

LAUREATE EDUCATION, INC.  
Form 11-K  
June 29, 2005

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

Washington, D.C. 20549

**FORM 11-K**

ý **Annual Report pursuant to Section 15(d) of the Securities and Exchange Act of 1934 for the fiscal year ended December 31, 2004**

OR

o **Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934**

Commission File Number 0-22844

**Laureate Education, Inc.**

**Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan**

(Exact name of registrant as specified in its charter)

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

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

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

**21202**  
(Zip Code)

Registrant's telephone number, including area code: **(410) 843-8000**



**Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan**

**Audited Financial Statements and Supplemental Schedule**

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**Year ended December 31, 2004**

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**Report of Independent Registered Public Accounting Firm**

Sylvan Learning Systems, Inc.

401(k) Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan as of December 31, 2004, and the related statement of changes in net assets available for benefits and supplemental information for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The statement of net assets available for plan benefits as of December 31, 2003 was audited by other auditors whose report dated June 23, 2004 expressed an unqualified opinion.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004, and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at year end) as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Reznick Group, P.C.

Baltimore, Maryland  
June 20, 2005

**Report of Independent Registered Public Accounting Firm**

Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan

Baltimore, Maryland

We have audited the accompanying statement of net assets available for benefits of the Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan as of December 31, 2003. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young, LLP

Baltimore, Maryland  
June 23, 2004

**Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan**

Statements of Net Assets Available for Benefits

|                                   | December 31,  |               |
|-----------------------------------|---------------|---------------|
|                                   | 2004          | 2003          |
| <b>Assets</b>                     |               |               |
| Investments                       | \$ 23,175,227 | \$ 19,779,502 |
| Receivables:                      |               |               |
| Employer's contribution           | 351,509       | 317,033       |
| Participants' contributions       | 56,633        | 34,947        |
| Total receivables                 | 408,142       | 351,980       |
| Net assets available for benefits | \$ 23,583,369 | \$ 20,131,482 |

*See accompanying Notes to Financial Statements.*

**Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan**

Statement of Changes in Net Assets Available for Benefits

**Year ended December 31, 2004**

|   |    |             |
|---|----|-------------|
| Investment income:  |    |             |
| Interest  | \$ | 4,918       |
| Dividends   |    | 344,097     |
|   |    | 349,015     |
| Employee salary deferral contributions                                |    | 2,007,191   |
| Employer contribution   |    | 394,835     |
| Employee rollover contributions                                       |    | 63,478      |
| Total additions   |    | 2,814,519   |
| Participant withdrawals   |    | (2,759,373) |
| Net realized and unrealized appreciation in fair value of investments |    | 3,396,741   |
| Net increase  |    | 3,451,887   |
| Net assets available for benefits at beginning of year                |    | 20,131,482  |
| Net assets available for benefits at end of year                      | \$ | 23,583,369  |

*See accompanying Notes to Financial Statements.*

**Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan**

Notes to Financial Statements

**December 31, 2004**

**1. Significant Accounting Policies**



**Basis of Accounting**



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The financial statements of the Sylvan Learning Systems, Inc. (the Company or Plan Sponsor) 401(k) Retirement Savings Plan (the Plan) are prepared using the accrual method of accounting.

### **Use of Estimates**



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The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Investment Valuation and Income Recognition**



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Investments are stated at fair value. Laureate Education, Inc. common stock is valued at the last reported sales price on the last business day of the plan year. The units of the collective trust and shares of the mutual funds are valued at fair value as determined by Putnam Fiduciary Trust Company and quoted market prices, respectively. Participant loans are carried at their unpaid principal balance, which approximates fair value.

Realized gains or losses on the sale of investments are computed as the difference between the proceeds received and the average cost of investments held. The change in the difference between cost and fair value, including realized gains and losses, is included in the statement of changes in net assets available for benefits as net appreciation or depreciation in the fair value of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

### **Administration Expenses**



All costs and expenses incurred in connection with the administration of the Plan are paid by the Company.



2. Plan Description



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The following description of the Plan provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions. Copies of this summary are available from the Company's Human Resources Department.

