STRAYER EDUCATION INC.

Strayer Education, Inc. Reports Record Second Quarter 2003 Enrollment, Revenues and Earnings

- **Strayer Second Quarter Revenues Up 24%**
- **Strayer Second Quarter Diluted EPS of $0.60, Up 18%**
- **Strayer University Summer 2003 Total Enrollments Up 25%/New Student Enrollments up 31%**
- **Strayer University Summer 2003 Online Enrollments Up 68%**
- **Second Raleigh, N.C. Campus Opens/Company On Track to Open 5 New Campuses in 2003**
- **Strayer Full Year EPS Estimate Raised to $2.04 to $2.08 (Excluding One-Time Gains)**

ARLINGTON, Va., Aug 1, 2003 /PRNewswire-FirstCall via COMTEX/ --

Strayer Education, Inc. (Nasdaq: STRA) today announced financial results for the three and six months ended June 30, 2003. Financial highlights are as follows:

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Three Months Ended June 30
* Revenues for the three months ended June 30, 2003 increased 24% to $37.0
  million, compared to $29.8 million for the same period in 2002, due to
  increased enrollment and a 5% tuition increase which commenced in
  January 2003.
* Operating income (EBIT) rose 20% to $14.0 million from $11.7 million for
  the same period in 2002.  Operating income margin was 38.0%, compared to
  39.3% for the same period in 2002.  The decrease in operating margin was
  primarily due to the opening of two new campuses for the spring term of
  this year compared to the prior year in which all three new campuses
  were opened for the summer term.
* Net income rose 20% to $8.8 million compared to $7.4 million for the
  same period in 2002.  Earnings per diluted share rose 18% to $0.60
  compared to $0.51 for the same period in 2002, as diluted weighted
  average shares outstanding increased to 14,779,000 from 14,515,000 for
  the same period in 2002.
Six Months Ended June 30
* Revenues for the six months ended June 30, 2003 increased 24% to $73.7
  million, compared to $59.5 million for the same period in 2002, due to
  increased enrollment and a 5% tuition increase effective for 2003.
* Operating income (EBIT) rose 20% to $28.1 million from $23.5 million for
  the same period in 2002. Operating income margin was 38.2%, compared to
  39.5% for the same period in 2002.  The decrease in operating income
  margin is primarily attributable to the earlier timing of two new campus
  openings compared to 2002.
* Net income rose 20% to $17.7 million compared to $14.8 million for the
  same period in 2002.  Earnings per diluted share rose 17% to $1.20
  compared to $1.03 for the same period in 2002, as diluted weighted
  average shares outstanding increased to 14,709,000 from 14,448,000 for
  the same period in 2002.
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"We are pleased with both our financial results for the second quarter, as well as our strong enrollment growth for the summer term," said Robert Silberman, Chairman and Chief Executive Officer of Strayer Education, Inc. "Our online program continues to provide high academic quality and convenience to both our campus-based and out-of-area students. Our second campus in Raleigh, N.C. will allow us to better serve that growing market, and we remain on track to open two additional campuses that will commence offering classes in Philadelphia this fall."

Balance Sheet and Cash Flow

At June 30, 2003, the Company had cash, cash equivalents and marketable securities of $83.8 million and no debt. In the second quarter, as part of its cash management activities, the Company invested an additional $2 million in a diversified, no load, short-term investment grade corporate bond fund. As of June 30, 2003, the Company had $26.4 million invested in this fund.

The Company generated $19.6 million from operating activities in the first six months of 2003. Capital expenditures were $2.4 million for the same period.

In the second quarter 2003, bad debt expense as a percentage of revenue was 1.9% compared to 1.3% for the same period in 2002. Days sales outstanding, adjusted to exclude tuition receivable related to future quarters, was seven days at the end of the second quarter 2003, compared to seven days for the same period in 2002.

Student Enrollment

Enrollment at Strayer University for the 2003 summer term increased 25% to 13,928 students compared to 11,171 for the same term in 2002. Across the Strayer University campus network, new student enrollments increased 31% and continuing student enrollments increased 24%. Students taking 100% of their classes at Strayer University Online increased 68% to 6,082 students from 3,612. The total number of students taking any courses online (including students at brick and mortar campuses taking at least one online course) in the summer 2003 quarter was 7,503.

Student Enrollment

	Summer 2002	Summer 2003	% Change
New Campuses (9 in operation 3 or less years)			
Campus Based Students	406	1,106	172 %
Online Based Students	354	1,137	221 %
Total New Campus Students	760	2,243	195 %
Mature Campuses (14 in operation 4 or more years)			
Campus Based Students	7,153	6,740	-6 %
Online Based Students	2,591	3,834	48 %
Total Mature Campus Students	9,744	10,574	9 %
Out of Area Online Students	667	1,111	67 %
Total University Enrollment	11,171	13,928	25 %
Total Students Taking 100% Courses Online	3,612	6,082	68 %
Total Students Taking At Least 1 Course Online	4,527	7,503	66 %

New Campus Openings

Raleigh, North Carolina

Strayer University successfully opened its second campus in Raleigh, N.C., for the summer 2003 term, with classes commencing on June 30.

