STRAYER EDUCATION INC.

Strayer Education, Inc. Reports Record Second Quarter 2006 Enrollment, Revenues and Earnings

- Strayer Second Quarter Revenues Up 19% - - Strayer Second Quarter Diluted EPS $0.97 / $1.05 Excluding Stock-Based Compensation - - Strayer Summer 2006 Total Enrollments Up 15 %/ New Students Up 15%/Online Up 24% - - Two New Campuses Will Open for Fall Term -

ARLINGTON, Va., July 27, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Strayer Education, Inc. (Nasdaq: STRA) today announced financial results for the three months ended June 30, 2006. Financial highlights are as follows:

Three Months Ended June 30

* Revenues for the three months ended June 30, 2006 increased 19% to $65.6 million, compared to $55.2 million for the same period in 2005, due to increased enrollment and a 5% tuition increase which commenced in January 2006.

* Income from operations was $21.5 million compared to $19.5 million for the same period in 2005, an increase of 10%. In 2006, the Company began recording stock-based compensation expense which amounted to $2.0 million before tax for the three months ended June 30, 2006. Excluding stock-based compensation expense, income from operations was $23.5 million, an increase of 21% compared to 2005.

* Net income was $14.0 million compared to $12.5 million for the same period in 2005, an increase of 12%. Net income for the three months ended June 30, 2006 includes the effect of a $1.3 million after tax expense related to stock-based compensation. Excluding stock-based compensation expense, net income was $15.3 million, an increase of 22% compared to 2005. Diluted earnings per share was $0.97 compared to $0.85 for the same period in 2005, an increase of 14%. Diluted earnings per share for the three months ended June 30, 2006 includes the effect of an $0.08 per share after tax expense related to stock-based compensation. Excluding stock-based compensation expense, diluted earnings per share was $1.05, an increase of 24% compared to 2005. Diluted weighted average shares outstanding decreased to 14,497,000 from 14,791,000 for the same period in 2005.

Six Months Ended June 30

* Revenues for the six months ended June 30, 2006 increased 19% to $132.6 million, compared to $111.4 million for the same period in 2005, due to increased enrollment and a 5% tuition increase which commenced in January 2006.

* Income from operations was $46.5 million compared to $42.0 million for the same period in 2005, an increase of 11%. In 2006, the Company began recording stock-based compensation expense which amounted to $3.3 million before tax for the six months ended June 30, 2006. Excluding stock-based compensation expense, income from operations was $49.8 million, an increase of 19% compared to 2005.

* Net income was $30.0 million compared to $26.6 million for the same period in 2005, an increase of 13%. Net income for the six months ended June 30, 2006 includes the effect of a $2.0 million after tax expense related to stock-based compensation. Excluding stock-based compensation expense, net income was $32.0 million, an increase of 20% compared to 2005. Diluted earnings per share was $2.06 compared to

$1.79 for the same period in 2005, an increase of 15%. Diluted earnings per share for the six months ended June 30, 2006 includes the effect of a $0.14 per share after tax expense related to stock-based compensation. Excluding stock-based compensation expense, diluted earnings per share was $2.20, an increase of 23% compared to 2005. Diluted weighted average shares outstanding decreased to 14,528,000 from 14,870,000 for the same period in 2005.

Income from operations, net income and diluted earnings per share for the three and six months ended June 30, 2006 excluding stock-based compensation (as presented above) are considered non-GAAP financial measures. The Company believes these non-GAAP financial measures provide investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because they exclude stock-based compensation expense which had not been included in the prior years. Additional information is contained in the attached financial statements including a reconciliation of GAAP to the non-GAAP measures.

Balance Sheet and Cash Flow

At June 30, 2006, the Company had cash, cash equivalents and marketable securities (a diversified, no load, short-term, tax exempt bond fund) of $122.6 million and no debt. The Company generated $30.7 million from operating activities in the first six months of 2006. Capital expenditures were $6.1 million for the same period.

During the three months ended June 30, 2006, the Company repurchased 80,452 shares of common stock at an average price of $95.15 per share and a cost of $7.7 million, as part of a previously announced common stock repurchase authorization. The Company's remaining authorization for common stock repurchases was $10.3 million at June 30, 2006.

