

S O C I A L   R E S P O N S I B I L I T Y  
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## PRESENTATION

# A project for the young worker



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Anhanguera Educacional prioritizes the social inclusion through education.

We present below the summarized version of the 6th edition of Anhanguera Educacional Annual Social Responsibility Report, intended to tighten our relationship with the various publics involved with the Institution – students, teachers, regular employees, shareholders, community, suppliers, partners and agencies/entities of the education segment. Based on the dialog, we intend to build, in a collaborative way and with focus on youth education, a new plateau of ethical and citizenship values.

For the second consecutive year, the Report – in its integral version – was prepared on basis of the G3 version of the Global Reporting Initiative (GRI) directives, which are a set of principles and indicators evidencing the actuation of organizations in the economic, social and environmental dimensions.

For the full version we have decided to declare the B Level of GRI, which requires the report of all profile indicators, of information on the management way for each category of indicators and at least 20 performance indicators.

The submitted information considers all Anhanguera Educacional units in Brazil and the reported actions refer to the period from January 1st to December 31st, 2010.

You, who are reading this Report, are kindly invited to participate with us in this process, contributing with your records or your opinion. It is only with the participation of all that we will be capable of ensuring our continuous improvement.

**Profa. Maria Elisa Ehrhardt Carbonari** Vice President for Institutional Programs

**Profa. Adriana Camargo Pereira** Creation of the Social Action and Communitarian Extension Institute

In case of doubts, suggestions, opinions or reports on the contents of this Report, please access the site [www.anhanguera.com](http://www.anhanguera.com) or send an e-mail to: [responsabilidadesocial@unianhanguera.edu.br](mailto:responsabilidadesocial@unianhanguera.edu.br)



## MESSAGE FROM THE PRESIDENT AND THE CEO

To believe in one's vocation  
leads to continuous growth

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Quality teaching and social inclusion are the prime  
movers of Anhanguera Educacional actuation.

According to studies disclosed by CM Consultoria, the inclusion of youths from the economically least favored bracket in the post-secondary teaching in Brazil grows at an average rate of 13% per year, as opposed to 5% of any other bracket. However, the number of youths outside the post-secondary education in Brazil is still very large. According to studies conducted by the United Nations Educational, Scientific and Cultural Organization (Unesco), only about 24% of Brazilian youths are deemed potential post-secondary students, against 83% in the United States and 65% in Argentina. And this, when talking about "prospect" candidates. But the reality is even more dramatic in this Country: only 13.2% of youths between the ages of 18 and 24 are enrolled in post-secondary teaching institutions. When analyzing the population as a whole, only 11% of Brazilians hold a university degree, as opposed to 28% in more developed countries (source: Ministry of Education).

Such a picture generates a shortage of qualified labor and great frustrations in all those willing to benefit from a more inclusive and efficient education in Brazil.

But neither Prof. Antonio Carbonari Netto nor Alexandre Dias, respectively President and CEO of Anhanguera Educacional would loose their sleep over this issue. And this because the institution has been responsible for the swerve in that tendency, with its actuation focused on the social inclusion of young students willing to integrate or secure their places in the labor market, backed by high-quality education and ease of access, either in person or in a distance learning program. Just follow the dialog between the President and CEO.

**PROF. CARBONARI** Anhanguera Educacional was created and planned to be an institution scaled to and focused on low-income students. Our achieved performance resulted from a well-prepared and a well-executed planning. Over time, we have inaugurated new syllabuses, by adding new disciplines and implementing a new academic methodology, with supplementary practices in each syllabus, in addition to content classes. All that within an inclusive business model. This has been fully accepted by the students, therefore pushing our growth. Does that seem right to you, Alexandre? You, who joined us just a few months ago, came in with that same impression?

**ALEXANDRE DIAS** Undoubtedly, yes. This was in fact the main reason why I have accepted the challenge of being the CEO of this Company. Today, I would go even further along: much more than the low-income youth, we are after the worker; that kind of youth looking for a working place or willing to grow in a working environment. In Brazil, we are faced with a reality whereby only 4% of the Gross National Product (GNP) is invested in education, with just one small part of it going to post-secondary education. The gap of the post-secondary education is the largest in the Nation. Those students have to be sheltered, and the trend is for most of them to come from low-income families.

**PROF. CARBONARI** This is why we have to expand even further our student base. We have today nearly 300 thousand students, but I am willing to exceed in 2012 the 500 thousand level to arrive, in 2014, to 1 million!

**ALEXANDRE DIAS** The opportunities are here! We wish to consolidate our model nationwide – we are currently still concentrated in a few States – and keep on fostering the transformation of the Brazilian educational model. And thence, with a new pedagogic proposal, day-to-day innovation and focus on young workers, we want to keep on growing. The magic word for me is employability, and our model us helping to transform the reality of post-secondary education in Brazil. We will maintain our annual investments of over R\$ 100 million.

**PROF. CARBONARI** We have a pioneering vision to mount syllabuses and initiatives directed to professions and to the market. But we want to go even further: We want our students to be socially conscious. To that effect, we have implemented a few disciplines, common to all courses, and with their weight focused on people qualification. As professionals and as human beings. We will consolidate ourselves, and insist in this huge social transformation.

### MISSION

To promote **LEARNING** efficiently, with the necessary degree of quality to ensure the proper performance of future undergraduate professional activities so that, in a competent and ethical way, they will develop their **LIFE PROJECTS** as citizens conscious of their rights, duties and social responsibilities.

### VISION

To become one of the three major university-level teaching institutions in Brazil providing students with greater access to high-quality education, for their social inclusion and ascension.

**ALEXANDRE DIAS** Transformation is the key. Upon being inserted into additional communities, we will succeed in bringing a level of quality still non-existent in this country. Premises such as youth life project, employability, technology and disposition to facilitate the access to contents and the adequate location of campuses are all in our order of the day. This is our model, our heading...

**PROF. CARBONARI** And our vocation! It is part of our thinking and our wishes: a better Brazil, with quality education for all!

**Prof. Antonio Carbonari Neto** President  
**Alexandre Dias** CEO

## COMPANY OVERVIEW

# Reference in the Brazilian educational sector



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Anhanguera Educacional consolidated as a leading-edge institution, a leader in the sector and reference in social inclusion matters.

Anhanguera Educacional Participações S.A. is the largest private post-secondary organization in Brazil and in Latin America. With head offices in Valinhos, an inland city in the State of Sao Paulo, it holds about 5% share of the national private graduation market, having closed the year 2010 with 56 campuses and over 500 distance learning poles. The Organization offers graduation and post-graduation courses, free courses, preparatory and professional qualification courses, also backed by a support system comprised of libraries and laboratories.

The courses at Anhanguera Educacional cover several areas of knowledge, such as Business, Law, Education, Engineering, Health and Technology. We are currently offering 92 modalities of graduation courses and 58 modalities of post-graduation courses.

With around 300 thousand students, Anhanguera Educacional is present in 40 of the 250 largest cities in Brazil and in three among the ten largest ones. Out of the total number of students, around 170 thousand are attending courses in which they are physically

present in a traditional educational setting such as a classroom, and 130 thousand attend distance learning courses. The goal is to reach the mark of 1 million students by 2014. In December 2005, there were 17.6 thousand students and in 2007, they were approximately 20 thousand.

