
<u>Derivative liability</u>	\$ 7,941	\$ 12,968

**Fair Value Measurement -  
Change in Level 3 Assets and  
Liabilities Measured on a  
Recurring Basis (Details) -  
Fair Value, Measurements,  
Recurring - Level 3  
\$ in Thousands**

**6 Months  
Ended**

**Jun. 30,  
2017  
USD (\$)**

**Fair Value, Net Derivative Asset (Liability) Measured on Recurring Basis, Unobservable  
Input Reconciliation [Roll Forward]**

<u>Balance December 31, 2016</u>	\$ (8,504)
<b><u>Gain (loss) included in earnings:</u></b>	
<u>Unrealized gains, net</u>	39,386
<u>Realized losses, net</u>	(269)
<u>Included in other comprehensive income</u>	6,099
<u>Included in issuance of Series A convertible redeemable Preferred Stock</u>	4,384
<u>Settlements</u>	269
<u>Currency translation adjustment</u>	(135)
<u>Balance June 30, 2017</u>	\$ 41,230

**Fair Value Measurement -  
Quantitative Information  
Related to Significant  
Unobservable Inputs  
Utilized to Calculate Fair  
Value (Details) - USD (\$)  
\$ in Thousands**

**6 Months  
Ended**

**Jun. 30, 2017      Dec. 31,  
2016**

**Fair Value Inputs, Liabilities, Quantitative Information [Line Items]**

<u>Derivative asset</u>	\$ 49,171	\$ 4,464
<u>Derivative liability</u>	7,941	\$ 12,968

Level 3 | Derivative Financial Instruments, Liabilities | Discounted Cash Flow

**Fair Value Inputs, Liabilities, Quantitative Information [Line Items]**

<u>Derivative liability</u>	\$ (7,060)
<u>Range/Input Value</u>	4.41%

Level 3 | Derivative Financial Instruments, Assets | Monte Carlo Simulation  
Method

**Fair Value Inputs, Liabilities, Quantitative Information [Line Items]**

<u>Derivative asset</u>	\$ 48,290
<u>Range/Input Value</u>	5.45%

Subsequent Events - Additional Information (Details) shares in Thousands, \$ in Thousands	6 Months Ended				
	Aug. 11, 2017 shares	Aug. 01, 2017 segment	Jul. 11, 2017 USD (\$)	Jul. 01, 2017 USD (\$)	Jun. 30, 2017 USD (\$) segment

[Subsequent Event \[Line Items\]](#)

[Number of operating segments \(segment\) | segment](#)

3

[Purchase of noncontrolling interest](#)

\$ 736

[Subsequent Event](#)

[Subsequent Event \[Line Items\]](#)

[Number of operating segments \(segment\) | segment](#)

6

[Scenario, Forecast | Senior Notes Due 2019 | Senior Notes](#)

[Subsequent Event \[Line Items\]](#)

[Amount of debt to be exchanged](#)

\$  
250,000

[Shares converted \(in shares\) | shares](#)

18,683

[Puttable Common Stock | Pearl Retail Solutions Private Limited and](#)

[Creative Arts Education Society | Subsequent Event](#)

[Subsequent Event \[Line Items\]](#)

[Noncontrolling interest, noncontrolling owners, interest acquired](#)

35.00%

[Purchase of noncontrolling interest](#)

\$  
11,500