Lemann Foundation

Board
Peter Graber
Jorge Paulo Lemann – President
Paulo Lemann
Susanna Lemann
Prof. Dr. Peter Nobel
Paulo Renato Souza

Secretary to the Board
Dr. Christoph Peter

Managing Director
Ilona Becskeházy

Staff
André Hollo Capella
Núbia Maria Ferreira
Claudia Gamba
Ellen Roncolato
Marta Zafra Sider

Special Acknowledgements

Publicity and Communication Services Consulting
Grupo YPY

Legal Advisors
Ulhôa Canto, Rezende e Guerra Advogados

Management Consulting
INDG – Instituto de Desenvolvimento Gerencial

Rodrigo Azevedo (Comunique-se)
Constanze Lullies (Jacobs Foundation)
Regina Madalozzo (IFB – Instituto Futuro Brasil and Ibmec São Paulo)
José Paulo Soares Martins (Gerdau)
Susanna Sancovsky (S. Sancovsky&Associados Promoções S/C Ltda.)

Dufourstrasse 29
PO Box 1372
8032 Zurich
Switzerland

Av. Dr. Renato Paes de Barros, 1.017 – 15º andar
04530-001 São Paulo – SP
Brazil
www.fundacaolemann.org.br
CONTENTS

4  Message from the Board
6  Introduction

7  SCHOOL MANAGEMENT PROJECTS
8  Management for School Success (GSE)
12  School Management Training (FGE)
13  Journalism Award
14  Case studies
15  Socially Responsible Investments in Education Conference

17  YOUTH DEVELOPMENT PROJECTS
18  ProA Institute Association
19  Vitae Partners Program to Support Technical and Agrotechnical Education
21  Estudar Foundation
22  Daquiprafora (Outward Bound) – Lemann Scholarship Program
23  Tennis Institute
24  LOB Women’s Tennis Institute and Solidary Sports Association
25  Guga Kuerten Institute (IGK) and Graded School
26  Brasiliana Collection – Estudar Foundation
27  Maria Telles Social Institute – ISMART
Ten principles of private social investment in education

The Board and the team of the Lemann Foundation were exposed to new and important experiences throughout 2006, the busiest in the institution’s (still) short history.

Besides expanding its projects and investments, the organization of the conference Socially Responsible Investments in Education – Best Practices in Latin America enabled members of the Foundation not only to learn a great deal about the educational situation across the region and in Brazil, but also to interact with various audiences.

For this learning to continue and to be incorporated into the ongoing development of our institution, it is essential for our Board to be fully aligned around challenges, principles of work and how to invest.

The principles embraced below were presented during the conference on education by Board Member Prof. Dr. Peter Nobel, as a contribution to the work that was underway at the event. They reflect the joint perception of the Board and are included here to open this year’s report.

What are best practices in our business? They are groups of principles and standards for successful collaboration and joint ventures between the State and the business community in the field of responsible education.

We consider education a human right, but also a precondition for the economic development of democratic societies. It should therefore be a national purpose. Abolishing illiteracy and generalizing access to education should be primary targets.

The State is the main institution responsible for the basic education system and its quality. The foundation of any educational system is built on primary and secondary schools, which are politically important. However, they should not be seen as political tools – which also applies to teachers unions. Public schools should be run economically, ensuring that all resources are managed professionally and the people involved are considered professionals.
Educational systems should also be designed in view of the jobs necessary for the economy, and apprentices and non-academic professionals should therefore be treated equally and with consideration.

The State should be open to the participation of the private sector in the development, expansion and improvement of the educational system, and develop a clear view and a clear strategy for such alliances, besides making the necessary organizational arrangements.

Legal and organizational public-private partnership models, reliable and secure, should be developed and adopted as best standards.

The private sector should make clear commitments about the circumstances, the forms and the size of its participation in the educational programs. All responsibilities must be clearly attributed and the implementation controlled.

Education should learn to make use of modern technology to improve the distribution of information and to make interaction much more efficient.

The quality and the results of educational programs must be continuously monitored and analyzed on an empirical basis. Good performance should be rewarded.