On December 31, the Organization had 13,592 employees, including 7,898 teachers.

Anhanguera Educacional, which keeps its focus in line with the Nation's requirements in the educational field, also became the first post-secondary educational institution in Latin America to go for an Initial Public Offering in the capital market.

## Inclusive Education

Our courses are mainly directed to classes C and D students attending night courses and working during the day. This is an emerging portion of the Brazilian population that responds to an increasing demand of post-secondary education.

According to studies conducted by the Instituto de Pesquisas Data Popular, which based its finding on information from the Pesquisa de Orçamento Familiar (POF) of the Instituto Brasileiro de Geografia e Estatística (IBGE), education expenses of Brazilians in the past eight years experienced a 4.4-fold increase. The largest growth of 8.6-fold, occurred in class C. By observing such expenses in a broad sense, class C in 2010 was responsible for 41.35% of the expenses by Brazilians, with that class alone being the one that consumes most in Brazil. As to classes D and E, these have shown a 4.2-fold consumption increase in the same period, being responsible for 15.7% of the total expenses by Brazilians.

As regards prices, cheaper (“fair price”) tuitions are included, as well as didactic material with discounts as high as 70% of list price (which is much cheaper than using photocopies). Additionally, Anhanguera Educacional provides students with all financing options presently available in this country, enabling them to access and afford post-secondary education based on:

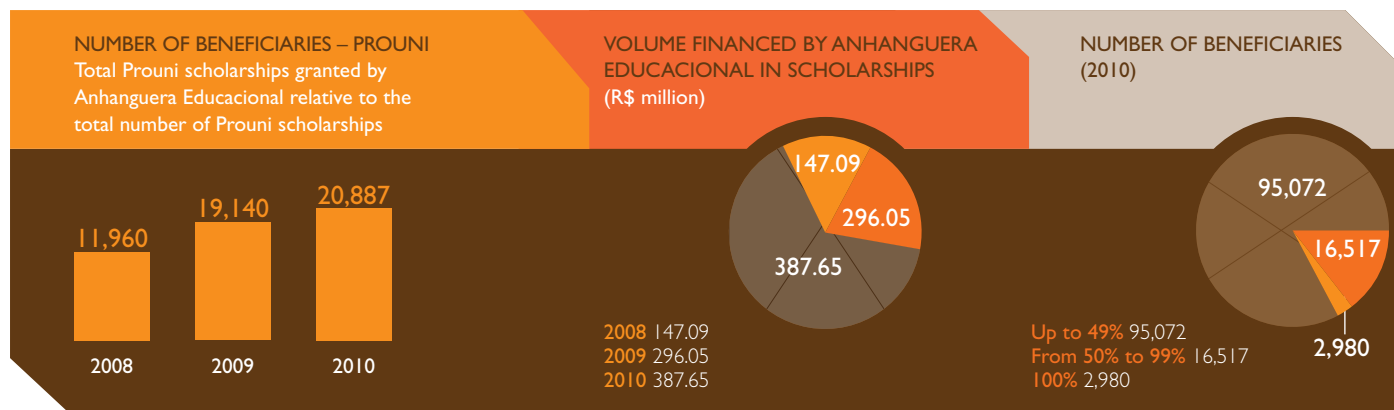
- ▶ Financing Fund to Post-Secondary Students (Fies), a student funding program created by the Ministry of Education (MEC).
- ▶ University for All (Prouni) Program, intended to grant full and partial scholarships for specific graduation and sequential qualifying courses in private post-secondary education institutions.
- ▶ Anhanguera University Credit (a product developed by Itaú Unibanco).
- ▶ Financial partnership with Santander Brasil on several products, including post-graduation.
- ▶ Governmental scholarships of regional – state and municipal reach.
- ▶ Programmed tuition debit charged to credit card or check bank account.
- ▶ Installment agreement free of interest rates, charged to credit card or to check bank account.

## 56 Units

1 University  
5 University Centers  
50 Colleges  
Over 500 Distance Education Poles







### Academic model

The academic model of Anhanguera Educacional will privilege quality education, the inclusion and maintenance of young students and people qualification and citizenship.

The Institution relies on a systematized procedure, whereby all teachers cooperate in the construction of pedagogic projects, to constantly evaluate contents, look at new courses and propose syllabus changes and the creation of new courses. The formatting of the pedagogic model and the coordination of these teachers' works are prepared by a group of Ph.D. professors, from the various areas of knowledge. Each School is provided with a Structuring Faculty Core, where professors discuss the pedagogical contents and structure of courses. The coordinator of each course has an open channel to bring the ideas of the Structuring Faculty Core to the head office to be evaluated and debated.

All courses delivered in the Institution have in their syllabus, a discipline on Social Responsibility and Environment. The syllabuses further include disciplines supporting the ingress in the labor market and personal and professional development. The idea is to develop competencies and expand the students' intellectual autonomy.



## C O R P O R A T E   G O V E R N A N C E

# The base for a structured strategy

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Governance consolidates the foundations to develop the institution's continuous expansion plans.

In order to guarantee a high standard of corporate governance, Anhanguera Educacional:

- ▶ Complies with the precepts of its Bylaws.
- ▶ Follows the best corporate governance practices of the Brazilian Institute of Corporate Governance (IBGC).
- ▶ Assumed the commitment to meet the required requisites set forth by the "New Market" corporate governance Level issued by the Sao Paulo Stock Exchange (BM&FBovespa).

This means, for instance, maintaining 25% of its capital shares outstanding, detailing and including additional information in the quarterly statements and preparing annual financial statements in English and based on internationally accepted accounting principles.

The higher corporate governance instance in the Institution is represented by the Management Board, the collegiate deliberative body responsible for:

- ▶ Formulating and coordinating the implementation of Company business policies and guidelines.

- ▶ Appoint directors.
- ▶ Retain the services of independent auditors.

In addition to the Management Board, the Statutory Audit Committee, an independent administrative body, is responsible for examining the administrators' acts and analyzing the financial statements, reporting its findings to the shareholders. The Statutory Audit Committee is not permanent, and may be installed at any time in a fiscal year.

In 2010, in order to strengthen the corporate governance at Anhanguera Educacional, two new instances have been incorporated in the management:

- ▶ The Social Responsibility Committee, structured for analyzing indicators and identifying risks and opportunities.
- ▶ Ethics Committee, formed by: Director of Human, Legal Director (permanent members) and representatives of all other areas (rotating members). Meetings are held on a monthly basis.

In 2010, we have also launched the Code of Conduct, intended to provide teachers, other employees and other associates with guiding directives capable of setting bounds for the decision-making process in dilemmatic situations, and supporting them in all situations. Therefore, this document aims at evidencing the behavior the Organization expects from its employees, in order to render relationships and processes more transparent and sustainable.

The Code of Conduct was disclosed to all the Organization employees and is also available in the Intranet.

Also in 2010, in this process of strengthening our governance, we have created the Ombudsman department with the assignment to collect manifestations – requests, claims, record, praise and complaints – from employees and other publics and to ensure the adequate internal forwarding of such manifestations.

