



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

May 9, 2003

ARLINGTON, Va., May 9, 2003 /PRNewswire-FirstCall via COMTEX/ --

Strayer Education, Inc. (Nasdaq: STRA) today announced financial results for the three months ended March 31, 2003. Financial highlights are as follows:

Three Months Ended March 31

- * Revenues for the three months ended March 31, 2003 increased 24% to \$36.7 million, compared to \$29.7 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 19% to \$14.1 million from \$11.8 million for the same period in 2002. Operating income margin was 38.4% compared to 39.8% 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 19% to \$8.9 million compared to \$7.4 million for the same period in 2002. Earnings per diluted share rose 17% to \$0.61 compared to \$0.52 for the same period in 2002, as diluted weighted average shares outstanding increased to 14,639,000 from 14,381,000 for the same period in 2002.

"We are pleased with Strayer's financial performance for the first quarter as well as our enrollment results for the spring term," said Robert Silberman, Chairman and Chief Executive Officer of Strayer Education, Inc. "Our financial results for the quarter reflect the positive contribution of our three new campuses in North Carolina, which reached profitability in only three quarters, well ahead of our model. Our Memphis and Nashville campuses successfully opened for the spring term, and we are on schedule to open our North Raleigh, N.C. campus for the summer term and two campuses in Philadelphia, Pa. for the fall term. We are committed to supporting the continued strong growth of Strayer University Online, through which we serve both our out-of-area markets, as well as provide additional convenience to our campus-based students. Overall, we are executing our growth strategy on or ahead of plan, and are excited about the opportunities to continue our expansion into new states with favorable demographics for our business model."

Balance Sheet and Cash Flow

At March 31, 2003, the Company had cash, cash equivalents and marketable securities of \$78.5 million and no debt. In the first quarter, as part of its cash management activities, the Company invested an additional \$6 million in a diversified, no load, short-term investment grade corporate bond fund. As of March 31, 2003, the Company had \$24.2 million invested in this fund.

The Company generated \$13.4 million from operating activities in the first quarter of 2003. Capital expenditures were \$0.7 million for the same period.

For the first quarter 2003, bad debt expense as a percentage of revenue was 1.6% compared to 1.5% 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 first quarter 2003, compared to six days for the same period in 2002.

Student Enrollment

Enrollment at Strayer University for the 2003 spring term increased 17% to 16,772 students compared to 14,335 for the same term in 2002. Across the Strayer University campus network, new student enrollments increased 16% and continuing student enrollments increased 18%. Students taking 100% of their classes at Strayer University Online increased 69% to 6,372 students from 3,772. The total number of students taking any courses online (including students at brick and mortar campuses taking at least one online course) in the spring 2003 quarter is 8,033.

Student Enrollment

	Spring 2002	Spring 2003	% Change
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New Campuses (9 in operation 3 or less years)

Classroom Based Students	938	1,395	49%
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Online Based Students	505	1,400	177%
Total New Campus Students	1,443	2,795	94%

Mature Campuses (13 in operation 4 or more years)

Classroom Based Students	9,625	9,005	- 6%
Online Based Students	2,563	3,767	47%
Total Mature Campus Students	12,188	12,772	5%

Out-of-Area Online Students 704 1,205 71%

Total University Enrollment 14,335 16,772 17%

Total Students Taking 100% Courses Online 3,772 6,372 69%

Total Students Taking At Least 1 Course
Online 4,970 8,033 62%

New Campus Openings

Memphis/Nashville, Tennessee

Strayer University successfully opened its Memphis and Nashville, Tenn. campuses for the spring 2003 term, with classes commencing at both locations on March 31.

Raleigh, North Carolina

Strayer University will open its second campus in Raleigh, N.C., for the summer 2003 term. Campus operations commenced as of May 1, and classes will begin on June 30.

Philadelphia, Pennsylvania

Strayer University remains on track to open two campuses in the Philadelphia area for the fall 2003 term commencing on September 22. One campus will be located north of the city in Lower Bucks County and one in the Springfield area. Leases have been executed on both facilities and classroom fitouts are under way. Marketing will commence during the third quarter 2003.

Expanded Online Course Offerings

Strayer University Online is offering 381 asynchronous class sections in the spring 2003 quarter, with all academic programs now available asynchronously.

Business Outlook

Based on the strong enrollment growth announced for the spring 2003 term, partially offset by increased expenses associated with the openings of new campuses in Memphis and Nashville, Tenn., as well as Raleigh, N.C., the Company estimates second quarter 2003 diluted EPS will be in the range of \$0.57 - \$0.59. Also, based on the earnings outperformance in the first quarter, the Company believes it will be at the upper end of its full year guidance for diluted earnings per share of \$2.00 - \$2.04 (before a potential \$.08 to \$.10 one-time gain associated with the planned sale of its Washington, D.C. campus building).

Stock Option Activity and Calculation of Total Potential Share Issuance

In the first quarter of 2003, the Company granted 235,000 additional stock options to key executives. These options had an exercise price of \$53.61 per share (the fair market value on the date of the grant), vest over three to four years, and expire six to eight years from the date of grant. In the second quarter, an additional 10,000 stock options will be granted to a new director, Robert 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 \$7.9 million and \$0.54 per share, respectively, for the quarter ended March 31, 2003.