Nowadays, all endeavors in the field of education require an international and comparative approach, and cooperative and competitive program development. Therefore, continuous assessment is a necessity.

Board of the Lemann Foundation
The Board of the Lemann Foundation would like to contribute to the development of Brazil and its inhabitants, improving the opportunities for personal and professional advancement for as many people as possible, either individually or on a broad scale. There are several ways of doing this, and the Board has tried many of them, some with more success and impact than others.

In 2006, we completed the second edition of the course for public school principals, called Management for School Success (GSE). The course was attended by more than 350 principals, who together are responsible for more than 250,000 pupils. This initiative is intended to help introduce a results-oriented culture into the school world.

To attract more investors and passionate people about the cause of education, we have concluded the first year of the Journalism Award and we also mobilized some 200 business, philanthropy and educational leaders from across Latin America to attend a conference in the northeastern Brazilian state of Bahia, in addition to other seminars about the problems of the education sector.

The youth development projects have yielded some good results and have managed, by various means, to leverage the funding they receive from the Foundation. Scholarships, sport development projects and an art collection with a highly interesting historical content rounded off our investments for the year that benefited 1,458 people directly and 6,572 indirectly.

Further details on each of the projects are presented in the pages ahead.

Enjoy your reading!
The pathetic situation of Brazilian public education is no secret, but the alarming statistics released by the government in recent reports challenge all of us who want an economically developed country to act with urgency.

To achieve faster improvements in the quality of basic education, the Lemann Foundation is investing in the consolidation of a results-oriented management culture, based on a strategy focused on improving learning management, enhancing administrative management and encouraging social control.

The learning management projects consist of training and education for school management leaders. Administrative management is being investigated together with the National Council of Education Departments (Consed), and, to develop the quality of education, the Foundation organized, in 2006, the first edition of the Journalism Award and the Socially Responsible Investments in Education Conference. Furthermore, partnerships with the academic community to develop case studies lead to a greater understanding and more in-depth discussion on the root causes of the quality of education and the quest for possible solutions.
Management for School Success (GSE)

Management for School Success (GSE) is a distance learning course for public school directors that aims to make a positive impact on the academic performance of the students. The course consists of activities to achieve closer integration between the managers and the teaching staff, and make the academic success of pupils the primary goal of all school pursuits on a daily basis.

Besides participating in the course, the principals, at the end of the program, remain connected to a virtual network through which they can share experiences and knowledge, and access new information. The table below presents an overview of all the GSE editions until 2006.

In 2006, the Lemann Foundation and its partners implemented the GSE program in the Departments of Education in the states of Ceará and Tocantins and in the municipal district of São Paulo.

### Table: GSE Program Overview

<table>
<thead>
<tr>
<th>Location</th>
<th>Year</th>
<th>Co-sponsors</th>
<th>Cities</th>
<th>Directors</th>
<th>Students</th>
<th>Total Investment (in US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content development cost</td>
<td>2003-2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>146,881</td>
</tr>
<tr>
<td>Tocantins</td>
<td>2005-2006</td>
<td>Gerdau/IRS</td>
<td>25</td>
<td>127</td>
<td>73,438</td>
<td>176,076</td>
</tr>
<tr>
<td>Ceará</td>
<td>2005-2006</td>
<td>Gerdau/IRS</td>
<td>51</td>
<td>139</td>
<td>57,401</td>
<td>180,899</td>
</tr>
<tr>
<td>City of São Paulo</td>
<td>2006</td>
<td>Educar SP/Gerdau/IRS</td>
<td>1</td>
<td>115</td>
<td>121,543</td>
<td>190,328</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>206</td>
<td>581</td>
<td>354,182</td>
<td><strong>1,660,303</strong></td>
</tr>
</tbody>
</table>
In 2006, the GSE program trained more than 350 directors from public schools in 77 municipal cities from the states of Tocantins, Ceará and São Paulo.
Local conditions to implement the program in each of these education departments obviously varies, leading to different levels of productivity. However, overall, according to the process evaluation, they all made the most of the opportunity, which will probably be reflected in the final impact evaluation, to be concluded in 2007.