## STRATEGY AND PROSPECTS

### Focus on growth and sustainability

A strategy supporting the relationship with those publics of interest and paves the way to a perennial growth process.

of students graduated from post-secondary education in Brazil: in 2002, there were 467 thousand graduates; in 2009, the number achieved the 958 thousand mark.

As regards the number of students graduated from Anhanguera Educacional, one notes an evolution in the past three years, as shown in the table below:

The Institution sustainable development strategy is founded on the following premises:

- ▶ Social inclusion.
- ▶ High-quality learning.
- ▶ Student willingness to study and learn for its own (self-development).
- ▶ Ethical qualification of students for their professional activity and consciousness of the role of their professions in the society.
- ▶ Fostering citizenship and the importance of the environment.

As a regulating and guiding body of social actions, the Institution relies on the Social Responsibility Committee, responsible

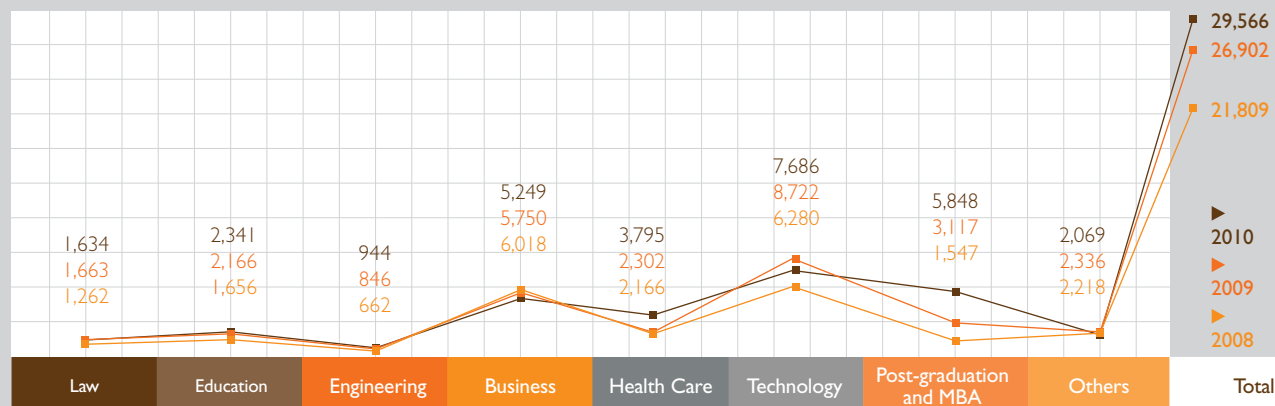
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### Sustainability foresight

Social inclusion, high-quality learning, fostering citizenship and environment concerns form the base of strategic thoughts at Anhanguera Educacional in favor of sustainability.

In January 2011, the Ministry of Education (MEC) disclosed the 2009 Higher Education Census, with the key indicator showing that, in seven years, there was a two-fold increase in the number

#### GRADUATE STUDENTS



## THE WAY TO SUSTAINABILITY AT ANHANGUERA EDUCACIONAL

### Where do we start from:

- Mission and Values
- District Colleges
- Classes C, D and E

- Signs/MEC
- Ethos Indicators
- Report

- Institute of Social Action and Communitarian Extension, and Social Responsibility Committee
- Engagement of areas and stakeholders – communication and education.
- Policies and Processes –Performance Indicator Diagnostic and Monitoring.



for: evaluating the Company performance vis-à-vis nationally and internationally recognized sustainability indicators; coordinating the Inventory of emissions; and recommending the review or adequacy of policies, strategies and actions in the environmental and social actuation plans, and the relationship with the publics of interest, maintaining the focus on dialog, engagement and commitment.

In order to strengthen and increment discussions on environmental issues and coordinate the corporate responsibility actions of the institution, Anhanguera Educacional created in 2010 the Institute of Social Action and Communitarian Extension (Iasec).

The president of that Organization, Prof. Antonio Carbonari Neto, organized the forum on “Education and Social Responsibility”, in April 2010, in the city of Sao Paulo. The opening ceremony was conducted by Prof. Gabriel Rodrigues, president of the Brazilian Association of Post-Secondary Supporting Entities (ABMES), and acting as invited debaters Fernando Von Zuben, from Tetra Pak,

Angela Cristina Dannemann, from Victor Civita Foundation, Maria Luiza Pinto, from the Santander Brasil Group, and Emilio Martos, from the Ethos Institute.

Also in 2010, the institution started the studies to implement an Integrated Management System (SGI), capable of agglutinating initiatives on social, environmental and labor health and safety aspects. This initiative is being conducted in partnership with Price-WaterhouseCoopers (PWC) and is being implemented in 2011.

For providing support to the System, the Company has already implemented an Integrated Management Policy. This document highlights that the essential premises of Anhanguera Educacional teaching units are to ensure the integrity and health of its associates and students, promoting quality of life in both internal and external communities and to preserve and improve the quality of the environment. The initiative was discussed internally and is now being disclosed to all institution's associates, via its leaderships.

In order to strengthen its positioning in favor of sustainability, Anhanguera Educacional also adhered in 2010 to the following global and national commitments:

### Global Pact

The Global Pact consists of an initiative of the United Nations Organization (UN) to deploy the international entrepreneurial community to adopt, in its business practices, internationally accepted fundamental values in the areas of human rights, labor relations, environment and fighting corruption practices. All those points are reflected on ten principles. At present, there are over 5,200 articulated signatory organizations, from the various sectors of the economy.

### National Pact for the Eradication of Slave Labor

Organized by the Ethos Institute jointly with the International Labor Organization (ILO) and the Reporter Brasil NGO, the initiative aims at modernizing and dignifying labor relations in Brazil, by striving to eliminate labor regimes that will maintain workers under conditions analogous to slavery.

### Corporate Pact for Integrity and Against Corruption

Defines a set of guidelines and procedures to be adopted by signatory companies and entities in their relationships with administration, suppliers and other publics. This is an initiative of the Ethos Institute of Companies and Social Responsibility, UniEthos – Qualifying and Developing Socially Responsible Management, Patri Governmental Relations & Public Policies, THE United Nations Development Program (UNDP), THE United Nations Office on Drugs and Crime (UNODC) and the Brazilian Committee of the Global Compact. Anhanguera Educacional is part of the group of studies.

## Business Foresight

The business strategy of Anhanguera Educacional rests on the following directive foundations:

## Planned growth

Growing and placing a wager on historical vocation transforms into the heading of the Company commercial strategy.

- ▶ High-quality education.
- ▶ Innovative pedagogical platform.
- ▶ Increasing qualification of teachers and other associates.
- ▶ Constant syllabus review and expansion.
- ▶ Support from leading edge technology applied to education excellence.
- ▶ Inclusive social model: A Price policy accessible to students; campus facilities in peripheral districts; expansion to a greater number of locations; development of social projects that will benefit the whole community.
- ▶ Accessibility (distance education option).
- ▶ Support to youngsters from classes C and D, who see in high-quality education a natural path toward social-economic ascension.
- ▶ A structured relationship with the Ministry of Education (MEC), with other regulatory related governmental agencies and with representative entities.