### **General**



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The Plan is a defined contribution plan covering substantially all employees of the Company, including as of July 1, 2002, Walden University and as of January 1, 2003, National Technological University (100%-owned consolidated subsidiaries of the Company) who have completed one month of service. Participants must complete one year of service in order to be eligible for employer matching and discretionary contributions. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). All investment programs are fully participant-directed. At December 31, 2004, the Plan offers 17 investment options into which participants may direct their investments. Participants have the opportunity to change their investment options daily.

### **Contributions**



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Participants may contribute any percentage of their pretax annual compensation, not to exceed net take home pay, as defined and subject to certain annual limitations imposed by the Internal Revenue Code. In addition, employees may rollover distributions received from other plans. The Company makes a discretionary matching contribution in shares of Laureate Education, Inc. common stock equal to a percentage of the amount of the compensation that the participant elected to contribute, up to a maximum of 6% of the participant's compensation. The matching contribution percentages for 2004 and 2003 were 50% of the first 3% and 25% on the next 3% of the compensation contributed. Additional discretionary contributions may be made at the option of the Company. There were no additional discretionary contributions made by the Company in 2004 and 2003.

### **Participant Accounts**



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Each participant account is credited with the participant's contribution and an allocation of (a) the Company's contribution, (b) Plan earnings, and (c) forfeitures of additional Company discretionary contributions related to terminated participants' nonvested accounts, if any. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.



**Vesting**



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Participants are immediately vested in their contributions plus earnings thereon. Vesting in the Company's discretionary matching contributions plus earnings thereon is based on years of continuous service at a rate of 33-1/3% per year, including the first year of service. A participant is 100% vested after three years of service.

### **Participant Loans**



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Participants may borrow from their account balances a minimum of \$1,000, up to a maximum of the lesser of \$50,000 or 50% of their vested account balance. Principal and interest are repaid ratably through payroll deductions over loan terms, which generally do not exceed five years.

### **Payment of Benefits**



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Participants may withdraw voluntary after tax contributions, qualified rollovers, and transfers into the plan, and earnings thereon, at any time. Pre-tax deferrals, vested employer matching contributions, and vested employer discretionary contributions, if any, may be withdrawn upon attaining age 59 ½ or employment termination. All types of employee contributions may be withdrawn in a lump sum payment upon termination of employment. Hardship withdrawals are allowed but are limited to certain types of contributions, as defined.

### **Plan Termination**



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Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.



**3. Investments**



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During 2004, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated in fair value by \$3,396,741, as follows:

| Fair value as determined by quoted market price: |    |           |
|--|----|-----------|
| Laureate Education, Inc. common stock            | \$ | 2,081,653 |
| Mutual funds                                     |    | 1,315,088 |
|  | \$ | 3,396,741 |

Investments that represent 5% or more of fair value of the Plan's net assets are as follows:

|                                       | December 31  |              |
|---------------------------------------|--------------|--------------|
|                                       | 2004         | 2003         |
| Laureate Education, Inc. common stock | \$ 6,001,099 | \$ 3,873,693 |
| The Putnam Fund for Growth and Income | 2,796,180    | 2,971,613    |
| Putnam Stable Value Fund              | 2,718,897    | 2,628,743    |
| Legg Mason Value Trust                | 2,691,014    | 2,263,866    |
| Putnam International Equity Fund      | 1,613,973    | 1,697,889    |
| Putnam US Government Income Trust     | 1,424,909    | 1,553,752    |
| Putnam Vista Fund                     | 1,313,506    | 1,387,490    |

#### 4. Income Tax Status



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The Plan has received a determination letter from the Internal Revenue Service dated August 13, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator will complete all compliance procedures for the Plan year presented, including discrimination testing, in accordance with statutory deadlines.

The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.