### Results of the GSE 2006

<table>
<thead>
<tr>
<th></th>
<th>TOCANTINS</th>
<th>CEARÁ</th>
<th>SÃO PAULO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of project (in US$)</td>
<td>176,076</td>
<td>180,899</td>
<td>190,328</td>
</tr>
<tr>
<td>Cost per school (initial number in US$)</td>
<td>1,114</td>
<td>1,022</td>
<td>1,350</td>
</tr>
<tr>
<td>Cost per school (final number in US$)</td>
<td>1,376</td>
<td>1,301</td>
<td>1,655</td>
</tr>
<tr>
<td>Number of initial participants</td>
<td>158</td>
<td>177</td>
<td>141</td>
</tr>
<tr>
<td>Number of active participants</td>
<td>127</td>
<td>139</td>
<td>115</td>
</tr>
<tr>
<td>Active/initial participants (%)</td>
<td>81</td>
<td>79</td>
<td>82</td>
</tr>
<tr>
<td>Final number of students in participant schools</td>
<td>73,438</td>
<td>57,401</td>
<td>121,543</td>
</tr>
<tr>
<td>Number of days of active project</td>
<td>363</td>
<td>409</td>
<td>248</td>
</tr>
<tr>
<td>Number of activities due/day</td>
<td>5,3</td>
<td>5,1</td>
<td>7</td>
</tr>
<tr>
<td>Number of activities delivered/day</td>
<td>4,4</td>
<td>3,1</td>
<td>3,8</td>
</tr>
<tr>
<td>Delivered/due activities (%)</td>
<td>83</td>
<td>61</td>
<td>54</td>
</tr>
<tr>
<td>Tasks scored as excellent and good (%)</td>
<td>70</td>
<td>71</td>
<td>92</td>
</tr>
</tbody>
</table>
We would like to thank the partners who helped the Lemann Foundation arrange three more GSE editions in 2006:

**IBM** – Through the initiative Reinventing Education, it provided the distance learning tool WCS – Workplace Collaboration Services.

**Razão Social Institute (IRS)** – This is the first institution in Latin America licensed to use WCS in social projects involving education and it controls all the technical aspects involved in its operation.

**Gerdau** – Co-sponsored the program in Tocantins and Ceará and participated in the program in São Paulo.

**Educar SP Group** – Headed up by businessman Paulo Cunha, of the Ultra Group, and with the participation of the following organizations: ABN Amro Bank, Itaú BBA, Votorantim Institute, Coteminas, Suzano Group and Unigel Química S/A.
School Management Training (FGE) is an in-person specialization course that prepares directors for the challenge of leading the development of their schools. The course consists of 440 hours of activities and involves the following key themes:

- People and staff management
- Learning and curriculum management
- Strategic planning and administrative management

Among the topics addressed are conflict management, leadership, creativity, strategic planning and maximizing time and resources.

The first two classes began the course in Fortaleza (Ceará), in September 2005 and completed it in November 2006. Sixty two directors whose schools have nearly 70,000 students attended this course, held in the University of Fortaleza (Unifor) and in the 7th of September Faculty (FA7). The Lemann Foundation sponsored 50% of the scholarships for participants, the Ceará State Basic Education Department covered another 30%, and the participants, the rest.

The final assessment of the group will be made based on the analysis of each participant’s end-of-course project, which consists of a development plan for each of the schools.

### FGE in figures

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of the project (US$)</td>
<td>291,703</td>
</tr>
<tr>
<td>Cost per school (initial number, US$)</td>
<td>4,167</td>
</tr>
<tr>
<td>Cost per school (final number, US$)</td>
<td>4,705</td>
</tr>
<tr>
<td>Number of initial participants</td>
<td>70</td>
</tr>
<tr>
<td>Number of active participants</td>
<td>62</td>
</tr>
<tr>
<td>Initial/active participants (%)</td>
<td>89</td>
</tr>
<tr>
<td>Final number of students in participant schools</td>
<td>71,689</td>
</tr>
<tr>
<td>Number of projects due</td>
<td>62</td>
</tr>
</tbody>
</table>
Journalism Award

In 2006, the Lemann Foundation concluded the first edition of the annual IGE Journalism Award for journalistic works produced in 2005. The initiative was developed to reward media coverage on basic education both in large urban centers and in less developed regions of Brazil, in printed, television and radio categories. Furthermore, a special category is reserved for ongoing investments made by media outfits to expand journalistic coverage of the topic.