The present entity steering, according to the planning approved in 2010 is aimed at increasing the market share in those market-places already being served, expand its activities to other cities and duplicate its education network in the next five years. By doing this, the goal is for the number of enrollments to exceed the mark of 1 million students in that period.

It is equally part of the Company's future strategic planning the offer, in a more and more structured form, of "multiple products"

## RIO DE JANEIRO IN THE ANHANGUERA EDUCACIONAL MAP

As of December 2010, Anhanguera Educacional will also operate in the State of Rio de Janeiro, with the acquisition of Sociedade Educacional Plínio Leite S/S Ltda., the entity supporting the Plínio Leite University Center – UNIPLI.

Therefore, the Organization follows its strategy of expansion and consolidation of activities, to be able to bring to Brazilian youngsters, the opportunity of accessing post-secondary education with quality contents, convenience and accessible cost, aimed at preparing them for the labor market and for a project of life with personal and professional growth.

in each campus (several courses, with a variety of beneficial possibilities), in addition to improvements in terms of technological support.

The Company commercial planning is centered on servicing young students willing to obtain the necessary qualification to access the labor market, as well as improving their personal lives, in the most varied areas of knowledge, to make the student's life dream come true.

The Anhanguera Educacional campaign for the 2011 admission exams, for example, brings the motto "If you have an ambition in your head, join Anhanguera". This concept strengthens the employability and social inclusion platform, exploring the relationship between the student and the labor market.

## ENGAGEMENT OF RELATIONSHIP PUBLICS

### Commitment is vital for business

A strategy supporting the relationship with those publics of interest and paves the way to a perennial growth process.

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Mature relationships are essential for the proper development of activities and for achieving good results.

## Students

The principle of any educational system.

Students are the main reason for the existence Anhanguera Educacional. The Institution closed the year 2010 with an average number of 295 thousand students (against 255 thousand in 2009 and 157 thousand in 2008). The main objective consists of qualifying and contributing toward the social inclusion of people, to enable them aspiring their professional and personal ascension and having a life project.

The adopted standardized academic model facilitates learning on the part of the student. All teachers use a "text book" in their courses, as a guide for the course. These are market reference books, recognized books. There are also books on subjects linked to sustainability, used in all courses. Through agreements entered into with publishers, Anhanguera Educacional acquires large lots of all such books, which are to be sold to students at more affordable prices. Additionally, the Institution also publishes its own books, usually written by house teachers.

Also we have been expanding the opportunities for distance education to benefit students living in places that are far from

any of the Institution units, or for students willing to complement their knowledge.

Approximately 2,600 classes are delivered every month by Anhanguera Educacional Distance Education Centers. All in all, the Institution operates 30 studios and 27 satellite channels. This enables one single lesson to be attended simultaneously by thousands of students. In 2010, for example, we had speeches delivered by the governor of Sao Paulo, Geraldo Alckmin, and by consultant Max Gehringer, which could be attended by 25 thousand students from more than 400 units.

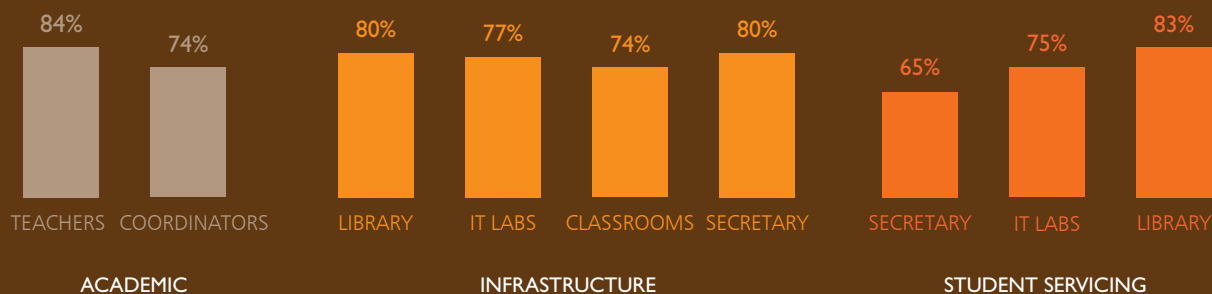
For research works, the students – from classroom courses and distance learning – have a virtual library at their disposal. Implemented in 2010, this is a tool that facilitates the access to scientific and cultural information, in addition to providing comfort to students and eliminating space and time barriers, promoting intellectual dissemination and exchange of information. Students are able to access databases, e-books, free-access periodicals, theses, monographs, articles and links of institutional agencies.

In 2010, Anhanguera Educacional entered in to an agreement with Google, establishing the use of the Google Apps tool by its students, teachers, employees and alumni. This agreement is the largest of the kind ever entered into in Latin America and indicates the Institution advance toward a new teaching model. The Google Apps tool creates a virtual environment for the relationship of students among themselves and with their teachers. Message services are provided, such as e-mail, chat and voice over IP (phone calls via the Internet) and videoconference. Additionally, a document (report, for example) may be simultaneously constructed by several students, each using his/her own computer. Text changes can be followed up in real time, by their authors.

### Student assessment

In order to “listen to” students, Anhanguera Educacional relies on the Student Service Center (SSC) and, on a second plateau, on the Ombudsman. In November 2010, the Company created a Procon follow-up cell to monitor any complaints or other types of received manifestation.

### KEY RESULTS OF 2010 STUDENTS' SATISFACTION INDEX



On an annual basis, Anhanguera Educacional carries out an institutional assessment based on students' opinion. This is called the Institutional Assessment Program (IAP). The results of such a survey are used to steer possible management enhancement actions and raise the quality of learning.

The most expressive result is indicated by the Students' Satisfaction Index (SSI), which reflects the statistically represented student's opinion. In order to arrive at the SSI, all students are invited to participate in the Program by replying to questions on-line.

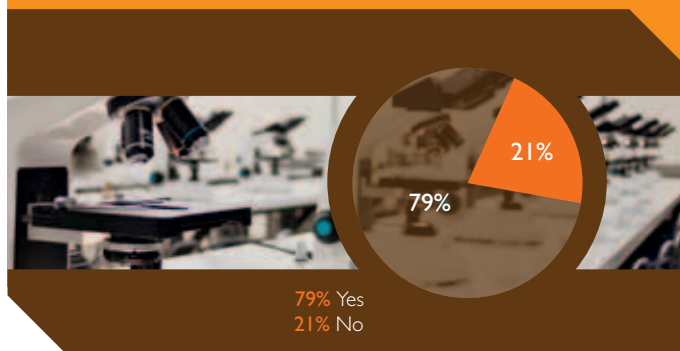
### **Course recommendation by the graduating student – 2010**

Another aspect to be continuously followed-up by the institution, as a means to also assess student evolution is the National Student Performance Exam (Enade).

The Enade consists of a national test applied by the Ministry of Education (MEC) on graduating students. Each year a group of courses is assessed, completing the assessment of all key courses at every three-year cycle. The 2010 assessments are not yet available. For the cycle completed in 2009, Anhanguera Educacional obtained an average grade of 2.9 – representing a mark 6.3% higher than the average for private institutions in Brazil.