Philadelphia, Pennsylvania

Strayer University will open two campuses in the Philadelphia area for the fall 2003 term. Leases have been executed, and fit out is currently underway for campus facilities in Springfield, Pa. and Bensalem, Pa. Marketing and recruiting activities commenced on July 1 in the Philadelphia market. First classes will be held on September 22.

Expanded Online Course Offerings

Strayer University Online is offering 493 online classes in the summer 2003 term, with all academic programs now available synchronously and asynchronously.

Business Outlook

Based on the strong enrollment growth announced for the summer 2003 term, the Company estimates third quarter 2003 diluted EPS will be in the range of $0.22 - $0.24. Also, based on the strong enrollment growth for the summer 2003 term, the Company believes its diluted earnings per share for the full year will be in the range of $2.04 - $2.08 (before any potential one-time gain associated with the previously announced planned sale of its Washington, D.C. campus building).

Stock Option Activity and Calculation of Total Potential Share Issuance

In the second quarter of 2003, the Company granted 10,000 stock options to a new member of the Board of Directors, Robert

L. Johnson, in accordance with the Company's Stock Option Plan.

The Company uses the intrinsic-value-based method of accounting for its stock option plan. Under this method, compensation expense is the excess, if any, of the quoted market price of the stock at grant date over the amount an employee must pay to acquire the stock. Had compensation expense been determined based on the fair value of the options at grant dates computed by the Black-Scholes methodology, the Company estimates net income and diluted net income per share would have been $7.7 million and $0.52 per share, respectively, for the three months ended June 30, 2003, and $15.6 million and $1.06 per share, respectively for the six months ended June 30, 2003. The following assumptions were used to estimate fair value as of the date of grant using The Black-Scholes option pricing model:

	2002	2003
Dividend yield	0.5 %	0.5 %
Risk-free interest rates	4.8 %	3.0 %
Volatility	43 %	40 %
Expected option term (years)	5.9	5.2
Weighted average fair value of options granted during the year	$23.65	$21.88

Shares used to compute diluted earnings per share include common shares issued and outstanding, the assumed conversion of Series A Convertible Redeemable Preferred Stock outstanding, and the assumed exercise of issued stock options using the Treasury Stock Method. Our total current and potential common shares outstanding are as follows:

Current	
Weighted average common shares outstanding for the three months ended 6/30/03	10,666,147
Convertible Series A Preferred Stock, convertible on a 1:1 basis (outstanding or recorded) at 6/30/03	3,827,972
Issued stock options using Treasury Stock Method	284,512
Total current	14,778,631
Potential	
Accrual of required PIK dividends on Convertible Series A Preferred Stock through May 2006	493,985 (a)
Total issued stock options, less options accounted for using the Treasury Stock Method above	916,753
Authorized but unissued options	334,405
Total potential	1,745,143
Total current and potential common shares	16,523,774

(a) This number may be smaller as it does not reflect that the Company has the right to force conversion of all remaining Series A preferred shares into common shares after May 15, 2004 if the Company's common stock price trades above $52.00 per share for twenty consecutive trading days. Of the 493,985 shares, 129,926 would potentially accrue through May 15, 2004.

Conference Call with Management

Strayer Education, Inc. will host a conference call to discuss its second quarter 2003 earnings on August 1 at 10:00 a.m. ET. To participate on the live call, investors should dial (800) 289-0468 10 minutes prior to the start time. In addition, the call will be available via live web cast over the Internet. To access the live web cast of the conference call, please go to www.strayereducation.com 15 minutes prior to the start time of the call to register. An archived replay of the conference call will be available at (888) 203-1112 (pass code 648024) starting at 3 p.m. ET on Friday, August 1 and will be available through Tuesday, August 5 and archived at www.strayereducation.com for 90 days.

Strayer Education, Inc. (Nasdaq: STRA) is an education services holding company which owns Strayer University and certain other assets. Strayer's mission is to make higher education achievable and convenient for working adults in today's economy.

Strayer University is a proprietary institution of higher learning that offers undergraduate and graduate degree programs in business administration, accounting, and information technology. The University has more than 16,700 working adult students at 25 campuses in Maryland, North Carolina, Pennsylvania, Tennessee, Virginia and Washington, D.C. and worldwide via the Internet through Strayer University Online. Strayer University is committed to providing high quality education that prepares working adult students for advancement in their careers and professional lives. By adapting to the latest techniques and technologies used in business, Strayer provides our graduates with practical skills and a competitive edge in the changing marketplace.

Strayer University is accredited by the Middle States Commission on Higher Education. Founded in 1892, Strayer attracts students from around the country and throughout the world.

For more information on Strayer Education, Inc. visit www.strayereducation.comand for Strayer University visit www.strayer.edu.