The award criteria values content that helps the population to understand the root causes of the quality of education offered to Brazilians and to demand from the authorities guarantee of this fundamental human right.

Besides awarding prizes for the work of journalists, the Lemann Foundation has also invested in providing content to support to the work of journalists, namely the Survival Guide for Journalists who Write about Education and a seminar on various issues related to the sector for the award’s finalists.

Prizewinning journalists
Winners of the first edition of the Journalism Award

<table>
<thead>
<tr>
<th>National radio</th>
<th>Elen de Oliveira, FM Cultura radio, Porto Alegre (Rio Grande do Sul)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional radio</td>
<td>Tacyana Arce, Luisa Brasil Magnani and Larissa Nunes de Andrade Oliveira, UFMG Educativa radio, Belo Horizonte (Minas Gerais)</td>
</tr>
<tr>
<td>National television</td>
<td>Ana Paula Brasil, TV Globo, Rio de Janeiro (Rio de Janeiro)</td>
</tr>
<tr>
<td>Regional television</td>
<td>Adriana Victor, Patricia Correia, João Bosco Tavares, Marcone Prysthon, André Bezerra, San Costa and João Serafim, TV Globo, Recife (Pernambuco)</td>
</tr>
<tr>
<td>National printed press</td>
<td>André Bersano and Marcos Graciani, Amanhã magazine, Porto Alegre (Rio Grande do Sul)</td>
</tr>
<tr>
<td>Regional printed press</td>
<td>Walseska Borges and Gustavo de Almeida, Jornal do Brasil newspaper, Rio de Janeiro (Rio de Janeiro)</td>
</tr>
<tr>
<td>Innovative Initiative</td>
<td>Renata Cafardo, O Estado de S. Paulo newspaper, São Paulo (São Paulo)</td>
</tr>
</tbody>
</table>
Case studies

As part of the strategy to raise awareness among Brazilian society about the quality of education, the Lemann Foundation has developed case studies to investigate, publicize and debate important data and information for the development of education in Brazil.

In 2006, two seminars were held. In August, in partnership with Ibmec São Paulo and the Futuro Brasil Institute (IFB), the seminar “What Educational Policies Really Work?” was attended by the scholars Alan Krueger, José Alexandre Scheinkman, Samuel Pessoa and Naercio Aquino de Menezes Filho. The discussion covered topics ranging from investment in education, the different ways of measuring the results to the importance of higher education for economic development.

In December, in partnership with Ibmec São Paulo and the Gerdau Group, Prof. James Austin, founder and chair of the Social Enterprise Initiative at Harvard University, addressed the issue of socially responsible management. The ideas raised by the professor were debated by Claudio Haddad and Claudio de Moura Castro, specialists in education.

Throughout the year additional, case studies were prepared, for presentation in 2007, about education management in the state of Tocantins, teacher’s compensation, the characteristics of the school and their influence on the performance of students and a comparison of the practices that have failed and those that have succeeded in the administration of the schools participating in the first edition of the Management for School Success (GSE) course.

Understanding the root causes of the pressing situation facing Brazilian education is crucial for society to take action.
Socially Responsible Investments in Education Conference

Forty percent of children in Latin America are still not enrolled in preschool and 35% of youth do not attend secondary school. In recent years, repetition has fallen across the region, but it is still double the world average (5.6%).* The alarming state of education in Latin America has prompted partnerships to be formed among various sectors of society for the purpose of expediting the development of the sector, which is so crucial for economic and social progress anywhere in the world.