For the second quarter 2006, bad debt expense as a percentage of revenue was 2.6% compared to 2.5% for the same period in 2005. Days sales outstanding, adjusted to exclude tuition receivable related to future quarters, was 10 days at the end of the second quarter of 2006, compared to eight days at the end of the same period in 2005.

Student Enrollment

Enrollment at Strayer University for the 2006 summer term increased 15% to 23,932 students compared to 20,757 for the same term in 2005. For the 2006 summer term, Strayer University's rate of growth of new students was 15%, and its rate of growth of continuing students was also 15%. Out-of-area online students increased 24% while students taking 100% of their classes at Strayer University Online (including campus based students) increased 21%. The total number of students taking any courses online (including students at brick and mortar campuses taking at least one online course) in the 2006 summer term increased 20% to 17,015.

Student Enrollment

	Summer 2005	Summer 2006	% Change
Campus Based Students:			
New Campuses (18 in operation 3 years or less)			
Classroom	970	1,789	84 %
Online	1,231	2,404	95 %
Total New Campus Students	2,201	4,193	91 %
Mature Campuses (23 in operation more than 3 years)			
Classroom	7,893	7,777	-1 %
Online	8,470	9,249	9 %
Total Mature Campus Students	16,363	17,026	4 %
Total Campus Based Students	18,564	21,219	14 %
Out-of-area Online Students	2,193	2,713	24 %
Total Students	20,757	23,932	15 %

Total Students Taking 100% of Courses Online	11,894	14,366	21 %
Total Students Taking at Least 1 Course Online	14,137	17,015	20 %

New Campus Openings

The Company reported today that it will open two new campuses for the 2006 fall term -- one in Birmingham, Alabama, its first campus in that state, and the other in Charleston, South Carolina, its third campus in that state. These new campuses increase the total number of Strayer University campuses to 43, and complete the announced eight new campus openings for 2006.

New Programs

For the 2006 fall term, Strayer University has introduced a new academic concentration in Hospitality and Tourism Management in its undergraduate and graduate level Business Administration programs. The University has also introduced a Retail Management concentration in its MBA program.

Senior Management Addition

The Company announced today it has appointed Karl McDonnell as its President and Chief Operating Officer reporting to Robert Silberman, the Company's Chairman and Chief Executive Officer. Prior to joining Strayer, Mr. McDonnell was Chief Operating Officer of Intelistaf, a healthcare staffing company, and held senior management positions at the investment bank of Goldman, Sachs & Co. and The Walt Disney Company. Mr. McDonnell, 40, holds an undergraduate degree from Virginia Wesleyan College and an MBA from Duke University.

"We were pleased both with our solid financial performance in the second quarter and our strong enrollment for the summer term," said Robert Silberman. "We also look forward to the addition of two more new campuses for the fall term including one in Alabama, a new state for Strayer. We are also very pleased to welcome Karl McDonnell to Strayer's senior management team."

Common Stock Cash Dividend

The Company announced today that its Board of Directors has declared its regular, quarterly common stock cash dividend of $0.25 per share. This dividend will be paid on September 11, 2006 to shareholders of record as of August 25, 2006.

Business Outlook

Based on the strong enrollment growth announced for the 2006 summer term and the planned investments in opening new campuses, the Company estimates third quarter 2006 diluted EPS will be in the range of $0.39-$0.41, or $0.50- $0.52 excluding the impact of FAS 123(R). The Company estimates that it will incur stock-based compensation expense of approximately $0.11 per share after tax in the third quarter of 2006 and approximately $0.36 per share after tax for the full year 2006.

Stock Option and Restricted Stock Activity

In the second quarter, the Company granted 37,397 shares of restricted stock to certain employees and directors. Included in this amount are 32,765 shares of restricted stock granted to employees in exchange for 105,000 stock options pursuant to a one-time exchange offer approved by the shareholders on May 3, 2006. The Company's stock price closed at $103.60 on the date that the exchange offer was approved by the shareholders and priced. In July 2006, the Company's Board of Directors approved a grant of 20,192 shares of restricted stock to Mr. McDonnell. These shares vest 100% on July 25, 2010 based on the achievement of certain performance criteria. The Company's stock price closed at $99.05 on the date of the restricted stock grant.