For pointing out the academic development of students during the course, the Institution uses the IDD, an indicator provided by the MEC. The IDD is calculated on basis of the student performance in the Enade at the start and end of the course. Likewise it happened with Enade, each year a group of courses is assessed, completing the assessment of all key courses at every three-year cycle. For the cycle completed in 2009, the average grade obtained by Anhanguera Educacional was 3.2 – a mark 17% higher than the average for private institutions in Brazil.

### **COURSE RECOMMENDATION BY THE GRADUATING STUDENT– 2010**



### **Social transformation**

One of the aspects that most inspired the work of all at Anhanguera Educacional is the transformation power that quality education exerts in a student's life. In December 2010, a specific survey was carried out – a quantitative and qualitative study – on the professional life of students. The key results were:

- More than 50% of students stated that their Professional Lives had improved after their enrollment with Anhanguera Educacional.
- Upon being asked about improvements in their financial lives, 24.5% said their lives had improved and only 10% said it had worsened, with college costs being the mostly mentioned reason by the latter.
- As regards graduating students, there was an increase of 13.8% in the present number of employees relative to the number of employees at the time they had entered the college.





## Continuous learning and improvement

The emphasis on qualifying associates contributes toward the generation of knowledge and the continuous improvement of the academic process.

## Associates

Anhanguera Educacional maintains a Corporate University (UNIAG) since 2009, intended to qualify directors, course coordinators, teachers and technical-administrative employees for them to properly perform their activities, aimed at adequately meeting the institutional needs and those of Anhanguera students. It also intends to qualify managers of all hierarchical levels, to meet the Company expansion process. This is the first corporate university installed within a post-secondary educational institution in Brazil, according to data from the Ministry of Education (MEC).

In May 2010, UNIAG held the first week of classes of the post-graduation course *latu sensu* on University Management. A total of 61 professors, among unit directors and coordinators participated in the course, coming from Anhanguera Educacional units from all over the country. The course was delivered at the Anhanguera Training Center, in the municipalities of Jarinu and Itatiba (SP).

In 2010, we had 58 professionals graduated in the courses for Qualifying Managers (46 in 2009), and thousands of Company associates attended functional adjustment courses, particularly in the distance learning (EAD) modality.

Professors are encouraged to develop scientific production, through the Faculty Qualifying Institutional Program (PICD).

In 2010, the Organization offered 253 graduation and post-graduation scholarships within the Institution itself (184 in 2009), and 31 external Master and Ph.D. scholarships, via the National Foundation for the Development of Private Post-Secondary Education – Funadesp (16 in 2009). Additionally, 81 teachers received a cost of living allowance to participate in scientific events (74 in 2009) and 523 teachers participated in the Permanent Program for Faculty Qualification – specializing in Post-Secondary Methodology and Didactics offered to all teachers free of charge (468 in 2009).

### People, health and safety management practices

The total number of Organization associates increased from 11,103 in 2009 to 13,592 in 2010, most of them located in the South-eastern region.

Anhanguera Educacional further provides a diversified range of fringe benefits to its employees, most of them fully costed by the Organization.

In the Health and Safety area, the Company created the Specialized Safety Engineering and Industrial Medicine Service (SESMT)

to coordinate such actions as periodical medical exams, follow up of overweight employees, nutritionist, food lectures, light menu option, follow-up/consciousness of smoker and chemical-dependent employees, vaccination and prevention campaigns, in addition to actions on quality of life.

The Health Committee of the Anhanguera Group was created in 2010, formed by representatives of employees from its various areas. The Organization has also created the "Medical Profile" Program for the employees of the Anhanguera Group.

### Human Resource Policies

In terms of Human Resource policies, Anhanguera Educacional is undergoing a reorganization process. In 2010, the Group was engaged in a widespread diagnosis of HR practices and actions on the day-to-day of the Institution, which also restructured the employees' Career Development Plan.

In 2011, several specific and converging actions are being carried out as part of the reformulation plan:

- Creation and implementation of a compensation policy harnessed to results.
- Development and implementation of a Policy for Internal Opportunities.
- Structuring a new policy for positions and salaries.
- Enhancement of the training and development plan.

### Diversity

Diversity is encouraged among the staff. There is no discrimination whatsoever in terms of color, race, gender, ethnicity, age and mobility.

In 2010, there was an increased female participation in the staff of Anhanguera Educacional, then reaching 53% of the total number of associates.

NUMBER OF ASSOCIATES PER TYPE OF EMPLOYMENT			2009	2010		
Board of Directors				141		
Administrative Management / Coordination				215		
Course Coordination				682		
Supervision				467		
Administrative			4,901	4,189		
Professors			7,171	7,898		
Third Parties			745	869		
Number of associates per type of contract						
Apprentices			-	145		
Full-time (CLT)			-	3,082		
Half-time (CLT)			-	10,365		
Number of associates per region						
Southern Region			799	1,006		
Southeastern Region			7,001	6,988		
Mid-West Region			4,272	5,598		
OVERALL HEDCOUNT OF ASSOCIATES – POSITION, AGE BRACKET AND AGE (IN 2010)						
			From			
Positions	Total	Up to 30 years old	30 to 50 years old	Above 50 years old	Women	Men
Board of Directors	141	16	103	22	38	103
Management/ Administrative Coordination	215	35	147	33	103	112
Course Coordination	682	75	501	106	368	314
Supervision	467	128	283	56	299	168
Administrative	4,189	1,984	1,431	774	2,256	1,933
Teachers	7,898	1,303	5,478	1,117	4,178	3,720

Specifically regarding disabled people, Anhanguera Educacional attempts to increase the number of this group of employees, but there is a shortage of qualified labor in the marketplace.

For the inclusion of disabled people and apprentice minors in its staff, Anhanguera structured specific programs in 2010, which are now being gradually implemented, such as the Professional Qualification Program, the Sensitizing Program and the Recruitment of Professionals Program.

## Shareholders

Anhanguera Educacional was the first post-secondary education institution in Brazil and in Latin America to its stocks listed in the Stock Exchange in 2007, in a demonstration that investing in high-quality education accessible to classes C and D is a profitable business.

Thenceforth, a period of strong growth was started for the Company. The IPO in 2007 and a new offer of stocks in April 2008 generated resources in the order of R\$ 870 billion, which were applied in the expansion of the network and in improving the quality of the education network. Na aggressive policy of mergers and acquisitions also contributed to the rapid growth of the Institution.

In December 2010, the Company made a new offer of stocks, with an initial lot of 20 million common stocks and a supplementary lot of 3 million common stocks, thus raising the amount of

R\$ 844 million. With this new additional paid-in capital as well as through its commercial strategy, some market analysts estimate that Anhanguera Educacional will possibly experience a 39% growth in 2011 and 36% in 2012.

As it follows the “New Market” Level of corporate governance of BM&FBovespa, Anhanguera Educacional keeps 25% of its capital stocks outstanding, as well as detailing and including additional information in its quarterly statements, disclosing its annual financial statements in the English language and based on internationally accepted accounting principles.

Anhanguera Educacional maintains an Investor Relations (RI) area, prepared to fully and transparently handling inquiries from shareholders and investors, transmitting all necessary information and assisting them in solving their specific demands.