The following assumptions were used to estimate fair value as of the date of grant using The Black-Scholes option pricing model:

	2001	2002	2003
Dividend yield	0.7%	0.5%	0.5%
Risk-free interest rates		4.8%	4.8% 3.0%
Volatility	47%	43%	43%
Expected option term (years)		5.3	5.9 5.2
Weighted average fair value of options granted during the year		\$16.68	\$23.65 \$21.77

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

Common shares issued and outstanding at 3/31/03	10,652,412
Series A Convertible Redeemable Preferred Stock, convertible on a 1:1 basis (outstanding or recorded) at 3/31/03	3,792,913
Issued stock options using Treasury Stock Method	193,243
Total current	14,638,568

Potential

Accrual of required PIK dividends on Series A Convertible Redeemable Preferred Stock through May 2006	529,044(a)
Total issued stock options, less options accounted for using the Treasury Stock Method above	1,011,757
Authorized but unissued options	344,405
Total potential	1,885,206
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 Convertible Redeemable Preferred Stock into common stock after May 15, 2004 if the Company's common stock price trades above \$52.00 per share for twenty consecutive trading days.

Conference Call with Management

Strayer Education, Inc. will host a conference call to discuss its first quarter 2003 earnings on May 9 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 208036) starting at 3:00 p.m. ET on Friday, May 9 and will be available through Tuesday, May 13 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 23 campuses in Maryland, Washington, D.C., Virginia, North Carolina, and Tennessee 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.com and 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.

For the three months ended
March 31,

	%		
	2002	2003	Change
Revenues	\$29,698	\$36,694	23.6%
Costs and expenses:			
Instruction and educational support	9,641	12,831	33.1%
Selling and promotion	3,733	4,889	31.0%
General and administration	4,506	4,877	8.2%
	17,880	22,597	26.4%
Income from operations	11,818	14,097	19.3%
Operating income margin	39.8%	38.4%	
Investment and other income	363	574	58.1%
Income before income taxes	12,181	14,671	20.4%
Provision for income taxes	4,751	5,799	22.1%
Net income	7,430	8,872	19.4%
Preferred stock dividends and accretion	2,016	1,275	-36.8%
Net income available to common stockholders	\$5,414	\$7,597	40.3%
Basic net income per share	\$0.65	\$0.71	9.2%
Diluted net income per share	\$0.52	\$0.61	17.3%

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

ASSETS

	At December 31, 2002	At March 31, 2003
Current assets:		
Cash and cash equivalents	\$49,135	\$54,330
Investment in marketable securities	18,121	24,181

Tuition receivable - net	25,759	29,838
Other current assets	773	1,355
Total current assets	93,788	109,704
Student loan receivable - net	9,453	9,792
Property & equipment - net	36,571	36,251
Other assets	312	313
Total assets	\$140,124	\$156,060

LIABILITIES & STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$3,534	\$4,088
Accrued expenses	1,181	510
Dividends payable	1,507	1,507
Income taxes payable	1,812	5,607
Unearned tuition	29,853	34,626
Total current liabilities	37,887	46,338
Deferred income taxes	70	92
Long-term liabilities	1,985	2,048
Total liabilities	39,942	48,478
Series A Convertible Redeemable Preferred Stock	93,807	94,267
Stockholders' equity:		
Common stock	107	107
Additional paid-in capital	58,868	58,868
Retained earnings (accumulated deficit)	(52,674)	(45,769)
Accumulated other comprehensive income	74	109
Total stockholders' equity	6,375	13,315
Total liabilities & stockholders' equity	\$140,124	\$156,060

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

For the three months ended March 31,

2002	2003
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Cash flows from operating activities:

Net income	\$7,430	\$8,872
Adjustments to reconcile net income to net cash:		
Amortization of deferred rent	--	63
Depreciation and amortization	790	1,012
Provision for students loans	50	46
Deferred income taxes	14	(36)
Changes in assets and liabilities:		
Tuition receivable, net	(2,203)	(4,079)
Other current assets	(560)	(548)
Other assets	(12)	(1)
Accounts payable	(472)	554
Accrued expenses	692	(671)
Income taxes payable	3,310	3,794
Unearned tuition	2,953	4,773
Student loans originated	(2,290)	(2,459)
Collections on student loans receivable	1,714	2,074

Net cash provided by operating activities	11,416	13,394
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Cash flows from investing activities:

Purchases of property and equipment	(12,785)	(692)
Purchases of marketable securities	--	(6,000)

Net cash used in investing activities	(12,785)	(6,692)
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Cash flows from financing activities:

Common dividends paid	(543)	(692)
Preferred dividends paid	(1,312)	(815)
Issuance cost of preferred stock	(28)	--

Net cash used in financing activities	(1,883)	(1,507)
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Net increase in cash and cash equivalents	(3,252)	5,195
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Cash and cash equivalents -- beginning of period	58,705	49,135
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Cash and cash equivalents -- end of period	\$55,453	\$54,330
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SOURCE Strayer Education, Inc.

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