This press release contains statements that are forward looking and are made pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995 ("Reform Act"). The statements are based on the Company's current expectations and are subject to a number of uncertainties and risks. In connection with the Safe Harbor provisions of the Reform Act, the Company has identified important factors that could cause the Company's actual results to differ materially. The uncertainties and risks include the pace of growth of student enrollment, our continued compliance with Title IV of the Higher Education Act, and the regulations thereunder, as well as state and regional regulatory requirements, competitive factors, risks associated with the opening of new campuses, risks associated with the offering of new educational programs and adapting to other changes, risks associated with the acquisition of existing educational institutions, risks relating to the timing of regulatory approvals, our ability to implement our growth strategy, and general economic and market conditions. Further information about these and other relevant risks and uncertainties may be found in the Company's annual report on Form 10-K and its other filings with the Securities and Exchange Commission, all of which are incorporated herein by reference and which are available from the Commission. We undertake no obligation to update or revise forward looking statements.

STRAYER EDUCATION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share data)

	For the three months ended June 30,			For the six months ended June 30,		
	2002	2003	% Change	2002	2003	% Change
Revenues	$29,823	$36,965	23.9 %	$59,521	$73,659	23.8 %
Costs and expenses:						
Instructional and educational support	10,356	13,261	28.1 %	19,998	26,092	30.5 %
Selling and promotion	3,760	4,947	31.6 %	7,493	9,836	31.3 %
General and administrative	3,997	4,724	18.2 %	8,503	9,601	12.9 %
	18,113	22,932	26.6 %	35,994	45,529	26.5 %
Income from operations	11,710	14,033	19.8 %	23,527	28,130	19.6 %
Operating Income Margin	39.3 %	38.0 %		39.5 %	38.2 %	
Investment and other income	395	587	48.6 %	758	1,162	53.3 %
Income before income taxes	12,105	14,620	20.8 %	24,285	29,292	20.6 %
Provision for income taxes	4,721	5,779	22.4 %	9,472	11,579	22.2 %
Net income	7,384	8,841	19.7 %	14,813	17,713	19.6 %
Preferred stock dividends and accretion	2,025	1,281	(36.7 %)	4,041	2,555	(36.8 %)
Net income available to common stockholders	$5,359	$7,560	41.1 %	$10,772	$15,158	40.7 %
Basic net income per share	$0.64	$0.71	10.9 %	$1.29	$1.42	10.1 %
Diluted net income per share	$0.51	$0.60	17.6 %	$1.03	$1.20	16.5 %
Common dividend per share	$0.065	$0.065	-	$0.13	$0.13	-
Weighted average shares outstanding						
Basic	8,352	10,666	27.7 %	8,352	10,659	27.6 %

Diluted	14,515	14,779	1.8 %	14,448	14,709	1.8 %

STRAYER EDUCATION, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

ASSETS

	At December 31, 2002	At June 30, 2003
Current assets:		
Cash and cash equivalents	$49,135	$57,415
Investment in marketable securities	18,121	26,401
Tuition receivable -- net	25,759	25,696
Other current assets	773	961
Total current assets	93,788	110,473
Student loan receivable -- net	9,453	9,503
Property & equipment -- net	36,571	36,820
Other assets	312	312
Total assets	$140,124	$157,108
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$3,534	$3,814
Accrued expenses	1,181	920
Dividends payable	1,507	1,511
Income taxes payable	1,812	1,689
Unearned tuition	29,853	28,922
Total current liabilities	37,887	36,856
Deferred lease incentives and rent obligations	1,985	2,086
Deferred income taxes	70	65
Total liabilities	39,942	39,007
Series A Convertible Redeemable Preferred Stock	93,807	94,733
Stockholders' equity:		
Common stock	107	107
Additional paid-in capital	58,868	61,924
Retained earnings (accumulated deficit)	(52,674)	(38,905)
Accumulated other comprehensive income	74	242
Total stockholders' equity	6,375	23,368
Total liabilities & stockholders' equity	$140,124	$157,108

STRAYER EDUCATION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(Amounts in thousands)

	For the six months ended June 30, 2002	2003
Cash flow from operating activities:		
Net income	$14,813	$17,713
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred rent	(84)	101
Depreciation and amortization	1,712	2,136
Provision for student loan losses	81	72
Deferred income taxes	(34)	(81)
Changes in assets and liabilities:		
Tuition receivable, net	1,504	63
Other current assets	(953)	(224)
Other assets	29	-
Accounts payable	(242)	280
Accrued expenses	298	(261)
Income taxes payable	(1,229)	822
Unearned tuition	(2,000)	(931)
Student loans originated	(4,027)	(4,288)
Collections on student loans receivables	3,752	4,166

Net cash provided by operating activities	13,620	19,568
Cash flows from investing activities:		
Purchases of property and equipment	(14,631)	(2,385)
Purchases of marketable securities	(6,000)	(8,000)
Net cash used in investing activities	(20,631)	(10,385)
Cash flows from financing activities:		
Common dividends paid	(1,086)	(1,384)
Preferred dividends paid	(2,624)	(1,630)
Deferred lease incentives	250	-
Proceeds from exercise of stock options	-	2,111
Issuance cost of preferred stock	(29)	-
Net cash used in financing activities	(3,489)	(903)
Net increase in cash and cash equivalents	(10,500)	8,280
Cash and cash equivalents -- beginning of period	58,705	49,135
Cash and cash equivalents -- end of period	$48,205	$57,415

SOURCE Strayer Education, Inc.

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