Conference Call with Management

Strayer Education, Inc. will host a conference call to discuss its second quarter 2006 earnings on July 27, 2006 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 Webcast over the Internet. To access the live Webcast of the conference call, please go to http://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 4312214) starting at 1:00 p.m. (ET) today and will be available through Tuesday, August 1, and archived at http://www.strayereducation.com for 90 days.

Strayer Education, Inc. (Nasdaq: STRA) is an education services holding company that 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, information technology, education, and public administration to more than 27,000 working adult students at 43 campuses in 10 states and Washington, D.C., in the eastern United States and worldwide via the Internet through Strayer University Online. Strayer University is committed to providing an education that prepares working adult students for advancement in their careers and professional lives. Founded in 1892, Strayer University is accredited by the Middle States Commission on Higher Education.

For more information on Strayer Education, Inc. visit http://www.strayereducation.com and for Strayer University visit http://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 there under, as well as regional accreditation standards and 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.
UNAUDITED 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,	
	2005	2006	2005	2006
Revenue	$55,249	$65,558	$111,402	$132,648
Costs and expenses:				
Instructional and educational support	20,032	22,719	38,491	44,757
Selling and promotion	8,653	11,175	17,316	21,847
General and administrative	7,072	10,191	13,615	19,585
Total costs and expenses	35,757	44,085	69,422	86,189
Income from operations	19,492	21,473	41,980	46,459
Investment and other income	795	1,162	1,405	2,117
Income before income taxes	20,287	22,635	43,385	48,576
Provision for income taxes	7,762	8,617	16,769	18,602
Net income	$12,525	$14,018	$26,616	$29,974
Net income per share:				
Basic	$0.86	$0.99	$1.82	$2.11
Diluted	$0.85	$0.97	$1.79	$2.06
Weighted average shares outstanding:				
Basic	14,531	14,200	14,596	14,229
Diluted	14,791	14,497	14,870	14,528

In 2006, the Company adopted FAS 123(R) and began recording stock-based compensation expense for stock options. Prior to the adoption of FAS 123(R), the Company recorded expense for other forms of stock-based compensation. For the three months ended June 30, 2006, stock-based compensation expense was $2.0 million, or $1.3 million net of tax, and reduced EPS by $0.08. For the six months ended June 30, 2006, stock-based compensation expense was $3.3 million, or $2.0 million net of tax, and reduced EPS by $0.14. The table below sets forth the amount of various forms of stock-based compensation expense recorded in each of the expense line items. There was no stock-based compensation expense recorded for the three months ended June 30, 2005 because the Company had not adopted the recognition provisions of FAS 123(R) for stock options until the beginning of 2006 and there was no other stock-based compensation activity.

	For the three months ended June 30, 2005	For the three months ended June 30, 2006	For the six months ended June 30, 2005	For the six months ended June 30, 2006
Instruction and educational support	$ --	$125	$ --	$339
Selling and promotion	--	141	--	273
General and administration	--	1,761	--	2,735
Total stock-based compensation expense	$ --	$2,027	$ --	$3,347

The pro forma impact of recording stock-based compensation expense for the three and six months ended June 30, 2005 was disclosed in Note 5 to the Company's Condensed Consolidated Financial Statements included in its Form 10-Q for the three months ended June 30, 2005. As disclosed in such note, including $0.6 million in stock-based compensation expense net of tax, the Company would have reported net income of approximately $11.9 million and diluted EPS of $0.80 for the three months ended June 30, 2005. For the six months ended June 30, 2005, including $1.2 million in stock-based compensation expense net of tax, the Company would have reported net income of approximately $25.4 million and diluted EPS of $1.71.

STRAYER EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	At December 31, 2005	At June 30, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$74,212	$47,163
Marketable securities available for sale, at fair value	45,594	75,423
Tuition receivable, net of allowances for doubtful accounts of $1,927 and $2,219 at December 31, 2005 and June 30, 2006, respectively	55,935	61,021
Other current assets	2,581	6,979
Total current assets	178,322	190,586
Property and equipment, net	46,684	49,935
Deferred income taxes	--	1,286
Restricted cash	500	500
Other assets	339	342
Total assets	$225,845	$242,649
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$6,402	$14,217
Accrued expenses	1,483	1,784
Income taxes payable	3,773	170
Unearned tuition	55,778	59,136
Total current liabilities	67,436	75,307
Deferred income taxes	205	--