## Communities

With the creation in 2010 of the Institute of Social Action and Communitarian Extension (Iasec), the Communitarian Extension Program (PEC), the main link between Anhanguera Educacional and its neighboring communities, remained under Iasec coordination, which is also responsible for coordinating the Organization's social responsibility actions.

### Increasing shareholder base

The new issue of stocks confirms the Company sustained growth.

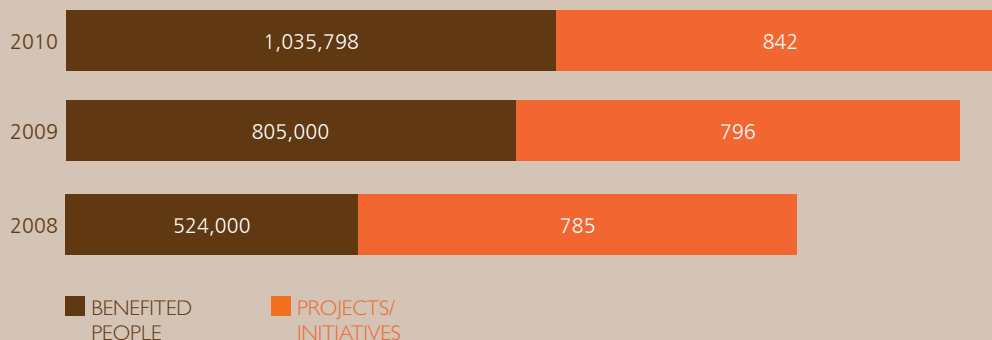
### Guidance toward social transformation

Knowledge and community support foster social transformation.

## THE COMMUNITARIAN EXTENSION PROGRAM COMPRISES, AMONG OTHERS, THE FOLLOWING PROJECTS:

Area	Project	Public served	Number of people served in 2010	2011 goals
Education	Zilda Arns Open Library	Students from public elementary and high schools	6,370	Increasing the number of served people to 10 thousand and implement project in schools – Lending Library
Education	Pedagogic support to students and basic education and Education of Youngsters and Adults (EYA) teachers, in such actions as: School Tutorial; Literacy of Youngsters and Adults; and Environmental Education.	Students from public elementary and high schools and EYA	47,912 (of which 5,116 in School Tutorial, 2,073 in Literacy of Youngsters and Adults and 40,723 in Environmental Education).	Expanding partnerships with an aim at increasing the number of served people to 60 thousand.
Education	Toy room	Kids from 03 to 12 years old	5,844	Expanding the number of Toyrooms, in accordance with the opening of new Pedagogy courses.
Education	Open University of the Third-Age	Citizens over 45 years old	4,615	Structuring learning platforms.
Professional education	Professional qualifying of youngsters and adults of neighboring communities – Qualifications for the First Employment Opportunities; Digital Inclusion; and Professional Activities.	Youngsters and adults in search for the first employment, or professional outplacement	76,636 (of which 27,796 in the First Employment, 24,599 in Digital Inclusion and 24,241 in Professional Activities).	Increasing the number of served people to 100 thousand.
Human Rights	Legal Advice	Community People	48,256	Expanding the project reach, in accordance with the opening of new Law courses.
Sports, Leisure and Culture	Sporting Activities	Anhanguera Educacional graduation students, community kids and youth.	66,653	Entering into at least one partnership with government or non-government agencies.
Health Care	Health-Care Activities	Community people	352,834	Expanding the project reach, in accordance with the opening of new courses in the area of Health-care.
Animal Health	Vet Hospital	Small, medium- and large-size animals	85,771	Expanding the project reach, in accordance with the opening of new courses on Veterinary Medicine.
Social Assistance	Relief Campaigns	Philanthropic institutions around the units.	198,557	Structuring local demand analysis.
Interdisciplinary	National Day of Responsible Education	Neighboring communities	142,350	Increasing the number of served people to 200 thousand.

## MORE THAN 1 MILLION PEOPLE BENEFITED FROM SOCIAL PROJECTS



The key objectives of the Communitarian Extension Program are:

- To promote learning among Anhanguera Educacional students based on experience. That means a student of Law acting as a lawyer; a student of Pedagogy acting as a teacher; etc.
- To cooperate in promoting the best possible quality of life within the neighboring communities of Organization's units.

The PEC acts along three axes: social responsibility projects and programs for the outside community; rendering services to the outside community through our graduation and post-graduation laboratories; and complementary academic events.

In order to foster the development of studies and research works on sustainability in the social field, identify demands, standardize processes and encourage a dialog on this subject, Anhanguera Educacional also acts in the "Education, Sustainability and Social Responsibility Observatory", in partnership with the University of Sao Paulo (USP) in Ribeirão Preto (SP). The Observatory materializes into a research group formed by PhDs, Masters and students with scientific initiation from the Institution and from the University.

## MEC and other Education agencies

### Partnership and active participation

Respect and independence help building long-lasting relationships.

Anhanguera strives to maintain a close and useful relationship with the Ministry of Education (MEC) and with other regulatory agencies of the education sector. The Company participates in several discussion forums of the segment and, according to MEC advice, discloses in its site lists of courses and related colleges.

In 2010, Anhanguera Educacional kept on having active participation in the education-related policies of the present administration. The president of the Organization, professor Antonio Carbonari Netto, as a representative of the Brazilian Association of Post-Secondary Supporting Entities (ABMES) and of the Union of Post-Secondary Supporting Entities of the State of Sao Paulo (Semesp), participated in the discussions with MEC representatives and the former president of the Republic Luis Inácio Lula da Silva.

The Financial area of Anhanguera Educacional had a prominent role in the construction and later reformulation of the Post-Secondary Student Financing Fund (Fies), assisting the MEC. It was the first institution to adhere to the new Fies, formalizing the first contract, in Taubaté (SP). In 2011, a work group was created under MEC coordination to analyze these new Fies opportunities; this group has the active participation of Anhanguera Educacional.

Anhanguera Educacional was also the first institution to adhere to the Educational Credit Operation Security Fund, which does away with the need for a guarantor.

## Suppliers

### Committed partners

**With an eye on labor, environmental and human rights issues.**

The relationships between Anhanguera Educacional and its suppliers are covered by the Institution's Code of Conduct and by the Goods and Services Standardizing Policy.

When selecting and contracting suppliers, in addition to the basic quality, price and delivery term criteria, the Institution analyzes

the ethical practices related to the competition and corporate responsibility process. Equal opportunities are assured to all and stimulated the adoption of management practices that respect sustainable precepts, such as human dignity, ethics and environment preservation.

Should labor irregularities be detected or the adoption of infant labor, either forced or analogous to slavery, the supplier may have his contract terminated and be liable for his actions.

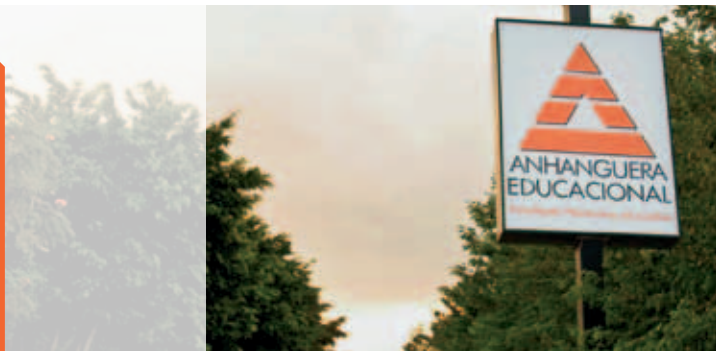
As of 2010, all contracts with suppliers will include clauses providing on the compliance with such laws, two of them specific on infant and slave labor.