To debate what is being done in this field and to help improve the educational systems in the region, the Lemann Foundation, the Jacobs Foundation and the Gerdau Group organized in June 2006, in Bahia state, the conference Socially Responsible Investments in Education –

*Source: Report Quantity without Quality, Advisory Board of the Partnership for Educational Revitalization in the Americas (Preal)
Best Practices in Latin America. The event was attended by nearly 250 representatives from 14 Latin American countries, Ministers of Education, business leaders, journalists, researchers and Brazilian and foreign specialists.

Commitment to the future

Besides debating specific issues and promoting an exchange of experiences, the goal of the conference was to secure objective commitments from participants, which will be used as the groundwork for building future concrete actions.

Towards this purpose, the participants split up into country groups to discuss how they could contribute more actively to finding solutions for the problems that plague education in Latin America.

The results of these pledges will be monitored by the Lemann Foundation in the years ahead.

Quality content

The participants in the conference received three publications as a preparation for the discussions: the Preal Report 2006, Quantity without Quality, which presents the evolution of education indicators in the region; the book No Child Left Behind?, by Paul E. Peterson and Martin R. West on the politics and practice of school accountability; and a summary of the principal corporate social responsibility actions in the region. A few months after the event, the publication Action – Private Social Investment in Education was released summarizing the key contents of the conference’s lectures and sessions.
According to data from the Brazilian Geography and Statistics Institute (IBGE), nearly a third (28%) of Brazil’s population is aged between 15 to 29. Some 48 million young people face ever mounting challenges to gain the necessary qualifications or even to enter and compete in the job market.

Focusing on professional, sports and cultural training and on direct support for technical schools, the projects presented in the following pages share one thing in common: they help develop the potential of Brazilian youth. The chief aim of these initiatives is to give young people the tools to grow personally and professionally. On this depends not only their own development, but the also the development of Brazil.
ProA Institute Association

The ProA Institute Association is a new organization that took over the group of professional initiation programs previously run by Brascri – Swiss-Brazilian Association for the Assistance of Children in Need, known as Second Chance, which has been supported by the Lemann Foundation since 2003.

Ever since the start of the partnership, some 720 young people have participated in the program. In 2006, 150 participants were enrolled in 5 classes of the Education for Employment Program (PET) and the Professional Itinerary program. Young people eligible for the courses are aged between 15 to 17 who study at public schools that serve, preferably, the low-income population.

PET is a 6-month basic training course that prepares youth for the job market, while the Itinerary course last three months, after which the young students are qualified to work in sales and telemarketing.

The goal of ProA is to guarantee that within two years after completing the program, 85% of the young people are included in the job market.
Vitae Partners Program to Support Technical and Agrotechnical Education

This program was created by Vitae, Support for Culture, Education and Social Promotion, an institution that discontinued its activities in 2006, transferring financial resources for some of its more successful programs and initially sharing the responsibilities with existing and new partners.

Besides the Lemann Foundation, a partner since 2002, other organizations have been drawn to the initiative, creating a fund to operate and cover the costs of continuing the program. Currently contributing to this fund, adding to the resources initially transferred by Vitae, are the Lemann Foundation, the Technology Support Foundation (FAT), the Unibanco Institute and Banco Itaú BBA. The José Carvalho Foundation supported the Federal Agrotechnical School of Iguatu, in the state of Ceará.

The program aims to upgrade teaching in professional training courses, update technology infrastructure at these schools and incorporate information technology into the classroom. In addition, it organizes the training of school staff to promote greater engagement with local communities that has lead to additional fund raising. The schools represent true beacons of economic and technological development in some regions.