5. Risks and Uncertainties



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The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

### 6. Differences Between Financial Statements and Form 5500



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The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

|  | 2004          | December 31, | 2003       |
|--|---------------|--------------|------------|
| Net assets available for benefits per the financial statements | \$ 23,583,369 | \$           | 20,131,482 |
| Less contributions receivable                                  | (408,142)     |              | (351,980)  |
| Net assets available for benefits per the Form 5500            | \$ 23,175,227 | \$           | 19,779,502 |

The following is a reconciliation of contributions per the financial statements to the Form 5500 for the year ended December 31, 2004:

|  |              |
|--|--------------|
| Contributions per the financial statements         | \$ 2,402,026 |
| Add contributions receivable at December 31, 2003  | 351,980      |
| Less contributions receivable at December 31, 2004 | (408,142)    |
| Contributions per the Form 5500                    | \$ 2,345,864 |

The financial statements are prepared on the accrual basis of accounting whereas the Form 5500 is prepared on the cash basis.

### 7. Subsequent Event



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Effective July 1, 2005, the Plan was amended to reflect its new name, Laureate Education, Inc. 401(k) Retirement Savings Plan. Also effective July 1, 2005, the Company has replaced Putnam Fiduciary Trust Company with American Funds Retirement Resources to provide recordkeeping and administrative services to the Plan. Capital Bank and Trust Company, a sister company to American Funds, will be Plan's successor trustee.

**Supplemental Schedule****Sylvan Learning Systems, Inc. 401(k) Retirement Savings Plan**

EIN 52-1492296 Plan # 333

Schedule H, Line 4i Schedule of Assets (Held At End of Year)

December 31, 2004

| Identity of Issue, Borrower,<br>Lessor or Similar Party | Description of Investment Including<br>Maturity Date,<br>Rate of Interest, Collateral, Par or<br>Maturity Value | Cost** | Current<br>Value |
|---|---|--------|------------------|
| <b>Common Stock:</b>                                    |   |        |                  |
| *Laureate Education, Inc.                               | 136,110 shares of common stock  | \$     | 6,001,099        |
| <b>Collective Trust:</b>                                |   |        |                  |
| *Putnam Stable Value Fund                               | 2,718,897 units   |        | 2,718,897        |
| <b>Mutual Funds:</b>                                    |   |        |                  |
| Janus Mid Cap Value Investor Class                      | 36,154 shares   |        | 798,636          |
| Federated Kaufmann A Shares                             | 100,266 shares  |        | 537,424          |
| Legg Mason Value Trust                                  | 41,254 shares   |        | 2,691,014        |
| *The Putnam Fund for Growth and Income                  | 144,133 shares  |        | 2,796,180        |
| *Putnam Vista Fund                                      | 138,264 shares  |        | 1,313,506        |
| *Putnam OTC and Emerging Growth Fund                    | 96,393 shares   |        | 708,490          |
| *Putnam International Equity Fund                       | 68,158 shares   |        | 1,613,973        |
| *The George Putnam Fund of Boston                       | 24,012 shares   |        | 433,663          |
| *Putnam US Government Income Trust                      | 107,540 shares  |        | 1,424,909        |
| *Putnam Growth Opportunities Fund                       | 15,148 shares   |        | 197,081          |
| *Putnam Research Fund                                   | 17,026 shares   |        | 235,468          |
| Royce Total Return Consultant Class                     | 57,484 shares   |        | 703,607          |
| American Funds Europacific Growth Fund                  | 8,759 shares  |        | 308,852          |
| American Funds Growth Fund of America                   | 5,725 shares  |        | 155,152          |
| Calamos Growth Fund                                     | 7,007 shares  |        | 371,232          |
| *Participant loans                                      | 5.00% - 9.00% annual interest rates   |        | 166,044          |
| Total investments                                       |   | \$     | 23,175,227       |

\* Party-in-interest.

\*\* Historical cost has been omitted, as all investments are participant-directed.

**EXHIBIT INDEX**

- |       |  |
|-------|--|
| 23.01 | Consent of Reznick Group, P.C., independent auditors |
| 23.02 | Consent of Ernst & Young, LLP, independent auditors  |

**SIGNATURES**

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

Laureate Education, Inc.

Date: June 29, 2005

/s/ Sean R. Creamer  
Sean R. Creamer  
Senior Vice President and Chief Financial Officer