Each supplier will also receive a copy of the Institution's Social Responsibility Report, as a means to contribute to the awareness of human rights and sustainability issues. Our leading suppliers are invited to the Annual Forum on Education and Social Responsibility, held by the Company.



## ECONOMIC - FINANCIAL PERFORMANCE

### A base for sustainable growth



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The 2010 financial results indicate that Anhanguera Educacional is ready to keep on growing focused on its design to ally quality education and social inclusion.

The disclosure of 2010 financial statements of Anhanguera Educacional showed several expressive figures and indicators, which consolidate the Organization growth trajectory in the Brazilian educational market and strengthen its vocation to support the young workers.

Among the key results in 2010, we would highlight:

- ▶ The Net Proceeds accumulated R\$ 1,003.8 million, an 11.0% growth relative to 2009.
- ▶ The Company recorded an EBITDA – earnings before net financial income (expenses), income tax and social contribution, depreciation and amortization and non-operating income – of R\$ 240.5 million in 2010, an expansion of 29.9% when compared to 2009.
- ▶ The Net Profit in 2010 was as high as R\$ 122.9 million, an 85.7% growth relative to 2009. The Adjusted Net Profit, which excludes the effects of premium amortization expenses and pre-operational costs and expenses, as well as interests on the present value of commitments payable and deferred taxes, recorded R\$151.9 million in 2010, a 47.7% growth when compared to 2009, with a margin expansion of 3.8%.

- ▶ There was R\$ 192.8 million of operating cash generation in 2010, a 64.0% growth when compared to 2009. Such cash generation was more than sufficient to finance the net investments of R\$ 100.3 million.

The cash generation after the R\$ 89.7 million investments enables the Company to acquire Unipli, marking its entry in the Rio de Janeiro market and the beginning of a new growth cycle. Bearing in mind the new expansion cycle, the Company strengthened its cash position by R\$ 657.2 million net (including an additional R\$ 840 million raised with the stock offer), to end 2010 with a cash position of R\$ 959.5 million.

- ▶ Anhanguera Educacional is listed at Level 2 with BM&FBovespa and is negotiated under the “AEDU11” code. The stocks of Anhanguera Educacional Participações S.A (BOVESPA: AEDU3) closed the trading floor on December 30, 2010 listed at R\$ 40.00, accumulating a valuation of 60.9% in the year 2010. On that same date, the Ibovespa accumulated a 4.1% drop in 2010.

The stocks were negotiated in 100.0% of the floors in 2010, with a total volume of R\$3.7 billion and an average daily volume of R\$14.9 million, against an average daily volume of R\$3.2 million in the same period of the previous year.



TABLE 1 – FINANCIAL HIGHLIGHTS (R\$ MILLION)

	4Q10	4Q09	var %	2010	2009	var %
Gross Income	355.8	307.1	15.9	1,530.8	1,329.8	15.1
Net Income	227.1	210.3	8.0	1,003.8	904.5	11.0
Gross Profit	88.9	81.6	8.9	444.0	379.9	16.9
EBITDA	48.7	30.7	58.7	240.5	185.1	29.9
Adjusted Net Profit	29.3	3.9	656.5	151.9	102.8	47.7
Net Profit	39.3	(3.8)	-1,141.9	122.9	66.2	85.7
Net Worth	2,005.3	1,082.9	85.2	2,005.3	1,082.9	85.2
Operating Cash Generation	38.3	8.1	374.7	192.8	117.6	64.0

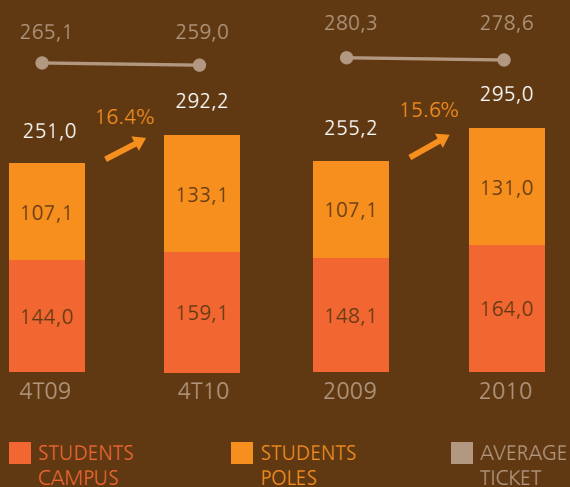
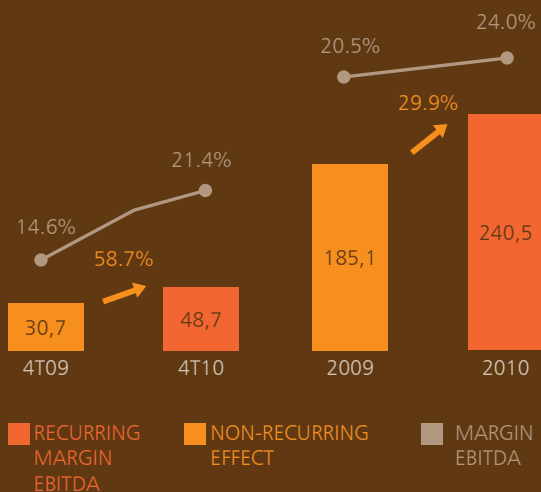
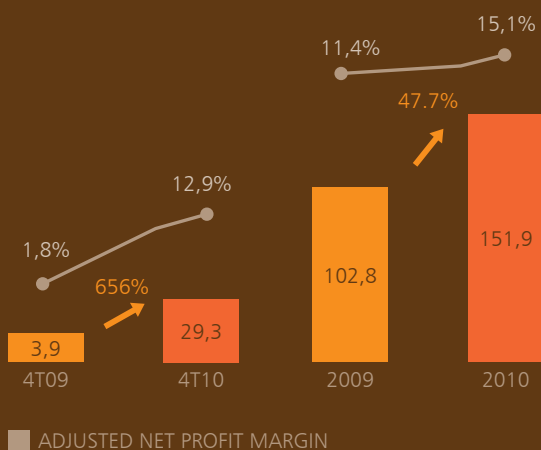
TABLE 2 – ENROLLED STUDENTS (X 1,000)  
AND AVERAGE TICKET (R\$ PER STUDENT)