Long-term liabilities	6,364	6,398
Total liabilities	74,005	81,705
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $.01; 20,000,000 shares authorized; 14,292,249 and 14,323,872 shares issued and outstanding at December 31, 2005 and June 30, 2006, respectively	143	142
Additional paid-in capital	104,923	91,361
Retained earnings	47,020	69,791
Accumulated other comprehensive income (loss)	(246)	(350)
Total stockholders' equity	151,840	160,944
Total liabilities and stockholders' equity	$225,845	$242,649

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

	For the six months ended June 30,	
	2005	2006
Cash flow from operating activities:		
Net income	$26,616	$29,974
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred rent	74	84
Depreciation and amortization	3,197	3,369
Provision for student loan losses	(63)	(70)
Deferred income taxes	(33)	(1,605)
Stock-based compensation	--	3,028
Changes in assets and liabilities:		
Tuition receivable, net	(4,894)	(5,086)
Other current assets	(751)	(4,217)
Other assets	--	(3)
Accounts payable	1,618	5,197
Accrued expenses	(956)	301
Income taxes payable	(6,906)	(1,816)
Excess tax benefits from stock-based payment arrangements	--	(1,787)
Unearned tuition	5,572	3,358
Deferred lease incentives	1,531	--
Student loans originated	(571)	(3)
Collections on student loans receivable and held for sale	601	23
Net cash provided by operating activities	25,035	30,747
Cash flows from investing activities:		
Purchases of property and equipment	(7,793)	(6,074)
Purchases of marketable securities	--	(30,000)
Net cash used in investing activities	(7,793)	(36,074)
Cash flows from financing activities:		
Common dividends paid	(3,647)	(7,203)
Proceeds from exercise of stock options	--	3,249
Excess tax benefits from stock-based payment arrangements	--	1,787
Repurchase of common stock	(24,998)	(19,555)
Net cash used in financing activities	(28,645)	(21,722)
Net increase (decrease) in cash and cash equivalents	(11,403)	(27,049)
Cash and cash equivalents -- beginning of period	97,004	74,212

Cash and cash equivalents -- end of period	$85,601	$47,163
Non-cash transactions:		
Purchases of property and equipment included in accounts payable	$181	$1,107
Repurchase of common stock included in accounts payable	--	$2,072

STRAYER EDUCATION, INC.
RECONCILIATION OF UNAUDITED NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES (a)
(Amounts in thousands, except per share data)

	For the three months ended June 30, 2006			For the six months ended June 30, 2006		
	GAAP Results	Stock-based Compen-sation Expense	Non-GAAP Results	GAAP Results	Stock-based Compen-sation Expense	Non-GAAP Results
Revenues	$65,558	$--	$65,558	$132,648	$--	$132,648
Costs and expenses:						
Instruction & educational support	22,719	(125)	22,594	44,757	(339)	44,418
Selling & promotion	11,175	(141)	11,034	21,847	(273)	21,574
General & administration	10,191	(1,761)	8,430	19,585	(2,735)	16,850
Total costs and expenses	44,085	(2,027)	42,058	86,189	(3,347)	82,842
Income from operations	21,473	2,027	23,500	46,459	3,347	49,806
Investment and other income	1,162	--	1,162	2,117	--	2,117
Income before income taxes	22,635	2,027	24,662	48,576	3,347	51,923
Provision for income taxes	8,617	780	9,397	18,602	1,289	19,891
Net income	$14,018	$1,247	$15,265	$29,974	$2,058	$32,032
Net income per share:						
Basic	$0.99	$0.09	$1.08	$2.11	$0.14	$2.25
Diluted	$0.97	$0.08	$1.05	$2.06	$0.14	$2.20
Weighted average shares outstanding:						
Basic	14,200	14,200	14,200	14,229	14,229	14,229
Diluted	14,497	14,497	14,497	14,528	14,528	14,528

(a) These unaudited non-GAAP financial measures are for informational purposes only and are not presented in accordance with GAAP. The Company believes these non-GAAP financial measures provide investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because they exclude stock-based compensation expense which had not been included in the prior years. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the Company's condensed consolidated statements of income.

SOURCE Strayer Education, Inc.

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