From 2002 to 2005, the contribution of the Lemann Foundation has benefited more than 11,000 students from 23 schools in 7 Brazilian states. In 2006, the investment of 281,000 dollars in the new fund went to projects at 16 schools, listed in the following table.
<table>
<thead>
<tr>
<th>Grantee</th>
<th>Location</th>
<th>Project</th>
<th>Nº of teachers</th>
<th>Nº of enrolled students</th>
<th>Vitae sponsorship (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETE Prof. Horácio Augusto da Silva</td>
<td>São Paulo (SP)</td>
<td>Installation of telecommunication and data communication network laboratories</td>
<td>89</td>
<td>1,388</td>
<td>63,725.00</td>
</tr>
<tr>
<td>ETE Paulino Botelho</td>
<td>São Carlos (SP)</td>
<td>Installation of Computer Numeric Control (CNC)/Digital Numeric Control (DNC) laboratories and Computer Aided Design (CAD)/Computer Aided Manufacturing (CAM) Project</td>
<td>64</td>
<td>944</td>
<td>136,613.64</td>
</tr>
<tr>
<td>ETE Armando Bayeux da Silva</td>
<td>Rio Claro (SP)</td>
<td>Installation of laboratory with Programmable Logic Controllers (CLP) features, sensors and invertors used in industrial productive systems</td>
<td>44</td>
<td>736</td>
<td>55,954.55</td>
</tr>
<tr>
<td>ETE Sylvio de Mattos Carvalho</td>
<td>Matão (SP)</td>
<td>Upgrading Connectivity Systems laboratories, the Laboratory Operating System and Multimedia Programming and Database</td>
<td>51</td>
<td>374</td>
<td>66,514.55</td>
</tr>
<tr>
<td>CEFET do Piauí – UNED Floriano</td>
<td>Floriano (PI)</td>
<td>Installation of industrial automation didactic stations, Programmable Logic Controllers (CLPs) and acquisition of hydraulic, electrohydraulic, pneumatic and electropneumatic circuit software</td>
<td>56</td>
<td>495</td>
<td>26,578.64</td>
</tr>
<tr>
<td>Colégio Técnico Industrial de Guaratinguetá (Unesp)</td>
<td>Guaratinguetá (SP)</td>
<td>Installation of instrumentation laboratories, control and supervision of industrial processes and installation of communications network laboratories</td>
<td>48</td>
<td>731</td>
<td>111,473.18</td>
</tr>
<tr>
<td>CEFET de Química – UNED – RJ</td>
<td>Rio de Janeiro (RJ)</td>
<td>Installation of a plant for treating solid and liquid residues generated by bakery units, by the processing of fruits and food and by the pharmaceutical technology and analysis laboratory of the school</td>
<td>148</td>
<td>1,870</td>
<td>179,457.27</td>
</tr>
<tr>
<td>CEFET de Santa Catarina – UNED Jaraguá do Sul</td>
<td>Jaraguá do Sul (SC)</td>
<td>Structuring of the industrial electrotechnical motors and activating laboratories</td>
<td>31</td>
<td>432</td>
<td>40,994.09</td>
</tr>
<tr>
<td>Colégio Agrícola Estadual Getúlio Vargas</td>
<td>Palmeira (PR)</td>
<td>Installation of a milk and vegetable production and processing laboratory, including the monitoring and evaluation of all the production stages</td>
<td>42</td>
<td>688</td>
<td>72,726.82</td>
</tr>
<tr>
<td>CEFET de Urutai – UNED Morrinhos</td>
<td>Morrinhos (GO)</td>
<td>Installation of a laboratory for biological pest control</td>
<td>25</td>
<td>584</td>
<td>37,056.36</td>
</tr>
<tr>
<td>EAF de Iguatu</td>
<td>Iguatu (CE)</td>
<td>Installation of an agro-processing laboratory and restructuring of the EAFI-CE topography sector</td>
<td>42</td>
<td>565</td>
<td>64,397.73</td>
</tr>
<tr>
<td>EAF de Ceres</td>
<td>Ceres (GO)</td>
<td>Technological upgrade of the sector of production and processing of milk and derivatives and installation of quality laboratory</td>
<td>48</td>
<td>788</td>
<td>59,634.09</td>
</tr>
<tr>
<td>ETE Prof. Dr. Antonio Eufrásio de Toledo</td>
<td>Presidente Prudente (SP)</td>
<td>Installation of a pork meat processing laboratory</td>
<td>33</td>
<td>356</td>
<td>58,157.73</td>
</tr>
<tr>
<td>EAF de Araguatins</td>
<td>Araguatins (TO)</td>
<td>Installation of a bromatology and microbiology laboratory for quality control and certification procedures</td>
<td>36</td>
<td>641</td>
<td>73,486.36</td>
</tr>
<tr>
<td>ETE de Ciego</td>
<td>Itu (SP)</td>
<td>Installation of a laboratory for the production and processing of milk and its by-products and support of the milking process</td>
<td>25</td>
<td>245</td>
<td>77,539.09</td>
</tr>
<tr>
<td>ETE Prof. Edson Galvão</td>
<td>Itapetinga (SP)</td>
<td>Upgrading the meat, milk and vegetable processing laboratories, to add value for rural producers and expand the activities of the school’s cooperative</td>
<td>18</td>
<td>273</td>
<td>55,266.82</td>
</tr>
</tbody>
</table>
Estudar Foundation