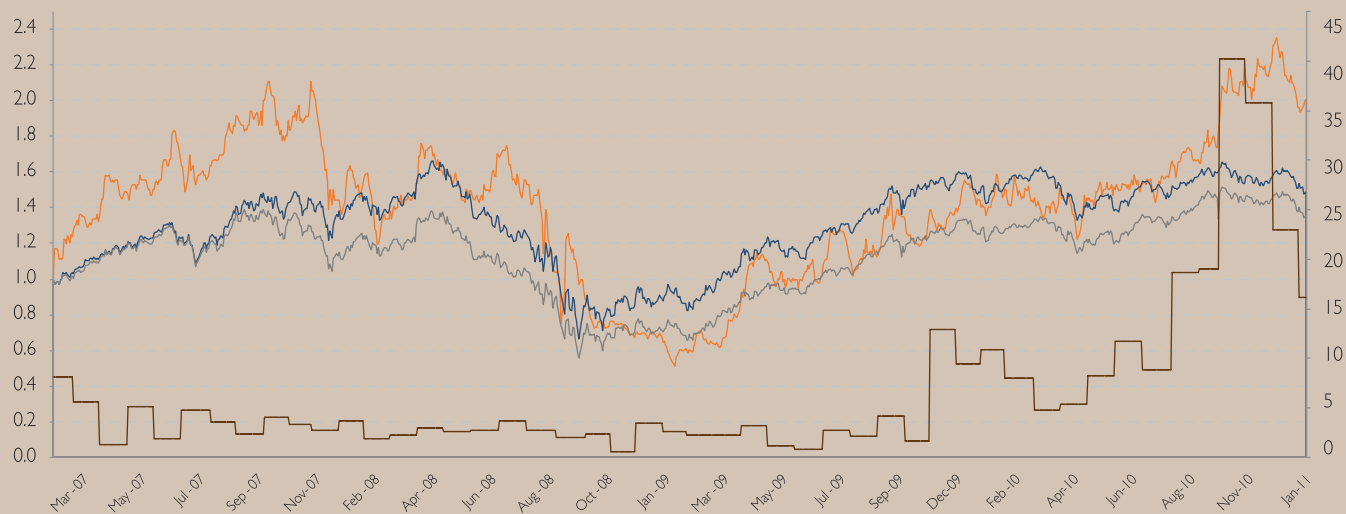
TABLE 3 – EBITDA (R\$ MILLION)



ADJUSTED NET PROFIT (R\$ MILLION)



STOCK EXCHANGE AEDU3 PERFORMANCEVC IBOVESPA VS IGC (03/12/2007 – 12/31/2010)  
(MARCH 12, 2007 = 1) AND AVERAGE MONTHLY VOLUME (IN MM)



AED3

IBOV

IGCX

AVERAGE MONTHLY  
VOLUME

## ENVIRONMENT

# Anhanguera launches its Environmental Program

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Growing and respecting the environment strengthens the Company steering toward doing things right.

The Anhanguera Educacional Environmental Program was launched in 2010 for the purposes of structuring actions focused on the environment.

The key labor fronts comprised by the Program are:

- Actions to mitigate impacts on the value chain (Company, students, suppliers, partners), manage residues and optimize the use of natural and energetic resources;
- Organizing the inventory of greenhouse gas emissions, which has reached completion and the results of which will contribute toward revaluing liabilities, defining goals for social-environmental responsibility and monitor emissions. Three suppliers - Itaotec, Trilog and Pearson Education - have also participated in the inventory of emissions.

The Environmental Program interconnects with the Institution's Integrated Management System (SGI), which gradually started its implementation in 2010 at headquarters and other three units. For 2011, the goal is to extend the SGI to four additional units.

Investments in environmental protection (In R\$)	2009	2010
Residue management plan	143.638	145.837
PWC consultancy	-	261.634

As regards residues, some Anhanguera Educacional units are provided with collectors of recyclable materials, and direct such materials to local partner cooperatives. However, on being evaluated by SGI, some irregularities were detected in those isolated initiatives. To avoid this, a goal has been established for 2011, of guaranteeing the recycling and destination of 100% of non-hazardous residues generated by the Organization. Also, activities such as training, adequacy and development of teams and suppliers to those units where the SGI has been enforced, have been contemplated.

In case of hazardous residues, two types are generated at the Institution: Groups A and E (piercing or cutting materials and scarifiers) and Group B (residues with risk of chemical contamination and miscellaneous medicines). In 2010, some 19,657 tons of residues of Groups A and E, as well as 11,257 tons of Group B have been generated. Those residues were collected by specialized companies.

The Company has 57 "official" addresses (schools / units) and 85 alternative addresses. None of the Anhanguera Educacional units is located within a protected area or adjacent to one.

As to the Institution's own fleet, most of the vehicles use ethanol and are replaced after two years of operation.

At the administrative headquarters, the Company provides the employees living in the region with a chartered bus service, whose lines have been expanded in 2010.

## 2010 HIGHLIGHTS

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- ▶ Growth of the number of students – they have already reached the 300 thousand mark (December 2010), as opposed to 255 thousand at the end of 2009.
- ▶ Inclusion of Anhanguera Educacional in the Corporate Sustainability Index (ISE) of BM&F Bovespa.
- ▶ Strengthening of the corporate governance structure:
  - ▶ Hiring a new CEO for the Organization (Alexandre Dias).
  - ▶ Adequacy of the Social Responsibility Committee.
  - ▶ Launching of the Code of Conduct.
  - ▶ Creation of the Ethics Committee and Ombudsman.
- ▶ Creation of the Social Action and Communitarian Extension Institute (Iasec).
- ▶ Adhesion to the Global Pact, to the National Pact for the Eradication of Slave Labor and to the Corporate Pact for Integrity Against Corruption.
- ▶ Start of the Environmental Program.
- ▶ Start of the implementation of an Integrated Management System (SGI).
- ▶ Inclusion of social clauses in contracts of the list of suppliers.
- ▶ Implementation of the virtual library.
- ▶ Acknowledgements:
  - ▶ For the second year in a row the Institution ranked first in the item on “Social Responsibility”, from the Melhores da

Dinheiro publication, organized by the IstoÉ Dinheiro magazine, which congregates the 500 best companies in Brazil, overall and by sector of activity.

The Organization also

ranked first in the item “Innovation and Quality”, occupying the second place in “Human Resources”.



- ▶ Anhanguera Educacional has been selected to compose the list of companies/actions integrating the Corporate Sustainability Index (ISE), of BM&F Bovespa. The purpose of the ISE is to reflect the return of a portfolio of company stocks with a recognized commitment with social responsibility and corporate sustainability, as well as acting also as a promotor of good practices in the Brazilian business environment. That represented an expressive recognition that the Organization is following the right path when it comes to insertion of sustainability into its strategies and actions.
- ▶ Anhanguera Educacional was classified as the 29<sup>th</sup> most valuable trademark of Brazil by the Brand Analytics / Millward-Brown consultants.
- ▶ It occupies the 13<sup>th</sup> place in the overall ranking of the list of “Best and Largest” 2010, of the *Exame* magazine.
- ▶ It came first in the direct marketing ranking of the Brazilian Association of Direct Marketing (ABEMD).
- ▶ Presentation of Anhanguera Educacional case “Innovation and Collaboration in Emerging Market Education” at Harvard Business School Boston, in February of 2010.
- ▶ Presentation of Anhanguera Educacional case “Inclusive Business Solutions: Expanding and Access at the Bases of Pyramid” at International Finance Corporation (IFC), in Washington D.C., in April of 2010.







[www.anhanguera.com](http://www.anhanguera.com)