The Estudar Foundation was created in 1991 to contribute to the development of Brazil, encouraging future leaders to consolidate in the country an efficient and results-oriented culture grounded on solid ethical principals, promoting their success in society so the country can achieve its potential more quickly.

The strategy to encourage the professional development of the community of scholarship students and their commitment to the future of the organization is being successfully consolidated. It follows three courses of action: selection of scholarship students, career development and networking. In 2006, the Estudar Foundation engaged more than 600 people in its events and awarded 22 scholarships.

The activities are supported by donations from former scholars, private donors and funding from partner companies and NGOs, namely AmBev, FESA Global Recruiters, DM Recursos Humanos (Companhia de Talentos), ICTS Global, Banco Itaú, Bloomberg, Telemar, UBS Pactual and the Lemann Foundation, which spent 63,000 dollars on the program in 2006.

The graph below shows a profile of the scholarships awarded over the past five years by type of academic program.

Over the past 15 years, the organization has invested 4.75 million dollars and granted 333 scholarships to graduate and postgraduate students at leading institutions in Brazil and abroad.
The Lemann Scholarship program, a partnership between the Daquiprafora Sports Exchange program and the Lemann Foundation, provided young Brazilian athletes with an opportunity to study in American universities, drawing on their sporting potential. Each year, 20 scholarships are awarded to young tennis players who train and compete in university leagues. Besides earning a diploma at an American university, the students also enjoy the experience of living on an international campus, learn English fluently and often have the opportunity to pursue an internship providing them with professional training.

In 2006, the Foundation spent approximately 70,000 dollars on this program that funded nearly 1.2 million dollars worth of scholarships. The graph below shows the significance of these leveraged funds over the past three years. The impact of the project may be measured by the sporting and academic results achieved by the athletes participating in the program. In 2006, a quarter of the scholars presented an exceptional performance, ranking at the top of their classes.
Tennis Institute

The Tennis Institute was founded in Santa Catarina in 2002 for the purpose of developing tennis in Brazil. The group of coaches selects athletes with strong potential in the junior youth (aged 14 to 16) and youth (aged 18) categories. The young players receive partial or total scholarships to cover training, travel and tournament costs and they agree to reimburse the Institute the full value of their scholarship when they begin their professional career.

The Lemann Foundation has supported the Tennis Foundation from the outset, having contributed to the training of 42 players, whose performance in 2006 is presented in the table below.

The year 2006 also brought with it some new developments for the project, such as the formation of a women’s team and the creation of the Social Tennis Institute, which teaches the sport to 100 public school pupils in the 7-15 age group. This branch of the Institute expects to double the number of kids it trains in 2007.

<table>
<thead>
<tr>
<th>Tournaments won</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In Brazil</td>
<td>Champion</td>
</tr>
<tr>
<td>Abroad</td>
<td>Champion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tournaments participation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tournaments</td>
<td>Men’s Championship</td>
</tr>
<tr>
<td>In Brazil</td>
<td>35</td>
</tr>
<tr>
<td>Abroad</td>
<td>7</td>
</tr>
</tbody>
</table>

YOUTH DEVELOPMENT PROJECTS

LOB Women’s Tennis Institute

The LOB Women’s Tennis Institute was created in 2005 to provide support, encouragement and training for women athletes to help them rise to higher positions in the Women’s Tennis Association (WTA) ranking. The selected athletes, aged from 12-14, receive medical care, physical and nutritional evaluation, and advice in image management, marketing and press relations.

In 2006, five athletes received training and had the opportunity to compete in international tournaments, such as the Eddie Herr International Junior Tennis Championships, the Orange Bowl International Tennis Championships and the Casely Junior International, among others.

Solidary Sports Association

The Solidary Sports Association has, since 1999, supported more than 200 underprivileged children and adolescents, who receive swimming lessons and athletics training, as well as pedagogical, psychological and social services.

In 2006, in parallel to this program, the Association set up the School Pilot Project to strengthen partnerships with schools in the region and implement joint actions to stimulate the cognitive, affective, physical and social development of the young students. The initiative has already been introduced at two schools close to the Association’s headquarters.

The Lemann Foundation has sponsored the Solidary Sports Association since 2005 and it invested 33,000 dollars in 2006.
Guga Kuerten Institute (IGK)

The Guga Kuerten Institute (IGK) has been active in the southern state of Santa Catarina since 2000 providing support in two areas: projects for special needs people (Social Projects Support Fund – Faps) and projects that promote the integral development of children and adolescents through sporting activities.

Faps supports social projects in different regions of the state, selecting the organizations it will support through contests. Participants receive funding and technical support from the Institute’s staff. The experience participating in the selection process strengthens the capacity of the organizations to raise even more money, enabling the Fund to grow (see graph above).

In 2006, the Lemann Foundation invested more than 50,000 dollars in the IGK program, benefiting 14 projects in Santa Catarina.

Graded School

This program awards scholarships to the children of staff at Graded School, the American school in São Paulo.

Currently, 10 scholarships have been granted to ten students aged between 6 and 13, who receive a full scholarship until they finish their secondary education.
Brasiliana Collection – Estudar Foundation

Consisting of 475 paintings, watercolors, drawings and prints produced by traveling European artists in the 19th century, this collection was brought to Brazil in 1997. Since then, the works have been restored, catalogued and researched to identify the content and the artist.

With a strong educational content on various topics related to Brazil of that time, the Brasiliana Collection may be displayed in several ways, as happened in 2006. There were five museum exhibitions, two in Portugal and three in Brazil. As a complement to the shows, educational activities were arranged to integrate museum visits to content in the classroom.

In addition to the exhibitions, 2006 also saw the publication of the book on the collection entitled Coleção Brasiliana Fundação Estudar, containing reproductions and information on many of the items. The book was published with the support and sponsorship of Telemar.

In 2006, the Lemann Foundation invested more than 100,000 dollars to preserve, upkeep and publicize the collection.
Maria Telles Social Institute – ISMART

ISMART was created in 1999 to provide gifted, low-income children with opportunities for personal and academic development. Since then, over 20,000 students have been tested in the selection processes. The program was benefiting 374 children and adolescents at the end of 2006, and the goal is to raise this number to 1,000 by 2010.

The students undertake an extensive and productive routine of study and activities in order to realize their full academic and personal potential, putting them on a par with students from the best schools in the country. This should enable them, therefore, to embark on a successful professional career, based on academic excellence and a strong sense of social responsibility.

The chart below shows the evolution of the pass rates in the transition from public primary education to private secondary education, the first major challenge for the students following the first stage of the academic support.

<table>
<thead>
<tr>
<th>Year</th>
<th>School Success Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>50%</td>
</tr>
<tr>
<td>2002</td>
<td>41%</td>
</tr>
<tr>
<td>2003</td>
<td>39%</td>
</tr>
<tr>
<td>2004</td>
<td>45%</td>
</tr>
<tr>
<td>2005</td>
<td>79%</td>
</tr>
<tr>
<td>2006</td>
<td>71%</td>
</tr>
</tbody>
</table>

*Weighted average